



## BAJAJ ENERGY LIMITED

Our Company was originally incorporated at Mumbai as Bajaj Eco-chem Products Private Limited on June 27, 2008 as a private limited company under the Companies Act, 1956, registered with the Registrar of Companies, Maharashtra at Mumbai. For details of change in our name and the address of our Registered Office, please see the section entitled "History and Certain Corporate Matters" on page 130.

**Registered Office:** Khambarkhera, Shardanagar Road, Lakhimpur Kheri 261 506  
**Corporate Office:** 106-107, Bajaj Bhawan, 10<sup>th</sup> Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021  
**Tel (Corporate Office):** +91 22 2204 9056 / +91 22 2204 9058  
**Contact Person:** Alok Desai, Company Secretary and Compliance Officer  
**E-mail:** complianceofficer@bajajenergy.com; **Website:** www.bajajenergy.com  
**Corporate Identity Number:** U40102UP2008PLC046764

### PROMOTERS OF OUR COMPANY: BAJAJ POWER VENTURES PRIVATE LIMITED, SHISHIR BAJAJ, MINAKSHI BAJAJ, KUSHAGRA BAJAJ AND APOORVA BAJAJ

INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (THE "EQUITY SHARES") OF BAJAJ ENERGY LIMITED (OUR "COMPANY") FOR CASH AT A PRICE\* OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹ 54,500 MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 51,500 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES BY BAJAJ POWER VENTURES PRIVATE LIMITED AGGREGATING UP TO ₹ 3,000 MILLION (THE "PROMOTER SELLING SHAREHOLDER" AND SUCH OFFER, THE "OFFER FOR SALE"). THE OFFER WILL CONSTITUTE [●] % OF THE POST OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF EQUITY SHARES IS ₹ 10 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS (THE "BRLMs") AND THE CO-BOOK RUNNING LEAD MANAGER (THE "CO-BRLM", AND TOGETHER WITH THE BRLMs, THE "LEAD MANAGERS") AND WILL BE ADVERTISED IN (I) [●] EDITIONS OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER), AND (II) [●] EDITIONS OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER, HINDI ALSO BEING THE REGIONAL LANGUAGE OF UTTAR PRADESH, WHERE THE REGISTERED OFFICE OF OUR COMPANY IS LOCATED), AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the Lead Managers and at the terminals of the Syndicate Members and by intimation to Self-Certified Syndicate Banks ("SCSBs"), other Designated Intermediaries and the Sponsor Bank, as applicable.

This Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"). The Offer is being made in accordance with Regulation 6(1) of the SEBI ICDR Regulations and through a Book Building Process wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs", and such portion, the "QIB Portion"). Our Company may, in consultation with the Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("Anchor Investor Portion"), out of which at least one-third shall be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders other than Anchor Investors, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders, other than Anchor Investors, are required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process providing details of their respective bank account (including UPI ID in case of RIBs) which will be blocked by the SCSBs, or the bank accounts linked with the UPI ID, as applicable, to participate in the Offer. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, please see the section entitled "Offer Procedure" on page 350.

### RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares. The face value of each Equity Shares is ₹ 10. The Floor Price, Cap Price and Offer Price (determined and justified by our Company in consultation with the Lead Managers, in accordance with the SEBI ICDR Regulations, and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process as stated in the section entitled "Basis for Offer Price" on page 74) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and Bidders should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Bidders are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, Bidders must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have neither been recommended, nor approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the Bidders is invited to the section entitled "Risk Factors" on page 21.

### COMPANY'S AND PROMOTER SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, the Promoter Selling Shareholder accepts responsibility for, and confirms, only statements made or undertaken expressly by the Promoter Selling Shareholder in this Draft Red Herring Prospectus specifically pertaining to itself and the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. The Promoter Selling Shareholder assumes no responsibility for any other statements, including, *inter alia*, any of the statements made by, or relating to, our Company or its business in this Draft Red Herring Prospectus.

### LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A copy of the Red Herring Prospectus and the Prospectus shall be delivered to the RoC in accordance under Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/Offer Closing Date, please see the section entitled "Material Contracts and Documents for Inspection" on page 367.

### BOOK RUNNING LEAD MANAGERS

### CO-BOOK RUNNING LEAD MANAGER

### REGISTRAR TO THE OFFER



**Edelweiss Financial Services Limited**  
14<sup>th</sup> Floor, Edelweiss House  
Off C.S.T. Road  
Kalinan  
Mumbai 400 098  
Tel: +91 22 4009 4400  
E-mail: bajajenergy.ipo@edelweissfin.com  
Website: www.edelweissfin.com  
Contact Person: Disha Doshi / Monik Shah

**IIFL Holdings Limited**  
10<sup>th</sup> Floor, IIFL Centre, Kamala City  
Senapati Bapat Marg  
Lower Parel (West)  
Mumbai 400 013  
Tel: +91 22 4646 4600  
E-mail: bel.ipo@iiflcap.com  
Website: www.iiflcap.com  
Contact Person: Nishita Mody /  
Harshit Talesara

**SBI Capital Markets Limited**  
202, Maker Tower 'E'  
Cuffe Parade  
Mumbai 400 005  
Tel: +91 22 2217 8300  
E-mail: bel.ipo@sbcaps.com  
Website: www.sbcaps.com  
Contact Person:  
Karan Savardekar / Sambit Rath

**IDBI Capital Markets & Securities Limited**  
6<sup>th</sup> Floor, IDBI Tower  
WTC Complex, Cuffe Parade  
Mumbai 400 005  
Tel: +91 22 2217 1700  
E-mail: bel.ipo@idbic平tial.com  
Website: www.idbic平tial.com  
Contact Person: Sumit Singh /  
Subodh Gandhi

**Link Intime India Private Limited**  
C-101, 1<sup>st</sup> floor, 247 Park  
Lal Bahadur Shastri Marg  
Vikhroli (West)  
Mumbai 400 083  
Tel: +91 22 4918 6000  
E-mail: bajajenergy.ipo@linkintime.co.in  
Website: www.linkintime.co.in  
Contact Person: Shanti GopalKrishnan

### BID/OFFER PROGRAMME

BID/OFFER OPENS ON	[●]
BID/OFFER CLOSES ON	[●]**

\* Our Company may, in consultation with the Lead Managers, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.

\*\* Our Company may, in consultation with the Lead Managers, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislations, acts, regulations, rules, guidelines or policies shall be to such legislations, acts, regulations, rules, guidelines or policies as amended, supplemented, or re-enacted, from time to time, and any reference to a statutory provision shall include any subordinate legislation made, from time to time, under such provision.

The words and expressions used in this Draft Red Herring Prospectus, but not defined herein shall have the meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, and the Depositories Act and the rules and regulations made thereunder.

The terms not defined herein but used in the sections entitled “Statements of Tax Benefits”, “Restated Consolidated Financial Information”, “Outstanding Litigation and Material Developments”, “Description of Equity Shares and Terms of Articles of Association” and “Offer Procedure” on pages 77, 161, 309, 363, and 350, respectively, shall have the meanings ascribed to such terms in these respective sections.

#### General Terms

<b>Term</b>	<b>Description</b>
“our Company”, “the Issuer” or “BEL”	Bajaj Energy Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Khambarkhera, Shardanagar Road, Lakhimpur Kheri 261 506
“we”, “us” or “our”	Our Company together with LPGCL

#### Company and Promoter Selling Shareholder Related Terms

<b>Term</b>	<b>Description</b>
Articles of Association or AoA	Articles of association of our Company, as amended from time to time
Associate	LPGCL
Audit Committee	The audit committee of the Board described in the section entitled “Our Management” on page 142
Board or Board of Directors	The board of directors of our Company or a duly constituted committee thereof
BHSL	Bajaj Hindusthan Sugar Limited
BHSL Share Purchase Agreement	The share purchase agreement dated March 31, 2019 between our Company, our Associate, BPVPL and BHSL
BPVPL	Bajaj Power Ventures Private Limited
BPVPL Share Purchase Agreement	The share purchase agreement dated March 31, 2019 between our Company, our Associate, BHSL and BPVPL
Corporate Office	Corporate office of our Company located at 106-107, Bajaj Bhawan, 10 <sup>th</sup> Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021
Corporate Promoter	Corporate promoter of our Company, namely, BPVPL. For further details, please see the section entitled “Our Promoters and Promoter Group” on page 155
Corporate Social Responsibility Committee or CSR Committee	The corporate social responsibility committee of the Board described in the section entitled “Our Management” on page 146
Directors	Directors of our Company
Equity Shares	Equity shares of our Company each having a face value of ₹ 10
Group Companies	Companies (other than our Corporate Promoter) with which there were related party transactions as disclosed in the Restated Consolidated Financial Information as covered under the applicable accounting standards and also other companies as considered material by our Board, as identified in the section entitled “Our Group Companies” on page 318
Independent Director	A non-executive, independent director of our Company
Individual Promoters	Individual promoters of our Company, namely, Shishir Bajaj, Minakshi Bajaj, Kushagra Bajaj and Apoorva Bajaj. For further details, please see the section entitled “Our Promoters and Promoter Group” on page 155

<b>Term</b>	<b>Description</b>
IPO Committee	The IPO committee of the Board described in the section entitled “ <i>Our Management</i> ” on page 147
Joint Statutory Auditors	Joint statutory auditors of our Company, being R. S. Dani & Company, Chartered Accountants and BSR & Co. LLP
Key Management Personnel	Key management personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013. For further details, please see the section entitled “ <i>Our Management</i> ” on page 136
LPGCL	Lalitpur Power Generation Company Limited
LPGCL Restated Financial Information	The restated financial information of LPGCL for the nine months ended December 31, 2018 and the Fiscals 2018, 2017 and 2016, which comprise the restated summary statement of assets and liabilities, the restated summary statement of profit and loss and the restated summary statement of cash flow, restated summary statement of changes in equity together with the annexures and notes thereto and the examination report thereon, as compiled from the Indian Accounting Standard (Ind AS) financial statements for respective period/year and in accordance with the requirements provided under the provisions of the Companies Act, SEBI ICDR Regulations and the Guidance Note on “Reports in Company prospectuses (Revised 2019)” issued by the ICAI.
Memorandum of Association or MoA	Memorandum of association of our Company, as amended from time to time
Nomination and Remuneration Committee	The nomination and remuneration committee of the Board described in the section entitled “ <i>Our Management</i> ” on page 144
Promoters	The Corporate Promoter and the Individual Promoters
Promoter Group	Persons and entities constituting the promoter group in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations. For details of our Promoter Group, please see the section entitled “ <i>Our Promoters and Promoter Group</i> ” on page 155
Promoter Selling Shareholder	BPVPL
Unaudited Restated Proforma Financial Information	The unaudited restated proforma consolidated financial information of our Company reflecting the proposed acquisition of LPGCL i.e. conversion of associate into wholly owned subsidiary, which comprise the unaudited restated proforma consolidated balance sheets as December 31, 2018, and the restated proforma consolidated statement of profit and loss for the nine months ended December 31, 2018 and the Fiscal 2018, together with the notes thereto.
Registered Office	Registered office of our Company located at Khambarkhera, Shardanagar Road, Lakhimpur Kheri 261 506
Registrar of Companies or RoC	Registrar of Companies, Uttar Pradesh & Uttarakhand at Kanpur
Restated Consolidated Financial Information	The restated consolidated financial information of our Company and its Associate for the nine months ended December 31, 2018 and Fiscals 2018, 2017 and 2016, which comprise the restated consolidated summary statement of assets and liabilities, the restated consolidated summary statement of profit and loss, the restated consolidated summary statement of cash flow and restated consolidated summary statement of changes in equity together with the annexures and notes thereto and the examination report thereon, as compiled from the Indian Accounting Standard (Ind AS) financial statements for respective period/year and in accordance with the requirements provided under the provisions of the Companies Act, SEBI ICDR Regulations and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by ICAI.
Risk Management Committee	The risk management committee of the Board described in the section entitled “ <i>Our Management</i> ” on page 146
Senior Personnel	The senior personnel of LPGCL described in the section entitled “ <i>Our Management</i> ” on page 136
Shareholders	Shareholders of our Company who hold Equity Shares from time to time
Share Purchase Agreements	The BHSL Share Purchase Agreement and the BPVPL Share Purchase Agreement
Stakeholders’ Relationship Committee	The stakeholders’ relationship committee of the Board described in the section entitled “ <i>Our Management</i> ” on page 145

## Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
Allot, Allotment or Allotted	Unless the context otherwise requires, allotment or transfer, as the case may be, of the Equity Shares pursuant to the Offer to the successful Bidders
Allotment Advice	A note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹ 100 million
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than two Working Days after the Bid/ Offer Closing Date
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company, in consultation with the Lead Managers
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Anchor Investor Bid/Offer Period	One Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Offer Price	The final price at which the Equity Shares will be Allotted to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price.  The Anchor Investor Offer Price will be decided by our Company, in consultation with the Lead Managers
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company, in consultation with the Lead Managers, to the Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations.  One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by ASBA Bidders, to make a Bid and authorising a SCSB to block the Bid Amount in the ASBA Account and will include amounts blocked by SCSB upon acceptance of UPI Mandate Request by RIBs using the UPI
ASBA Account	A bank account maintained by ASBA Bidder with an SCSB for blocking the Bid Amount mentioned in the ASBA Form and will include a bank account of RIBs linked with UPI
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders to submit Bids, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Banker(s) to the Offer	Escrow Collection Bank, Refund Bank, Public Offer Bank and Sponsor Bank, as the case may be
Basis of Allotment	The basis on which Equity Shares will be Allotted to successful Bidders under the Offer. For further details, please see the section entitled " <i>Offer Procedure</i> " on page 350
Bid	An indication to make an offer during the Bid/Offer Period by a Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Offer Period by the Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including

<b>Term</b>	<b>Description</b>
	all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application form.  The term “Bidding” shall be construed accordingly
Bid/Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●].  Our Company, in consultation with the Lead Managers, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations
Bid/Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, being [●]
Bid/Offer Period	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof.  Our Company may, in consultation with the Lead Managers, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidders, as the case maybe, upon submission of the Bid
Bid cum Application Form	Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, which includes an ASBA Bidder and an Anchor Investor
Bidding Centres	The centres at which the Designated Intermediaries shall accept the Bid cum Application Forms, being the Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers or BRLMs	The book running lead managers to the Offer namely, Edelweiss, IIFL and SBICAP
Broker Centres	The broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker.  The details of such Broker Centres, along with the names and the contact details of the Registered Brokers are available on the websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Cash Escrow Agreement	The cash escrow agreement to be entered into between our Company, the Promoter Selling Shareholder, the Lead Managers, the Registrar to the Offer and the Bankers to the Offer for, <i>inter alia</i> , collection of the Bid Amounts from the Anchor Investors and where applicable, refunds of the amounts collected from the Anchor Investors, on the terms and conditions thereof
Cap Price	The higher end of the Price Band, above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
Client ID	The client identification number maintained with one of the Depositories in relation to demat account
Co-Book Running Lead Manager or Co-BRLM	The co-book running lead manager to the Offer namely, IDBI
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of SEBI circular number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Compliance Officer	Compliance officer of our Company

<b>Term</b>	<b>Description</b>
Confirmation of Allocation Note or CAN	A notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated Equity Shares, after the Anchor Investor Bid/Offer Period
Cut-off Price	The Offer Price finalised by our Company, in consultation with the Lead Managers.  Only Retail Individual Bidders (subject to the Bid Amount being up to ₹ 200,000) are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Demographic Details	Details of the Bidders including the Bidders' address, name of the Bidders' father or husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmlId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmlId=35</a> , or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms.  The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept ASBA Forms are available on the websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of RIBs using UPI mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the Refund Account, as the case may be, after the Prospectus is filed with the RoC
Designated Intermediary (ies)	The members of the Syndicate, sub-syndicate or agents, SCSBs (other than RIBs using the UPI mechanism), Registered Brokers, CDPs and RTAs, who are authorised to collect Bid cum Application Forms from the Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs  The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Stock Exchange	[●]
Draft Red Herring Prospectus or DRHP	This draft red herring prospectus dated April 4, 2019, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer
Edelweiss	Edelweiss Financial Services Limited
Eligible NRI	NRI eligible to invest under Schedule 3 and Schedule 4 of the FEMA Regulations, from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to purchase the Equity Shares
Escrow Account	The 'no-lien' and 'non-interest bearing' account opened with the Escrow Collection Bank and in whose favour the Bidders (excluding the ASBA Bidders) will transfer money through direct credit/NEFT/RTGS/NACH in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank	A bank, which is a clearing member and registered with SEBI as a banker to an issue under the SEBI BTI Regulations and with whom the Escrow Account will be opened, in this case being, [●]
First Bidder	The Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name also appears as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
Fresh Issue	Fresh issue of up to [●] Equity Shares aggregating up to ₹ 51,500 million by our Company
General Information Document or GID	The General Information Document for investing in public issues, prepared and issued in accordance with SEBI circular number CIR/CFD/DIL/12/2013 dated October 23,

<b>Term</b>	<b>Description</b>
	2013 notified by SEBI and certain other amendments to applicable laws and updated pursuant to SEBI circular CIR/CFD/POLICY CELL/11/2015 dated November 10, 2015, SEBI circular CIF/CFD/DIL/1/2016 dated January 1, 2016, SEBI circular SEBI/HO/CFD/DIL/CIR/P/2016/26 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, notified by SEBI.
Gross Proceeds	Proceeds from the Fresh Issue
IDBI	IDBI Capital Markets & Securities Limited
IIFL	IIFL Holdings Limited
Lead Managers	Book Running Lead Managers and Co-Book Running Lead Manager
Maximum RIB Allottees	The maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot
Monitoring Agency	[●]
Monitoring Agency Agreement	The agreement to be entered into between our Company and the Monitoring Agency
Mutual Fund Portion	5% of the Net QIB Portion or [●] Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	Proceeds from the Fresh Issue less our Company's share of the Offer Expenses.  For further details, please see the section entitled " <i>Objects of the Offer</i> " on page 69
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
Non-Institutional Bidders or NIIs	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares, for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer comprising [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price
Non-Resident	A person resident outside India, as defined under FEMA
Non-Resident Indians	A non-resident Indian as defined under the FEMA Regulations
Offer	The initial public offer of up to [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] each (including a share premium of ₹ [●] per Equity Share), aggregating up to ₹ 54,500 million, comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 51,500 million and an Offer for Sale of up to [●] Equity Shares by the Promoter Selling Shareholder aggregating up to ₹ 3,000 million
Offer Agreement	The agreement dated April 4, 2019 entered into between our Company, the Promoter Selling Shareholder and the Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	Offer for sale of up to [●] Equity Shares by the Promoter Selling Shareholder aggregating up to ₹ 3,000 million
Offer Price	The final price at which Equity Shares will be Allotted in terms of the Red Herring Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus.  The Offer Price will be decided by our Company in consultation with the Lead Managers on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus
Offer Proceeds	The proceeds of the Offer that will be available to our Company and the Promoter Selling Shareholder.  For further details on the use of Offer Proceeds from the Fresh Issue, please see the section entitled " <i>Objects of the Offer</i> " on page 69
Offered Shares	Up to [●] Equity Shares aggregating to ₹ 3,000 million offered by the Promoter Selling Shareholder in the Offer for Sale
Price Band	The price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum price of ₹ [●] per Equity Share (Cap Price) including revisions thereof.

<b>Term</b>	<b>Description</b>
	The Price Band and the minimum Bid Lot for the Offer will be decided by our Company, in consultation with the Lead Managers and will be advertised at least two Working Days prior to the Bid/Offer Opening Date, in (i) [●] editions of [●] (a widely circulated English national daily newspaper), and (ii) [●] edition of [●] (a widely circulated Hindi national daily newspaper, Hindi also being the regional language of Uttar Pradesh, where the Registered Office is located)
Pricing Date	The date on which our Company, in consultation with the Lead Managers, will finalise the Offer Price
Prospectus	The prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013 and the SEBI ICDR Regulations containing, <i>inter alia</i> , the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information including any addenda or corrigenda thereto
Public Offer Account	The ‘No-lien’ and ‘non-interest bearing’ account opened, in accordance with Section 40(3) of the Companies Act, 2013, with the Public Offer Bank to receive monies from the Escrow Account and the ASBA Accounts on the Designated Date
Public Offer Bank	The bank(s) with whom the Public Offer Account for collection of Bid Amounts from Escrow Accounts and ASBA Accounts will be opened, in this case being [●]
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not less than 50% of the Offer comprising [●] Equity Shares which shall be allotted to QIBs (including Anchor Investors), subject to valid Bids being received at or above the Offer Price.
QIBs, QIB Bidders or Qualified Institutional Buyers	The qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	<p>The red herring prospectus to be issued by our Company in accordance with Section 32 of the Companies Act, 2013, and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto.</p> <p>The Red Herring Prospectus will be registered with the RoC at least three days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date</p>
Refund Account(s)	The ‘No-lien’ and ‘non-interest bearing’ account opened with the Refund Bank, from which refunds, if any, of the whole or part, of the Bid Amount to the Anchor Investors shall be made
Refund Bank(s)	[●]
Registered Brokers	The stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids in terms of SEBI circular number CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Registrar to the Offer or Registrar	Link Intime India Private Limited
Registrar Agreement	The agreement dated April 3, 2019 entered into between our Company, the Promoter Selling Shareholder and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Retail Individual Bidder(s), Retail Individual Investor(s), RII(s) or RIB(s)	Resident Indian individual Bidders submitting Bids, who have Bid for the Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta) and Eligible NRIs
Retail Portion	The portion of the Offer being not less than 35% of the Offer comprising [●] Equity Shares, which shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
Revision Form	The form used by Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable.

<b>Term</b>	<b>Description</b>
	QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date
RTAs or Registrar and Share Transfer Agents	The registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of SEBI circular number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI and available on the website of the Stock Exchanges at <a href="http://www.nseindia.com">www.nseindia.com</a> and <a href="http://www.bseindia.com">www.bseindia.com</a>
SBICAP	SBI Capital Markets Limited
Self Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> or <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> , as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at <a href="https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> or such other website as updated from time to time
Share Escrow Agent	The share escrow agent appointed pursuant to the Share Escrow Agreement namely, [●]
Share Escrow Agreement	The share escrow agreement to be entered into between our Company, the Promoter Selling Shareholder and the Share Escrow Agent in connection with the transfer of Equity Shares under the Offer by the Promoter Selling Shareholder and credit of such Equity Shares to the demat accounts of the Allottees
Specified Locations	The Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is available on the website of SEBI ( <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> ), and updated from time to time
Sponsor Bank	[●], being a Banker to the Offer registered with SEBI, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIBs using the UPI
Syndicate or members of the Syndicate	The Lead Managers and the Syndicate Members
Syndicate Agreement	The syndicate agreement to be entered into between our Company, the Promoter Selling Shareholder and the members of the Syndicate in relation to collection of Bid cum Application Forms by the Syndicate
Syndicate Members	The intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely [●]
Underwriters	Lead Managers and Syndicate Members
Underwriting Agreement	The underwriting agreement to be entered into between our Company, the Promoter Selling Shareholder and the Underwriters, on or after the Pricing Date, but prior to filing the Prospectus with the RoC
UPI or UPI mechanism	Unified payments interface which is an instant payment mechanism, developed by NPCI
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the RIB by way of a notification on the UPI application and by way of a SMS for directing the RIB to such UPI mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
Wilful Defaulter	A company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes any company whose director or promoter is categorised as such
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period,

<b>Term</b>	<b>Description</b>
	the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges. “Working Day” shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI circular number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 and the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018

#### **Technical, Industry Related Terms or Abbreviations**

<b>Term</b>	<b>Description</b>
APTEL	Appellate Tribunal for Electricity, New Delhi
DISCOM	Distribution company
FSA	Fuel Supply Agreement
PAF	Plant Availability Factor
PLF	Plant Load Factor
PPA	Power Purchase Agreement
UPERC	Uttar Pradesh Electricity Regulatory Commission

#### **Conventional and General Terms or Abbreviations**

<b>Term</b>	<b>Description</b>
₹, Rs., Rupees or INR	Indian Rupees
AGM	Annual general meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations
AS or Accounting Standards	Accounting standards issued by the ICAI
Bn or bn	Billion
BSE	BSE Limited
Category I AIF	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
Category II AIF	AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations
Category III AIF	AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as “Category I foreign portfolio investors” under the SEBI FPI Regulations
Category II FPIs	FPIs who are registered as “Category II foreign portfolio investors” under the SEBI FPI Regulations
Category III FPIs	FPIs who are registered as “Category III foreign portfolio investors” under the SEBI FPI Regulations
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Civil Code	The Code of Civil Procedure, 1908
CLB	Company Law Board
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the sections, along with the relevant rules made thereunder
Consolidated FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT under D/o IPP F. No. 5(1)/2017-FC-1 dated the August 28, 2017, effective from August 28, 2017
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DP ID	Depository Participant’s Identification

<b>Term</b>	<b>Description</b>
DP or Depository Participant	A depository participant as defined under the Depositories Act
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as Department of Industrial Policy and Promotion)
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
Financial Year, Fiscal, Fiscal Year or FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIR	First information report
FPI	Foreign Portfolio Investors as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations
GAAR	General anti-avoidance rules
Gazette	Gazette of India
GDP	Gross Domestic Product
GoI or Government	Government of India
GST	Goods and services tax
IBC	Insolvency and Bankruptcy Code, 2016
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Income Tax Act	The Income-tax Act, 1961
Ind AS	Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015
India	Republic of India
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial public offering
IRDAI	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
IT	Information Technology
KYC	Know Your Customer
MCA	Ministry of Corporate Affairs, Government of India
Mn or mn	Million
NACH	National Automated Clearing House
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
Negotiable Instruments Act	Negotiable Instruments Act, 1881
NPCI	National Payments Corporation of India
NR	Non-Resident
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
p.a.	Per annum

Term	Description
P/E Ratio	Price to Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996
Securities Act	U.S. Securities Act, 1933
Stamp Act	The Indian Stamp Act, 1899
State Government	The government of a state in India
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
Systemically Important NBFC	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
TAN	Tax deduction account number
U.S., USA or United States	United States of America
U.S. QIBs	“Qualified institutional buyers” as defined in Rule 144A under the Securities Act
USD or US\$	United States Dollars
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

## **CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

### **Certain Conventions**

All references to “India” contained in this Draft Red Herring Prospectus are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “Gol”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable. All references to the “U.S.”, “US”, “U.S.A” or “United States” are to the United States of America and its territories and possessions.

Unless otherwise specified, any time mentioned in this Draft Red Herring Prospectus is in Indian Standard Time (“IST”). Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

### **Financial Data**

Unless stated otherwise, the financial information and financial ratios in this Draft Red Herring Prospectus have been derived from our Restated Consolidated Financial Information. Certain other financial information pertaining to our Group Companies is derived from their respective audited financial statements, as may be available, other than in case of LPGCL, where financial information is derived from the LPGCL Restated Financial Information. For further information, please see the section entitled “*Financial Information*” on page 161.

Our Company’s financial year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the 12 month period ended on March 31 of that year.

The restated consolidated financial information of our Company and its Associate for the nine months ended December 31, 2018 and for Fiscals 2018, 2017 and 2016, which comprise restated consolidated summary statement of assets and liabilities, the restated consolidated summary statement of profit and loss, the restated consolidated summary statement of cash flow and restated consolidated summary statement of changes in equity together with the annexures and notes thereto and the examination report thereon, as compiled from the Indian Accounting Standard (Ind AS) financial statements for respective period/year and in accordance with the requirements provided under the provisions of the Companies Act, SEBI ICDR Regulations and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by ICAI.

The restated financial information of LPGCL for the nine months ended December 31, 2018 and the Fiscals 2018, 2017 and 2016, which comprise the restated summary statement of assets and liabilities, the restated summary statement of profit and loss and the restated summary statement of cash flow, restated summary statement of changes in equity together with the annexures and notes thereto and the examination report thereon, as compiled from the Indian Accounting Standard (Ind AS) financial statements for respective period/year and in accordance with the requirements provided under the provisions of the Companies Act, SEBI ICDR Regulations and the Guidance Note on “Reports in Company prospectuses (Revised 2019)” issued by the ICAI.

The unaudited restated proforma consolidated financial information of our Company reflecting the proposed acquisition of LPGCL i.e. conversion of associate into wholly owned subsidiary, which comprise the unaudited restated proforma consolidated balance sheets as December 31, 2018, and the restated proforma consolidated statement of profit and loss for the nine months ended December 31, 2018 and the Fiscal 2018, together with the notes thereto. The unaudited pro forma consolidated financial information relating to the proposed acquisition of LPGCL is presented for illustrative purposes only and does not purport to represent what our actual income statement and balance sheet would have been, had the events which were the subject of the adjustments occurred on the relevant dates, nor does it purport to project our results of operations or financial position for any future period or date. The unaudited pro forma consolidated financial information relating to the proposed acquisition of LPGCL does not include all of the information required for consolidated financial statements under Ind AS and should be read in conjunction with the restated consolidated financial information of our Company and its Associate included elsewhere in this Draft Red Herring Prospectus. Further, the unaudited pro forma consolidated financial information relating to the proposed acquisition of LPGCL was not prepared in connection with an offering registered with the SEC under the Securities Act and consequently does not comply with SEC's rules on presentation of pro forma consolidated financial information.

There are significant differences between Ind AS, Indian GAAP, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is

entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, Ind AS, the Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should, accordingly, be limited.

Unless the context otherwise indicates, any percentage amounts, relating to the financial information of our Company in the sections entitled "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditional and Results of Operations*" on pages 21, 109 and 259, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of our Restated Consolidated Financial Information.

### **Currency and Units of Presentation**

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India; and
- "USD" or "US\$" are to United States Dollar, the official currency of the United States.

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures derived from our Restated Consolidated Financial Information in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places. However, where any figures may have been sourced from third-party industry sources, such figures may be rounded off to such number of decimal places as provided in such respective sources.

### **Exchange Rates**

This Draft Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the US\$ (in Rupees per US\$):

(Amount in ₹, unless otherwise specified)

Currency	As on March 31, 2019 <sup>(1)*</sup>	As on December 31, 2018 <sup>**</sup>	As on March 31, 2018 <sup>(2)*</sup>	As on March 31, 2017*	As on March 31, 2016*
1 US\$	69.17	66.77	65.04	64.84	66.33

\*(Source: www.fbil.org.in)

\*\*(Source: Bloomberg)

Note: Exchange rate is rounded off to two decimal places

(1) Exchange rate as on March 29, 2019 as RBI reference rate is not available for March 31, 2019 and March 30, 2019, being a Saturday and Sunday respectively.

(2) Exchange rate as on March 28, 2018, as RBI Reference Rate is not available for March 31, 2018, March 30, 2018 and March 29, 2018 being a Saturday and two public holidays, respectively.

### **Industry and Market Data**

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from the report entitled "*Outlook on power sector in India*" dated April, 2019 prepared by CRISIL Research (the "**CRISIL Report**") and publicly available information as well as other industry publications and sources. The CRISIL Report has been prepared at the request of our Company. In relation to the CRISIL Report, please see below the disclaimer specified in their consent letter issued to our Company:

*"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) and Material based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report/ Materials. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration*

*to carry out its business activities in this regard. Bajaj Energy Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report/ Materials are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."*

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be based on such information. We believe the industry and market data used in this Draft Red Herring Prospectus is reliable, however, it has not been independently verified by our Company, the Promoter Selling Shareholder or the Lead Managers or any of their affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. For details in relation to the risks involving the CRISIL Report, please see the section entitled "*Risk Factors*" on page 21.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

In accordance with the SEBI ICDR Regulations, the section entitled "*Basis for the Offer Price*" on page 74 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, the Promoter Selling Shareholder nor the Lead Managers have independently verified such information. Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in the section entitled "*Risk Factors*" on page 21.

## **FORWARD-LOOKING STATEMENTS**

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “propose”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to and including, regulatory changes pertaining to the industries in India in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- We rely on a single customer and any inability or failure by the customer to meet its payment commitments could have an adverse effect on our business, financial condition, cash flows and results of operations
- Our Associate is currently involved in disputes with UPPCL relating to payment of tariffs
- There are qualifications in the audit report of LPGCL's financial statements for Fiscal 2018 and consolidated financial statements of the Company for Fiscal 2018, and there are emphasis of matter in the audit reports for each of LPGCL and consolidated financial statements for BEL for the nine months ended December 31, 2018, LPGCL Restated Financial Information and the Restated Consolidated Financial Information and the Unaudited Restated Proforma Financial Information for nine months ended December 31, 2018 in respect of LPGCL's ongoing dispute with UPPCL
- We are subject to contractual risks under our PPAs with our power purchasers which are government entities
- We have in the past not been, and continue not to be, compliant with certain financial and other covenants, in relation to certain loan agreements
- Operation of our thermal power generation business has significant coal requirements and we face fuel supply risks, despite having entered into long-term FSAs
- Our Company's proposed acquisition of the remaining approximate 79.31% interest of our Associate is subject to risks
- We are subject to operational risks which may disrupt our power plant operations and any reduction in dispatched output or the inability of our power plants to generate or deliver power as a result of such disruptions may adversely affect our income
- In the past, we have incurred additional costs in order to complete some of our projects and there can be no assurance that we will be able to complete any future projects in accordance with the anticipated schedule or without incurring cost overruns
- Operations in our coal-based power generation business carry inherent risks of damage to the environment

For details regarding factors that could cause actual results to differ from expectations, please see the sections entitled “*Risk Factors*”, “*Our Business*” and “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” on pages 21, 109 and 259, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

There can be no assurance to Bidders that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, Bidders are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Promoter Selling Shareholder, the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any

statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI ICDR Regulations, our Company, the Promoter Selling Shareholder and the Lead Managers will ensure that the Bidders in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges for the Offer.

In accordance with requirements of SEBI and as prescribed under applicable law, the Promoter Selling Shareholder shall ensure that the Bidders in India are informed of material developments, in relation to statements and undertakings specifically undertaken or confirmed by the Promoter Selling Shareholder in relation to itself and the Offered Shares in the Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. Only statements and undertakings which are specifically confirmed or undertaken by the Promoter Selling Shareholder, as the case may be, in this Draft Red Herring Prospectus shall be deemed to be statements and undertakings made by the Promoter Selling Shareholder.

## SUMMARY OF THE DRAFT RED HERRING PROSPECTUS

The following is a general summary of the terms of the Offer. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections entitled "Risk Factors", "Objects of the Offer", "Our Business", "Offer Procedure" and "Description of Equity Shares and Terms of Articles of Association" on pages 21, 69, 109, 350 and 363 respectively.

### **Summary of Business**

We are one of the largest private sector thermal generation companies in Uttar Pradesh. We have a track record of developing, financing and operating thermal power plants in India. We have a total gross installed capacity of 2,430 MW, comprising 450 MW from five operational plants of 90 MW each, owned and managed by our Company and 1,980 MW from the power plant owned and managed by LPGCL. The aggregate installed capacity for the BEL Power Plants and the LPGCL Power Plant is fully contracted for under the long-term PPAs entered into with certain state government-owned procurers through UPPCL.

### **Summary of Industry**

An overall increase in power consumption is expected to be driven by establishment of upcoming growth centres in Uttar Pradesh. With the completion of 100% village electrification, the power demand would also rise. Coal-based capacities are expected to account for 81% of total conventional power generation capacity additions in Fiscal 2019 to Fiscal 2023. Approximately 37 GW of conventional power generation capacity is expected to be added by Fiscal 2023. Out of the 37 GW of conventional power generation capacity, it is estimated that 30 GW shall be coal-based capacity and the remaining shall be hydro-based and nuclear power-based capacity.

### **Promoters**

Our Promoters are Bajaj Power Ventures Private Limited, Shishir Bajaj, Minakshi Bajaj, Kushagra Bajaj and Apoorva Bajaj.

### **Offer Size**

Offer	Up to [●] Equity Shares aggregating up to ₹ 54,500 million
of which	
Fresh Issue <sup>(1)</sup>	Up to [●] Equity Shares aggregating up to ₹ 51,500 million
Offer for Sale <sup>(2)</sup>	Up to [●] Equity Shares aggregating up to ₹ 3,000 million by the Promoter Selling Shareholder

<sup>(1)</sup> The Fresh Issue has been authorized by a resolution of our Board dated March 22, 2019 and a special resolution of our Shareholders, dated March 25, 2019.

<sup>(2)</sup> The Offer for Sale has been authorized by the Promoter Selling Shareholder pursuant to its board resolution dated March 22, 2019. The Equity Shares being offered by the Promoter Selling Shareholder have been held for a period of at least one year immediately preceding the date of this Draft Red Herring Prospectus with SEBI, or are otherwise eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For details of authorizations received for the Offer for Sale, please see the section entitled "Other Regulatory and Statutory Disclosures" on page 330.

### **Objects of the Offer**

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

Particulars	Amount (In ₹ million)
Purchase of 69,936,900 LPGCL Shares from BPVPL and from BHSL	49,720
General corporate purposes*	[●]
Total	[●]**

\* The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds. Further such amount shall be determined on basis of the Offer Price and updated in the Prospectus prior to filing with the RoC

\*\* To be determined on finalization of the Offer Price and updated in the Prospectus prior to the filing with the RoC.

### **Pre-Offer Shareholding of Promoters, Promoter Group and the Promoter Selling Shareholder**

S. No.	Category of Shareholders	No. of Equity Shares	% of total paid up Equity Share capital
1.	<i>Promoters</i>		
	BPVPL (Promoter Selling Shareholder)	452,925,000 <sup>(1)</sup>	100.00 <sup>(1)</sup>
	<b>Total</b>	<b>452,925,000</b>	<b>100.00</b>

S. No.	Category of Shareholders	No. of Equity Shares	% of total paid up Equity Share capital
2.	Promoter Group	Nil	Nil

(1) This includes sixty six Equity Shares held by six nominees of BPVPL.

## Summary of Restated Consolidated Financial Information

(in ₹ million other than share data)

Particulars	Nine months ended December 31, 2018	Fiscal		
		2018	2017	2016
Equity Share capital	411.75	411.75	411.75	411.75
Net worth	12,935.20	12,543.46	12,579.30	11,503.64
Revenue (total income)	7,220.51	8,976.25	14,058.76	14,070.99
Profit after tax	359.40	416.82	882.50	1,028.35
Share of profit/ (loss) of associate (net)	36.24	(450.77)	194.62	0
Profit / (loss) for the period / year	395.64	(33.95)	1,077.12	1,028.35
Earnings per share (basic and diluted)				
- Basic	9.61	(0.82)	26.16	24.98
- Diluted	9.61	(0.82)	26.16	24.98
Net asset value per equity share	314.15	304.64	305.51	279.38
Total borrowings (as per balance sheet)	19,263.51	18,960.45	20,579.51	21,825.30

## Qualifications of the Auditors

The Restated Consolidated Financial Information do not contain any qualification requiring adjustments by the Joint Statutory Auditors.

## Summary of Outstanding Litigation

A summary of outstanding litigation proceedings involving our Company, LPGCL, our Promoters, our Directors, and in case of our Group Companies, outstanding litigation proceedings involving our Group Companies which have a material impact on our Company, as on the date of this Draft Red Herring Prospectus, is provided below:

Type of Proceedings	Number of cases	Amount* (in ₹ million)
<b>Cases against our Company</b>		
Civil cases	7	184.75
Taxation matters - direct and indirect taxes	7	97.07
<b>Total</b>	<b>14</b>	<b>281.82</b>
<b>Cases by our Company</b>		
Criminal cases	3	-
Civil cases	1	11.90
<b>Total</b>	<b>4</b>	<b>11.90</b>
<b>Cases against LPGCL</b>		
Civil cases	69	414.14
Taxation matters - direct and indirect taxes	7	230.92
Regulatory actions	2	-
<b>Total</b>	<b>78</b>	<b>645.06</b>
<b>Cases by LPGCL</b>		
Civil cases	8	28,511.38 <sup>(1)</sup>
Criminal cases	2	-
<b>Total</b>	<b>10</b>	<b>28,511.38<sup>(1)</sup></b>
<b>Cases against our Promoters**</b>		
Criminal cases	7	-
Taxation matters – direct and indirect taxes	4	3.44
<b>Total</b>	<b>11</b>	<b>3.44</b>
<b>Cases involving our Group Companies</b>		
<b>Total</b>	<b>33</b>	<b>15,083.96</b>

\* To the extent quantifiable

\*\* This includes litigation against Kushagra Bajaj, one of our Promoters, who is also the Chairman and Non-Executive Director of our Company.

<sup>(1)</sup> The amount involved in the escalation of tariff petition is not quantifiable. For further details, please see the section entitled "Outstanding Litigation and Material Development" on page 309.

For further details of the outstanding litigation proceedings, please see the section entitled “*Outstanding Litigation and Material Developments*” on page 309 and the section entitled “*Group Companies – Litigation*” on page 323.

## Risk Factors

Please see the section entitled “*Risk Factors*” on page 21.

## Summary of Contingent Liabilities of our Company

As of December 31, 2018, our capital and other commitments (contingent liabilities) as provided for in our Restated Consolidated Financial Information are as follows:

Particulars	(in ₹ million)
<b>As of December 31, 2018</b>	
<b>I. Disputed demands and claims against our Company not acknowledged as debts</b>	
Custom/excise matters	11.13
Income tax matters	47.54
<b>II. Our Company's share of contingent liabilities of the Associate</b>	
Land matters	28.07
Income tax matters	27.98
Other matters	7.39

For details, please see the section entitled “*Restated Consolidated Financial Information*” on page 161.

## Summary of Related Party Transactions

Nature of Transaction	Nine months ended December 31, 2018	Fiscal		
		2018	2017	2016
<b>I. Transactions with Holding Company and fellow subsidiaries</b>				
Interest Paid	22.50	30.00	30.00	31.04
Interest received on debentures	-	-	36.86	-
Loan received and repaid	-	-	-	100.00
Investments in equity shares	-	-	2,700.00	2,843.30
Investments in Optionally convertible debentures	-	-	2,000.00	-
Scrap Sales	-	-	-	2.60
Lease rent for Land and premises	24.49	31.92	31.74	29.99
Business process service IT and office rent	7.72	10.23	10.02	9.94
Air travel expenses	5.45	5.58	-	-
Advance towards supplies	-	57.50	150.00	-
CSR Contribution paid to charitable trust	14.51	24.04	30.10	21.76
<b>II. Transactions with persons that has control</b>				
Remuneration paid				
- Short term employee benefits	-	-	24.81	18.74
- Post-employment benefits (gratuity)	-	-	-	-
- Long-term benefit (Compensated absences)	-	-	2.48	-
- Contribution to provident fund	-	-	1.75	1.49
Sitting fees paid	5.43	3.64	9.20	-
<b>III. Transactions with key management personnel</b>				
Remuneration paid				
- Short term employee benefits	15.25	13.44	10.86	9.58
- Contribution to provident fund	0.96	0.89	0.51	0.46

For details of the related party transactions and as reported in the Restated Consolidated Financial Information, please see the section entitled “*Restated Consolidated Financial Information*” on page 161.

**Issuances of Equity Shares made in the last one year for consideration other than cash**

Except as disclosed below, our Company has not issued any Equity Shares through bonus issue or for consideration other than cash in the one year preceding the date of this Draft Red Herring Prospectus:

Date of Allotment	Name of the Allotees	Number of Equity Shares Allotted	Face Value (₹)	Issue Price per Equity Share (₹)	Reason for Allotment
March 20, 2019	BPVPL	411,750,000	10	Not applicable	Conversion of 411,750,000 compulsorily convertible preference shares issued by our Company to BPVPL. The compulsorily convertible preference shares were allotted to BPVPL on January 29, 2019 pursuant to a bonus issue in the ratio of 10:1.

**Weighted average price at which the Equity Shares were acquired by our Promoters and the Promoter Selling Shareholder in the one year preceding the date of this Draft Red Herring Prospectus**

Except as disclosed below, none of our Promoters or the Promoter Selling Shareholder have acquired any Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus:

Name	Number of Equity Shares acquired in the one year preceding the date of this Draft Red Herring Prospectus	Weighted Average Price (in ₹) <sup>(1)</sup>
BPVPL (Promoter Selling Shareholder)	411,750,000	Nil

*(1) 411,750,000 compulsorily convertible preference shares issued by our Company to BPVPL were converted on March 20, 2019. The compulsorily convertible preference shares were allotted to BPVPL on January 29, 2019 pursuant to a bonus issue in the ratio of 10:1.*

**Average Cost of Acquisition**

The average cost of acquisition per Equity Share to our Promoters, including the Promoter Selling Shareholder, as at the date of this Draft Red Herring Prospectus is:

Name	Number of Equity Shares held	Average cost of Acquisition per Equity Share (in ₹)
BPVPL (Promoter Selling Shareholder)	452,925,000	19.46

## **SECTION II: RISK FACTORS**

*An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. As at December 31, 2018, our Company has a shareholding of approximately 20.69% in LPGCL. Our Company intends to acquire the remaining approximately 79.31% interest from the remaining shareholders of LPGCL, namely, BPVPL (as to approximately 61.80%) and BHSL (as to approximately 17.51%), following the completion of the Offer. For further details, please see the section entitled "History and Certain Corporate Matters" on page 130. Accordingly, unless otherwise specified, the description of the risk factors as set out in this section "Risk Factors" have been drafted on the basis that the LPGCL Acquisition has been completed and that LPGCL is our wholly-owned subsidiary. For further details, please see the sections entitled "Objects of the Offer", "Risk Factors", "Unaudited Restated Proforma Financial Information" and "Material Contracts and Documents for Inspection" on pages 69, 21, 298 and 367, respectively.*

*If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could suffer, the price of our Equity Shares could decline, and all or part of your investment may be lost. The risks and uncertainties described in this section are not the only risks and uncertainties our Company or LPGCL currently face. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not, in any manner, indicate a ranking of risk factors or the importance of one risk factor over another. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Offer, including the risks involved.*

*This Draft Red Herring Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus.*

### **Risks Associated with Our Business**

- 1. *BEL and LPGCL both rely on a single customer and any inability or failure by the customer to meet its payment commitments will have a significant and material adverse effect on BEL's and LPGCL's business, financial condition, cash flows and results of operations.***

BEL and LPGCL derive nearly all their income from the sales of electricity to one customer, UPPCL, and rely on UPPCL to purchase all the power generated at the BEL Power Plants and the LPGCL Power Plant. Substantially all cash flows of BEL and LPGCL are derived from the payments received pursuant to the PPAs entered into with certain state government-owned procurers through UPPCL. BEL's total income, which is primarily from the sale of power to UPPCL, for the years ended March 31, 2016, 2017 and 2018, and the nine-month financial period ended December 31, 2018 was ₹ 14,070.99 million, ₹ 14,058.76 million and ₹ 8,976.25 million, and ₹ 7,220.51 million, respectively, and LPGCL's total income, which is primarily from the sale of power to UPPCL, for the years ended March 31, 2016, 2017 and 2018, and the nine-month financial period ended December 31, 2018 was ₹ 3,127.44 million, ₹ 31,229.64 million and ₹ 53,573.24 million, and ₹ 41,318.42 million, respectively. As such, the loss of UPPCL as BEL's and LPGCL's single customer or adverse changes to existing business arrangements agreed with UPPCL will have a significant and material adverse effect on our business, financial condition and results of operations.

BEL and LPGCL are further subject to risks of significant delays in collecting receivables or non-payment from UPPCL due to multiple factors that impact UPPCL's cash flows, including delayed payment or non-payment from UPPCL's customers. This could adversely affect our operational cash flows. For example, BEL and LPGCL have in the past faced, and continue to face, delays in payment from UPPCL. BEL and LPGCL have in the recent past, faced significant delays in payment of tariffs from UPPCL, which resulted in BEL and LPGCL suffering from severe liquidity constraints. In particular, LPGCL was unable to make the necessary advances to its fuel supplier under its fuel supply agreement for the lifting of coal, which consequentially led to a shortfall of fuel supply for the LPGCL Power Plant during the period of April 2018 to October 2018. In order to account for the shortfall, LPGCL was required to procure coal from alternative sources such as via e-auction, which ultimately increased LPGCL's variable cost up to ₹ 3.34/kwh. LPGCL and UPPCL subsequently set the variable tariff for the LPGCL Power Plant at ₹ 2.85 per kwh, effective from November 1, 2018, subject to adjustment for changes in any component in fuel costs subsequent to October 31, 2018. There can be no assurance that UPPCL will agree to pay for the actual variable costs at all times. Additionally, although UPPCL has generally made regular tariff payments to LPGCL since December 2018, there is no assurance that future delayed payment or non-payment from UPPCL will not occur. Further, the offtake of power is dependent on BEL and LPGCL's variable cost, and BEL and LPGCL may not be chosen for offtake or get any

incentive if the offtake from plants is lower.

UPPCL has in the past typically made tariff payments via escrow transfers, an established letter of credit (in the case of BEL only) or a direct payment via direct transfer of monies to BEL's and LPGCL's accounts. For the nine-month period ended December 31, 2018, the proportion of tariff payments received by BEL and LPGCL from UPPCL by way of direct transfers to BEL's and LPGCL's bank accounts, as opposed to via transfers made from UPPCL's escrow account, has increased significantly, with BEL and LPGCL having received tariff payments exclusively by way of direct transfers since August 2017 and December 2018, respectively. For the nine months ended December 31, 2018, BEL received 100% of its tariff payments, by way of direct transfer, and LPGCL received 79.9% of its total tariffs collected for the period by way of direct transfer. In the event that receivables due to UPPCL are delayed or not paid or withheld, either through the escrow accounts or direct transfers, such delays or failure to pay impacts our cash flows and our ability to fulfil our payment obligations to our lenders and fuel suppliers.

There have been delays in receipt of payments from UPPCL notwithstanding that BEL and LPGCL are entitled to a late payment surcharge of 1.25% per month for such delays. For example, BEL has charged and collected ₹ 1,741.97 million and ₹ 1,596.83 million, respectively, of late payment surcharge from the COD of the BEL Power Plant up till December 31, 2018. BEL has since billed UPPCL a further ₹ 136.69 million of late payment surcharges which are pending UPPCL's settlement. LPGCL has charged and collected ₹ 742.12 million and ₹ 429.69 million, respectively, of late payment surcharge since it started commercial operations in 2015 up till December 31, 2018. LPGCL has since also billed UPPCL a further ₹ 143.03 million of late payment surcharges which are pending UPPCL's settlement. While BEL and LPGCL are entitled to charge a late payment surcharge for any such delay in payments, the delay in recovering the amounts due under the PPAs could adversely affect BEL's and LPGCL's financial condition including net cash from operating activities, trade receivables turnover days, trade payables turnover days, income and profit for the period. There is no assurance that the payments we are entitled to receive under the PPAs will not be subject to further reductions, delay or default by our sole customer for power, which is a state-owned utility company. Any such reductions, delays or defaults, if material, could materially and adversely affect our business, prospects, financial condition, cash flows and results of operations.

## **2. *LPGCL is currently involved in disputes with UPPCL relating to payment of tariffs.***

LPGCL is currently involved in the following material disputes with UPPCL with regards to the payment of tariffs:

- *Availability loss of fixed tariff charges due to non-availability of coal***

Pursuant to the terms of its FSA, LPGCL is required to make advance payment for coal purchases in order to lift the coal committed to it by the subsidiaries of Coal India Limited. However, during Fiscal 2017 and Fiscal 2018, LPGCL faced significant instances of delayed payment from UPPCL, which led to a severe liquidity crisis at LPGCL (the "**LPGCL Liquidity Event**"). In absence of adequate cash flows from UPPCL, LPGCL was unable to make the required advance payment for sufficient coal quantities to ensure that the LPGCL Power Plant was continually available for production and supply of electricity to UPPCL. Under the FSA and UPERC Regulations, full Fixed Tariff is recoverable if the plant availability factor is above 85%. If the plant availability factor is below 85% the amount of recoverable fixed tariff reduces proportionately. During Fiscal 2018, non-availability of coal led to declaration of the plant availability factor of the LPGCL Power Plant at levels below the 85% threshold needed for LPGCL to charge the full Fixed Tariff to UPPCL, leading to non-recoverability of the full Fixed Tariffs from UPPCL in accordance with the terms of the PPA. On December 28 2018, LPGCL filed a petition with UPERC towards, amongst others, recovery of such unpaid Fixed Tariffs. As of the date of this Draft Red Herring Prospectus, this matter remains pending before UPERC. If this matter is eventually decided adversely against LPGCL, LPGCL will be required to write-off ₹ 7,538.02 million in its books of accounts, such amount being the cumulative amount of income recognized in prior years in respect of this matter. See also sections entitled "*BEL and LPGCL both rely on a single customer and any inability or failure by the customer to meet its payment commitments will have a significant and material adverse effect on BEL's and LPGCL's business, financial condition, cash flows and results of operations*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Auditor's Reservations, Qualifications and Adverse Remarks and Comments - Availability loss of fixed tariff charges due to non-availability of coal*" on page 21 and 269 respectively.

For further details regarding the litigation to recover the loss in Fixed Tariffs, please see the section entitled "*Outstanding Litigation and Material Developments*" on page 309.

- *Return on equity payments during the period when coal linkage was not available***

As per the terms and conditions of the PPA between LPGCL and UPPCL, and prevailing regulations, the cost of coal recoverable by LPGCL from UPPCL as part of the variable tariff should include the cost of transporting the coal to the LPGCL Power Plant by rail, road, or other means. Further, as per the terms and conditions of the PPA,

LPGCL should have obtained long-term coal linkage from the Government of India. However, LPGCL's receipt of coal linkage from the Government of India was delayed, as very few coal linkages were awarded by the Government of India after the date of LPGCL's PPA. In absence of the receipt of long-term coal linkage by LPGCL, UPERC issued an order on September 21, 2016 allowing, as an interim arrangement, LPGCL to recover from UPPCL energy charges incurred, but excluding any road transportation costs, until the award of coal linkage to LPGCL. In Fiscal 2018, LPGCL received coal linkage following which LPGCL claimed for its road transportation costs from UPPCL. Pursuant to the order dated October 17, 2018, UPERC: (i) disallowed return on equity until prior to obtaining long-term coal linkage; (ii) allowed the transportation charges from mine-head to rail-head, but disallowed any other road transportation.

The UPERC order dated September 21, 2016 which was re-confirmed by UPERC in its order dated October 17, 2018 restricts LPGCL from claiming a return on equity as part of its tariff component from January 18, 2017 until the award of coal linkage to LPGCL. As LPGCL intended to file an appeal of the UPERC order before APTEL, LPGCL recognized income amounting to ₹ 3,903.91 million in Fiscal 2018 (₹ 804.30 million in Fiscal 2017) in respect of return on equity payments that had been disallowed by UPERC.

On November 13, 2018, LPGCL filed the appeal before APTEL towards recovery of the return on equity which has been admitted by APTEL, and on December 12, 2018, APTEL issued an order directing the UPERC to not precipitate LPGCL to sign a supplementary power purchase agreement. As of the date of this Draft Red Herring Prospectus, this matter remains pending before APTEL. If this matter is eventually decided adversely against LPGCL, LPGCL will be required write-off ₹ 4,708.21 million in its books of accounts, such amount being the cumulative amount of income recognized in prior years in respect of this matter. See also sections entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Auditor's Reservations, Qualifications and Adverse Remarks and Comments - Return on equity payments during the period when coal linkage was not available*" on page 270.

For further details regarding the litigation to recover the return on equity payments, please see the section entitled "*Outstanding Litigation and Material Developments*" on page 309.

- ***Recovery of fixed tariff charged for the period in which a transmission line was not made available***

Until April 16, 2017, LPGCL had been billing UPPCL towards recovery of fixed tariff charges calculated based on schedule generation, rather than based on the availability-based tariff mechanism (the "**ABT mechanism**"). UPERC, per an order dated September 21, 2016, disallowed LPGCL's recovery of capacity charges on the ABT mechanism prior to the commissioning of the transmission system. Despite the UPERC order, LPGCL recognized income of ₹ 8,965.79 million for Fiscal 2017 and ₹ 2,898.49 million for Fiscal 2016 in respect of capacity charges on the ABT mechanism, even though the transmission system had not yet been commissioned. On October 17, 2018, UPERC confirmed its original order disallowing recovery of capacity charges based on the ABT mechanism prior to the commissioning of the transmission system. As LPGCL intended to file an appeal in relation to the UPERC order before APTEL, LPGCL additionally recognized ₹ 850.36 million in income in respect of capacity charges based on the ABT mechanism up until Fiscal 2018 notwithstanding the UPERC orders dated September 21, 2016 and October 17, 2018, disallowing such charges.

On November 13, 2018, LPGCL filed the appeal before APTEL towards recovery of the capacity charges based on the ABT mechanism for the period in which the transmission line was not made available and on December 12, 2018, APTEL issued an order directing the UPERC to not precipitate LPGCL to sign a supplementary power purchase agreement. Such supplementary purchase agreement included, amongst others, terms that may restrict LPGCL from claiming capacity charges based on the ABT mechanism. As of the date of this Draft Red Herring Prospectus, this matter remains pending before APTEL. If this matter is eventually decided adversely against LPGCL, LPGCL will be required write-off ₹ 12,714.64 million in its books of accounts, such amount being the cumulative amount of income recognized in prior years in respect of this matter. See also sections entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Auditor's Reservations, Qualifications and Adverse Remarks and Comments - Recovery of fixed tariff charged for the period in which a transmission line was not made available*" and "*Our Group Companies- Lalitpur Power Generation Company- Financial Performance*" on page 271 and 321.

For further details regarding the litigation to recover the capacity charges based on the ABT mechanism for the period in which the transmission line was not made available, please see the sections entitled "*Outstanding Litigation and Material Developments*" and "*Our Group Companies*" on page 309 and 318 respectively.

The above material disputes were qualifications contained in the audit report issued on LPGCL audited financial statements for Fiscal 2018 but were removed and included as emphases of matter in the audit opinion issued on the LPGCL Restated Financial Information as of and for the nine months ended December 31, 2018. The Restated Consolidated Financial Information and Unaudited Restated Proforma Financial Information have also reflected the

above-mentioned revenue recognition by LPGCL. Please refer to the sections entitled "*Restated Consolidated Financial Information*", "*Unaudited Restated Proforma Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 161, 298 and 259, respectively. There is no assurance that the final outcome of the above disputes with UPPCL will be in LPGCL's favour, or where the proceedings are ruled in LPGCL's favour. There is also no assurance that LPGCL would be able to enforce the final judgement or that UPPCL will make the tariff payments to LPGCL in a timely manner. In the event that the eventual outcome of the disputes is not in LPGCL's favour, LPGCL may be required to write-off in its book of accounts an aggregate of ₹ 24,960.87 million which may reduce net income and equity, and adversely affect LPGCL's financial position as well as the financial position of the Company and LPGCL as set out in the Unaudited Restated Proforma Financial Information.

3. ***There are qualifications in the audit report of LPGCL's financial statements for Fiscal 2018 and consolidated financial statements of the Company for Fiscal 2018, and there are emphasis of matter in the audit reports for each of LPGCL and consolidated financial statements for BEL for the nine months ended December 31, 2018, LPGCL Restated Financial Information and the Restated Consolidated Financial Information and the Unaudited Restated Proforma Financial Information for nine months ended December 31, 2018 in respect of LPGCL's ongoing dispute with UPPCL and we will be required to take a write-off in our books of accounts should the matter eventually be decided adversely to us.***

The audit report of LPGCL's financial statements for Fiscal 2018 and the consolidated financial statements of the Company for Fiscal 2018 contained three qualifications to indicate that LPGCL recognized certain amounts as income in its books of account that were not in accordance with the income recognition criteria set forth by Ind AS 18, and consequently that LPGCL's total income from operations, income tax, profit for the year and total equity would have been reduced had such amounts not been recognized in the books of account for Fiscal 2018. Since the signing of LPGCL's financial statements for Fiscal 2018, LPGCL has (i) filed an appeal before APTEL in respect of two of the qualifications, namely, the recovery of fixed tariff charged as per availability based tariff for the period in which a transmission line was not made available and the approval in respect of the return on equity payments during the period when coal linkage was not available and (ii) petitioned UPERC for approval in respect of the availability loss of fixed tariff charges due to non-availability of coal. On the basis of the appeal and the petition, as well as certain other favorable developments as discussed below, LPGCL's statutory auditors were of the view that significant uncertainty as to the collectability of the amounts in question no longer existed, and therefore removed these matters as qualifications in the audit opinion of LPGCL as of and for the nine months ended December 31, 2018. LPGCL Restated Financial Information, Restated Consolidated Financial Information and the Unaudited Restated Proforma Financial Information for nine months ended December 31, 2018 have also reflected the above-mentioned revenue recognition by LPGCL. Please refer to the sections entitled "*Restated Consolidated Financial Information*", "*LPGCL Restated Financial Information*", "*Unaudited Restated Proforma Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 161, 208, 298 and 259, respectively. However, because the matters remain pending before APTEL and UPERC, and have not been conclusively resolved, the statutory auditors considered that these three amounts warrant mention as emphases of matter in the audit opinion as of and for the nine months ended December 31, 2018.

Cumulatively, had the income in respect of the emphases of matter not been recognized in LPGCL's books of account for Fiscal 2018, Fiscal 2017 and Fiscal 2016, or had LPGCL recognized a provision in Fiscal 2018 in respect of the amounts recognized in Fiscal 2018, Fiscal 2017 and Fiscal 2016, LPGCL's profit for Fiscal 2018 would have been reduced by ₹ 24,960.87 million. Additionally, our Company's share of profit from its associate, LPGCL, for the year and equity as at 31 March 2018 would have been lowered by ₹ 5,164.40 million and ₹ 5,164.40 million respectively in the Restated Consolidated Financial Information. Any unfavorable outcome of such emphases of matter may materially and adversely affect LPGCL's business, financial condition, cash flows and results of operations. For further details, please see the sections entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Outstanding Litigation and Material Developments*" on pages 259 and 309, respectively.

4. ***We are subject to contractual risks under our PPAs with our power purchasers which are government entities.***

The counterparty under our long-term PPAs is a state-owned entity and is the principal purchaser of wholesale electricity in the state of Uttar Pradesh. These entities have entered into the PPAs through UPPCL. Our PPAs may be amended or cancelled unilaterally by the state-owned entities and we may face difficulties negotiating or seeking recourse against these state-owned entities. For example, in Fiscal 2018, UPPCL unilaterally terminated the PPAs entered into between our Company and UPPCL in respect of all five BEL Power Plants. As a result of the termination, all five of the BEL Power Plants were shut for a period of 169 days from July 19, 2017 to January 3, 2018 (both days inclusive). Our Company filed petitions before UPERC claiming that the termination of the PPAs by UPPCL was arbitrary, and on January 3, 2018 UPERC issued a ruling in our favor (the "**Order**") stating, amongst others, that the relevant power purchase agreements will be treated to have existed in continuity. The UPERC further directed that

UPPCL pay the Fixed Tariff in respect of the BEL Power Plants for the periods during which the PPAs were terminated, amounting to ₹ 2,063.55 million, though the order disallowed our recovery of some components of the Fixed Tariff, namely the return on equity, part of operation and maintenance expenses and part of interest on working capital for such period. UPPCL subsequently filed an application before the UPERC for partial modification of the Order, but on March 11, 2019, UPERC rejected UPPCL's application. On the basis of the PPA terms, the UPERC order and applicable regulations, our Company recognized such charges as income in Fiscal 2018 and has not made any provisions for such charges. Such charges amounted to ₹ 2,063.55 million in Fiscal 2018. As a result of the closure, our Company incurred a non-recoverable loss in income of ₹ 540.17 million in Fiscal 2018 towards non-allowance of return on equity during the period when the PPAs were terminated, in accordance with the order.

We believe that the following terms in our PPAs, amongst others, pose risks to our business:

- Any material failures by us are likely to constitute events of default under our PPAs and, upon expiration of the relevant cure periods, give UPPCL the right to terminate these agreements. Each of our PPAs provides for limited instances in case of our failure to perform the contractual obligations by way of penalties under the relevant provisions of the PPA.
- Each of our PPAs may be pre-maturely terminated due to the default of either party. The remedies available to us, including a claim for damages and the right to force the government or our power purchaser to buy our power plant, may not adequately compensate us.
- If a force majeure event affecting our customer or a governmental force majeure event prevents us from supplying electricity to the relevant customer, only specific limited reliefs are available to us which may not compensate us adequately.

These contractual risks could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

**5. *We have in the past not been, and continue not to be, compliant with certain financial and other covenants, in relation to certain loan agreements, which have resulted and potentially could result in an event of default under the respective loan agreements and cross-defaults under other instruments, thereby accelerating our obligations under our debt facilities.***

We have entered into loan agreements, with various lenders for the financing of our thermal power projects and other purposes, which require us to comply with certain financial as well as non-financial covenants and to provide certain guarantees and securities, during the currency of the respective loans. In respect of most of these loan agreements, in case of an event of default, the lenders have the right to, inter alia, terminate, cancel or suspend their obligation to lend, declare all amounts outstanding with respect to that loan immediately due and payable (subject to the expiry of any applicable cure periods), exercise their rights pursuant to cross-default and cross-acceleration provisions under such loan agreements, guarantees or instruments and enforce security created in their favor.

As of December 31, 2018, the aggregate amount of our Company's and LPGCL's borrowings (excluding from promoters) outstanding was ₹ 19,013.51 million and ₹ 155,651.56 million, respectively. For further details, please see the section entitled "*Financial Indebtedness*" on page 256. There have been, in the past, breaches of covenants under the loan agreements of the Company and LPGCL, including payment default and breaches of financial covenants under such financing agreements. For example, LPGCL could not meet its debt servicing obligations punctually as a result of the LPGCL Liquidity Event. Although LPGCL's lenders have declared that LPGCL's account is standard and regular, such declaration does not amount to a waiver of the breaches of financial covenants and such lenders continue to have the right to and may initiate an action to accelerate the loans or to convert the loans into equity shares. As at the Date of this Draft Red Herring Prospectus, our Company and LPGCL have not been able to make payments to service its debts in a punctual manner. Such default in payment as well as the breaches of financial covenants by the Company and LPGCL (as the case may be) constitute an event of default under the relevant financing agreements which triggered cross-defaults under other loan agreements. As of the date of this Draft Red Herring Prospectus, none of our lenders have issued any notice of default or required us to repay any part of our borrowings on account of such breaches. While the lenders may not have declared an event of default under any of our financing agreements where there have been defaults (irrespective of their knowledge of such defaults), we cannot assure you that the lenders will not seek to enforce their rights in respect of any past, present or future breaches or that we will be able to obtain any waivers from any or all lenders. In the absence of waivers for any non-compliance of the covenants, irrespective of payments of any penalties by us, we may continue to be in default of the covenants and our lenders have the right to, amongst others, declare all amounts outstanding under the relevant loan agreements immediately due and payable together with accrued and unpaid interest or to convert the loans into equity shares. For further details, please refer to the section entitled "*Financial Indebtedness*" on page 256.

Under the relevant BEL and LPGCL financing agreements, consents from BEL's and LPGCL's lenders are required for and in connection with the Offer. As on the date of this Draft Red Herring Prospectus, the Company has not received consents for the Offer from any of the lenders of BEL and LPGCL. However, the lenders forming a part of a consortium of lenders to the Company have given their approval to the Company to file this Draft Red Herring Prospectus. Although the lenders have agreed to provide their consents in connection with the Offer prior to filing updated Draft Red Herring Prospectus with SEBI, there is no assurance that such lenders will provide the requisite consents in a timely manner, or at all. Additionally, as at the date of this Draft Red Herring Prospectus, consents which are also required from the lenders of BHSL in relation to BEL's acquisition of BHSL's stake in LPGCL have not been obtained. In the event that such consents are not obtained prior to filing the updated Draft Red Herring Prospectus with SEBI, the acquisition by BEL of the 79.31% stake in LPGCL may not complete. For further details, please see the sections entitled "*Financial Indebtedness – Principal terms of the borrowings availed by our Company – Consequences of occurrence of events of default*" on page 258.

Indian credit rating agencies are guided by the SEBI regulations, which treat any delays in debt servicing as a default. Therefore, the credit rating agencies (namely, CARE and India Ratings & Research in the case of our Company, and ICRA Limited, in the case of LPGCL) downgraded our Company's and LPGCL's ratings to a "D" rating upon our respective failures to make timely payment of amounts owed, which resulted largely from delayed payments by UPPCL to us. Under the terms of our current loans, certain lenders shall have the right to, amongst other things, revise interest rates and impose additional terms and conditions in case the rating falls below investment grade, while other lenders may also have the right to cancel or suspend commitments in the event of deterioration of credit worthiness. Further, certain lenders shall have the right to revise the applicable interest rate if the external credit rating is less than BBB. Any suspension, termination, cancellation, acceleration, cross acceleration, revision of interest rates, enforcement of security and/or guarantee, trigger of a cross-default or declaration of a cross-default under the financing agreements entered into by our Company may not only have a material adverse effect on our business, prospects and financial condition but also lead to the cessation of our business as a going concern.

**6. *Operation of our thermal power generation business has significant coal requirements and we face fuel supply risks, despite having entered into long-term FSAs. We may be unable to ensure uninterrupted availability and/or required quality of coal at competitive prices or at all, which may have an adverse effect on our business, results of operations, cash flows and financial condition.***

Our power plants are fueled by coal. We rely primarily on coal sourced from subsidiaries of Coal India Limited, who are the counterparties to the fuel supply agreements. Our counterparties may fail to honor their fuel supply commitments or renew our existing FSAs and we could face difficulties in obtaining coal for our coal-based thermal power plants.

In the event of a coal shortage, or if the quality of coal allocated to us is not of the required calorific value, or our coal suppliers default on their obligations to us under the current fuel supply agreements or any fuel supply agreements we may enter into in the future, then we may be required to make alternative arrangements for coal supply for our coal-based thermal power plants. There can be no assurance that we will be able to make alternate arrangements for coal in the quantities or qualities we need, or at all. Moreover, if the terms of the FSAs are not met, such as in the event of coal not being lifted as per the capacity planned, Coal India Limited may levy the penalties.

There can be no assurance that we will be able to obtain coal supplies in sufficient quantities and acceptable qualities, and on commercially acceptable terms, or at all. We may also have to purchase coal at a significantly higher price from alternative sources for carrying out our operations, or coal allocated to us under the FSA may be of lower calorific value than required, which may result in increase in variable cost, which may not be fully approved by UPPCL, which could have an adverse effect on our business, financial condition, cash flows and results of operations. For example, due to the LPGCL Liquidity Event, LPGCL could not make advance payment for sufficient coal quantities to ensure that the LPGCL Power Plant was continually available for production and the supply of electricity to UPPCL. In particular, LPGCL was unable to make the necessary advances to its fuel supplier under its fuel supply agreement for the lifting of coal, which consequentially led to a shortfall of fuel supply for the LPGCL Power Plant during the period of April 2018 to October 2018. In order to account for the shortfall, LPGCL was required to procure coal from alternative sources such as via e-auction, which ultimately increased LPGCL's variable cost up to ₹ 3.34 /kwh. LPGCL and UPPCL subsequently set the variable tariff for the LPGCL Power Plant at ₹ 2.85 per kWh, effective from November 1, 2018, subject to adjustment for changes in any component in fuel costs subsequent to October 31, 2018. Non-availability of coal also led to declaration of the LPGCL Power Plant at levels below the 85% threshold needed for LPGCL to charge the full Fixed Tariff to UPPCL, leading to a loss of Fixed Tariffs. Further, the offtake of power is dependent on BEL and LPGCL's variable cost, and BEL and LPGCL may not get any incentive if the offtake from plants is lower than 85%. See also sections entitled "*— BEL and LPGCL both rely on a single customer and any inability or failure by the customer to meet its payment commitments will have a significant and material adverse effect on BEL's and LPGCL's business, financial condition, cash flows and results of operations.*", "*Significant Factors*

*Affecting Our Company's and LPGCL's Results of Operations— Availability loss of fixed tariff charges due to non-availability of coal "on pages 21 and 269, respectively, for further details.*

Additionally, our fuel supply agreements have an option to renew on mutually agreed terms, with BEL and LPGCL having an average remaining tenure of about 13 years and 23 years respectively. However, BEL's PPAs are valid from the effective date, being the date of signing of the agreement, up till the 25<sup>th</sup> year of the Commercial Operations Date (the "**COD**") of the power station and have a remaining tenure of 18 years. As such, due to the mismatch in tenors of the fuel supply agreements and BEL's PPAs, the BEL Power Plants may not be able to secure coal under the existing fuel supply agreements if the parties do not renew such fuel supply agreements. There is no assurance that these fuel supply agreements will be renewed on terms that are favorable to BEL, or at all, or that BEL would be able to secure alternative fuel supplies at a competitive cost in the future.

**7. Our Company's proposed acquisition of the remaining approximate 79.31% interest of LPGCL is subject to risks**

Our Company may not complete the proposed acquisition of the remaining approximate 79.31% interest of LPGCL (the "**LPGCL Acquisition**") within the time frame we anticipate, or at all, which could have an adverse effect on the Offer, our business, financial results or operations. On March 31, 2019, our Company and LPGCL entered into a share purchase agreement with each of BHSL and the Promoter Selling Shareholder in connection with the LPGCL Acquisition (the "**Share Purchase Agreements**").

The completion of the LPGCL Acquisition ("**Completion**") is subject to the satisfaction or waiver of certain conditions, including, among other things: the obtaining of certain government approvals, obtaining requisite lender consents and the release of certain pledges over the shares of LPGCL. For further details in relation to the Share Purchase Agreements, please see the section entitled "*History and Certain Corporate Matters – Other Agreements*" on page 134. Under the Share Purchase Agreements, Completion is intended to take place one Working Day prior to the date of filing of the updated Draft Red Herring Prospectus with SEBI and the sale shares pursuant to the LPGCL Acquisition shall be transferred to our Company on the date of receipt by our Company of the final listing and trading approvals from the Stock Exchanges. However, the closing of the LPGCL Acquisition upon release of Sale Shares as per the terms of the escrow arrangement under the Share Purchase Agreement, including the payment by our Company of the total consideration for the LPGCL Acquisition, shall take place no later than one Working Day after the date of commencement of listing and trading of the equity shares of our Company ("**Closing**"). There is no assurance that our Company would be able to satisfy or waive the conditions under the Share Purchase Agreements in a timely manner or at all. Any inability or delay in satisfying any conditions coupled with an inability to waive such conditions may result in a delay in Completion, which may consequently lead to a delay of filing the red herring prospectus with the ROC, and consequently, a delay in the Offer. In the event that Completion and/or Closing does not occur, the LPGCL Acquisition may not be completed and we may be required to withdraw our Draft Red Herring Prospectus.

Pursuant to section 56(2)(x) of the Income Tax Act, where any person receives any shares or securities for a consideration less than aggregate fair market value of such shares or securities, the difference between the aggregate fair market value and the consideration shall be chargeable to tax as income from other sources. Accordingly, in the event the LPGCL Acquisition is completed for a consideration lower than the floor price provided in the LPGCL Valuation carried out in accordance with Rule 11UA of the Income Tax Rules, 1962 read with Rule 11UAA of the Income Tax Rules, 1962 ("**LPGCL Floor Price**"), our Company shall be liable to pay income tax on the difference between the LPGCL Floor Price and the consideration paid by our Company for the LPGCL Acquisition. For further details in relation to the LPGCL Valuation, please see the section entitled "*Objects of the Offer – Requirement of Funds*" on page 69.

**8. We are subject to operational risks which may disrupt our power plant operations. Any reduction in dispatched output or the inability of our power plants to generate or deliver power as a result of such disruptions may adversely affect our income.**

Our operations are subject to a number of operational risks, some of which are beyond our control and may delay generation and delivery of power. These include unexpected maintenance activities or technical problems such as boiler tube leakages, grid disturbances, boiler and turbine tripping and flame failure, flaws in equipment design and construction, production below expected levels of output or efficiency, periodic interruptions to operations due to inclement or hazardous weather conditions, natural disasters, other hazards, industrial accidents, failure by third-party contractors to perform their obligations in accordance with the relevant contracts entered into with them, power or raw material supply interruptions, structural collapse and critical equipment failure, which could require a considerable amount of time to replace or repair. In Fiscal 2018, the LPGCL Power Plant experienced a turbine breakdown due to blade failure which led to one of its generating units being shut for a period of 77 days from March 19, 2017 to June 4, 2017 (both days inclusive). LPGCL has lodged a claim of ₹ 1,995.65 million with its insurance company for repair

costs and lost tariffs incurred as result of this incident. As at the date of this Draft Red Herring Prospectus, the claim is still being processed by the insurance company. See also section entitled "*If we incur an uninsured loss or a loss that significantly exceeds the limits of our insurance policies, the resulting costs may have an adverse effect on our financial condition.*" on page 33 for further details.

Other general risks that underlie our operations include force majeure and catastrophic events such as fires, explosions, landslides, tropical storms, floods and earthquakes. These risks and hazards may result in personal injury, damage to or destruction of properties and production facilities, environmental damage, business interruption or significant damage to our business reputation, which may in turn materially and adversely affect our business, prospects, financial condition and results of operations.

Our profitability is largely a function of our ability to operate our power projects at optimal levels as per minimum performance standards that may be determined for us from time to time by competent authorities and our ability to manage our costs. Any failure to meet such minimum performance standard or manage our costs may have a material adverse effect on our business and results of operation.

**9. *In the past, we have incurred additional costs in order to complete some of our projects. There can be no assurance that we will be able to complete any future projects in accordance with the anticipated schedule or without incurring cost overruns. Any cost overruns in the development, construction or operation of any future projects may adversely affect our business, prospects, financial condition, cash flows and results of operations.***

The construction or development of projects such as ours involves various risks that could disrupt the anticipated schedule and costs. In the past, we have incurred some cost overruns with respect to the BEL Power Plants and the LPGCL Power Plant. There can be no assurance that we will be able to complete any future projects without incurring cost overruns or that events such as delays in the development or construction of the project, which may lead to cost overruns, will not occur. Any delay or cost overruns in the development, construction or operation of any of our future projects may adversely affect our business, prospects, financial condition, cash flows and results of operations.

Please also refer to the risk factor entitled "*- The tariffs for our power projects are subject to regulatory scrutiny by the Uttar Pradesh Electricity Regulatory Commission (UPERC) and the final tariff for LPGCL has not been approved by UPERC*" on page 30 for further details.

**10. *Operations in our coal-based power generation business carry inherent risks of damage to the environment. This could subject us to significant disruptions in business, legal and regulatory actions, which could adversely affect our business, financial condition, cash flows and results of operations.***

Use of coal in power plants generates a considerable amount of ash and greenhouse gases, which are major contributors to environmental pollution, global warming, greenhouse effects and potentially, climate change. There are limited options for utilizing ash, such as cement making utilities, reclamation of low lying land, construction of roads and embankments and filling abandoned mines or for any other construction activity and therefore the demand for ash can vary significantly over time. While we continue to explore methods to utilize or dispose of ash, our ash utilization activities may be insufficient to dispose of the ash we expect to generate. We are subject to a Government of India requirement that within three years from the date of commissioning of each of our coal-based thermal power plants, 100% of the fly ash produced by such power plant must be gainfully utilized. Compliance with these requirements, as well as any future norms with respect to ash utilization, may add to our capital expenditures and operating expenses. Further, non-compliance may lead to fines and/or imprisonment under Section 15 of the Environment Protection Act, 1986.

BEL and LPGCL have been identified by the Central Pollution Control Board as part of 1551 large and medium industries to be within 17 categories of highly polluting industries, contributing maximum to the pollution load. BEL and LPGCL have implemented online monitoring protocols in respect of its pollution levels and are also required to install certain necessary pollution control equipment to comply with the prescribed standards. The deadline for BEL and LPGCL to install such equipment ranges from March 2021 to September 2021 and from December 2020 to October 2021, respectively. BEL and LPGCL are also required to adopt clean technologies in its operations and improve its management practices with a view to complying with the regulations and to prevent and control pollution levels. There is no assurance that BEL and LPGCL will be able to install the necessary equipment within the stipulated time period and failure to do so may attract a show cause order from the Central Pollution Control Board, closure of the relevant power plant or other penalties. There is also no assurance that BEL and LPGCL will successfully adopt the necessary technologies or improve its management practices such that any future breaches of applicable environmental laws or regulations will be avoided, and any such breaches could materially and adversely affect our business, financial condition, cash flows and results of operations.

In the event that our coal-based power generation operations cause any environmental hazard or result in the contamination of the environment, we could be subject to substantial criminal and/or civil liabilities and other regulatory consequences, including being liable for certain costs related to hazardous materials, such as costs for health

or environment related claims, or removal or treatment of such substances and/or claims and litigation from our current or former employees or other persons for injuries arising from exposure to materials or other hazards at the power plants. The occurrence of any such event could have an adverse effect on our business, financial condition, cash flows and results of operations. BEL was involved in a dispute in relation to fly ash with Leos Construction in 2014, the conclusion of which was an arbitral award of ₹ 0.99 million granted in BEL's favour. However, BEL has not been able to recover this due to an inability to contact the counterparty, and a provision has been made in BEL's accounts in respect of this matter.

**11. *Revision in the Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff Regulations, 2014, as amended and Uttar Pradesh Electricity Regulatory Commission (Multi Year Transmission Tariff) Regulations, 2014, as amended (together, the "UPERC Tariff Regulations")***

UPERC has been vested with the functions under Section 86 of the Electricity Act, 2003, as amended, ("Electricity Act") to determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case maybe, within the State of Uttar Pradesh. Section 61 of the Electricity Act requires the Commission to be guided by, amongst other things, the multi-year tariff principles while specifying the terms and conditions for determination of tariff.

The UPERC Tariff Regulations are important as they determine the bases on which generation companies calculate the tariff payable to them as well as normative financial and operational parameters such as, working capital requirements and interest costs thereon, station heat rate, auxiliary energy consumption, depreciation, O&M costs, ROE, etc; and resultantly have a direct impact on the profitability of a generation project.

The last tariff revision for the generating companies (selling 100% power to Uttar Pradesh DISCOMS) was approved by UPERC in 2014 for a period of five years effective from April 01, 2014 and valid up to March 31, 2019. The UPERC Tariff Regulations stand expired as on March 31, 2019. The new or revised tariff regulations are due and should be finalized soon, and significant changes to the UPERC Tariff Regulations, if any, could impact our profitability.

**12. *The unavailability of appropriate infrastructure or any disruption of existing infrastructure could impair the delivery of coal required for the operation of our thermal power plants and could materially and adversely affect our business, cash flows and results of operations.***

We require transport infrastructure consisting of railway tracks, railway sidings, ports and roads to receive an uninterrupted supply of coal required for the seamless operation of our coal-based thermal power plants, all of which are situated in Uttar Pradesh. The building of transportation infrastructure such as railway sidings entails obtaining approvals, right of way and development by the Government of India or the state governments and their nominated agencies. As a result, we may have no control over the construction, operation and maintenance of the transportation infrastructure. Further, such transportation facilities may not be constructed in a timely manner and maintained at adequate levels, which may impact our existing plant operations and also may impact the estimated commissioning dates for our thermal power plants under development. We are, in some instances, dependent on government entities and third parties for the construction and maintenance of transportation infrastructure for our thermal power plants. These agencies may be unable to complete the construction and maintenance of the transportation facilities in a timely manner or at all. Also, there can be no assurance that these transportation facilities will be available or even be adequate to support our operations at our coal-based thermal power plants that are currently operational, under development, or in the future. For example, LPGCL is currently in dispute with UPPCL in respect of the recovery of fixed tariff charged for the period in which a transmission line was not made available. Please see the sections entitled "*-LPGCL is currently involved in disputes with UPPCL relating to payment of tariffs*" on page 22 for further details.

Disruptions of transportation services because of natural disasters, strikes, lock-outs, inadequacies in the road or rail infrastructure, or other events could impair the ability of our suppliers to deliver coal, or could damage the coal being transported. Further, pilferage or theft of coal in transit could impair our suppliers' ability to deliver coal in quantities that we require or at all. We can provide no assurance that such disruptions, due to the occurrence of any of the factors cited above, will not occur in the future. Our inability to obtain coal, in a timely manner or at all, or a decrease in coal supply could, among other things, reduce the effective capacity of our thermal power plants and cause delays in the performance of our contractual obligations, which could materially and adversely affect our business, financial condition, cash flows and results of operations.

**13. *Any failure to extend or renew our PPAs will have a material and adverse effect on our business, financial condition, cash flows and results of operations***

The long-term PPAs entered into by our Company and LPGCL are typically renewed or extended after the initial term expires by mutual agreement. However, in the event that such PPAs are terminated prematurely, or not renewed or

extended after the initial term expires, and if we are unable to enter into purchase agreements with other customers, this may have a material adverse effect on our business, financial condition, cash flows and results of operation.

**14. *The tariffs for our power projects are subject to regulatory scrutiny by the Uttar Pradesh Electricity Regulatory Commission (UPERC) and the final tariff for LPGCL has not been approved by UPERC.***

The Government of India has provided uniform guidelines to the National Tariff Policy, and issues guidelines from time to time empowering UPERC to formulate regulations that deal with various parameters with respect to the fixation of power tariffs, including providing adequate return on investment to the power generator and supplier and ensuring reasonable user charges for the consumers, amongst others. Regulations so formed include detailed methodology and parameters for determining the different components of the tariff. Once the tariff for a power project under construction or an operating power plant has been approved by UPERC, any changes or revisions to the tariff due to factors such as cost overruns or delays in the project implementation can only be revised by filing a petition to review the tariff with UPERC. There can be no assurance that any such petition to revise the tariff, for reasons such as project cost overruns or delays in project implementation or for any other reason, will be approved. For example, as of 31 December 2018, the UPERC-approved costs for costs incurred since the COD date of all units of the BEL Power Plant and COD date of Unit 1 of the LPGCL Power Plant were ₹ 24,480.20 million for BEL and ₹ 142,692 million for LPGCL, as compared to actual capitalization of project costs of ₹ 27,079.93 million for BEL and ₹ 166,909.91 million for LPGCL. LPGCL has filed a revised tariff petition for approval of an increase in tariff with UPERC and such petition is currently subject to UPERC's review and BEL intends to file a tariff petition in accordance with the applicable UPERC regulation. There is no assurance that UPERC will approve of BEL's and LPGCL's tariff petitions in a timely manner, or at all. In particular, there is no assurance that any or all of the additional project costs applied for under the tariff petition will be approved. In situations where we incur additional costs in the implementation of a power project or the operation of our power plants or a revision of the terms of the PPAs and are unable to obtain the approval of UPERC for increased tariffs, our financial condition, cash flows and results of operation may be adversely affected. Please see the risk factor entitled "*In the past, we have incurred additional costs in order to complete some of our projects. There can be no assurance that we will be able to complete any future projects in accordance with the anticipated schedule or without incurring cost overruns. Any cost overruns in the development, construction or operation of any future projects may adversely affect our business, prospects, financial condition, cash flows and results of operations.*" for further details.

**15. *We are required to renew, maintain or obtain statutory and regulatory permits, licenses and approvals for our operations from time to time. Any delay or inability to obtain such approvals may have an adverse impact on our business.***

We require certain statutory and regulatory permits, licenses and approvals to operate our business specifically in relation to the environment, workers' safety and disposal of hazardous waste. Besides project related approvals and licences, we require certain statutory licences/registrations on an ongoing basis for the related infrastructure, such as in relation to factories and labour laws. Additionally, we may also need to apply for more approvals as and when required in the ordinary course of our business. For further details, please refer to the section entitled "Government and Other Approvals" on page 317. If we fail to obtain necessary approvals required by us to undertake our business, or if there is any delay in obtaining these approvals, our business and financial condition may be adversely affected. Further, these permits, licenses and approvals, permits and licenses are subject to several conditions, and we cannot assure you that we shall be able to continuously meet such conditions or be able to comply with such conditions to the statutory authorities, and this may lead to cancellation, revocation or suspension of relevant permits, licenses or approvals, which may result in the interruption of our operations and may adversely affect our business.

There can be no assurance that the Government of India or the government of the State of Uttar Pradesh or any other authority will not implement new regulations and policies which will require us to obtain additional approvals and licenses, which could result in increased compliance costs as well as divert significant management time and other resources. Any such changes and the relate uncertainties in applicability, interpretation or implementation of any laws, rules and regulations to which we are subject may have an adverse effect on our business, financial condition and results of operations.

**16. *We have substantial indebtedness and will continue to have substantial indebtedness and debt service obligations following the Offer.***

As a developer of power projects, we require substantial upfront capital expenditure, which is largely financed by debt. Our power business is regulated by the UPERC regulations which stipulates that a power project may be funded via equity for up to 30% of the project cost and via debt for the remaining 70% as at the date of commercial operations in order to calculate the fixed tariff. As of December 31, 2018, the aggregate amount of our Company's and LPGCL's borrowings (excluding borrowings from our Corporate Promoter) outstanding was ₹ 19,013.51 million and ₹ 155,651.56 million, respectively. As of December 31, 2018, our Company's and LPGCL's total consolidated

borrowings (other than short term borrowings and borrowings from our Corporate Promoter) of ₹ 14,010.45 million and ₹ 132,247.15 million, respectively, represented a long-term debt to equity ratio of 50.91% to 49.09% for our Company and 74.43% to 25.57% for LPGCL. Equity for the purposes of the long-term debt to equity ratio is calculated as equity share shareholders' funds of ₹ 13,510.10 million and ₹ 45,439.93 million for our Company and LPGCL, respectively. For further details, please see the section entitled "*Financial Indebtedness*" on page 256. Our indebtedness could have several important consequences, including but not limited to, the following:

- we may be required to dedicate a portion of our cash flow toward repayment of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements thereby reducing the funds available to us for other purposes;
- our ability to obtain additional financing on favorable terms, or at all, in the future may be impacted;
- fluctuations in market interest rates may adversely affect the cost of our borrowings, since the interest rates on certain of our borrowings are subject to changes based on the benchmark rates of the respective bank lenders;
- there could be a material adverse effect on our business, prospects, financial condition, cash flows and results of operations if we are unable to service our indebtedness or otherwise comply with covenants of such indebtedness, especially given the fact that unsecured loans taken by us, the Promoter, Group Companies or LPGCL can be recalled by the lenders at any time;
- the duration of the offtake agreements may not match the duration of related financing arrangements and we may be exposed to refinancing risk if cash flows are insufficient to finance our operations; and
- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Any additional financing that we require to fund our capital expenditure, if met by way of additional debt financing, will increase our debt service obligations and may place restrictions on us which may, among other things, increase our vulnerability to adverse economic and industry conditions; limit our ability to pursue our growth plans; require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, meet working capital requirements and to be used for other general corporate purposes; limit our flexibility in planning for, or reacting to changes in our business and our industry, either through the imposition of restrictive financial or operational covenants or otherwise. We cannot assure you that market conditions and other factors will permit future project financing on terms acceptable to us, or that we will have sufficient unencumbered assets to grant to our lenders as collateral for any loans that they may grant to us. Our ability to arrange for financing on a substantially non-recourse basis and the costs of such capital are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of current projects, including our ability to secure favorable power purchase, fuel supply and other material agreements, and the continued existence of tax and other laws which are conducive to raising capital in this manner.

If we are unable to repay or refinance our outstanding indebtedness, or if we are unable to obtain additional financing on terms acceptable to us, we may be unable to execute our development plans and growth strategy. Furthermore, as on the date of this Draft Red Herring Prospectus, BPVPL, one of our Promoters, has pledged 6.36% of the Equity Shares with various lenders to secure our indebtedness. In the event of our failure to meet our payment obligations, lenders may affect this security and the shares of the Company may be transferred to such lenders. If any of these eventualities materialize, our business, prospects, financial condition, cash flows and results of operations may be adversely affected. For further details in relation to the pledge of Equity Shares and the requirements under our borrowing arrangements, please see the section entitled "*Capital Structure – History of the Equity Share Capital held by our Promoters*" on page 63.

## **17. Our lenders have significant rights which may affect how we conduct our businesses and could take control of us in certain circumstances.**

We have entered into various financing arrangements that grant our lenders certain rights to determine how we operate our business.

Our financing arrangements also limit our ability to incur additional debt, create liens or other encumbrances on our property, acquire other businesses, sell or otherwise dispose of assets, make certain payments and investments, pay dividends and merge or consolidate with other entities in certain circumstances. Additionally, in an event of default, our lenders have the right to nominate one director to our Board. Consent from these lenders is required for certain corporate and business actions, changes in shareholding and management decisions. The restrictions under the financing arrangements entered by us may affect our growth, our ability to expand into targeted markets and our ability

to plan for and react to changes in our business. Any of the foregoing could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

**18. *We enjoy leasehold rights over majority of the underlying land on which certain of our power plants and projects are located. If these lease agreements are not renewed or terminated, our business, financial condition, cash flows and results of operations could be materially and adversely affected.***

Part of the underlying land parcels on which our BEL Power Plants and the LPGCL Power Plant are located, as well as the sites of BEL's and LPGCL's corporate and registered offices, have been leased from third parties. Although we have entered into long-term lease agreements with respect to these lands, such lease agreements may be terminated early in the event of a default or upon the expiry of their tenure and may not be renewed. In the event that the lessors do not renew the lease agreements at the expiry of their term or if they terminate the lease agreement for any reason, our business, financial condition and results of operations and cash flows could be materially and adversely affected. Please refer to the section entitled "*Our Business – Real Properties*" on page 122 for further details.

**19. *Any inability to identify or correct any defects or irregularities of title to land may have an adverse effect on our business.***

There may be various legal defects and irregularities in title to the land on which our power plants are located on or on which future power projects are intended to be developed on, which we may not be able to identify or accurately assess. Our rights with respect to any land may be compromised by improperly executed, unregistered or insufficiently stamped conveyance instruments in the chain of title for such property, unregistered encumbrances in favour of third parties, rights of adverse possessors, ownership claims of family members of prior owners, or other defects that we may not be aware of. Any defects or irregularities of title may result in loss of development rights over land, which will prejudice the success of the relevant power project and may prevent us from benefiting from substantial expenditures in respect of a project. Any inability to identify defects or irregularities of title, and any inability to correct any such defects or irregularities of title may have an adverse effect on our business, financial condition, cash flows and results of operations. Any decision to acquire land based on inaccurate, incomplete or outdated information may result in risks and liabilities associated with acquiring and owning such parcels of land. For details of proceedings related to land acquired or leased by us, please see the section entitled "*Legal and Other Information – Outstanding Litigation and Material Developments*" on page 309.

**20. *The terms of our power offtake arrangements may not match the terms of our financing arrangements, which may adversely affect our business, financial condition, cash flows and results of operations.***

The duration of our offtake arrangements may not match the duration of the related financing arrangements and we may be exposed to refinancing risk. In the event of an increase in interest rates, our debt service cost may increase at the time of refinancing loan facilities and other financing arrangements, but the revenues under the relevant PPA may not correspondingly increase as interest costs which exceeds the prescribed levels in the relevant PPA will not be passed-through to UPPCL. In addition, a PPA may expire or be mutually terminated earlier than its tenure and consequently, and we may not have sufficient cash to meet our debt service obligations or be able to arrange an alternative source of funding to refinance those obligations on commercially acceptable terms, or at all. This mismatch between the financing arrangements and the corresponding PPAs may adversely affect our business, financial condition, cash flows and results of operations.

**21. *Activities in the power generation business can be dangerous and can cause injury or fatalities to people or damage to property in certain circumstances. This could subject us to significant disruptions in our energy business and to legal and regulatory action, which could adversely affect our business, financial condition, cash flows and results of operations.***

The power generation business typically requires employees and contractors to work under potentially hazardous circumstances, including handling of highly flammable and explosive materials. Despite compliance with requisite safety requirements and standards, our power generation business is subject to similar hazards. If improperly handled or subjected to unsuitable conditions, these materials could injure our employees, contract laborers or other persons, cause damage to our properties and properties of others and harm the environment. Our thermal power plants may also experience boiler tube leakages, which would lead to damage and/or injury to people and property. This may result in disruption in our construction and operations, subject us to regulatory proceedings or litigation, and impose significant restorative costs and liabilities, which may adversely affect our reputation, cash flows and financial condition.

**22. *The successful operation of our power plants depends on reliable and stable technology and supply of water to the power plants. In the event of technical problems or water shortages, the power plants may be out of commission or be required to reduce their water consumption, which would reduce their power generation capability.***

Our power projects under operation, construction and development require or will require, as applicable, reliable and stable technology and substantial amount of water, which is critical to the operations of these power plants. While we

regularly maintain our equipment and we have received water allocation for all our power projects under operation, in the event of technical problems and water shortages at various sources from which our power projects are required to draw water, our power projects may be out of commission or be required to reduce their water consumption, which would reduce their power generation capability. In the event the water supply to our power projects from the various sources falls below the required amount, we may be required to arrange alternate sources of water for our power projects. There can be no assurance that we will be able to make such alternate arrangements on acceptable terms or at all. There can also be no assurance that we will be able to source water for our power projects under development, in sufficient quantities or at all.

**23. *Our results of operations and cash flows could be adversely affected by strikes, work stoppages or increased wage demands by our employees or other disputes with our employees or our contractors' employees.***

As of December 31, 2018, we have a total of 900 permanent employees, with 466 belonging to BEL and 434 belonging to LPGCL. None of our employees at the workman level are affiliated with any labour union. However, there can be no assurance that our employees will not form a union, join any existing union or otherwise organize themselves.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Although, there has not been any organized industrial action against us in the past, there can be no assurance that any organized industrial action will not occur in the future. If our relations with the employees are strained, it may become difficult for us to maintain our existing labour policies, and our business may be adversely affected. Furthermore, we do not monitor the employees of our contractors and any dispute between our contractors and their employees could adversely affect the development of our projects.

Organized efforts by our, or our contractors', employees to affect compensation increases and other terms of employment may divert management's attention and increase operating expenses which could adversely affect our business, cash flows and results of operations.

**24. *If we incur an uninsured loss or a loss that significantly exceeds the limits of our insurance policies, the resulting costs may have an adverse effect on our financial condition.***

Operations in our power generation business carry inherent risks of personal injury and loss of life, damage to or destruction of property, plant and equipment and damage to the environment, and are subject to risks such as fire, theft, flood, earthquakes and terrorism. We maintain insurance coverage, in amounts which we believe are commercially appropriate, including insurance against damage, loss of profit, business interruption and third-party liability with respect to certain of our power projects. Please refer to the section entitled "*Our Business - Insurance*" on page 122 of this Draft Red Herring Prospectus. However, such insurance may not be adequate to cover all losses or liabilities that may arise from our operations, including when the loss suffered is not easily quantifiable and in the event of severe damage to our reputation. Even if we have made a claim under an existing insurance policy, we may not be able to successfully assert our claim for any liability or loss under such insurance policy. Additionally, there may be various other risks and losses for which we are not insured either because such risks are uninsurable or not insurable on commercially acceptable terms.

In addition, in the future, we may not be able to maintain insurance of the types or at levels which we deem necessary or adequate or at rates which we consider reasonable. The occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have an adverse effect on our business, reputation, results of operations, financial condition and cash flows.

**25. *We depend on the expertise of our senior management and skilled employees; our results of operations may be adversely affected by the departure of our senior management and experienced employees.***

We are dependent on our directors and senior management for executing our growth and expansion strategies and efficiently managing our existing business, which are crucial to our success. Our continued success also depends upon our ability to attract and retain a large group of experienced professionals and staff. The loss of the services of our senior management or our inability to recruit, train or retain a sufficient number of experienced personnel could have an adverse effect on our operations, cash flows and profitability. Our ability to retain experienced staff members as well as senior management will in part depend on us having in place attractive staff remuneration and incentive schemes. There can be no assurance that the remuneration and incentive schemes we have in place will be sufficient to retain the services of our senior management and skilled employees.

**26. Our Company, LPGCL, Promoters, Directors and the Group Companies are involved in a number of legal proceedings and any adverse decision may have a significant effect on our business, financial condition and results of operations.**

There are outstanding legal proceedings involving our Company, LPGCL, Directors, Promoters and the Group Companies. These legal proceedings are pending at different levels of adjudication before various courts and tribunals in India. Should any new development arise, such as a change in Indian law or rulings against us by the courts or tribunals, we may need to make provisions in our financial statements which could increase our expenses and our current liabilities. We can give no assurance that these legal proceedings will be decided in our favour, or that judgements in our favour will not be unduly delayed. Further, we may also not be able to quantify all the claims in which we are involved. Any adverse decision may have a significant effect on our business, financial condition and results of operations. The summary of the cases filed against our Company, LPGCL and our Promoters are disclosed in the table below:

Sl. No.	Name of entity/person	Civil case	Criminal case	Tax Proceedings	Total Amount involved (in Rupees million)
1.	<b>Our Company</b>	7	-	7	281.82
2.	<b>Our Promoters</b>	-	7	4	3.44
3.	<b>LPGCL</b>	69	-	7	645.06

*Note:*

(1) This includes litigation against Kushagra Bajaj, one of our Promoters, who is also the Chairman and Non-Executive Director of our Company.

For further details, see the section entitled "Legal and Other Information – Outstanding Litigation and Material Developments" on page 309.

**27. We are significantly dependent on our Promoter, Promoter Group and other Group Companies for execution of our projects and for financial support.**

We are significantly dependent on our controlling shareholder, BPVPL, for financial support and execution expertise for our projects. BPVPL has, from time to time, infused equity to meet our financing requirements and has also provided corporate guarantees for certain of our and LPGCL borrowings and as of December 31, 2018 our Company has availed an inter-corporate loan of ₹ 250.00 million and LPGCL has availed an inter-corporate loan of ₹ 2,000.00 million from BPVPL. In the past, we have availed loans from our Promoters and Promoter Group and we may continue to do so in the future. We may also be dependent on BPVPL and other Group Companies in order to meet pre-qualification requirements for bidding on power projects. Going forward, however, there is no assurance that our controlling shareholder will continue to provide us with the same degree of financial, and other, support and services. Termination of such arrangements could affect our operations, cash flows and financial condition. For further details, please see the section entitled "Financial Information" on page 161.

**28. Our Promoter Selling Shareholder will continue to retain majority control in our Company following the completion of the Offer, which will enable them to influence the outcome of matters submitted to shareholders for approval.**

Upon completion of the Offer, our Promoter Selling Shareholder will continue to exercise significant control over us, including matters relating to any sale of all or substantially all of our assets, timing and distribution of dividends and controlling the composition of our Board and determining matters requiring shareholder approval or approval of our Board. Our Promoter Selling Shareholder may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising its control, our Promoter Selling Shareholder could delay, defer or cause a change of our control or a change in our capital structure, or a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. In addition, for as long as the Promoter Selling Shareholder continues to exercise control over the Company, it may influence the material policies of our Company in a manner that could conflict with the interest of our other shareholders. The Promoter Selling Shareholder may have interests that are adverse to the interests of our other shareholders and may take positions with which we or our other shareholders may not agree.

**29. Our flexibility in managing our operations is limited by the regulatory environment in which we operate. This environment is undergoing reform and we may not be able to respond effectively.**

The infrastructure sector in India, particularly the power sector, is highly regulated. Our business and operations are governed by various laws and regulations, including the Electricity Act, National Electricity Policy, National Tariff Policy, regulations framed by the UPERC environmental and labour laws and other legislations enacted by the

Government of India and Government of the State of Uttar Pradesh. Our business and financial performance could be adversely affected by any unfavorable changes in or interpretations of existing laws, or the promulgation of new laws, such as the implementation by UPERC of new tariff regulations for power generation for the period April 1, 2019 to March 31, 2024. Further, LPGCL is currently engaged in a dispute with UPPCL in respect of the recovery of fixed tariffs on the grounds that the non-payment by UPPCL of such fixed tariffs is against the policy of the two-part tariff as intended under the Availability-Based Tariff ("ABT") mechanism specified under UPERC regulations and the terms and conditions of the PPA. The regulatory framework operating in the power sector, which consists of regulations and directives issued by government authorities, has changed significantly in recent years and certain additional reforms, including change of the current regulatory bodies and existing legal framework, may take place in the next few years. For further details, please see the section entitled "*Regulations and Policies*" on page 124.

There can be no assurance that we will be able to respond in a timely and effective manner to the regulatory changes taking place in the power sector and any future regulatory changes. In the power sector, the Electricity Act provides for significant deregulation. Whereas the Government presently owns a majority of the generation business and nearly all transmission and distribution businesses and there are only a limited number of distribution licensees and independent power producers, such as us, the Electricity Act permits new generation plants to come into existence without restriction.

**30. *We have, in the past, entered into related party transactions and may continue to do so in the future and there can be no assurance that we could not have achieved more favorable terms if such transactions had not been entered into with related parties.***

We have entered into transactions with several related parties, including our Promoters, Directors and Group Companies. For the nine-month period ended December 31, 2018, in accordance with Ind AS and as stated in Annexure 37 in our Restated Consolidated Financial Information in this Draft Red Herring Prospectus, none of our Company's total income of ₹ 7,220.51 million related to transactions with related parties, ₹ 0.61 million (0.001%) of LPGCL's total income of ₹ 41,318.42 million related to transactions with related parties, and ₹ 96.31 million (or 1.42%) of Company's total expenses of ₹ 6,765.64 million and ₹ 186.70 million (or 0.45%) of LPGCL's total expenses of ₹ 41,094.53 million are related to transactions with related parties. Moreover, as of December 31, 2018, our Company had ₹ 242.43 million and LPGCL had ₹ 5,117.36 million in unsecured loans and advances (towards advances for purchase of capital goods and services and other business supplies and services) to related parties. Further for the nine month period ended December 31, 2018, LPGCL had purchased capital goods and services for ₹ 27.06 million from related parties. As of December 31, 2018, our Company and LPGCL have availed inter-corporate loans of ₹ 250.00 million and ₹ 2,000.00 million, respectively, from BPVPL and also received corporate guarantees from BPVPL for certain of our and LPGCL's borrowings. For further details on related party transactions as per Ind AS 24, as the case may be, see "*Annexure VI – Notes to Restated Consolidated Summary Financial Information - Note 37 – Related party transactions*" on pages 195 to 196 in our Restated Consolidated Financial Information included in this Draft Red Herring Prospectus. We have also entered into related party transactions in the past. For instance, engineering, procurement and construction ("EPC") works in relation to the BEL Power Plants were completed by BIDCO, our Group Company and shareholder of our Corporate Promoter. Further, contracts relating to balance of plant package ("BoP") works for the LPGCL Power Plant were allotted through the international competitive bidding route and the bids received were assessed through a commercial evaluation process by a technical valuer. Subsequently, these BoP contracts were assigned by the successful bidder to BIDCO. Thereafter, the BoP work was undertaken and completed by BIDCO. While we believe that all such transactions have been conducted on an arms-length basis and contain commercial terms, any governmental, regulatory or statutory authority may take a different view. There can be no assurance that we could not have achieved more favorable terms if such transactions had not been entered into with related parties. Further, the transactions we have entered into, or any future transactions with our related parties, have involved or may potentially involve conflicts of interest.

**31. *Our financial results may be subject to seasonal variations, with higher demand in summer months.***

Our incomes and results may be affected by seasonal factors, with demand generally higher in the summer months than the winter months. Further, some of our power consumers have businesses which are seasonal in nature and a downturn in demand for power by such consumers could reduce our income during such periods. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses, but our incomes from operations may be delayed or reduced. Although such adverse weather conditions do not typically have a material impact on our income from operations, abnormally hot summer months or rainy monsoon could have a material impact.

**32. LPGCL has experienced negative cash flows from operating activities in certain prior periods and any negative cash flows in the future could adversely affect our financial condition and the trading price of the Equity Shares.**

LPGCL has experienced cash flows, both positive and negative, set forth in the table below for the specified periods:

Consolidated	31 Decembe r 2018	Fiscal 2018	Fiscal 2017	Fiscal 2016
		(₹ million)		
<b>LPGCL</b>				
Net Cash Flow from/(used in) Operating Activities .....	7,412.91	12,056.6	(3,120.92)	(3,215.84)
Net cash from/(used in) Investing Activities .....	(545.93)	(133.48)	(4,865.08)	(16,874.64)
Net cash from/(used in) Financing Activities .....	(8,803.84)	(10,015.7	8,041.83	16,786.67
	)	9)		)
Total .....	(1,936.86	)	1,907.38	55.83
				(3,303.81)

In Fiscal 2018, LPGCL has incurred a loss of ₹ 2,178.70 million. Any negative cash flows in the future could materially adversely affect our financial condition and the trading price of the Equity Shares.

For details, please see the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Cash Flow of our Company*" on page 277. There can be no assurance that LPGCL's net cash flows will be positive in the future.

**33. Our Company does not own the logo **bajaj ENERGY** appearing on the cover page of this Draft Red Herring Prospectus that is used by us for our business. We have applied for registration of our logo **bajaj ENERGY** under the Trade Marks Act, 1999. Any failure to protect or enforce our rights to own or use our logo, trademarks and identities could have an adverse effect on our business and competitive business.**

Our Company has filed applications under the Trade Marks Act, 1999 for registration of the trademark in relation to our logo **bajaj ENERGY** appearing on the cover page of this Draft Red Herring Prospectus. This registration is currently pending. Accordingly, the logo that is used by us for our business is not presently registered in our name. We cannot assure you that our application for registration will be successful or that we will be able to obtain registration over our logo in a timely manner, or at all.

Further our efforts to protect our intellectual property may not be adequate and any third parties may infringe or copy our registered trademarks. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our trademarks, which may adversely affect our goodwill, business, financial condition, results of operations, cash flows and prospects. Any of the foregoing could have an adverse effect on our business and competitive position.

**34. We have certain contingent liabilities, which, if they materialize, may adversely affect our results of operations, financial condition and cash flows**

The following table sets forth certain information relating to our Company's and LPGCL's contingent liabilities as of December 31, 2018, as per Ind AS 37 issued by the ICAI:

Particulars	Amount (₹ in million)
<b>BEL</b>	
Land matters	-
Custom / Excise matters	11.13
Income Tax matters	47.54
Other claims	-
<b>Total</b>	58.67

Particulars	Amount (₹ in million)
<b>LPGCL</b>	
Land matters	135.69
Custom / Excise matters	-
Income Tax matters	135.25
Other claims	35.71
<b>Total</b>	<b>306.65</b>

As of December 31, 2018, December 31, 2017, Fiscal 2018, Fiscal 2017 and Fiscal 2016, BEL's ratio of total liabilities plus contingent liabilities to net worth is 1.76, 1.80, 1.74, 1.90 and 2.13, respectively and LPGCL's ratio of total liabilities plus contingent liabilities to net worth is 3.78, 3.63, 3.62, 3.24 and 3.26, respectively. If a significant portion of our contingent liabilities materialize, it could have an adverse effect on our results of operations, financial condition and cash flows. For details, please see the sections entitled "*Summary of the Draft Red Herring Prospectus*", "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operation*" starting on pages 17, 161 and 259 respectively.

**35. *If we are unable to maintain an effective system of internal controls and compliances our business and reputation could be adversely affected.***

In order to manage the business and its future growth effectively, we must continue to implement and improve operational systems, procedures and internal controls on a timely basis. If we fail to implement these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls and compliance that would result in inconsistent internal standard operating procedures, we may not be able to meet our customers' needs, hire and retain new employees, pursue new business, complete future strategic agreements or operate our business effectively, and that may adversely affect our business and reputation. In the past, there has been ineffectiveness in the internal controls such as inward freight not considered for insurance claims, and amount not debited for delay in supply. There can be no assurance that our existing or future management, operational and financial systems, procedures and controls will be adequate to support future operations or establish or develop business relationships beneficial to future operations.

**36. *We face significant competitive pressures in our business. Our inability to compete effectively would be detrimental to our business and prospects for future growth.***

We face significant competition in our business from other players in the power industry. For details, please see the section entitled "*Industry Overview*" on page 81. The industry and markets in which we operate are characterized by factors such as price competitiveness and proximity to fuel sources. We primarily compete based on the following:

- low cost of power supply; and
- use of renewable energy.

There can be no assurance that we will maintain our competitiveness in any of these areas. While we work consistently to offset pricing pressures, advance our technological capability, improve our services or enhance our production efficiency to reduce costs, such efforts may not be successful. Also, as we plan to expand our offerings, we may face strong competition from other players in the same markets. Many of our existing and potential competitors may seek to equal or exceed us in terms of their financial, production, sales, marketing and other resources. If we fail to compete effectively in the future, our business and prospects could be materially and adversely affected.

**37. *Our Promoters may enter into ventures that may lead to real or potential conflicts of interest with our business.***

Our Promoters may become involved in ventures that may potentially compete with our Company or LPGCL. For example, Kushagra Bajaj (our Chairman and Non-Executive Director and a Promoter) and other Promoters, namely, Shishir Bajaj, Apoorva Bajaj and Minakshi Bajaj are currently involved in ventures in the same line of activity or business as our Company and LPGCL. There can be no assurance that such conflicts of interests shall not arise in the future, and our Promoters may allocate business opportunities to their other business interests in circumstances where our respective interests diverge. In cases of conflict, there can be no assurance that our Promoters will not favour any of their other interests. Any such future conflict, or situations where our Promoters decide to divert opportunities or conduct business through their other business interests, could have a material adverse effect on our business, reputation, financial condition and results of operations.

**38. *Other interests of our Promoters in our Company, other than normal remuneration or benefits or reimbursement of expenses incurred.***

Kushagra Bajaj (our Chairman and Non-Executive Director and a Promoter) and other Promoters, namely, BPVPL, Shishir Bajaj, Apoorva Bajaj and Minakshi Bajaj have relations with entities from whom our Company has acquired land in the past five years. BEL has entered into lease agreements with the Promoter Group company, Bajaj Hindusthan Sugar Limited, pursuant to which Bajaj Hindusthan Sugar Limited has leased certain lands to BEL for its operations. Such lands are owned by Bajaj Hindusthan Sugar Limited and have been encumbered in favour of the lenders of Bajaj Hindusthan Sugar Limited. Under these lease agreements, Bajaj Hindusthan Sugar Limited is entitled to a yearly rental income of ₹ 6.43 million. While the remaining term of the lease agreements varies from around 20 to 22 years, there can be no assurance that we will be able to renew any or all the lease agreements in a timely manner, at commercially acceptable terms or at all. In addition, under the lease agreements, the land shall only be used for the purpose of setting up and operating the power projects. In the event that the lease agreement is terminated and/or the security is invoked by the lenders of Bajaj Hindusthan Sugar Limited, and we are unable to renew the agreements on terms acceptable to us or at all, we may be compelled to search for a new location, which may have material adverse impact on our business, financial condition and results of operations. Please see the sections entitled “Our Promoters and Promoter Group” and “Annexure VI – Notes to Restated Consolidated Summary Financial Information - Note 37 – Related party transactions” on pages 155 and 195, respectively.

**39. We have issued Equity Shares at a price that may be lower than the Offer Price in the last 12 months, other than bonus issues.**

We have issued Equity Shares in the last 12 months through bonus issue or at a price that may be lower than the Offer Price, as set out in the table below:

Name of the allottee	Whether part of the Promoter Group	Number of Equity Shares allotted	Price at which Equity Shares allotted	Reason
BPVPL	Yes	411,750,000	Not applicable	Conversion of compulsorily convertible preference shares issued by our Company to BPVPL

For further details, please see the section entitled “Capital Structure – Notes to the Capital Structure” on page 62.

**Risks relating to India**

**40. Companies operating in India are subject to a variety of central and state government taxes and surcharges. Additional tax exposure could adversely affect our business and results of operations.**

Taxes and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, GST, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The central or state governments may increase the corporate income tax they impose, in the future. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business, cash flows and results of operations.

**41. The construction and operation of our power projects may face opposition from local communities and other parties, which could adversely affect our business.**

The construction and operation of power projects may face opposition from the local communities where these power projects are located and from special interest groups. Such opposition may negatively affect our ability to develop and operate our power projects. We cannot assure you that we will not encounter opposition related to our power projects.

We develop our resettlement and rehabilitation programs on a project-by-project basis and include them in our budget for each project. The government of the states in which the project is located, however, is ultimately responsible for distributing the compensation we provide to those individuals that are displaced due to our projects. Non-distribution of the compensation we provide could further intensify opposition from local communities.

Significant opposition by local communities, NGOs and other parties to the construction of our power projects may adversely affect our results of operations, cash flows and financial condition.

**42. Demand for power services in India depends on domestic and regional economic growth and imbalances, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.**

The power business in India, like that of many other countries, is dependent on the level of domestic, regional and global economic growth, international trade and consumer spending. The power business in India will also be dependent on the government initiatives, such as electrification, the timeline for which is uncertain. The rate of growth of India's economy and of demand for power and infrastructure services in India may not be as high, or may not be sustained for as long, as we have anticipated. Furthermore, due to regional imbalances, it is possible that there may not be adequate demand for the power that we produce in the regions where our power plants operate, notwithstanding that there may be strong demand for power in India generally. During periods of robust economic growth, demand for such services may grow at a rate as great as, or even greater than, that of the GDP. On the other hand, during periods of slow GDP growth, such demand may exhibit slow or even negative growth. Future fluctuations of the economic or business cycle, or other events that could influence GDP growth will have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

**43. We are subject to risks arising from exchange rate fluctuations, which could materially and adversely affect our business, financial condition, cash flows and results of operations.**

Our Company and LPGCL have foreign currency loans, and LPGCL has foreign currency payables relating to certain project-related liabilities, which give rise to exposure to currency exchange rate fluctuations. As our Company's and LPGCL's incomes are entirely in Indian Rupees, we do not have a natural hedge to our foreign currency loans and payables. As a result, changes in currency exchange rates may affect our results of operations. As at December 31, 2018, borrowings of ₹ 741.95 million (US\$ 10.90 million), or 5.30%, of BEL's borrowings (excluding short term borrowings) of ₹ 14,010.45 million was denominated in U.S. dollars and borrowings of ₹ 10,192.46 million (US\$ 146.04 million), or 7.71%, of LPGCL's borrowings (excluding short term borrowings) of ₹ 132,247.15 million was denominated in U.S. dollars. In order to reduce our currency exchange risks, we currently have hedging arrangements in relation to this external commercial borrowing. However, there can be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the U.S. dollar or other relevant foreign currencies. In addition, we may have to rely on imports to meet part of the equipment and fuel requirement of some of our projects. For instance, we make payments in U.S. dollar, Sterling Pound and Euro in relation to our equipment purchases, and any unfavorable fluctuation in these currencies could negatively impact our project expenses. Accordingly, any depreciation of the Indian rupee against the U.S. dollar or other foreign currencies may adversely affect our results of operations by increasing the cost of financing any debt denominated in U.S. dollars or any proposed capital or income expenditure in foreign currencies. If we are unable to pass on the costs of foreign exchange variations to our customers, depreciation of the Indian Rupee against foreign currencies may adversely affect our results of operations, cash flows and financial condition.

**44. Political instability or changes in the national and state governments in India could have a material and adverse effect on our business, prospects, financial condition, cash flows and results of operations.**

We are incorporated in India and all of our operations, assets and personnel are located in India. Consequently, our performance and the market price and liquidity of our equity shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Government of India has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business is also impacted by regulations and conditions in various states in India where we operate. Our business, and the market price and liquidity of our equity shares, may be affected by interest rates, changes in government policies, taxation, social and civil unrest, political, economic or other developments in or affecting India. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will continue to be in effect. Any political instability could affect the rate of economic growth, specific laws and policies affecting foreign investment, the energy sector or investment in our equity shares. New regulations may lead to renegotiation of our PPAs with state-owned entities at reduced rates. A significant change in the government's policies, in particular, those relating to the energy sector in India, could adversely affect our business, results of operations, financial condition, cash flows and could cause the price of our equity shares to decline. For example, in the past, several state governments, including the government of the State of Uttar Pradesh, have announced their intention to provide free electricity to farmers which could adversely impact our state-owned off takers ability to pay us for supply of electricity.

**45. We have commissioned industry reports from certain agencies, which have been used for industry related data in this Draft Red Herring Prospectus and such data has not been independently verified by us.**

Market data and certain information and statistics relating to us and general market/industry data are derived from both public and private sources, including market research, publicly available information and industry publications. We have relied on various government publications and industry sources in the preparation of this Draft Red Herring Prospectus, specifically the report titled, "Outlook on Power Sector in India" produced by CRISIL. We have commissioned CRISIL to prepare a market assessment of the Power Sector in India for reference in this Draft Red Herring Prospectus. The commissioned report may be subject to assumptions. Neither we nor our directors or our Promoters are in any way related to the parties that have prepared the relevant industry data on which we relied on. While we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by us and the BRLMs or any of their respective affiliates or advisors, and, therefore, we make no representation as to the accuracy, adequacy or completeness of such facts and statistics. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, there can be no assurance that the facts and statistics are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions vary widely among different industry sources. Further, such assumptions may change based on various factors. We cannot assure you that CRISIL's assumptions are correct or will not change and, accordingly, our position in the market may differ from that presented in this Draft Red Herring Prospectus. Further, the commissioned report is not a recommendation to invest or disinvest in our Company. Prospective investors are advised not to unduly rely on the commissioned report or extracts thereof as included in this Draft Red Herring Prospectus, when making their investment decisions.

**46. Regional hostilities, terrorist attacks or social unrest in India and South Asia or other countries, could adversely affect the financial markets and the trading price of our equity shares could decrease.**

Terrorist attacks and other acts of violence or war including those involving India may adversely affect the Indian and worldwide financial markets. The terrorist acts may result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations, financial condition, cash flows and prospects. Increased volatility in the financial markets, including economic recession, can have an adverse impact on the economies of India and other countries.

In addition, South Asia has from time to time experienced instances of civil unrest and hostilities among neighboring countries. Present relations between India and certain of its neighboring countries continue to be fragile because of issues such as terrorism, armament and other political and social matters. Increased tensions and hostilities may occur in the future and on a wider scale. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy by disrupting trade and communications and making travel and transportation more difficult.

India has also experienced social unrest, communal disturbances and riots in some parts of the country during recent times. Such political and social tensions could create a perception that investments in Indian companies involve greater degrees of risk. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on the Indian economy, our business, future financial performance and the trading price of our equity shares.

**47. Our ability to raise foreign capital may be constrained by Indian laws. The limitations on foreign debt may have an adverse effect on our business growth, financial condition, cash flows and results of operations.**

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA and the rules made thereunder. Such regulatory restrictions limit our financing sources for our projects and hence could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. The limitations on foreign debt may have an adverse effect on our business growth, financial condition, cash flows and results of operations.

**48. Any adverse change in India's credit rating by an international rating agency could materially adversely affect our business and profitability.**

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which

such financing is available. Any of these developments may materially and adversely affect our business, financial condition and results of operations

#### **Risks related to the Offer**

**49. *The market value of an investor's investment may fluctuate due to the volatility of the Indian and global securities markets.***

Indian securities markets may not be comparable to the securities markets in certain countries with more developed economies and capital markets than India. Indian stock exchanges have, in the past, experienced and continue to experience fluctuations in the prices of listed securities. Indian stock exchanges may have experienced problems which, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. In addition, the governing bodies of Indian stock exchanges have, from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Further, from time to time, disputes may have occurred between listed companies, stock exchanges and other regulatory bodies, which in some cases may have a negative effect on market sentiment.

**50. *Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.***

Our articles of association, regulations of our Board of Directors and Indian law govern our corporate affairs. Legal principles related to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

**51. *Our Equity Shares have never been publicly traded, and after this Offer, our Equity Shares may experience price and volume fluctuations and an active trading market for our Equity Shares may not develop. Further, the price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Offer Price, or at all.***

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Moreover, the Offer Price is intended to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares after the Offer may be subject to significant fluctuations in response to, among other factors, general economic, political and social factors, developments in India's fiscal regime, variations in our operating results, market conditions specific to the industry that we operate in, developments relating to India (as well as other jurisdictions in which we operate) and volatility in the Indian and global securities market, developments in the power industry and the perception in the market about investments in the power industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures or capital commitments. The trading price of the Equity Shares might also decline in reaction to events that affect the entire market and/or other companies in our industry even if these events do not directly affect us and/or are unrelated to our business, financial condition or operating results.

**52. *Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.***

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by shareholders of such company.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in our Company may be reduced.

**53. *There is no guarantee that the Equity Shares issued pursuant to the Offer will be listed on the Stock Exchanges in a timely manner or at all, or that after such listing that they will remain listed on the Stock Exchanges, which may restrict your ability to dispose of the Equity Shares.***

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares will not be granted until after the Equity Shares offered in this Offer have been allotted. Approval will require all other relevant documents

authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

**54. Any future issuance of Equity Shares may dilute your shareholding, and sales of the Equity Shares by our major shareholders may adversely affect the trading price of our Equity Shares.**

Any future equity issuances by our Company may lead to the dilution of investors' shareholdings in our Company. In addition, any sales of substantial amounts of the Equity Shares in the public market after the completion of this Offer, including by our major shareholders, or the perception that such issuance or sales may occur could adversely affect the trading price of the Equity Shares and could significantly impair our future ability to raise capital through offerings of the Equity Shares. We cannot predict what effect, if any, market sales of the Equity Shares held by the major shareholders of our Company or the availability of these Equity Shares for future sale will have on the market price of our Equity Shares.

**55. QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.**

Pursuant to the provisions of the SEBI ICDR Regulations and other regulations and guidelines prescribed by the SEBI, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares Bid for or the price) at any stage after submitting a Bid.

Events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition, may arise between the date of submission of the Bid by QIBs and Non-Institutional Investors and Allotment of the Equity Shares. Our Company may choose to complete the Allotment of the Equity Shares pursuant to the Offer despite the occurrence of one or more such events, and QIBs and Non-Institutional Investors would not be able to withdraw or lower their Bids in such or any other situation, once they have submitted their Bid.

**56. Future sales of Equity Shares by our Promoters and significant shareholders may adversely affect the market price of the Equity Shares.**

After the completion of the Offer, sales of a large number of the Equity Shares by our Promoters and/or significant shareholders could adversely affect the market price of the Equity Shares. Similarly, the perception that any such primary or secondary sale may occur could adversely affect the market price of the Equity Shares. Except as disclosed in the section entitled "*Capital Structure*" on page 61, no assurance may be given that our significant shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

**57. You may be subject to Indian taxes on the sale of the Equity Shares.**

Under current Indian tax laws, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. However, any gain realized on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months will not be subject to long term capital gains tax in India if Securities Transaction Tax ("STT") is paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or after October 1, 2004, except in the case of such acquisitions of equity shares which are not subject to STT, as notified by the Central Government under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, the Finance Act, 2018, has now levied taxes on such long-term capital gains exceeding ₹ 100,000 arising from sale of Equity Shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such Equity Shares subject to specific conditions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realised on the sale of listed Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. Additionally, in view of the individual nature of the tax consequences and the changing tax laws, each prospective investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in this Offer.

Further, the Government has announced the interim union budget for Fiscal 2020 and the Finance Act, 2019 has been

granted Presidential assent on February 21, 2019 and published in the Gazette on the same date. It includes amendments to the Indian Stamp Act, 1899 that stipulate the buyer to be responsible for payment of stamp duty, in case of sale of securities through stock exchanges, and the transferor/issuer in case the transaction is undertaken through a depository or otherwise than through a stock exchange. Accordingly, the Finance Act proposes that the sale, transfer and issue of securities through exchanges, depositories or otherwise be charged with stamp duty. The Finance Act, 2019 has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. The proposed amendments to the Indian Stamp Act, 1899 pursuant to the Finance Act, 2019 shall be effective from a date yet to be notified by the Government in the Gazette.

As such, there is no certainty on the impact that the Finance Act, 2019 may have on our business and operations or on the industry in which we operate. Further, the budget which has been currently proposed for Fiscal 2020, is merely an interim budget. The full union budget is likely to be announced post the general elections, scheduled this year, pursuant to which the Government may introduce additional tax proposals. We cannot predict whether any tax laws or regulations impacting our products will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have a material adverse effect on our business, financial condition, results of operations and cash flows.

**58. *We cannot assure payment of dividends on the Equity Shares in the future.***

The dividend distribution policy of our Company was approved and adopted by our Board at its meeting dated September 26, 2018 and is effective from September 26, 2018. The amount of future dividend payments by our Company, if any, will depend a number of factors, including but not limited to the capital expenditure requirements, profit earned during the year and profit available for distribution, working capital requirements, business expansion and growth, additional investment in subsidiaries and associates, cost of borrowing, economic environment, capital markets, global conditions, applicable Indian legal restrictions and other factors considered by our Board of Directors. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, please see the section entitled “*Dividend Policy*” on page 160. Our Company may also decide to retain all of its earnings to finance the development and expansion of its business and therefore may not declare dividends on the Equity Shares. Amounts paid as dividends in the past are also not necessarily indicative of our Company's dividend policy or dividend amounts.

**59. *Our Company will not receive any proceeds of the Offer for Sale and a portion of the Net Proceeds shall be paid to our Corporate Promoter.***

The Offer consists of the Fresh Issue by our Company and an Offer for Sale by the Promoter Selling Shareholder. The Promoter Selling Shareholder has agreed to offer Equity Shares aggregating up to ₹ 3,000 million, held by it, in the Offer for Sale. Accordingly, the entire proceeds of the Offer for Sale will be transferred to the Promoter Selling Shareholder and will not result in any creation of value for investors or in respect of their investment in our Company. Further, part of the Net Proceeds shall be paid to BPVPL as consideration for the acquisition of 54,497,000 LPGCL Shares by our Company.

### SECTION III: INTRODUCTION

#### THE OFFER

The following table summarizes the Offer details:

Offer of Equity Shares of face value of ₹ 10 each <sup>(1)(2)</sup>	Up to [●] Equity Shares aggregating up to ₹ 54,500 million
<i>of which:</i>	
(i) Fresh Issue <sup>(1)</sup>	Up to [●] Equity Shares aggregating up to ₹ 51,500 million
(ii) Offer for Sale <sup>(2)</sup>	Up to [●] Equity Shares aggregating up to ₹ 3,000 million by the Promoter Selling Shareholder
<i>of which:</i>	
A) QIB Portion <sup>(3)</sup>	Not less than [●] Equity Shares
<i>of which:</i>	
Anchor Investor Portion	Up to [●] Equity Shares
Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
<i>of which:</i>	
Available for allocation to Mutual Funds only (5% of the QIB Portion (excluding the Anchor Investor Portion)) <sup>(3)</sup>	[●] Equity Shares
Balance of QIB Portion for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion	Not more than [●] Equity Shares
C) Retail Portion <sup>(3)</sup>	Not more than [●] Equity Shares
<b>Pre-Offer and post-Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer	452,925,000 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
<b>Utilisation of Net Proceeds</b>	Please see the section entitled “ <i>Objects of the Offer</i> ” on page 69 for details regarding the use of proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

(1) The Fresh Issue has been authorised by our Board pursuant to a resolution dated March 22, 2019 and by our Shareholders pursuant to a resolution dated March 25, 2019.

(2) The Offer for Sale has been authorised by the Promoter Selling Shareholder pursuant to its board resolution dated March 22, 2019. The Equity Shares being offered by the Promoter Selling Shareholder have been held for a period of at least one year immediately preceding the date of filing this Draft Red Herring Prospectus with the SEBI, or are otherwise eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For details on the authorisation of the Promoter Selling Shareholder in relation to the Offered Shares, please see the section entitled “Other Regulatory and Statutory Disclosures” on page 330.

(3) Subject to valid bids being received at or above the Offer Price, undersubscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company, in consultation with the Lead Managers, and the Designated Stock Exchange, subject to applicable laws. In the event of under-subscription in the Offer, Equity Shares offered pursuant to the Fresh Issue shall be allocated prior to Equity Shares offered pursuant to the Offer for Sale. After receipt of minimum subscription of 90% of the Fresh Issue, Equity Shares offered pursuant to the Fresh Issue shall be allocated prior to Equity Shares offered pursuant to the Offer for Sale.

(4) Our Company may, in consultation with the Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. In case of non-Allotment in the Anchor Investor Portion, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, please see the section entitled “Offer Procedure” on page 350.

Allocation to Bidders in all categories except the Anchor Investor Portion and the Retail Portion, if any, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allocated on a proportional basis. For further details, please see the section entitled “*Offer Procedure*” on page 350.

For details of the terms of the Offer, please see the section entitled “*Terms of the Offer*” on page 343.

## **SUMMARY OF FINANCIAL INFORMATION**

*The following tables provide the summary financial information of our Company derived from the Restated Consolidated Financial Information as at and for the nine months ended December 31, 2018 and as at and for Fiscals 2018, 2017 and 2016.*

*The Restated Consolidated Financial Information referred to above is presented under the section entitled “Restated Consolidated Financial Information” on page 161. The summary financial information presented below should be read in conjunction with the Restated Consolidated Financial Information, the notes thereto and the sections entitled “Restated Consolidated Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 161 and 259, respectively.*

*(The remainder of this page is intentionally left blank)*

	Note to Annexure - VI	As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	Rs. in Million *As at March 31, 2016
<b>I ASSETS</b>						
<b>(1) Non-current assets</b>						
(a) Property, plant and equipment	4	17,311.99	18,808.05	18,438.82	19,920.27	21,380.27
(b) Capital work in progress	4	-	-	-	-	32.84
(c) Intangible assets	5	-	0.06	0.02	1.85	11.05
(d) Investments accounted using the equity method	6	9,401.53	9,383.39	9,313.94	9,760.46	-
(e) Financial assets						
(i) Investments	6	-	-	-	-	6,343.30
(ii) Loans	8	1.78	1.78	1.78	1.78	1.78
(iii) Other financial assets	9(a)	18.12	2.07	2.61	25.20	0.36
(f) Other non current assets	10(a)	0.30	0.17	0.13	1.60	0.34
<b>Total non current assets</b>		<b>26,733.72</b>	<b>28,195.52</b>	<b>27,757.30</b>	<b>29,711.16</b>	<b>27,769.94</b>
<b>(2) Current assets</b>						
(a) Inventories	11	285.94	639.68	750.35	1,728.07	3,381.06
(b) Financial assets						
(i) Investments	7	-	109.42	-	743.42	796.39
(ii) Trade receivables	12	5,965.55	2,689.96	2,686.20	3,027.00	2,363.64
(iii) Cash and cash equivalents	13	20.37	38.97	81.87	111.37	31.22
(iv) Bank balance other than above	14	26.31	20.08	20.45	145.05	175.04
(v) Other financial assets	9(b)	2,790.69	3,100.42	2,719.79	935.68	1,295.26
(c) Current tax assets (Net)	15(a)	90.05	89.92	90.05	89.92	-
(d) Other current assets	10(b)	289.14	515.50	635.54	349.30	87.93
<b>Total current assets</b>		<b>9,468.05</b>	<b>7,203.95</b>	<b>6,984.25</b>	<b>7,129.81</b>	<b>8,130.54</b>
<b>TOTAL ASSETS</b>		<b>36,201.77</b>	<b>35,399.47</b>	<b>34,741.55</b>	<b>36,840.97</b>	<b>35,900.48</b>
<b>II EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
(a) Equity share capital	16	411.75	411.75	411.75	411.75	411.75
(b) Other equity	17	13,098.35	12,570.39	12,650.83	12,671.55	11,091.89
<b>Total equity</b>		<b>13,510.10</b>	<b>12,982.14</b>	<b>13,062.58</b>	<b>13,083.30</b>	<b>11,503.64</b>
<b>Liabilities</b>						
<b>(1) Non-current liabilities</b>						
(a) Financial liabilities						
(i) Borrowings	18(a)	11,864.33	13,731.31	13,276.49	15,137.62	15,078.15
(ii) Other financial liabilities	20(a)	-	47.26	27.81	45.85	-
(b) Provisions	21(a)	105.21	69.17	70.89	63.99	46.65
(c) Contractual Liability	22	1,334.51	1,334.51	1,334.51	1,334.51	1,397.37
(d) Deferred tax liabilities	24.3	8.08	14.34	13.51	68.44	289.24
<b>Total non current liabilities</b>		<b>13,312.13</b>	<b>15,196.59</b>	<b>14,723.21</b>	<b>16,650.41</b>	<b>16,811.41</b>
<b>(2) Current liabilities</b>						
(a) Financial liabilities						
(i) Borrowings	18(b)	5,003.06	3,615.66	3,800.63	3,598.24	5,291.85
(ii) Trade payables	19	-	-	-	-	-
- Due to Micro enterprises and small enterprises						
- Due to other than micro enterprises and small enterprises		839.12	554.54	548.66	633.53	457.18
(iii) Other financial liabilities	20(b)	3,136.53	2,779.66	2,178.02	2,652.37	1,521.55
(b) Other current liabilities	23	9.11	12.04	28.01	35.83	15.11
(c) Provisions	21(b)	165.82	191.38	282.77	185.23	198.55
(d) Current tax liabilities (net)	15(b)	225.90	67.46	117.67	2.06	101.19
<b>Total current liabilities</b>		<b>9,379.54</b>	<b>7,220.74</b>	<b>6,955.76</b>	<b>7,107.26</b>	<b>7,585.43</b>
<b>Total liabilities</b>		<b>22,691.67</b>	<b>22,417.33</b>	<b>21,678.97</b>	<b>23,757.67</b>	<b>24,396.84</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>36,201.77</b>	<b>35,399.47</b>	<b>34,741.55</b>	<b>36,840.97</b>	<b>35,900.48</b>

The above Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Summary Financial Information appearing in Annexure VI and Statement of Adjustments to Audited Consolidated financial statements appearing in Annexure VII.

\*The Company has acquired significant influence of 20.69% w.e.f. December 20, 2016 in M/s 'Lalitpur Power Generation Company Limited (LPGCL)'. The Consolidated financial statement has been prepared for the period from December 20, 2016 to December 31, 2018. Hence the restated standalone and restated Consolidated financial statement as at March 31, 2016 stands the same in pursuant to requirement under section II of Part A of Schedule VI of SEBI (ICDR) Regulation 2018, "Disclosure in the Offer Document , Abridged Prospectus and Abridged Letter of Offer".

As per our examination report of even date attached

For and on behalf of Board

**For R. S. Dani & Co.**

Chartered Accountants  
Firm Reg. No. 000243C

**For B S R & Co. LLP**

Chartered Accountants  
Firm Registration No. 101248W/W-100022

**Kushagra Bajaj**

Chairman  
DIN: 00017575

**Prabal Banerjee**

Director  
DIN: 00082261

**C. P. Kothari**

Partner  
Membership No. 072229

**Vijay Bhatt**

Partner  
Membership No. 036647

**Sushil Kumar Jain**

Chief Financial Officer  
Membership No. 074855

**Hitesh Kanani**

Company Secretary  
Membership No. FCS 6188

	Note to Annexure - VI	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017	For the Year ended March 31, 2018	For the Year ended March 31, 2017	Rs. in Million *For the Year ended March 31, 2016
<b>I</b> Revenue from operations	25	6,940.00	6,200.30	8,551.97	13,709.43	13,311.25
<b>II</b> Other income	26	280.51	342.16	424.28	349.33	759.74
<b>III Total income (I+II)</b>		<b>7,220.51</b>	<b>6,542.46</b>	<b>8,976.25</b>	<b>14,058.76</b>	<b>14,070.99</b>
<b>IV Expenses</b>						
Cost of material consumed	27	2,701.35	2,598.22	3,560.24	7,832.16	7,120.24
Employee benefits expenses	28	355.66	280.57	381.48	472.41	443.82
Finance costs	29	1,788.88	1,744.61	2,431.87	2,663.24	2,921.09
Depreciation and amortisation expenses	30	1,127.66	1,129.62	1,498.94	1,507.94	1,512.39
Other expenses	31	792.09	489.92	620.64	772.11	570.70
<b>Total expenses (IV)</b>		<b>6,765.64</b>	<b>6,242.94</b>	<b>8,493.17</b>	<b>13,247.86</b>	<b>12,568.24</b>
<b>V Profit before tax (III-IV)</b>		<b>454.87</b>	<b>299.52</b>	<b>483.08</b>	<b>810.90</b>	<b>1,502.75</b>
<b>VI Tax expenses</b>	24					
(a) Current tax		101.10	84.55	125.95	138.62	358.56
(b) Tax adjustment of earlier year		-	-	-	-	(10.47)
(c) Deferred tax		111.63	69.77	107.98	261.61	126.31
Less: Deferred assets for deferred tax liability		(117.26)	(126.24)	(167.67)	(471.83)	-
<b>Total tax expense / (benefit) (VI)</b>		<b>95.47</b>	<b>28.08</b>	<b>66.26</b>	<b>(71.60)</b>	<b>474.40</b>
<b>VII Profit after tax (V-VI)</b>		<b>359.40</b>	<b>271.44</b>	<b>416.82</b>	<b>882.50</b>	<b>1,028.35</b>
Share of profit/ (loss) of associate (net)	6(d)	36.24	(348.12)	(450.77)	194.62	-
<b>Profit / (loss) for the period / year</b>		<b>395.64</b>	<b>(76.68)</b>	<b>(33.95)</b>	<b>1,077.12</b>	<b>1,028.35</b>
<b>VIII Other comprehensive income</b>						
(a) Items that may be reclassified to profit or loss						
(i) Cash flow hedge (net movement)	33	5.62	6.04	12.68	(28.14)	-
Share of OCI in associate (net)		52.07	(27.01)	6.83	(6.37)	-
Income tax effect		(1.91)	(2.09)	(4.39)	9.74	-
Net OCI to be reclassified to profit or loss in subsequent period / year		55.78	(23.06)	15.12	(24.77)	-
(b) Items that may not be reclassified to profit or loss						
(i) Re-measurement Gain/ (losses) on defined benefit plans	33	(4.89)	0.80	1.06	(2.44)	(2.39)
Share of OCI in associate (net)		(0.72)	(1.94)	(2.58)	0.14	-
Income tax effect		1.71	(0.28)	(0.37)	0.84	0.83
Net OCI not to be reclassified to profit or loss in subsequent periods		(3.90)	(1.42)	(1.89)	(1.46)	(1.56)
<b>Other comprehensive income / (loss) for the year / period, net of tax</b>		<b>51.88</b>	<b>(24.48)</b>	<b>13.23</b>	<b>(26.23)</b>	<b>(1.56)</b>
<b>IX Total comprehensive income / (loss) for the period / year, net of tax (VII+VIII)</b>		<b>447.52</b>	<b>(101.16)</b>	<b>(20.72)</b>	<b>1,050.89</b>	<b>1,026.79</b>
<b>X Earnings / (loss) per share</b>						
Basic and diluted	Annexure VIII	9.61	(1.86)	(0.82)	26.16	24.98

The above Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Summary Financial Information appearing in Annexure VI and Statement of Adjustments to Audited Consolidated financial statements appearing in Annexure VII.

\*The Company has acquired significant influence of 20.69% w.e.f. December 20, 2016 in associate entity, M/s 'Lalitpur Power Generation Company Limited (LPGCL)'. The Consolidated financial statement has been prepared for the period from December 20, 2016 to December 31, 2018. Hence the restated Consolidated Statement of Profit and Loss and restated standalone statement of Profit and Loss as at March 31, 2016 stands the same in pursuant to requirement under section II of Part A of Schedule VI of SEBI (ICDR) Regulation 2018, "Disclosure in the Offer Document , Abridged Prospectus and Abridged Letter of Offer".

As per our examination report of even date attached

For and on behalf of Board

**For R. S. Dani & Co.**  
Chartered Accountants  
Firm Reg. No. 000243C

**For B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W-100022

**Kushagra Bajaj**  
Chairman  
DIN: 00017575

**Prabal Baner**  
Director  
DIN: 00082261

**C. P. Kothari**  
Partner  
Membership No. 072229

**Vijay Bhatt**  
Partner  
Membership No. 036647

**Sushil Kumar Jain**  
Chief Financial Officer  
Membership No. 074855

**Hitesh Kanani**  
Company Secretary  
Membership No. FCS 6188

Mumbai, March 22, 2019

Mumbai, March 22, 2019

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017	For the Year ended March 31, 2018	For the Year ended March 31, 2017	Rs. in Million *For the Year ended March 31, 2016
<b>A. Cash flow from operating activities</b>					
Profit before tax	454.87	299.52	483.08	810.90	1,502.75
<b>Adjustments for:</b>					
Depreciation and amortisation	1,127.66	1,129.62	1,498.94	1,507.94	1,512.39
Re measurement Gain/(loss) recognised in other comprehensive income	(4.89)	0.80	1.06	(2.44)	(2.39)
Contractual Liability	-	-	-	(62.86)	279.31
(Profit) / loss on sale of current investments	-	(27.07)	(32.23)	(21.23)	(49.33)
Loss on sale / discard of property, plant and equipment	-	-	-	0.18	0.15
Fair value gain on financial instruments at FVTPL	-	(4.43)	-	(34.72)	(16.70)
Interest income	(1.06)	(8.29)	(8.77)	(18.87)	(13.71)
Finance cost	1,788.88	1,744.61	2,431.87	2,663.24	2,921.09
<b>Cash generated before working capital changes</b>	<b>3,365.46</b>	<b>3,134.76</b>	<b>4,373.95</b>	<b>4,842.14</b>	<b>6,133.56</b>
<b>Movement In working capital</b>					
Increase / (decrease) in trade and other payables	563.34	(667.53)	(623.81)	901.79	(1,508.01)
Increase / (decrease) in provisions	(82.64)	11.32	104.44	4.02	(169.70)
(Increase) / decrease in trade receivables and inventories	(2,814.93)	1,425.43	1,318.53	989.63	1,776.58
(Increase) / decrease in other financial assets and other assets	282.76	(2,330.03)	(2,103.12)	130.08	24.76
<b>Cash generated from operations</b>	<b>1,313.99</b>	<b>1,573.95</b>	<b>3,069.99</b>	<b>6,867.66</b>	<b>6,257.19</b>
Direct taxes paid	(0.11)	(20.97)	(21.13)	(327.66)	(240.27)
<b>Net cash flow from / (used in) operating activities</b>	<b>1,313.88</b>	<b>1,552.98</b>	<b>3,048.86</b>	<b>6,540.00</b>	<b>6,016.92</b>
<b>B. Cash flow from / (used in) investing activities</b>					
Purchase of property, plant and equipment	(1.15)	(15.79)	(16.36)	(5.77)	(46.82)
Proceeds from sale of property, plant and equipment	-	-	-	0.47	-
Purchase of non current investments	-	-	-	(2,700.00)	(2,843.30)
Proceed on sale of current investments (net)	-	665.49	775.65	108.93	112.50
Loan repayment /(received)	-	-	-	-	3,429.98
Fixed deposit with original maturity of more than 3 months	(5.29)	144.14	143.79	(1.94)	(63.40)
Interest income received	1.42	12.76	46.40	(7.16)	8.23
<b>Net cash flow from / (used in) investing activities</b>	<b>(5.02)</b>	<b>806.60</b>	<b>949.48</b>	<b>(2,605.47)</b>	<b>597.19</b>
<b>C. Cash flow from / (used in) financing activities</b>					
Current borrowings repaid (net)	1,202.43	17.42	202.39	(1,693.61)	(2,363.87)
Non current borrowings taken (net)	(966.31)	(940.21)	(1,848.73)	541.75	(1,418.55)
Interest paid	(1,606.48)	(1,509.19)	(2,381.50)	(2,702.52)	(2,894.36)
<b>Net cash flow from / (used in) financing activities</b>	<b>(1,370.36)</b>	<b>(2,431.98)</b>	<b>(4,027.84)</b>	<b>(3,854.38)</b>	<b>(6,676.78)</b>
Net increase / (decrease) in cash and cash equivalents (a+b+c)	(61.50)	(72.40)	(29.50)	80.15	(62.67)
Cash and cash equivalents at the beginning of the year / period	81.87	111.37	111.37	31.22	93.89
<b>Cash and cash equivalents at the end of the year / period</b>	<b>20.37</b>	<b>38.97</b>	<b>81.87</b>	<b>111.37</b>	<b>31.22</b>
<b>Components of cash and cash equivalents</b>					
Cash on hand	0.96	0.46	0.68	1.21	0.64
Balances with banks					
-in current accounts	19.41	37.68	79.69	49.85	30.58
-in deposit accounts	-	0.83	1.50	60.31	-
<b>Cash and cash equivalents (Refer note 13)</b>	<b>20.37</b>	<b>38.97</b>	<b>81.87</b>	<b>111.37</b>	<b>31.22</b>

**Notes:**

- 1 The above annexure has been prepared under the 'Indirect Method'.  
 2 The movement of borrowings as per Ind AS 7 is as follows:-

Particulars	Opening Balance	Expenses	EIR / Foreign Exchange Movement	Net cash flow	Rs. in Million Closing Balance
<b>For the nine months ended December 31, 2018</b>					
Term debts	15,159.82	-	66.94	(966.31)	14,260.45
Interest Paid	100.72	1,781.64	(12.92)	(1,606.48)	262.96
Current borrowing	3,800.63	-	-	1,202.43	5,003.06
<b>Total</b>	<b>19,061.17</b>	<b>1,781.64</b>	<b>54.02</b>	<b>(1,370.36)</b>	<b>19,526.47</b>
<b>For the nine months ended December 31, 2017</b>					
Term debts	16,981.27	-	5.20	(940.21)	16,046.26
Interest Paid	80.68	1,742.79	(15.08)	(1,509.19)	299.20
Current borrowing	3,598.24	-	-	17.42	3,615.66
<b>Total</b>	<b>20,660.19</b>	<b>1,742.79</b>	<b>(9.88)</b>	<b>(2,431.98)</b>	<b>19,961.12</b>
<b>For the year ended March 31, 2018</b>					
Term debts	16,981.27	-	27.28	(1,848.73)	15,159.82
Interest Paid	80.68	2,421.22	(19.68)	(2,381.50)	100.72
Current borrowing	3,598.24	-	-	202.39	3,800.63
<b>Total</b>	<b>20,660.19</b>	<b>2,421.22</b>	<b>7.60</b>	<b>(4,027.84)</b>	<b>19,061.17</b>
<b>For the year ended March 31, 2017</b>					
Term debts	16,533.45	-	(93.93)	541.75	16,981.27
Interest Paid	53.93	2,663.24	66.03	(2,702.52)	80.68
Current borrowing	5,291.85	-	-	(1,693.61)	3,598.24
<b>Total</b>	<b>21,879.23</b>	<b>2,663.24</b>	<b>(27.90)</b>	<b>(3,854.38)</b>	<b>20,660.19</b>
<b>For the year ended March 31, 2016</b>					
Term debts	17,952.00	-	-	(1,418.55)	16,533.45
Interest Paid	27.19	2,921.10	-	(2,894.36)	53.93
Current borrowing	7,655.72	-	-	(2,363.87)	5,291.85
<b>Total</b>	<b>49</b>	<b>25,634.91</b>	<b>2,921.10</b>	<b>-</b>	<b>(6,676.78)</b>
					<b>21,879.23</b>

**The above Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Summary Financial Information appearing in Annexure VI and Statement of Adjustments to Audited Consolidated financial statements appearing in Annexure VII.**

\*The Company has acquired significant influence of 20.69% w.e.f. December 20, 2016 in associate entity, M/s 'Lalitpur Power Generation Company Limited (LPGCL)'. The Consolidated financial statement has been prepared for the period from December 20, 2016 to December 31, 2018. Hence the Restated Consolidated summary statement of cash flow and Restated standalone summary statement of cash flow as at March 31, 2016 stands the same in pursuant to requirement under section II of Part A of Schedule VI of SEBI (ICDR) Regulation 2018, "Disclosure in the Offer Document , Abridged Prospectus and Abridged Letter of Offer".

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As per our examination report of even date attached

For and on behalf of Board

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Company Secretary  
Membership No. FCS 6188

Mumbai, March 22, 2019

Mumbai, March 22, 2019

### Non-Ind AS Financial Measures

The following table sets forth a reconciliation of our Company's EBITDA to our profit for the year:

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	Fiscal 2018	Fiscal 2017	Fiscal 2016
	(₹ in millions, except percentages)				
Profit / (loss) for the period / year – Restated Consolidated	395.64	(76.68)	(33.95)	1,077.12	1,028.35
Share of profit/ (loss) of associate (net)	36.24	(348.12)	(450.77)	194.62	0
Profit after tax	359.40	271.44	416.82	882.50	1,028.35
Add:					
Depreciation and amortization expenses	1,127.66	1,129.62	1,498.94	1,507.94	1,512.39
Finance costs	1,788.88	1,744.61	2,431.87	2,663.24	2,921.09
Total tax expenses	95.47	28.08	66.26	(71.60)	474.40
Subtract:					
Other income	280.51	342.16	424.28	349.33	759.74
<b>EBITDA</b>	<b>3,090.90</b>	<b>2,831.59</b>	<b>3,989.61</b>	<b>4,632.75</b>	<b>5,176.49</b>
<b>EBITDA Margin<sup>(1)</sup></b>	<b>44.50%</b>	<b>45.70%</b>	<b>46.70%</b>	<b>33.80%</b>	<b>38.90%</b>

<sup>(1)</sup> Calculated as EBITDA divided by income from operations for the period.

The following table sets forth a reconciliation of LPGCL's EBITDA to its profit for the year:

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	Fiscal 2018	Fiscal 2017	Fiscal 2016
	(₹ in millions, except percentages)				
Profit for the year/period	175.17	(1,682.56)	(2,178.70)	3,399.33	476.98
Add:					
Depreciation and amortization expenses	7,159.98	7,079.61	9,398.86	5,122.18	772.38
Finance costs	14,800.94	13,835.40	18,528.68	9,845.76	1,406.22
Total tax expenses	48.72	5.87	16.24	307.54	146.06
Subtract:					
Other income	575.67	250.14	384.70	212.60	4.55
<b>EBITDA</b>	<b>21,609.14</b>	<b>18,988.18</b>	<b>25,380.38</b>	<b>18,462.21</b>	<b>2,797.09</b>
<b>EBITDA Margin<sup>(1)</sup></b>	<b>53.0%</b>	<b>46.0%</b>	<b>47.7%</b>	<b>59.5%</b>	<b>89.6%</b>

<sup>(1)</sup> Calculated as EBITDA divided by income from operations for the period.

EBITDA is a supplemental measure of performance that is not required by, nor presented in accordance with, Ind AS. EBITDA is not a measurement of financial performance or liquidity under Ind AS, and should not be considered as an alternative to profit or any other performance measures derived in accordance with Ind AS, nor as an alternative to cash flow from operating activities as a measure of liquidity. In addition, EBITDA is not a standardized term, hence, a direct comparison between companies using this term may not be possible. We present EBITDA because we believe that it is frequently used by securities analysts, investors and other interest parties in evaluating companies in our industry, many of whom present such non-GAAP measures when reporting their results. We believe that EBITDA facilitates comparisons of our performance from period to period by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (affecting income tax expense) and the age and booked depreciation and amortization of assets (affecting depreciation and amortization).

## GENERAL INFORMATION

### **Registered Office**

#### **Bajaj Energy Limited**

Khambarkhera  
Shardanagar Road  
Lakhimpur Kheri 261 506  
**E-mail:** complianceofficer@bajajenergy.com  
**Website:** www.bajajenergy.com  
**Registration Number:** 046764

### **Corporate Office**

#### **Bajaj Energy Limited**

106-107, Bajaj Bhawan  
10<sup>th</sup> Floor, Jamnalal Bajaj Marg  
226, Nariman Point  
Mumbai 400 021

### **Address of the RoC**

Our Company is registered with the RoC, situated at the following address:

Registrar of Companies, Uttar Pradesh & Uttarakhand  
37/17, Westcott Building  
The Mall  
Kanpur 208 001

### **Board of Directors**

As on the date of this Draft Red Herring Prospectus, the Board of Directors of our Company comprises the following:

Name	Designation	DIN	Address
Kushagra Bajaj	Chairman and Non-Executive Director	00017575	Flat No. 100, 13 <sup>th</sup> Floor, Mount Unique, 62-A, Peddar Road, Cumbala Hill, Mumbai 400 026
Tara Sankar Bhattacharya	Independent Director	00157305	8E, B1, Harbor Heights, N.A. Sawant Road, Colaba, Mumbai 400 005
Santosh Balachandran Nayar	Independent Director	02175871	No 90/66, Flat No 8 A, The Lords Apts, Satya Dev Avenue, R A Puram, M R C Nagar, Raja Annamalaipuram, Chennai 600 028
Dhananjay Nilkanth Date	Independent Director	01030900	H No. 3, Rakshak Society, Pimple Nilakh Phata, Pune City, Pune 411 027
Naina Krishna Murthy	Independent Director	01216114	No. 288, 14 <sup>th</sup> Cross, 5 <sup>th</sup> Main Dollar Colony, Bangalore North, Bangalore 560 094
Shalu Laxmanraj Bhandari	Independent Director	00012556	B/221, Durian Estate, Goregaon Mulund Link Road, Near Pravasi Industrial Estate Goregaon East, Mumbai 400 063
Prabal Banerjee	Non-Executive Director	00082261	404, 4 <sup>th</sup> floor, Belfer CHS, 147 Waterfield, Bandra West, Mumbai 400 050
Dr. Ajay Vikram Singh	Non-Executive Director	07164207	Plot F8, Flat No. 771, Sagar Presidency, Noida, Sector 50, Gautam Budh Nagar 201 301

For further details regarding our Directors, please see the section entitled "*Our Management*" on page 136.

### **Company Secretary and Compliance Officer**

The Company Secretary and Compliance Officer of our Company is Alok Desai. His details are as follows:

#### **Alok Desai**

106-107, Bajaj Bhawan

10<sup>th</sup> Floor, Jamnalal Bajaj Marg

226, Nariman Point

Mumbai 400 021

**Tel:** +91 22 2204 9056/58

**E-mail:** complianceofficer@bajajenergy.com

### **Book Running Lead Managers**

#### **Edelweiss Financial Services Limited**

14<sup>th</sup> Floor, Edelweiss House

Off C.S.T. Road

Kalina

Mumbai 400 098

**Tel:** +91 22 4009 4400

**E-mail:** bajajenergy.ipo@edelweissfin.com

**Website:** www.edelweissfin.com

**Contact Person:** Disha Doshi / Monik Shah

#### **IIFL Holdings Limited**

10<sup>th</sup> Floor, IIFL Centre, Kamala City

Senapati Bapat Marg

Lower Parel (West)

Mumbai 400 013

**Tel:** +91 22 4646 4600

**E-mail:** bel.ipo@iiflcap.com

**Website:** www.iiflcap.com

**Contact Person:** Nishita Mody / Harshit Talesara

#### **SBI Capital Markets Limited**

202, Maker Tower 'E'

Cuffe Parade

Mumbai 400 005

**Tel:** +91 22 2217 8300

**E-mail:** bel.ipo@sbicaps.com

**Website:** www.sbicaps.com

**Contact Person:**

Karan Savardekar / Sambit Rath

### **Co-Book Running Lead Manager**

#### **IDBI Capital Markets & Securities Limited**

6<sup>th</sup> Floor, IDBI Tower

WTC Complex, Cuffe Parade

Mumbai 400 005

**Tel:** +91 22 2217 1700

**E-mail:** bel.ipo@idbicapital.com

**Website:** www.idbicapital.com

**Contact Person:** Sumit Singh / Subodh Gandhi

### **Syndicate Members**

[•]

### **Indian Legal Counsel to our Company**

#### **Cyril Amarchand Mangaldas**

5<sup>th</sup> Floor, Peninsula Chambers

Peninsula Corporate Park

Ganpatrao Kadam Marg

Lower Parel, Mumbai 400 013

**Tel:** +91 22 2496 4455

### **Indian Legal Counsel to the Lead Managers**

#### **Trilegal**

Peninsula Business Park  
 17<sup>th</sup> Floor, Tower B  
 Ganpat Rao Kadam Marg  
 Lower Parel (West)  
 Mumbai 400 013  
**Tel:** +91 22 4079 1000

### **International Legal Counsel to the Lead Managers**

#### **Clifford Chance Pte. Ltd.**

Marina Bay Financial Centre  
 25<sup>th</sup> Floor, Tower 3  
 12 Marina Boulevard  
 Singapore 018 982  
**Tel:** +65 6410 2200

### **Joint Statutory Auditors to our Company**

#### **R. S. Dani & Company, Chartered Accountants**

Ghas Katla  
 Naya Bazar  
 Ajmer 305 001  
**Tel:** +91 145 2429 071  
**E-mail:** ravikothari@rsdani.com; siddharthjain@rsdani.com  
**Firm Registration Number:** 000243C  
**Peer Review Number:** 011198

#### **BSR & Co. LLP**

Lodha Excelus  
 5<sup>th</sup> Floor Apollo Mills Compound  
 N. M. Joshi Marg  
 Mahalaxmi  
 Mumbai 400 011  
**Tel:** +91 22 4345 5300  
**E-mail:** vijaynb@bsraffiliates.com  
**Firm Registration Number:** 101248W/W-100022  
**Peer Review Number:** 009060

### **Changes in Statutory Auditors**

Other than as disclosed below, there has been no change in the statutory auditors in the last three years:

<b>Name of the Auditors</b>	<b>Date of appointment</b>	<b>Date of completion of tenure</b>	<b>Reason for change</b>
BSR & Co. LLP Lodha Excelus 5 <sup>th</sup> Floor Apollo Mills Compound N. M. Joshi Marg Mahalaxmi Mumbai 400 011 E-mail: vijaynb@bsraffiliates.com Firm Registration Number: 101248W/W-100022 Peer Review Number: 009060	June 22, 2018*	Until the conclusion of the 15 <sup>th</sup> AGM	To ensure smooth transition of the incoming and outgoing auditors

\* BSR & Co. LLP were appointed as one of the Joint Statutory Auditors of our Company at the EGM of our Company held on June 22, 2018 until the conclusion of the ensuing AGM of our Company. Subsequently, at the 10<sup>th</sup> AGM of our Company held on December 7,

2018, BSR & Co. LLP were appointed as one of the Joint Statutory Auditors of our Company until the conclusion of the 15<sup>th</sup> AGM of our Company.

### **Registrar to the Offer**

#### **Link Intime India Private Limited**

C-101, 1<sup>st</sup> floor, 247 Park  
Lal Bahadur Shastri Marg  
Vikhroli (West)  
Mumbai 400 083  
**Tel:** +91 22 4918 6000  
**E-mail:** bajajenergy.ipo@linkintime.co.in  
**Website:** www.linkintime.co.in  
**Contact Person:** Shanti Gopalkrishnan

### **Bankers to the Offer**

#### **Escrow Collection Bank(s)**

[•]

#### **Refund Bank(s)**

[•]

#### **Public Offer Bank(s)**

[•]

#### **Sponsor Bank**

[•]

### **Bankers to our Company**

#### **Allahabad Bank**

Industrial Finance Branch – New Delhi  
Allahabad Bank Building, Ground Floor  
17, Parliament Street  
New Delhi 110 001  
**Tel:** +91 11 2374 4621, +91 11 2334 2790,  
+91 11 2336 6832  
**E-mail:** br.del\_ifb@allahabadbank.in,  
ifbnewdelhi@gmail.com

#### **Corporation Bank**

Corporate Banking Branch  
MGF Automobiles Building  
1 Faiz Road  
Jhandewalan  
New Delhi 110 005  
**Tel:** +91 11 2875 5205  
**E-mail:** cb447@corpbank.co.in

#### **Canara Bank**

Prime Corporate Branch  
2<sup>nd</sup> Floor, World Trade Tower  
Barakhamba Lane  
New Delhi 110 001  
**Tel:** +91 11 2341 3250  
**E-mail:** cb1942group1@canarabank.com

#### **Punjab National Bank**

Mid Corporate Branch  
H-1A/11, Sector – 63  
Noida 201 307  
**Tel:** +91 120 2427 156  
**E-mail:** bo6420@pnb.co.in

#### **IDBI Bank Limited**

Videocon Tower, 1<sup>st</sup> Floor  
E-1, Jhandewalan Extension  
New Delhi 110 055  
**Tel:** +91 11 6608 4802  
**E-mail:** aditya.gajbhiye@idbi.co.in

#### **India Infrastructure Finance Company Limited**

5<sup>th</sup> floor, Block 2,  
Plate A & B, NBCC Tower  
East Kidwai Nagar, New Delhi 110 023  
**Tel:** +91 11 2466 2777  
**E-mail:** info@iifcl.org

**ICICI Bank limited**  
ICICI Bank Towers  
Bandra Kurla Complex  
Bandra East  
Mumbai 400 051  
**Tel:** +91 22 4008 7417  
**E-mail:** paresh.mali@icicibank.com

**South Indian Bank Limited**  
Mumbai Corporate Branch  
8, Ground Floor, Embassy Centre  
207, Nariman Point  
Mumbai 400 021  
**Tel:** +91 22 2284 4133  
**E-mail:** br0194@sib.co.in

**Union Bank of India**  
Industrial Finance Branch, 1<sup>st</sup> Floor,  
Union Bank Bhawan  
239, Vidhan Bhawan Marg  
Nariman Point  
Mumbai 400 021  
**Tel:** +91 22 2289 2011  
**E-mail:** cbsifbmumbai@unionbankofindia.com

**Bank of India**  
New Delhi Large Corporate Branch,  
10<sup>th</sup> Floor, Chandralok Building  
36 Janpath  
New Delhi 110 001  
**Tel:** +91 11 2346 1432  
**E-mail:** LargeCorporateBr.NewDelhi@bankofindia.co.in

**Oriental Bank of Commerce**  
Harsha Bhawan,  
First Floor, E-Block  
Connaught Place  
New Delhi 110 001  
**Tel:** +91 11 4919 1134, +91 11 4919 1139  
**E-mail:** bm0007@obc.co.in

**State Bank of India**  
Industrial Finance Branch,  
14-15 Floor, Jawahar Vyapar Bhawan,  
1, Tolstoy Marg,  
New Delhi 110 001  
**Tel:** +91 11 2337 4613  
**E-mail:** anurag.sharma@sbi.co.in

## Valuer

**Mehta Chokshi & Shah, Chartered Accountants**  
214, Maker Bhavan  
3, 2<sup>nd</sup> floor, New Marine Lines  
Mumbai 400 020  
**Tel:** +91 22 2205 7309, +91 22 2208 8743  
**Email:** chetanshah@camcs.in

## Designated Intermediaries

### Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35> as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries and updated from time to time, please refer to the above-mentioned link.

### Registered Brokers

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at <https://www.bseindia.com> and <https://www.nseindia.com>, respectively, as updated from time to time.

### Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and [https://www.nseindia.com/products/content/equities/ipo/asba\\_procedures.htm](https://www.nseindia.com/products/content/equities/ipo/asba_procedures.htm), respectively, as updated from time to time.

## **Collecting Depository Participants**

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of the Stock Exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and [http://www.nseindia.com/products/content/equities/ipo/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipo/asba_procedures.htm), respectively, as updated from time to time.

## **Experts**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consents dated April 4, 2019 and April 1, 2019 from the Joint Statutory Auditors namely, R. S. Dani & Company, Chartered Accountants and BSR and Co. LLP, respectively, to include their name in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the examination report of the Joint Statutory Auditors on the Restated Consolidated Financial Information dated March 22, 2019 and the assurance report of the Joint Statutory Auditors on the Unaudited Restated Proforma Financial Information dated April 1, 2019, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. Our Company has received a written consent dated April 1, 2019 from BSR and Co. LLP to include their name in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the statement of tax benefits dated April 1, 2019, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. Further, we have received written consents dated April 1, 2019, April 4, 2019 and April 2, 2019 from the joint statutory auditors of LPGCL, namely, BSR and Co. LLP, R. S. Dani & Company, Chartered Accountants and L. B. Jha & Company, Chartered Accountants, respectively, to include their name in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the examination report on the LPGCL Restated Financial Information dated March 22, 2019, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

In addition, our Company has also received written consent dated April 2, 2019, from R. S. Dani & Company, Chartered Accountants, to include their name in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in relation to the operational key performance indicators and business metrics of our Company and our Associate.

Our Company has also received a written consent dated March 30, 2019 from Mehta Chokshi & Shah, Chartered Accountants, to include their name in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of valuation report dated July 4, 2018 issued by them and addressed to BHSL, in relation to the valuation of equity shares of our Associate.

## **Monitoring Agency**

[●] has been appointed as the Monitoring Agency for monitoring the utilization of Net Proceeds, as our Offer size (excluding the Offer for Sale) exceeds ₹ 1,000 million in accordance with Regulation 41 of the SEBI ICDR Regulations. For further details, please see the section entitled “*Objects of the Offer*” on page 69.

## **Inter-se allocation of responsibilities**

The following table sets forth the inter-se allocation of responsibilities for various activities among the Lead Managers:

Sr. No	Activity	Responsibility	Co-ordinator
1.	Capital structuring, positioning strategy and due diligence of our Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus and of statutory advertisements including a memorandum containing salient features of the Prospectus. The Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing.	Edelweiss, IIFL, SBICAP, IDBI	Edelweiss
2.	Drafting and approval of all statutory advertisement	Edelweiss, IIFL, SBICAP, IDBI	Edelweiss
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc.	Edelweiss, IIFL, SBICAP, IDBI	IIFL

Sr. No	Activity	Responsibility	Co-ordinator
4.	Appointment of Intermediaries – Monitoring Agency, Registrar to the Offer, Advertising Agency, Printers to the Offer, Bankers to the Offer, including co-ordination for agreements	Edelweiss, IIFL, SBICAP, IDBI	IIFL
5.	International Institutional marketing of the Offer, which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> <li>• Institutional marketing strategy;</li> <li>• Finalizing the list and division of international investors for one-to-one meetings; and</li> <li>• Finalizing international road show and investor meeting schedule.</li> </ul> Marketing and road-show presentation and preparation of frequently asked questions for the road show team.	Edelweiss, IIFL, SBICAP, IDBI	Edelweiss
6.	Domestic Institutional marketing of the Offer, which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> <li>• Institutional marketing strategy;</li> <li>• Finalizing the list and division of domestic investors for one-to-one meetings; and</li> <li>• Finalizing domestic road show and investor meeting schedule.</li> </ul>	Edelweiss, IIFL, SBICAP, IDBI	IIFL
7.	Conduct non-institutional marketing of the Offer.  Retail marketing of the Offer, which will cover, <i>inter alia</i> , <ul style="list-style-type: none"> <li>• Finalising media, marketing and public relations strategy;</li> <li>• Finalising centres for holding conferences for brokers, etc;</li> <li>• Follow-up on distribution of publicity and Offer material including form, the Prospectus and deciding on the quantum of the Offer material; and</li> <li>• Finalising collection centres.</li> </ul>	Edelweiss, IIFL, SBICAP, IDBI	Edelweiss
8.	Coordination with Stock Exchanges for anchor intimation, book building software, bidding terminals and mock trading, payment of 1% security deposit to the designated stock exchange.	Edelweiss, IIFL, SBICAP, IDBI	IIFL
9.	Managing the book and finalization of pricing in consultation with the Company.	Edelweiss, IIFL, SBICAP, IDBI	Edelweiss
10.	Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with Registrar, SCSBs and Banks, intimation of allocation and dispatch of refund to Bidders, etc.  Post-Offer activities, which shall involve essential follow-up steps including allocation to Anchor Investors, follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-Offer activity such as registrar to the Offer, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable. Co-ordination with SEBI and Stock Exchanges for refund of 1% security deposit and submission of all post Offer reports including the initial and final post Offer report to SEBI.  Payment of the applicable securities transactions tax on sale of unlisted equity shares by the Selling Shareholder under the Offer for Sale to the Government and filing of the securities transactions tax return by the prescribed due date as per Chapter VII of Finance(No. 2) Act, 2004. Preparation and filing of media compliance report.	Edelweiss, IIFL, SBICAP, IDBI	SBICAP

### Filing of this Draft Red Herring Prospectus

This Draft Red Herring Prospectus has been filed with the Securities and Exchange Board of India at:

#### Securities and Exchange Board of India

Corporation Finance Department

Division of Issues and Listing

SEBI Bhavan, Plot No. C4 A, 'G' Block

Bandra Kurla Complex

Bandra (East)

Mumbai 400 051

The Red Herring Prospectus and Prospectus will be filed along with the material contracts and documents referred to in the Red Herring Prospectus at:

### **Registrar of Companies**

#### **Registrar of Companies, Uttar Pradesh & Uttarakhand**

37/17, Westcott Building

The Mall

Kanpur 208 001

### **Book Building Process**

The book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application forms within the Price Band, which will be decided by our Company, in consultation with the Lead Managers, and which shall be notified in (i) [●] editions of [●] (a widely circulated English national daily newspaper), and (ii) [●] edition of [●] (a widely circulated Hindi national daily newspaper, Hindi also being the regional language of Uttar Pradesh, where the Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company, in consultation with the Lead Managers, after the Bid/Offer Closing Date.

**All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer. Anchor Investors are not permitted to participate in the Offer through the ASBA process.**

**In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids on or before the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Allocation to the Anchor Investors will be on a discretionary basis.**

For further details on the method and procedure for Bidding, please see the sections entitled “Offer Structure” and “Offer Procedure” on pages 348 and 350, respectively.

### **Underwriting Agreement**

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Promoter Selling Shareholder intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued and offered in the Offer. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.)*

<b>Name, Address, Telephone Number and E-mail of the Underwriters</b>	<b>Indicative Number of Equity Shares to be Underwritten</b>	<b>Amount Underwritten (in ₹ million)</b>
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

The above-mentioned underwriting commitments are indicative and the actual underwriting devolvement will be finalised after pricing of the Offer and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on certificates provided by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our Board, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment provided in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

In case of under-subscription in the Offer, the Lead Manager responsible for underwriting arrangements shall be responsible for invoking underwriting arrangements and ensuring that the notice for devolvement containing the obligations of the Underwriters is issued in terms of the SEBI ICDR Regulations.

## CAPITAL STRUCTURE

The Equity Share capital of our Company as on the date of this Draft Red Herring Prospectus is provided below:

*(In ₹ except share data)*

Sr. No.	Particulars	Aggregate value at face value	Aggregate value at Offer Price
<b>A.</b>	<b>AUTHORISED SHARE CAPITAL<sup>(1)</sup></b>		
	1,667,000,000 Equity Shares	16,670,000,000	
	833,000,000 preference shares	8,330,000,000	
<b>B.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER</b>		
	452,925,000 Equity Shares	4,529,250,000	
<b>C.</b>	<b>PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS</b>		
	Offer of up to [●] Equity Shares aggregating up to ₹ 54,500 million		
	<i>of which:</i>		
	Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 51,500 million <sup>(2)</sup>	[●]	[●]
	Offer for Sale of up to [●] Equity Shares aggregating up to ₹ 3,000 million <sup>(3)</sup>	[●]	[●]
<b>D.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER</b>		
	[●] Equity Shares	[●]	
<b>E.</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Offer	3,523,890,000	
	After the Offer*	[●]	

\* To be included upon finalisation of the Offer Price.

<sup>(1)</sup> For details in relation to changes in the authorised share capital of our Company, please see the section entitled "History and Certain Corporate Matters" on page 130.

<sup>(2)</sup> The Fresh Issue has been authorised by the Board pursuant to a resolution passed on March 22, 2019 and by the Shareholders pursuant to a special resolution passed on March 25, 2019.

<sup>(3)</sup> The Offer for Sale has been authorised by the Promoter Selling Shareholder pursuant to its board resolution dated March 22, 2019. The Equity Shares being offered by the Promoter Selling Shareholder have been held for a period of at least one year immediately preceding the date of filing this Draft Red Herring Prospectus with SEBI, or are otherwise eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For details on the authorisation of the Promoter Selling Shareholder in relation to the Offered Shares, please see the sections entitled "The Offer" and "Other Regulatory and Statutory Disclosures" on page 44 and page 330.

## Notes to the Capital Structure

### 1. Share Capital History of our Company

The history of the Equity Share capital of our Company is provided in the table below:

Date of allotment or Date of the Shareholders' Resolution	Name(s) of allottee(s)	Nature of Allotment	No. of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration
July 23, 2008	9,999 Equity Shares to BHSL (erstwhile Bajaj Hindusthan Limited) and 1 Equity Share to Kushagra Bajaj (nominee of BHSL)	Subscription to the Memorandum	10,000	10	10	Cash
March 18, 2009	BHSL (erstwhile Bajaj Hindusthan Limited)	Preferential Allotment	800,000	10	10	Cash
September 24, 2010	BHSL (erstwhile Bajaj Hindusthan Limited)	Preferential Allotment	6,990,000	10	196	Cash
	BPVPL	Preferential Allotment	7,494,118	10	200	Cash
March 19, 2012	1,300,000 Equity Shares to BHSL (erstwhile Bajaj Hindusthan Limited) and 18,305,882 Equity Shares to BPVPL	Rights Issue in the ratio of 3333:2600	19,605,882	10	200	Cash
September 26, 2012	2,000,000 Equity Shares to BHSL (erstwhile Bajaj Hindusthan Limited) and 4,275,000 Equity Shares to Bajaj Ports Private Limited	Rights Issue in the ratio of 899:5,000	6,275,000	10	200	Cash
March 20, 2019	BPVPL	Conversion of compulsorily convertible preference shares issued by our Company to BPVPL*	411,750,000	10	Not applicable	Not applicable
<b>Total</b>			<b>452,925,000</b>			

\*The compulsorily convertible preference shares were allotted to BPVPL on January 29, 2019 pursuant to a bonus issue in the ratio of 10:1.

### 2. Issuances of Equity Shares for consideration other than cash or out of revaluation reserves

Except as disclosed below, our Company has not issued any Equity Shares through bonus issue or for consideration other than cash:

Date of Allotment	Name of the Allotees	Number of Equity Shares Allotted	Face Value (₹)	Issue Price per Equity Share (₹)	Reason for Allotment	Benefits Accrued to our Company
March 20, 2019	BPVPL	411,750,000	10	Not applicable	Conversion of 411,750,000 compulsorily convertible preference shares issued by our Company to BPVPL*	411,750,000 compulsorily convertible preference shares issued by our Company to BPVPL were converted into 411,750,000 Equity Shares. The compulsorily convertible

Date of Allotment	Name of the Allotees	Number of Equity Shares Allotted	Face Value (₹)	Issue Price per Equity Share (₹)	Reason for Allotment	Benefits Accrued to our Company
						preference shares were allotted to BPVPL on January 29, 2019 pursuant to a bonus issue in the ratio of 10:1 with a view to reward Shareholders.

\* The compulsorily convertible preference shares were allotted to BPVPL on January 29, 2019 pursuant to a bonus issue in the ratio of 10:1.

Our Company has not issued any Equity Shares out of revaluation reserves.

### 3. History of the Equity Share Capital held by our Promoters

As on the date of this Draft Red Herring Prospectus, BPVPL holds Equity Shares (including sixty six Equity Shares held by six nominees of BPVPL namely Bajaj Capital Ventures Private Limited, Bajaj Infrastructure Development Company Limited, Bajaj Resources Limited, KNB Enterprises LLP, Shishir Bajaj and SKB Roop Commercial LLP), equivalent to 100% of the issued, subscribed and paid-up Equity Share capital of our Company. The build-up of the equity shareholding of BPVPL since incorporation of our Company is provided in the table below:

Name of Promoter	Date of allotment/ Transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Issue Price/Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
BPVPL	September 24, 2010	Preferential Allotment	7,494,118	Cash	10	200	1.65	[●]
	March 19, 2012	Rights Issue	18,305,882	Cash	10	200	4.04	[●]
	March 26, 2014	Transfer from BHSL (erstwhile Bajaj Hindusthan Limited)	3,300,001	Cash	10	230	0.73	[●]
	July 2, 2014	Transfer from BHSL (erstwhile Bajaj Hindusthan Limited)	7,799,999	Cash	10	230	1.72	[●]
	December 9, 2014	Transfer from Lambodar Stocks Private Limited*	4,275,000	Cash	10	243.50	0.94	[●]
	March 20, 2019	Conversion of compulsorily convertible preference shares issued by our Company to BPVPL**	411,750,000	Not applicable	10	Not applicable	90.91	[●]
	<b>Total</b>		<b>452,925,000</b>				<b>100.00</b>	[●]

\* 4,275,000 Equity Shares were allotted to Bajaj Ports Private Limited on September 26, 2012 pursuant to the rights issue of our Company in the ratio of 899:5,000. Bajaj Ports Private Limited was subsequently amalgamated into Lambodar Stocks Private Limited on April 16, 2014.

\*\* The compulsorily convertible preference shares were allotted to BPVPL on January 29, 2019 pursuant to a bonus issue in the ratio of 10:1.

All the Equity Shares held by BPVPL and its nominees were fully paid-up on the respective dates of acquisition of such Equity Shares.

As on the date of this Draft Red Herring Prospectus, 6.36% of the Equity Shares held by BPVPL in our Company are pledged in the following manner:

Sr. No.	Particulars	Number of Equity Shares pledged	Percentage of Equity Shares pledged (%)
1.	Pledge in favour of SBICAP Trustee Company Limited and as State Bank of India security for loans availed by our Company	25,522,499	5.63
2.	Pledge in favour of SBICAP Trustee Company Limited as security for a loan availed by BHSL (erstwhile Bajaj Hindusthan Limited)	3,300,001	0.73
	<b>Total</b>	<b>28,822,500</b>	<b>6.36</b>

Pursuant to the borrowing facilities, the Promoter Selling Shareholder is: (i) required to maintain a certain percentage of the issued Equity Shares pledged in relation to the borrowing facilities availed by the Company; and (ii) required to pledge 3,300,001 Equity Shares in relation to the borrowing facility availed by BHSL. Prior to the issue of Equity Shares to the Promoter Selling Shareholder upon conversion of the compulsorily convertible preferences shares on March 20, 2019 (the “Conversion”), the aggregate number of Equity Shares which had been pledged as security for the borrowing facilities mentioned in (i) above constituted 61.99% of the issued Equity Shares. Following the Conversion, the number of issued and paid-up Equity Shares has increased to 452,925,000 Equity Shares as a result of the Conversion. Our Company has intimated State Bank of India (the lead bank of the consortium loan availed by our Company) through a letter dated March 28, 2019 of the Conversion and that the paid up Equity Share capital has increased to ₹ 4,529.25 million as a result of the Conversion. So as to comply with the terms of the borrowing facilities, the Promoter Selling Shareholder is required to pledge additional 255,245,709 Equity Shares, such that the percentage of the Equity Shares capital required to be pledged as security for the borrowing facilities mentioned in (i) above is maintained at 61.99% of the Equity Share capital of the Company. Equity Shares, to the extent required to be locked-in as minimum promoters’ contribution pursuant to Regulation 14 of the SEBI ICDR Regulations, shall be released from pledge prior to the filing of the updated Draft Red Herring Prospectus with SEBI and shall be subject to lock-in requirements in accordance with the SEBI ICDR Regulations. For further details in relation to our borrowings, please see the section entitled “*Financial Indebtedness*” on page 256.

4. As on the date of the filing of this Draft Red Herring Prospectus, the total number of our Shareholders is seven.

##### 5. Details of Promoter’s contribution and lock-in

- (i) Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by the Promoters shall be locked in for a period of three years as minimum promoter’s contribution from the date of Allotment, and the Promoters’ shareholding in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of one year from the date of Allotment.
- (ii) Details of the Equity Shares to be locked-in for three years as minimum Promoters’ contribution are provided in the table below:

Name of the Promoter	Date of allotment/ transfer of the Equity Shares	Date of transaction and when made fully paid-up	Nature of transaction	Face value per Equity Share (₹)	Issue/ acquisition price per Equity Share (₹)	No. of Equity Shares locked-in	Percentage of the pre-Offer paid-up capital (%)	Percentage of the post Offer paid-up capital (%)
[●]	[●]	[●]	[●]		[●]	[●]	[●]	[●]
<b>Total</b>							[●]	[●]

(iii) The minimum promoter’s contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as ‘promoter’ under the SEBI ICDR Regulations. Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of promoter’s contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, we confirm the following:

- a. The Equity Shares offered for promoter’s contribution do not include (a) Equity Shares acquired in the three immediately preceding years for consideration other than cash, and revaluation of assets or capitalisation of

intangible assets; or (b) bonus Equity Shares issued out of revaluation reserves or unrealised profits of our Company or bonus Equity Shares issued against Equity Shares, which are otherwise ineligible for computation of promoter's contribution;

- b. The promoter's contribution does not include any Equity Shares acquired during the immediately preceding one year and at a price lower than the price at which the Equity Shares are being offered to the public in the Offer (except the Equity Shares issued to BPVPL pursuant to conversion of compulsorily convertible preference shares that were allotted to BPVPL through bonus issue);
- c. Our Company has not been formed by the conversion of a partnership firm or a limited liability partnership firm into a company; and
- d. Except as stated above, the Equity Shares forming part of the promoter's contribution are not subject to any pledge. For further details, please see the section entitled "*Risk Factors – We have substantial indebtedness and will continue to have substantial indebtedness and debt service obligations following the Offer*" on page 30.

## **6. Other lock-in requirements**

- (i) In addition to the 20% of the fully diluted post-Offer shareholding of our Company held by the Promoters and locked in for three years as specified above, (a) the entire pre-Offer Equity Share capital of our Company, other than the Equity Shares Allotted pursuant to the Offer; and (b) any unsubscribed portion of the Offer for Sale by the Promoters, will be locked-in for a period of one year from the date of Allotment.
- (ii) Pursuant to Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by the Promoters, which are locked-in may be transferred to and among the members of the Promoter Group or to any new Promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.
- (iii) Pursuant to Regulation 21(a) of the SEBI ICDR Regulations, the Equity Shares held by the Promoters, which are locked-in for a period of three years from the date of Allotment may be pledged only with scheduled commercial banks, public financial institutions, systemically important non-banking finance companies or housing finance companies as collateral security for loans granted by such entities, provided that such loans have been granted for the purpose of financing one or more of the objects of the Offer and pledge of the Equity Shares is a term of sanction of such loans.
- (iv) Pursuant to Regulation 21(b) of the SEBI ICDR Regulations, the Equity Shares held by the Promoters which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks, public financial institutions, systemically important non-banking finance companies or housing finance companies as collateral security for loans granted by such entities, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans.
- (v) Further, pursuant to Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations.
- (vi) Any Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

## 7. Shareholding Pattern of our Company

The table below presents the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

Category (I)	Category of Shareholder (II)	No. of Sharehold ers (III)	No. of fully paid up Equity Shares held (IV)	No. of Partly paid- up Equit y Share s held (V)	No. of shares underlyi ng deposito ry receipts (VI)	Total No. of shares held (VII) = (IV)+(V)+ (VI)	Shareholdi ng as a % of total no. of Equity Shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Equity Shares underlying outstanding convertible securities (including warrants) (X)	No. of locked in Equity Shares (XII)			Number of Equity Shares pledged or otherwise encumbered (XIII)	No. of Equity Shares held in demateri alized form (XIV)	
								No of Voting Rights				No. (a)	As a % of total shares held (a)	No. (a)	As a % of total shares held (b)		
								Class (Equity)	Total	Total as a % of (A+B +C)		No. (a)	As a % of total shares held (a)	No. (a)	As a % of total shares held (b)		
(A)	Promoter and Promoter Group	7	452,925,000	-	-	452,925,000	100	452,925,000	452,925,000	100	-	100	-	-	28,822 ,500	6.36	452,925,000
(B)	Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)	Non Promoter - Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>7</b>	<b>452,925,000*</b>	<b>-</b>	<b>-</b>	<b>452,925,000</b>	<b>100</b>	<b>452,925,000</b>	<b>452,925,000</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>28,822 ,500</b>	<b>6.36</b>	<b>452,925,000</b>

\* This includes sixty six Equity Shares held by six nominees of BPVPL.

## 8. Details of Equity Shareholding of the Shareholders of our Company

- Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as on the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre- Offer paid-up Equity Share capital (%)	No. of Equity Shares on a fully diluted basis <sup>(1)</sup>	Percentage of the pre- Offer paid-up Equity Share capital on a fully diluted basis (%) <sup>(1)</sup>
1.	BPVPL <sup>(1)</sup>	452,925,000	100.00	452,925,000	100.00
	<b>Total</b>	<b>452,925,000</b>	<b>100.00</b>	<b>452,925,000</b>	<b>100.00</b>

(1) This includes sixty six Equity Shares held by six nominees of BPVPL.

- Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as of 10 days prior to the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre- Offer paid-up Equity Share capital (%)	No. of Equity Shares on a fully diluted basis <sup>(1)</sup>	Percentage of the pre- Offer paid-up Equity Share capital on a fully diluted basis (%) <sup>(1)</sup>
1.	BPVPL <sup>(1)</sup>	452,925,000	100.00	452,925,000	100.00
	<b>Total</b>	<b>452,925,000</b>	<b>100.00</b>	<b>452,925,000</b>	<b>100.00</b>

(1) This includes sixty six Equity Shares held by six nominees of BPVPL.

- Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as of one year prior to the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre- Offer paid-up Equity Share capital (%)	No. of Equity Shares on a fully diluted basis <sup>(1)</sup>	Percentage of the pre- Offer paid-up Equity Share capital on a fully diluted basis (%) <sup>(1)</sup>
1.	BPVPL <sup>(1)</sup>	41,175,000	100.00	41,175,000	100.00
	<b>Total</b>	<b>41,175,000</b>	<b>100.00</b>	<b>41,175,000</b>	<b>100.00</b>

(1) This includes six Equity Shares held by six nominees of BPVPL.

- Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as of two years prior to the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre- Offer paid-up Equity Share capital (%)	No. of Equity Shares on a fully diluted basis <sup>(1)</sup>	Percentage of the pre- Offer paid-up Equity Share capital on a fully diluted basis (%) <sup>(1)</sup>
1.	BPVPL <sup>(1)</sup>	41,175,000	100.00	41,175,000	100.00
	<b>Total</b>	<b>41,175,000</b>	<b>100.00</b>	<b>41,175,000</b>	<b>100.00</b>

(1) This includes six Equity Shares held by six nominees of BPVPL.

- Our Company, the Directors and the Lead Managers have no existing buyback arrangements or any other similar arrangements for the purchase of Equity Shares being offered through the Offer.

- 10.** All Equity Shares transferred pursuant to the Offer are fully paid-up and there are no partly-paid up Equity Shares as on the date of this Draft Red Herring Prospectus.
- 11.** As of the date of this Draft Red Herring Prospectus, other than the allotments made as indicated below, no Equity Shares have been issued by our Company through bonus issue or at a price that may be lower than the Offer Price during the last one year:

Name of the allottee	Whether part of the Promoter Group	Number of Equity Shares allotted	Price at which Equity Shares allotted	Reason
BPVPL	Yes	411,750,000	Not applicable	Conversion of compulsorily convertible preference shares issued by our Company to BPVPL. The compulsorily convertible preference shares were allotted to BPVPL on January 29, 2019 pursuant to a bonus issue in the ratio of 10:1.

- 12.** Our Company shall ensure that transactions in the Equity Shares by our Promoter and the Promoter Group between the date of filing of the Draft Red Herring Prospectus and the date of closure of the Offer shall be intimated to the Stock Exchanges within 24 hours of such transaction.

## OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Promoter Selling Shareholder.

### **The Offer for Sale**

The Promoter Selling Shareholder will be entitled to the proceeds of the Offer for Sale after deducting its portion of the Offer related expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale.

### **The Fresh Issue**

The Net Proceeds from the Fresh Issue are proposed to be utilised towards the following objects:

1. Purchase of 69,936,900 equity shares of face value of ₹ 10 each of LPGCL (“**LPGCL Shares**”) from BPVPL and BHSL; and
2. General corporate purposes.

In addition to the aforementioned objects, our Company expects to receive benefits of listing its Equity Shares on the Stock Exchanges.

The objects clause of our Memorandum of Association enables our Company to undertake its existing business activities and the activities for which funds are being raised by us through the Fresh Issue.

The details of the Net Proceeds are set forth in the following table:

(In ₹ million)	
<b>Particulars</b>	<b>Estimated Amount*</b>
Gross proceeds of the Fresh Issue	[●]
<i>Less:</i> Offer expenses payable by our Company**	[●]
<b>Net Proceeds</b>	[●]

\* To be determined on finalisation of the Offer Price and updated in the Prospectus prior to the filing with the Registrar of Companies.

\*\* All expenses for the Offer shall be shared amongst our Company and the Promoter Selling Shareholder as specified in the section entitled “- Offer Expenses” on page 71.

### **Requirement of Funds**

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

(In ₹ million)	
<b>Particulars</b>	<b>Amount</b>
Purchase of 69,936,900 LPGCL Shares from BPVPL and from BHSL	49,720
General corporate purposes	[●]*
<b>Total</b>	[●]**

\* The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds. Further, such amount shall be determined on finalisation of the Offer Price and updated in the Prospectus prior to the filing with the RoC.

\*\* To be determined on finalisation of the Offer Price and updated in the Prospectus prior to the filing with the Registrar of Companies.

For further details about utilisation of the Net Proceeds, please see the section entitled “- Details of Utilisation of Net Proceeds” on page 71.

The fund requirements mentioned above are based on fair market value of LPGCL Shares, which was determined through an independent valuation exercise, as set out in the valuation report dated July 4, 2018 issued by Mehta Chokshi & Shah, Chartered Accountants (“**LPGCL Valuation**”). The LPGCL Valuation has been conducted in accordance with Section 50CA of the Companies Act, 2013 read with Rule 11UAA of the Income-tax Rules, 1962. The LPGCL Valuation provides that the fair market value for LPGCL Shares is ₹ 710.84 as at the date of the LPGCL Valuation. For further details, please see the sections entitled “History and Certain Corporate Matters - Other Agreements” and “Annexure 1 - Valuation Report” on pages 134 and 372, respectively. The final fund requirements shall be based on:

- (i) in case of the acquisition of 15,439,900 LPGCL Shares from BHSL, the higher of: (a) the LPGCL Valuation (₹ 10,975.30 million for the LPGCL shares held by BHSL); and (b) a bring-down valuation that shall be undertaken prior to filing of the Red Herring Prospectus with the RoC; and

- (ii) in case of the acquisition of 54,497,000 LPGCL Shares from BPVPL, the lower of: (a) the LPGCL Valuation (₹ 38,738.65 million for the LPGCL shares held by BPVPL); and (b) a bring-down valuation that shall be undertaken prior to filing of the Red Herring Prospectus with the RoC.

Other than as stated above, our Company may also have to revise the fund requirements mentioned above for any change in the LPGCL Valuation due to various factors beyond its control, such as, amongst others, market, financial, economic, political or regulatory factors in India or outside or any specific factors that affect the power generation industry. For further details, please see the sections entitled “*Risk Factors – Political instability or changes in the national and state governments in India could have a material and adverse effect on our business, prospects, financial condition, cash flows and results of operations*” and “*Risk Factors – Our flexibility in managing our operations is limited by the regulatory environment in which we operate. This environment is undergoing reform and we may not be able to respond effectively*” on pages 39 and 34, respectively. Consequently, the fund requirements mentioned above are subject to revisions in the future at the discretion of the management. In the event of any shortfall of funds for the purchase of LPGCL shares by our Company from BPVPL and BHSL, our Company may utilise all or a portion of the Net Proceeds allocated for general corporate purposes, subject to availability thereof and compliance with applicable laws. In the event of a further shortfall in the Net Proceeds, our management may explore a range of options including utilising our internal accruals or seeking additional debt financing.

#### **Funding Plan (Means of Finance)**

The fund requirements provided below are proposed to be entirely funded from the Net Proceeds. Accordingly, as required under the SEBI ICDR Regulations, our Company confirms that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue.

#### **Schedule for Implementation and Deployment of the Net Proceeds**

(In ₹million)			
Sr. No.	Particulars	Amount	Estimated Utilisation for the Fiscal 2020
1.	Purchase of 69,936,900 LPGCL Shares from BPVPL and BHSL	49,720	49,720
2.	General corporate purposes*	[●]	[●]

\* The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds. Further, such amount shall be determined on finalisation of the Offer Price and updated in the Prospectus prior to the filing with the Registrar of Companies.

To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned objects of the Fresh Issue, as per the estimated schedule of deployment specified above, our Company shall deploy the Net Proceeds in the subsequent Fiscals towards the aforementioned objects in accordance with applicable law.

#### **Details of Utilisation of Net Proceeds**

The details of utilisation of the Net Proceeds are set forth herein below:

##### ***Purchase of LPGCL Shares from BPVPL and BHSL***

As of the date of this Draft Red Herring Prospectus, LPGCL Shares are held by our Company, our Corporate Promoter and BHSL. The shareholding pattern of LPGCL as of the Draft Red Herring Prospectus is set out in the following table:

Sr. No.	Name of LPGCL Shareholder	Number of LPGCL Share held	Percentage of shareholding (%)
1.	BPVPL	54,497,000	61.80
2.	Bajaj Energy Limited	18,249,093	20.69
3.	BHSL	15,439,900	17.51
	<b>TOTAL</b>	<b>88,185,993</b>	<b>100.00</b>

Our Company proposes to utilise the Net Proceeds to purchase 54,497,000 and 15,439,900 LPGCL Shares from BPVPL and BHSL, respectively, aggregating to a purchase of 69,936,900 LPGCL Shares. Our Company has

entered into the BPVPL Share Purchase Agreement and the BHSL Share Purchase Agreement (together, the “**Share Purchase Agreements**”). In accordance with the Shares Purchase Agreements, our Company’s obligation to purchase 69,936,900 LPGCL Shares is subject to customary conditions precedent, such as receipt of regulatory and other approvals. For further details, please see the sections entitled “– *Requirements of Funds*”, “*History and Certain Corporate Matters - Other Agreements*” and “*Risk Factors – Our Company’s proposed acquisition of the remaining approximate 79.31% interest of LPGCL is subject to risks*” on pages 69, 134 and 27, respectively.

Pursuant to the purchase of LPGCL Shares by our Company from BPVPL and BHSL, our Company shall have 100% shareholding in LPGCL and LPGCL shall become a wholly-owned subsidiary of our Company. We believe that the acquisition of LPGCL through purchase of LPGCL Shares from BPVPL and BHSL will consolidate our power business and increase our Company’s revenues. Our Company is not assured of any dividends by LPGCL.

For further details of the requirement of funds for the acquisition of 69,936,900 LPGCL Shares from BPVPL and BHSL, please see the section entitled “– *Requirement of Funds*” on page 69.

For further details on the business of LPGCL, please see the section entitled “*Our Business*” on page 109.

### **General Corporate Purposes**

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ [●] million towards general corporate purposes, subject to such utilisation not exceeding 25% of the Net Proceeds, in compliance with Regulation 7(2) of the SEBI ICDR Regulations, including but not limited to strategic initiatives, meeting exigencies which our Company may face in the ordinary course of business, meeting expenses incurred and working capital requirements in the ordinary course of business, servicing our interest obligations under our existing financing arrangements, as well as for repayment of loans taken from time to time and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act. Our Company’s management, in accordance with the policies of the Board, will have flexibility in utilising any surplus amounts, based on our business requirements and other relevant considerations from time to time.

### **Offer Expenses**

The total Offer related expenses are estimated to be approximately ₹ [●] million. The Offer expenses comprise listing fee, underwriting fee, selling commission and brokerage, fee payable to the Lead Managers, legal counsels, Registrar to the Offer, Bankers to the Offer including processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to the Sponsor Bank, Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges. The break-up for the estimated Offer Expenses are as follows:

Activity	Estimated amount <sup>(1)</sup> (in ₹ million)	As a % of total estimated Offer related expenses <sup>(1)</sup>	As a % of Offer size <sup>(1)</sup>
Payment to the Lead Managers (including underwriting fee, brokerage and selling commission)	[●]	[●]	[●]
Commission and processing fee for SCSBs and fees payable to the Sponsor Banks for Bids made by RIBs using UPI <sup>(2)(3)</sup>	[●]	[●]	[●]
Brokerage, selling commission and upload fees for members of the Syndicate, Registered Brokers, RTAs and CDPs <sup>(4)(5)</sup>	[●]	[●]	[●]
Fee payable to Registrar to the Offer	[●]	[●]	[●]
Printing and stationery expenses			
Advertising and marketing expenses			
Listing fees, SEBI filing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
Fee payable to legal counsels	[●]	[●]	[●]
Others	[●]	[●]	[●]
Miscellaneous	[●]	[●]	[●]
<b>Total estimated Offer Expenses</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

- (1) Will be completed after finalisation of the Offer Price.  
 (2) Selling commission payable to the SCSBs on the portion for Retail Individual Investors and Non-Institutional Investors which are directly procured by the SCSBs, would be as follows:

Portion for Retail Individual Investors*	[●] % of the Amount Allotted (plus applicable taxes)
Portion for Non-Institutional Investors*	[●] % of the Amount Allotted (plus applicable taxes)

\* Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.

Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.

- (3) Sponsor Banks will be entitled to a commission of ₹ [●] per every valid ASBA Form for Bids made by RIBs using UPI mechanism.  
 (4) No processing fees shall be payable by our Company and the Promoter Selling Shareholder to the SCSBs on the applications directly procured by them.

Processing fees payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/CDPs and submitted to SCSB for blocking, would be as follows:

Portion for Retail Individual Bidders*	₹ [●] per valid application (plus applicable taxes)
Portion for Non-Institutional Bidders*	₹ [●] per valid application (plus applicable taxes)

\* Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.

- (5) Selling commission on the portion for Retail Individual Bidders, Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:

Portion for Retail Individual Bidders	[●] % of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders	[●] % of the Amount Allotted* (plus applicable taxes)

\* Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.

The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member.

Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking, would be as follows: ₹ [●] plus GST, per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs.

The selling commission and Bidding Charges payable to Registered Brokers, the RTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the bid book of BSE or NSE.

## Interim use of Net Proceeds

Our Company, in accordance with the policies established by the Board from time to time, will have flexibility to deploy the Net Proceeds. The Net Proceeds of the Offer pending utilisation for the purposes stated in this section, shall be deposited only in scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in equity shares of any other listed company or for any investment in the equity markets.

## Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds. However, depending upon business requirements, our Company may consider raising bridge financing facilities including any other short-term instrument like non-convertible debentures, commercial papers, etc. pending receipt of the Net Proceeds.

## Monitoring Utilization of Funds

Our Company shall appoint a Monitoring Agency in relation to the Offer prior to filing of the Red Herring Prospectus in accordance with Regulation 41(1) of the SEBI ICDR Regulations. Our Board, along with the Monitoring Agency, will monitor the utilization of the Net Proceeds. Our Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate investments, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 18(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee, the uses and applications of the Net Proceeds. The report submitted by the Monitoring Agency will be placed before the Audit Committee, so as to enable the Audit Committee to make appropriate recommendations to our Board.

Furthermore, in accordance with the Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Offer from the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, and

explanation for such variation (if any) will be included in our Directors' report, after placing the same before the Audit Committee.

### **Variation in Objects**

In accordance with Sections 13(8) and 27 of the Companies Act, 2013, our Company shall not vary the objects of the Fresh Issue without our Company being authorised to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("Shareholders' Meeting Notice") shall specify the prescribed details, provide Shareholders with the facility to vote by electronic means and shall be published in accordance with the Companies Act, 2013. The Shareholders' Meeting Notice shall simultaneously be published in the newspapers, one in English and one in Hindi, being the vernacular language of the jurisdiction where our Registered Office is situated. Our Promoters will be required to provide an exit opportunity to such Shareholders who do not agree to the above stated proposal, at a price and in such manner, as prescribed by SEBI in Regulation 59 and Schedule XX of the SEBI ICDR Regulations.

### **Appraising Entity**

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

### **Other Confirmations**

The entire proceeds from the Offer for Sale shall be paid to BPVPL. Further, part of the Net Proceeds shall be paid to BPVPL and BHSL as consideration for the acquisition of 54,497,000 LPGCL Shares and 15,439,900 LPGCL Shares, respectively, by our Company. Other than the above, no part of the Net Proceeds will be paid by us as consideration to our Promoters, Promoter Group, the Directors or Key Management Personnel, except in the normal course of business and in compliance with applicable law.

Further, except as disclosed above, our Company has not entered into, and does not intend to enter into any arrangement, or agreements with Promoters, Promoter Group, Group Companies, Directors and Key Management Personnel in relation to the utilization of the Net Proceeds.

## BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company, in consultation with the Lead Managers, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Bidders should read the sections entitled, “*Our Business*”, “*Risk Factors*” and “*Restated Consolidated Financial Information*” on pages 109, 21 and 161, respectively, to have an informed view before making an investment decision.

### **Qualitative Factors**

We believe that some of the qualitative factors which form the basis for computing the Offer Price are as follows:

- (a) one of the largest independent power producers in Uttar Pradesh with long-term, regulated PPAs with a take-or-pay feature;
- (b) a secured fuel supply;
- (c) successful track record of developing, financing and operating thermal power plants;
- (d) well-positioned to capitalize on the growth and demand of Uttar Pradesh's power industry; and
- (e) established management team with extensive operational experience.

For further details, please see the section entitled “*Our Business - Competitive Strengths*” on page 110.

### **Quantitative Factors**

Certain information presented below, relating to our Company, is based on the Restated Consolidated Financial Information. For details, please see the section entitled “*Restated Consolidated Financial Information*” on page 161.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

#### **1. Basic and Diluted Earnings Per Share (“EPS”), as adjusted for changes in capital:**

As per the Restated Consolidated Financial Information:

Financial Period	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Fiscal 2018	(0.07)	(0.07)	3
Fiscal 2017	2.38	2.38	2
Fiscal 2016	2.27	2.27	1
<b>Weighted Average</b>	<b>1.13</b>	<b>1.13</b>	
Nine months ended December 31, 2018*	0.87	0.87	

\* not annualised.

Notes:

- (1) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/Total of weights
- (2) The figures disclosed above are based on the restated financial information of our Company, as adjusted for the bonus issue.
- (3) The face value of each Equity Share is ₹ 10.
- (4) Earnings per Share (₹)= Profit after tax excluding exceptional items before other comprehensive income attributable to equity shareholders for the year/Weighted Average No. of equity shares
- (5) Basic EPS and Diluted EPS calculations are in accordance with the relevant accounting standard.
- (6) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Consolidated Financial Information as appearing in the section entitled “*Restated Consolidated Financial Information*” on page 161.

#### **2. Price/Earning (“P/E”) ratio in relation to Price Band of ₹ [●] to ₹ [●] per Equity Share:**

Particulars	P/E at the lower end of Price Band (no. of times)	P/E at the higher end of Price Band (no. of times)
Based on basic EPS for Fiscal 2018	[●]	[●]
Based on diluted EPS for Fiscal 2018	[●]	[●]

### Industry P/E ratio

	P/E Ratio	Name of the company	Face value of equity shares (₹)
Highest	152.50	JSW Energy Limited	10.00
Lowest	(8.87)	Adani Power Limited	10.00
Industry Composite	35.14		

Notes:

- (1) The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average P/E of the industry peer set disclosed in this section. For further details, please see the section entitled “– Comparison of Accounting Ratios with Listed Industry Peers” on page 75.
- (2) P/E figures for the peers are computed based on closing market price as on April 4, 2019 at BSE, divided by Diluted EPS (on consolidated basis) based on the annual reports of such companies for the Fiscal Year 2018.

### 3. Average Return on Net Worth (“RoNW”)

As per the Restated Consolidated Financial Information of our Company:

Particulars	RoNW %	Weight
Fiscal 2018	(0.27)	3
Fiscal 2017	8.56	2
Fiscal 2016	8.94	1
<b>Weighted Average</b>	<b>4.21</b>	
Nine months ended December 31, 2018*	3.06	

\* not annualised.

Notes:

- (1) Weighted average RoNW = Aggregate of year-wise weighted RoNW% divided by the aggregate of weights i.e. (RoNW x Weight) for each year/Total of weights
- (2) Return on Net Worth (%) = Net Profit after Tax before other comprehensive income (as restated) divided by Net worth at the end of the year/period excluding revaluation reserve.
- (3) Net worth for ratio mentioned in above note represents the aggregate of the paid up share capital, reserves and surplus (excluding revaluation reserve, cash flow hedge reserve and Capital Reserve) and money received against share warrants as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of statement of profit and loss

### 4. Net Asset Value per Equity Share of face value of ₹ 10 each

- (i) Net asset value per Equity Share as on December 31, 2018: ₹ 314.15
- (ii) After the Offer:
- (iii) Offer Price: ₹ [●]

Notes:

- (1) Offer Price per Equity Share will be determined on conclusion of the Book Building Process.
- (2) Net Asset Value Per Equity Share = Net worth as per the restated financial information  
Number of equity shares outstanding as at the end of year/period
- (3) Net worth for ratio mentioned in above note represents the aggregate of the paid up share capital, reserves and surplus (excluding revaluation reserve, cash flow hedge reserve and Capital Reserve) and money received against share warrants as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of statement of profit and loss.

### 5. Comparison of Accounting Ratios with Listed Industry Peers

Name of Company	Face Value (₹ Per Share)	Closing price on April 4, 2019 (₹)	Revenue, for Fiscal 2018 (in ₹ million)	EPS (₹)		NAV <sup>(4)</sup> (₹ per share)	P/E <sup>(2)</sup>	RONW <sup>(3)</sup> (%)
				Basic	Diluted <sup>(1)</sup>			
Bajaj Energy Limited	10.00	0.00	8,551.97	(0.07)	(0.07)	305	n.a.	n.m.
Peer Group								

Name of Company	Face Value (₹ Per Share)	Closing price on April 4, 2019 (₹)	Revenue, for Fiscal 2018 (in ₹ million)	EPS (₹)		NAV <sup>(4)</sup> (₹ per share)	P/E <sup>(2)</sup>	RONW <sup>(3)</sup> (%)
				Basic	Diluted <sup>(1)</sup>			
Adani Power Limited	10.00	48.05	206,110.40	(5.42)	(5.42)	2.29	(8.87 )	n.m.
Tata Power Limited	1.00	70.90	293,312.20	8.74	8.74	52.36	8.11	18.91
NTPC Limited	10.00	135.40	880,833.10	12.79	12.79	116.78	10.59	10.91
JSW Energy Limited	10.00	73.20	80,489.60	0.48	0.48	66.40	152.50	0.78
Torrent Power Limited	10.00	261.70	115,120.90	19.61	19.61	148.22	13.35	13.37

*Source: All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the annual reports of the respective company for the year ended March 31, 2018.*

*Source for Bajaj Energy Limited: Based on the Restated Consolidated Financial Information for the year ended March 31, 2018.*

*Notes:*

- (1) *Diluted EPS refers to the Diluted EPS sourced from the annual reports of the respective company for the year ended March 31, 2018*
- (2) *P/E Ratio has been computed based on the closing market price of equity shares on the BSE on April 4, 2019, divided by the Diluted EPS provided under Note 1 above.*
- (3) *RoNW is computed as net profit after tax (including profit attributable to non-controlling interest) divided by closing net worth. Net worth has been computed as sum of share capital and reserves (including capital reserve and excluding debenture/ capital redemption reserve, if any) including non-controlling interest*
- (4) *NAV is computed as the closing net worth divided by the closing outstanding number of equity shares*

The Price Band/Floor Price/Offer Price of ₹ [●] has been determined by our Company, in consultation with the Lead Managers, on the basis of assessment of market demand from investors for Equity Shares through the Book Building Process, and is justified in view of the above qualitative and quantitative parameters. Bidders should read the above mentioned information along with the sections entitled “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Restated Consolidated Financial Information” on pages 21, 109, 259 and 161, respectively, to have a more informed view. The trading price of Equity Shares could decline due to factors mentioned in the section entitled “Risk Factors” on page 21 and you may lose all or part of your investments.

## STATEMENT OF TAX BENEFITS

### **STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE BAJAJ ENERGY LIMITED AND SHAREHOLDERS OF THE COMPANY**

#### **The Board of Directors**

Bajaj Energy Limited  
Khambarkhera,  
Shardanagar Road,  
Lakhimpur Kheri - 261 506

Dear Sirs

**Sub: Statement of possible special tax benefit (“the Statement”) available to Bajaj Energy Limited (the “Company”), and Bajaj Power Ventures Private Limited (the “Promotor Selling Shareholder” or “existing shareholder”) prepared in accordance with the requirement under Schedule VI – Part A - Clause (9) (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“the ICDR Regulations”).**

We hereby report that the enclosed annexure prepared by the Company, initialed by us and the Company for identification purpose, states the possible special tax benefits available to the Company and to its shareholders under direct and indirect tax laws as stated in Annexure, presently in force in India (together “**the Tax Laws**”), presently in force in India as on the signing date for inclusion in the Draft Red Herring Prospectus for the proposed initial public offering of the Company through a fresh issue and an offer for sale of equity shares by its existing shareholder. These possible special tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax laws. Hence, the ability of the Company and its shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and its shareholders may or may not choose to fulfill.

As per information and explanations given to us and basis of representation by the management, we understand that the Company does not have any subsidiary as on the date of signing of this certificate.

We have conducted our examination in accordance with the ‘Guidance Note on Reports or Certificates for Special Purposes’ (“**the Guidance Note**”) issued by the Institute of Chartered Accountants of India (“**ICAI**”). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

The benefits discussed in the enclosed annexure cover the possible special tax benefits available to the Company and its shareholders. Further, the preparation of the enclosed annexure and its contents is the responsibility of the management of the Company. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares of the Company comprising an initial issue of equity shares and an offer for sale of equity shares by its existing shareholder (the “**Offer**”) particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement.

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company and to the shareholders of the Company and are not exhaustive and also do not cover any general tax benefits available to the Company. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

We do not express any opinion or provide any assurance as to whether:

- the Company and its shareholders will continue to obtain these possible special tax benefits in future; or

- the conditions prescribed for availing the benefits, where applicable, have been / would be met with.

The contents of the enclosed Statement are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

This statement is solely for your information and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than for inclusion of extracts of this statement in the DRHP, red herring prospectus and the prospectus and submission of this statement to the Securities and Exchange Board of India, the stock exchanges where the Equity Shares of the Company are proposed to be listed, the relevant Registrar of Companies, Uttar Pradesh and Uttarakhand at Kanpur in connection with the Offer, as the case may be.

This certificate may be relied on by the Company, the Lead Managers and the legal advisors to each of the Company and the Lead Managers.

**For B S R & Co. LLP**  
*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Vijay Bhatt**

*Partner*

Membership No: 036647

UDIN: 19036647AAAAAE3622

Place: Mumbai

Date: 1 April 2019

**ANNEXURE TO STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY, AND SHAREHOLDERS OF THE COMPANY UNDER THE APPLICABLE TAX LAWS IN INDIA**

**A. Direct Taxation**

Benefits available to Bajaj Energy Limited (“**the Company**”); and its shareholders of the Company under the Income-Tax Act, 1961 (“**the Act**”) and Income Tax Rules, 1962 including amendments made by Finance Act 2019 (hereinafter referred to as “**Income Tax Laws**”) are as under.

**1. Special tax benefits available to the Company**

The Company is engaged in the business of generation of power. The Company has set up five thermal power projects of 90 MW each located at Khambarkhera, Barkhera, Maqsoodapur, Kundarkhi, and Utraula, all in the state of Uttar Pradesh having aggregate capacity of 450 MW. Entire generation of all the five plants is sold to Uttar Pradesh Power Corporation Limited under long term power purchase agreement.

According to Section 80-IA of the Act, a deduction is available to the Company in respect of the profits and gains derived by an undertaking from any eligible business being the business of generation of power and generation and distribution of power.

The Company is eligible to claim the deduction in accordance with the provisions of Section 80-IA(4)(iv) of the Act for a period of 10 consecutive assessment years out of 15 years beginning from the year in which undertaking has commenced generating power, subject to fulfillment of the prescribed conditions under the Act.

Further, the facility-wise / unit-wise details of the deduction available and claimed by the Company under Section 80-IA of the Act is summarised as under-

Sr. No.	Name of the Facility / Unit	Date of commencement of operations	Initial Assessment Year from which deduction claimed
1	Khambarkhera Plant, Lakhimpurkheri, Uttar Pradesh	10 March 2012	2017-18
2	Barkhera Plant, District Pillibhit, Uttar Pradesh	24 March 2012	2017-18
3	Maqsoodapur Plant, District Shahjahanpur, Uttar Pradesh	28 March 2012	2017-18
4	Kundarki Plant, District Gonda, Uttar Pradesh	21 April 2012	2018-19
5	Utraula Plant, District Balrampur, Uttar Pradesh	24 April 2012	2018-19

**2. Special tax benefits available to the shareholders of the Company**

The shareholders of the Company are not eligible to any special tax benefits under the provisions of the Indian Income-Tax Act, 1961 read with the relevant Income-Tax Rules, 1962.

**B. Indirect Taxation**

Benefits available to the Company including and the shareholders of the Company under the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Goods and Services Tax (Compensation to States) Act, 2017, Customs Act,

1962, Customs Tariff Act, 1975 as amended, the rules and regulations there under, Foreign Trade Policy are as under.

**1. Special tax benefits available to the Company**

There are no special tax benefits available to the Company under applicable GST / VAT Laws.

**2. Special tax benefits available to the shareholders of the Company**

There are no special tax benefits available to the shareholders under the indirect tax laws.

**Note:**

1. *We have not considered the general tax benefits available to the Company, or shareholders of the Company.*
2. *The above is as per the prevalent Tax Laws as on date.*
3. *The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of Equity Shares.*
4. *This Statement does not discuss any tax consequences in any country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible income-tax consequences that apply to them.*

## SECTION IV: ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

We have commissioned CRISIL Research to undertake a research report titled "Outlook on Power Sector in India" dated April, 2019 (the "**CRISIL Report**") for reference in this Draft Red Herring Prospectus. The Report uses certain methodologies for market sizing and forecasting. Neither we, any of the Book Running Lead Managers, nor any other person connected with the Offer, have independently verified such data and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Accordingly, investors should read the industry related disclosure in this Draft Red Herring Prospectus in this context. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data and are not responsible for any errors or omissions or for the results obtained from the use of the data or their report. Accordingly, investors should not place undue reliance on, or base their investment decision solely on, this information.

Industry and market data used in this section have been extracted from the CRISIL Report. For further details and risks in relation to the Report, see section entitled "Risk Factors – We have commissioned industry reports from certain agencies, which have been used for industry related data in this Draft Red Herring Prospectus and such data has not been independently verified by us" on page 40.

#### Overview of the Indian Macroeconomic Landscape

According to CRISIL Research, India is the third-largest economy in the world with a population of over 1.3 billion and an estimated gross domestic product ("GDP") of Rs. 130 trillion in Fiscal 2018, after adjustments for purchasing-power parity ("PPP"). Furthermore, according to the World Bank, India has the largest working population in the world, with 66.2% of its total population in the working age group between 15 to 64 years old in 2017, and more than half of its total population below 25 years old. According to CRISIL Research, the working population in India is more than the total population of countries such as Russia, Brazil and USA. CRISIL Research expects that going forward, the working population in India, which rose by 2% CAGR over 2007 to 2017, is expected to increase further, thereby driving consumption and growth.

According to CRISIL Research, GDP was strong in 2018 compared to 2017, following remonetisation and stabilisation of GST implementation. The power distribution sector has experienced a positive impact since the demonetisation of the power sector. The demonetisation policy resulted in the recovery of large previously unrecovered payments to the power distribution companies ("discoms"), by allowing payments to be made using the old Rs. 500 and Rs. 1,000 notes prior to 31 December 2016.

CRISIL Research expects GDP to increase to 7.5% in Fiscal 2019 from 6.6% in Fiscal 2018 after the stabilisation of the implementation of GST. CRISIL Research expects the GDP of India to grow steadily in Fiscal 2019 and that growth will continue to be driven by consumption, public sector investment in infrastructure and public spending in infrastructure, especially road infrastructure in rural areas. This growth is supported by low interest rates, inflation rates that are kept under control and implementation of pay increments at state-level as suggested by the 7<sup>th</sup> Central Pay Commission ("7CPC"). Banks will also be well-positioned to support this growth through the Government's Rs. 2.11 lakh crore bank recapitalisation plan. CRISIL Research expects synchronised global recovery to gather pace, which should help Indian exports that were held back due to GST-related reasons.

According to the International Monetary Fund's ("IMF"), India is likely to retain its position as the fastest-growing economy in the world, with a real GDP growth rate of 7.5% in Fiscal 2020 and 7.7% in Fiscal 2021. CRISIL Research expects India's GDP growth rate in Fiscals 2019 and 2020 to be significantly higher than the world average GDP growth rate of approximately 4%. India's GDP growth rate is also expected to be higher than other developing economies, such as China, Brazil, Indonesia, and sub-Saharan African nations.

Following the launch of "Make In India" campaign in October 2014 and the ongoing liberalisation of India's foreign direct investment ("FDI") regime, there has been an increase in investments made in India. FDI has increased significantly since Fiscal 2015, and FDI has surpassed foreign portfolio investment ("FPI") since Fiscal 2016. CRISIL Research considers this is a positive development due to the long-term impact FDI has compared to FPI. Net FDI inflows have increased to approximately US\$36 billion in Fiscal 2017 from approximately US\$22

billion in Fiscal 2014. For the period from April 2017 to December 2017, CRISIL Research estimates the FDI inflows were approximately US\$24 billion.

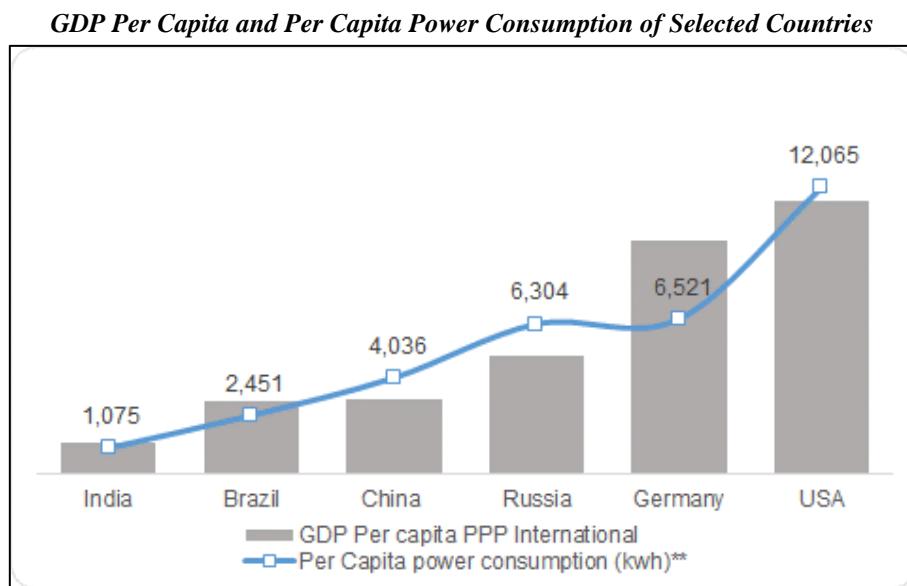
Lower macroeconomic vulnerability together with improved government spending in infrastructure and education have elevated India's Global Competitive Index ("GCI") ranking from 71 in Fiscal 2015 to 40 in Fiscal 2017. India is now one of the top 100 countries in the World Bank's 'Ease of Doing Business' rankings in Fiscal 2018.

Accordingly, CRISIL Research expects India's GDP growth to stay above global average in the near term, amidst the weaker Rupee and rising oil prices.

### The Indian Power Sector

The power industry is one of India's core sectors as it fulfils the energy requirement of several other industries and therefore has a multiplier effect on the economy.

According to CRISIL Research, India was the third largest consumer of primary energy in 2016, behind China and the US, with a global share of 5.5% in electricity consumption. However, India's per capita electricity consumption was only 1,075 kWh in 2016, as per statistics from the Central Electricity Authority ("CEA"). This is significantly lower than the world average of 2,869 kWh and is the lowest among Brazil, Russia, India, China and South Africa (the "BRICS nations"). CRISIL Research considers that this indicates the strong growth potential of the Indian power sector.



Notes:

The GDP per capita, PPP current international US\$, is taken from the World Bank for 2015

Per capita electricity consumption is calculated by dividing the total electricity consumption data from EIA with the total population data from World Bank.

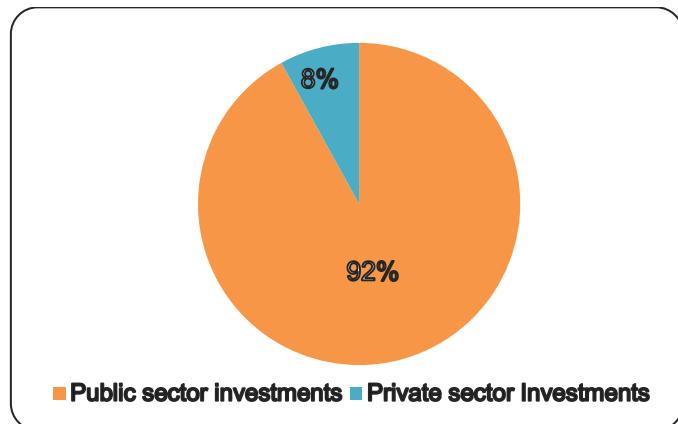
Per capita electricity consumption data for India is sourced from CEA for FY2016

Source: World Bank, CEA, EIA, CRISIL Research

The above factors have resulted in an increase in investments in India's power sector, from Rs 1 trillion in Fiscal 2012 to Rs 1.6 trillion in Fiscal 2018.

The below graph shows the breakdown in investments in the power sector in Fiscal 2018:

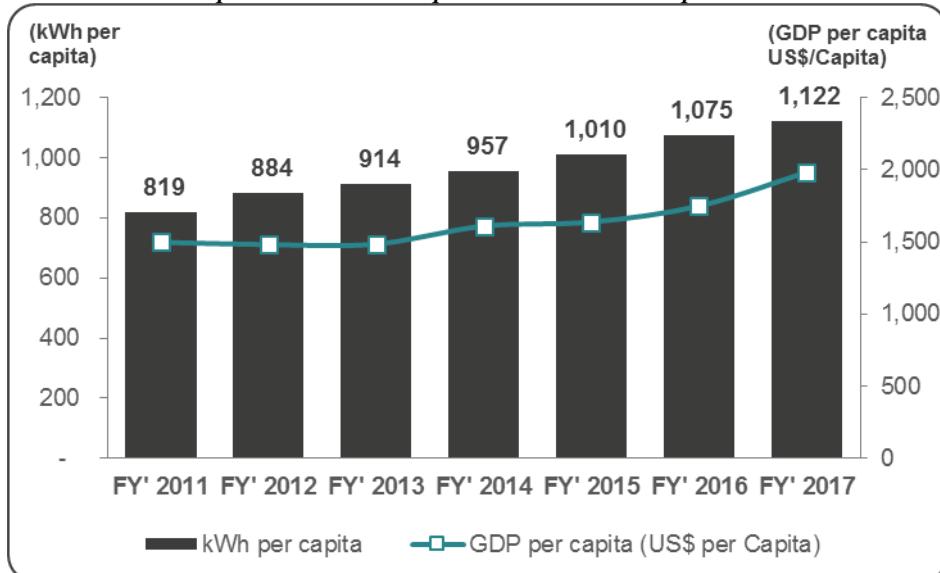
### *Investments in Power Sector in Fiscal 2018*



Source: CRISIL Research

Given that growth in power demand is positively correlated to GDP growth, CRISIL Research expects India's GDP growth to have a positive impact on India's power sector. Further, India's low per capita electricity consumption is expected to present a huge growth potential to the power industry.

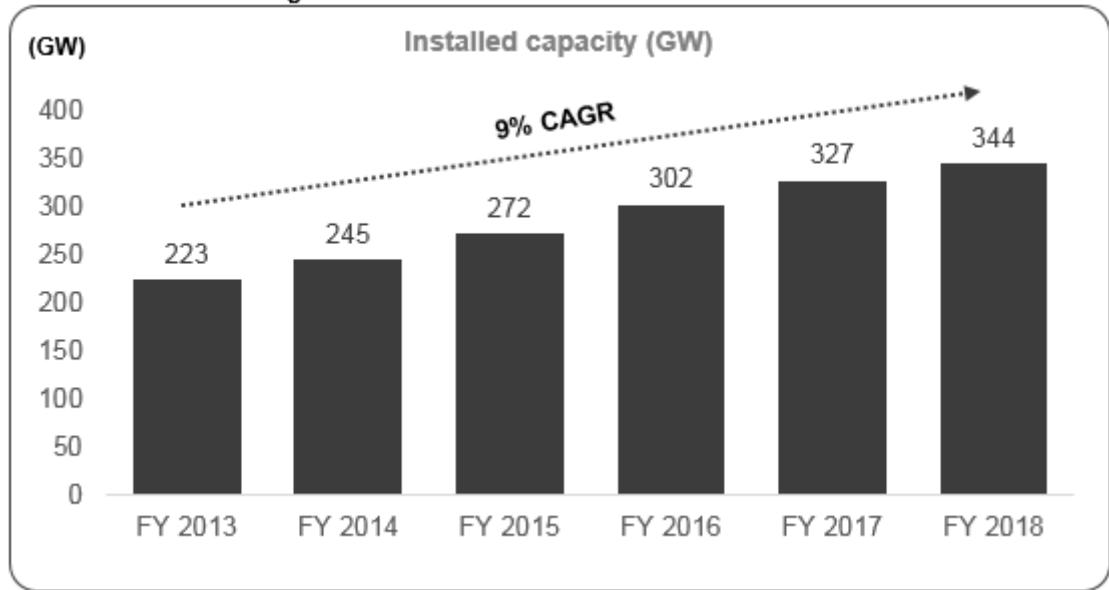
### *Per Capita Power Consumption and GDP Per Capita in India*



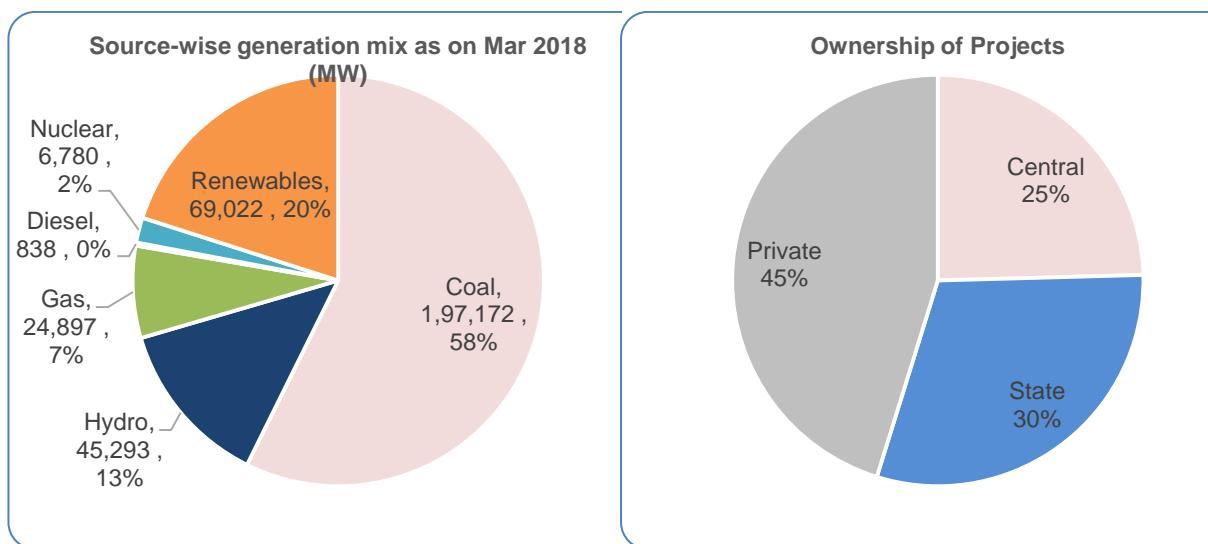
Source: International Monetary Fund (IMF), CEA, CRISIL Research

### **Installed Generation**

The total installed generation capacity in India as of March 2018 was 344 GW, of which approximately 101 GW of capacity was added in the past five years over Fiscal 2014 to Fiscal 2018. Coal-based installed power generation capacity has maintained its dominant position over the years and accounted for approximately 58% as of March 2018. However, renewable energy installations have more than doubled to approximately 69 GW capacity as on March 2018, compared to 25 GW as of March 2012 (Source: MNRE), constituting approximately 20% of total installed generation capacity as of date. In particular, this growth has been led by solar power, which grew at approximately 89% CAGR to approximately 21.6 GW from 0.9 GW from Fiscal 2014 to Fiscal 2018.



Source: CEA, CRISIL Research



Source: CEA, MNRE, CRISIL Research

Source: CEA, CRISIL Research

The Electricity Act, 2003 coupled with competitive bidding for power procurement which was implemented in 2006, encouraged the participation of private players who had announced large capacity additions. As a result of competitive bidding, capacity of around 135 GW were added by the private sector from Fiscal 2008 to Fiscal 2018, which accounted for 67% of the total additions, while the remaining 33% of the capacity were added by state and central players. In addition, from Fiscal 2014 to Fiscal 2018, approximately 73 GW of capacity was added by private sector players out of the total power generation capacity additions (including renewable energy) of approximately 101 GW. Renewable energy capacity additions were also supported by strong government push on renewable energy coupled with a reduction in the tariffs (as a result of lower falling capital costs and improved efficiency).

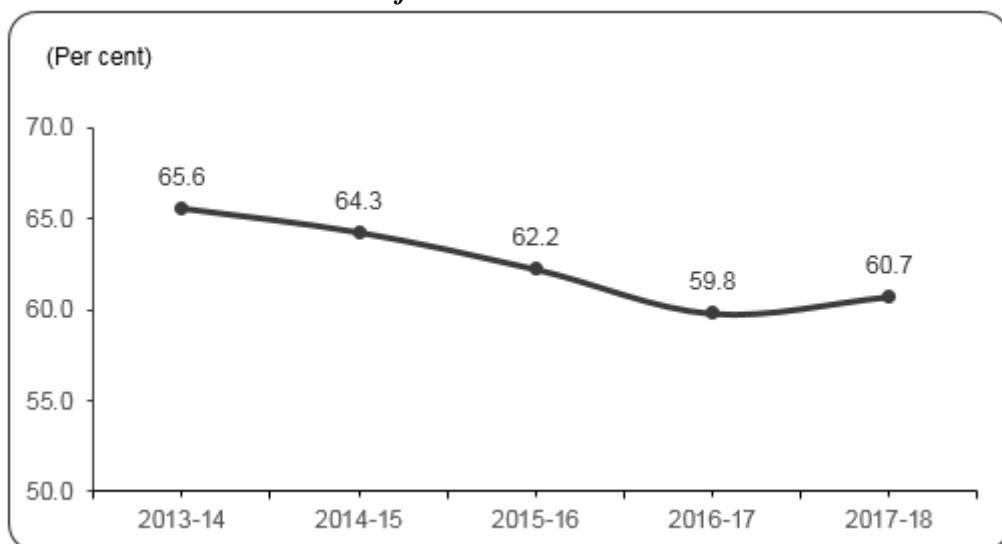
As of March 2018, 45% of total generation projects (including renewable energy) are owned by private players, whereas central sector companies, such as NTPC, NHPC, and NPCIL, owned 25% of generation capacity, with the balance of 30% of the projects owned by state governments.

### **Lower Plant Load Factors**

There has been slower growth in domestic coal production in comparison with the coal-based capacity addition over the years, which resulted in fuel shortage for such plants. This resulted in lower capacity utilization with plant load factors ("PLFs") declining to 60.7% in Fiscal 2018 from 65.6% in Fiscal 2014. In addition, lower power offtake due to deterioration in financial health of the state discoms, also contributed to the decline in average PLFs. In addition, limited transmission capacity, particularly connectivity to the southern grid, also restricted PLFs.

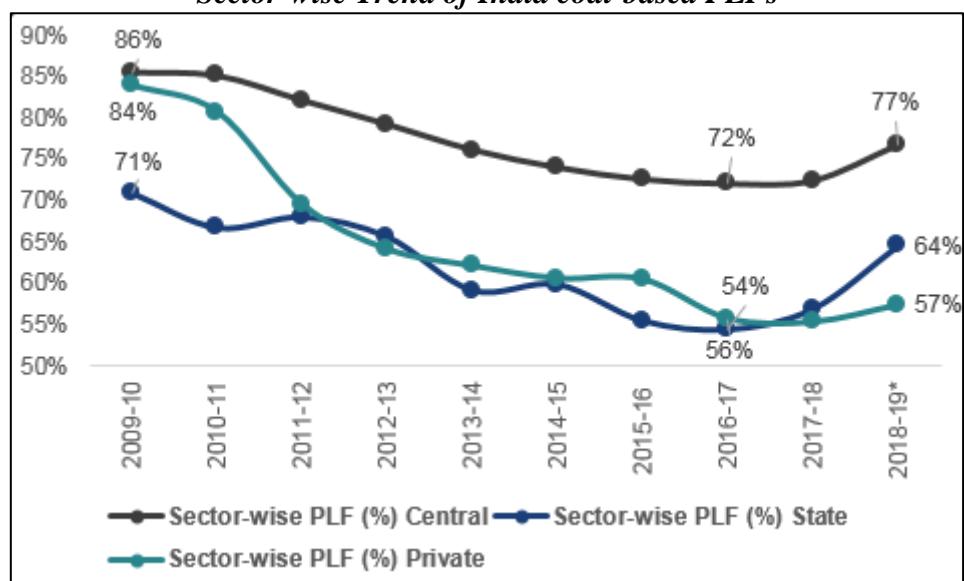
In addition, the rising share in installed capacity of renewables resulted in the share of total installed capacity of renewables increasing to 20% in Fiscal 2018 from approximately 14% in Fiscal 2014, and also impacted the thermal PLF.

**Trend of India coal-based PLFs**



Source: CEA

**Sector-wise Trend of India coal-based PLFs**



Note: \*These are estimates for Fiscal 2019

Source: CEA; CRISIL Research

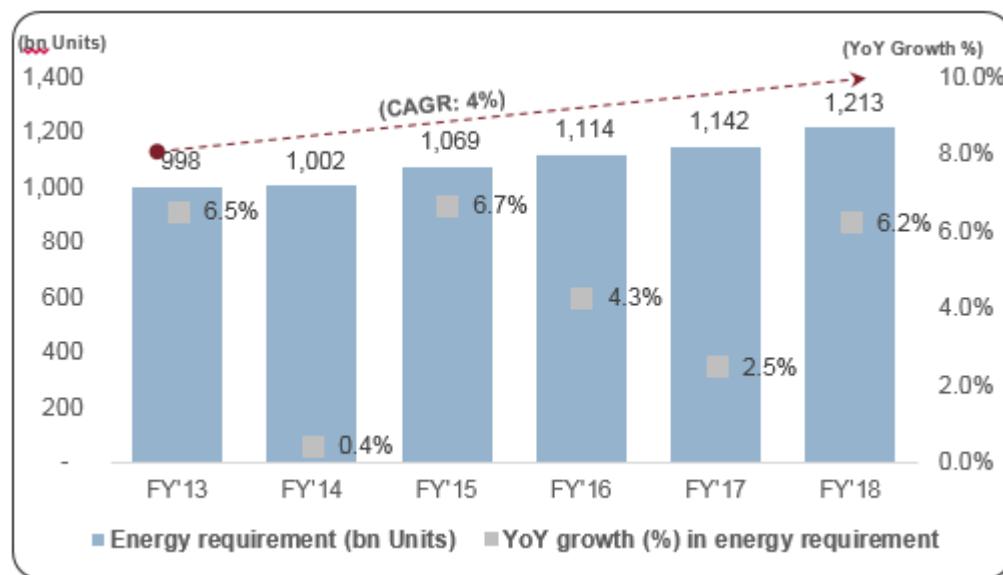
Among the central, state and private power generating stations, the central generating stations have the highest

PLFs for coal-based plants in India due to better management of their receivables and counterparty risk. In addition, the central generating stations benefit from availability of fuel linkages, lower dependence on imported coal and better management of the state and central departments.

### Trends in Energy Requirements in India

Energy requirements grew at a CAGR of 4% from Fiscal 2013 to Fiscal 2018. In Fiscal 2013, energy requirement growth was at 6.5% due to robust growth in economic activity and improved power availability due to increments in capacity of approximately 20 GW in each of the years. However, power demand stagnated in Fiscal 2014 due to lower off-take resulting from the weak financial health of discoms and slowing GDP growth. In Fiscal 2015, power demand increased to 6.7% due to a pick-up in economic activity. This increase was supported by the implementation of the financial restructuring plan for discoms in seven states in Fiscal 2014 and Fiscal 2015. The growth slowed down to 4.3% in Fiscal 2016 and further to 2.5% in Fiscal 2017 due to slowdown in manufacturing activity, but increased in Fiscal 2018 to 6.2% due to an increase in electrical connectivity in rural areas and the "Saubhagya" scheme, which aims to complete the electrification process of all households by December 2018.

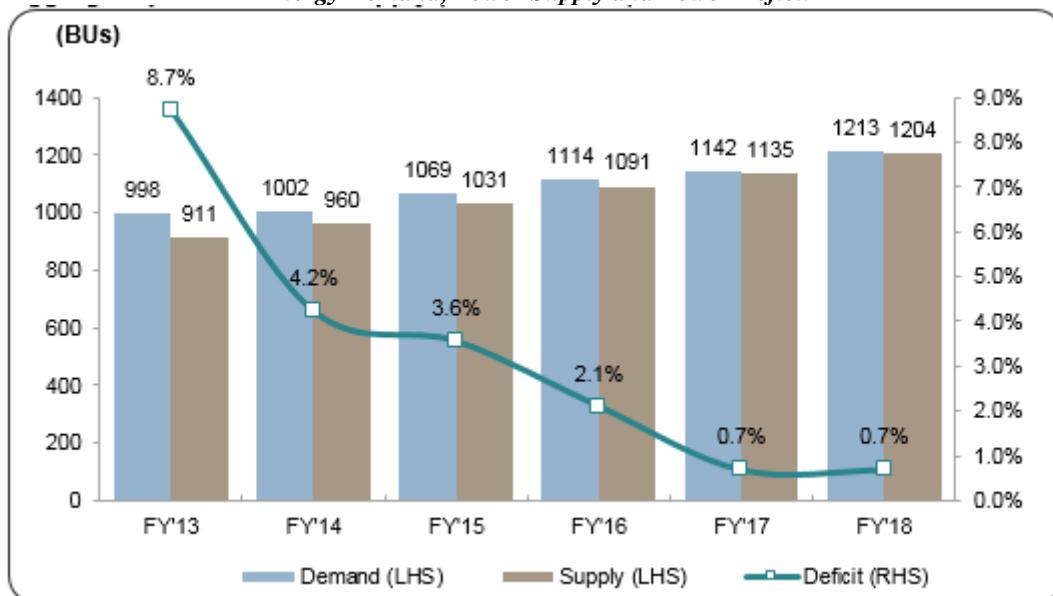
The graph below shows energy requirement and growth in energy growth from Fiscal 2013 to Fiscal 2018.



Note: CAGR is calculated between Fiscal 2013 and Fiscal 2018.

Source: CEA, CRISIL Research

### ***Energy Demand, Power Supply and Power Deficit***



Source: CEA, CRISIL Research

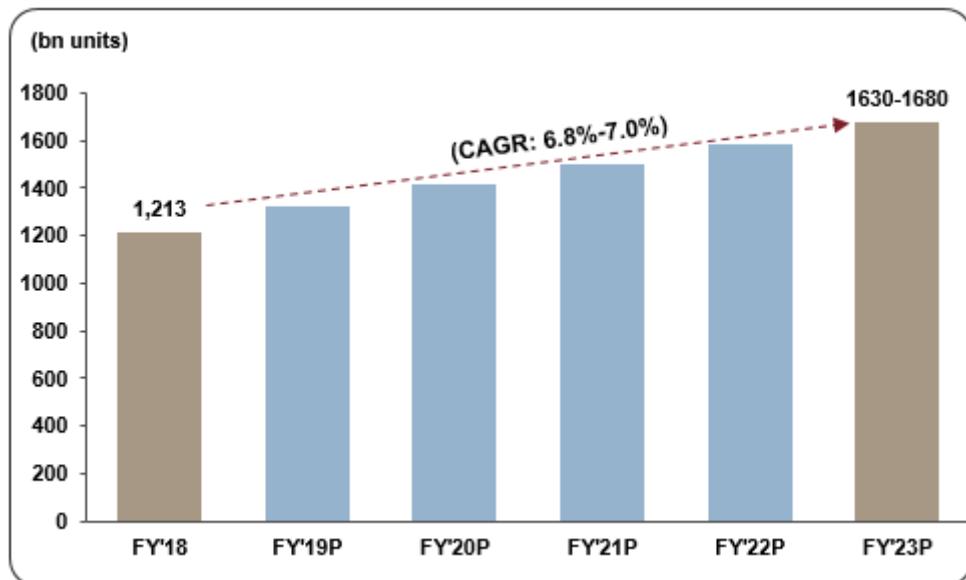
Energy demand grew at a CAGR of 4% while power supply increased at a faster pace of 5.7% CAGR over Fiscal 2013 to Fiscal 2018 due to strong capacity additions and improving transmission infrastructure. As a result, energy deficit has decreased, but India continues to remain a power deficit country in a growing demand scenario. Energy deficit (difference between electricity requirement and electricity supply is termed as energy deficit) declined to 0.7% in Fiscal 2018.

Transmission capacity augmentation would be critical to effectively utilize assets as the deficit of energy across regions are different. For example, in Fiscal 2018, the energy deficit in the southern region was 0.2%, in the northern region was 1.7%, in the western region was 0.1% and in the eastern region was 0.8%. This does not imply that power deficit is negligible as untapped latent demand still exists, and intensive rural electrification and 24-hour, seven days per week power supply is yet to be achieved. CRISIL Research foresees that latent demand will rise from the currently un-electrified households of approximately 32 million as of May 18, 2018.

CRISIL Research expects energy demand to grow at a CAGR of 6.8% to 7% between Fiscal 2019 to Fiscal 2023. CRISIL Research also expects power demand to rise with a gradual improvement in the financial health of discoms, backed largely by the Ujwal Discom Assurance Yojana ("**UDAY**") scheme, which is expected to reduce interest costs, power purchase cost and aggregate, technical and commercial ("**AT&C**") losses.

CRISIL Research further estimates that India's GDP will grow at approximately 8% annually between Fiscal 2019 and Fiscal 2021, in turn increasing the demand for power from key infrastructure and manufacturing sectors such as metals, mining, chemicals, cement and automotives. CRISIL Research estimates that the revenue under-recovery of discoms will reduce from approximately Rs 0.58 per unit in Fiscal 2015 to approximately Rs 0.10 per unit in Fiscal 2023. The adequate supply of power and improvements in infrastructure are also expected to support demand.

### Projected Energy Requirement



Source: CRISIL Research

CRISIL Research expects the growth in power demand to be driven by non-industrial segments and in particular, the proportion of electricity consumption by domestic customers will be higher during Fiscal 2019 to Fiscal 2023, with an increase of such proportion from 28% in Fiscal 2017 to 31% in Fiscal 2023. CRISIL Research views that this growth will be due to high latent demand, rapid urbanisation in India and government initiatives such as rural electrification and 24-hour, seven days per week power supply for all by Fiscal 2019. In addition, an overall increase in power consumption is expected to be driven by establishment of upcoming growth centres in Uttar Pradesh. With the completion of 100% village electrification, power demand would also increase.

Power offtake by the residential segment would be supported by rising disposable income and urbanisation. The increased demand would be met through higher power availability and improved access to electricity.

CRISIL Research expects growth of power demand from the agriculture sector to grow at a steady pace in the next five years as a result of the *Deen Dayal Upadhyaya Gram Jyoti Yojana ("DDUGJY")* scheme, which provides dedicated feeders for agriculture consumers. CRISIL Research also expects demand from the commercial segment to improve moderately on account of rising urbanisation, which in turn will lead to a growth in commercial spaces such as hospitals, educational institutions, malls and offices.

CRISIL Research expects that the industrial segment, which is the segment with the highest demand for power, to have a further increase in demand for power, arising from reasons such as government push towards increasing domestic manufacturing and mining activities, and a shift in power generation from diesel-based generation to grid power. However, CRISIL Research expects that the domestic segment will continue to account for a majority of total power consumption despite lower growth in the demand for power in the domestic segment compared to the industrial segment. Consequently, CRISIL Research expects the share of demand from the industrial segment to reduce from 31% in Fiscal 2017 to 28% in Fiscal 2023 due to urbanisation, rural electrification and growth of the services sector.

#### **Outlook of Thermal Power in India**

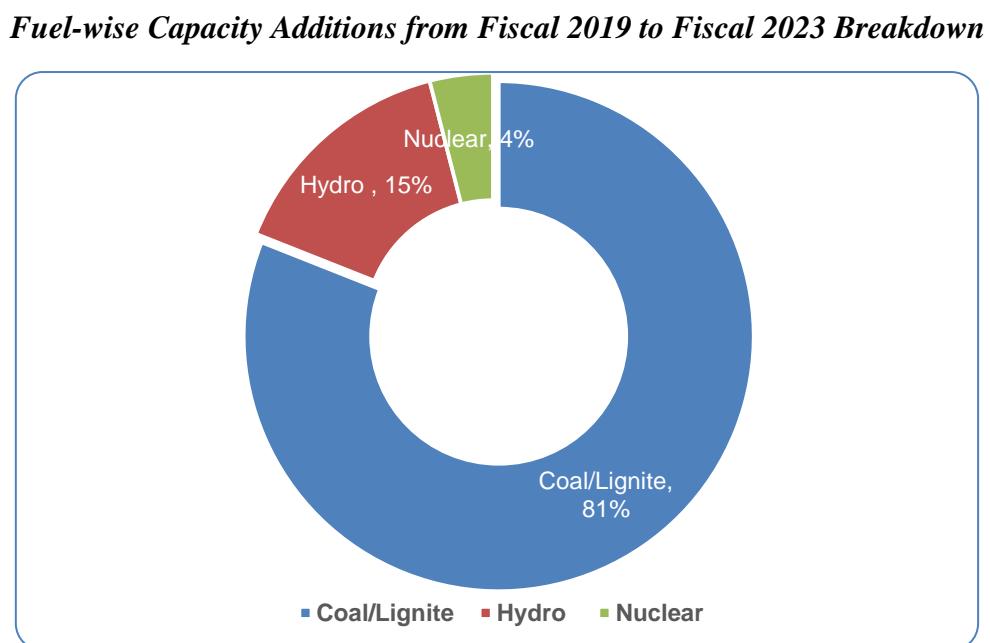
CRISIL Research expects around 37 GW of conventional power generation capacity to be added by Fiscal 2023. Beyond Fiscal 2018 capacity additions are expected to slow down gradually as compared to an average of 17-17.5 GW per year, witnessed over Fiscal 2014 to Fiscal 2018. The reasons for this slowdown are declining power deficit, completion of large announced projects and delays experienced in a few ongoing projects due to fund constraints. Furthermore, large private-sector players are adopting unconventional routes for expansion due to execution risks, limited fresh PPAs from distribution companies as well as projects being available at reasonable valuations. Due to the high power-sector exposure, bankers are also adopting a cautious approach.

CRISIL Research expects coal-based capacities to account for 81% of total conventional power generation capacity additions from Fiscal 2019 to Fiscal 2023. CRISIL Research expects around 30 GW of coal-based

capacity additions over Fiscal 2019 to Fiscal 2023 to be led by a large number of planned projects. This is due to the fact that coal continues to be the most widely available and cheapest source of fuel. Over the next three to five years, various factors, such as the Government's policy for flexibility in the utilisation of domestic coal, new linkage policy ("SHAKTI") and increased domestic coal production would lead to improved coal availability for coal-based power plants.

Given the growing power demand, CRISIL Research expects approximately 37 GW of conventional power generation capacity to be added by Fiscal 2023. Out of the 37 GW of conventional power generation capacity, CRISIL Research estimates 30 GW to be coal-based capacity and the remaining to be hydro-based and nuclear power-based capacity.

The below graph illustrates the breakdown of the estimated fuel-wise capacity additions from Fiscal 2019 to Fiscal 2023, as a percentage of the 37 GW of conventional power generation capacity to be added:

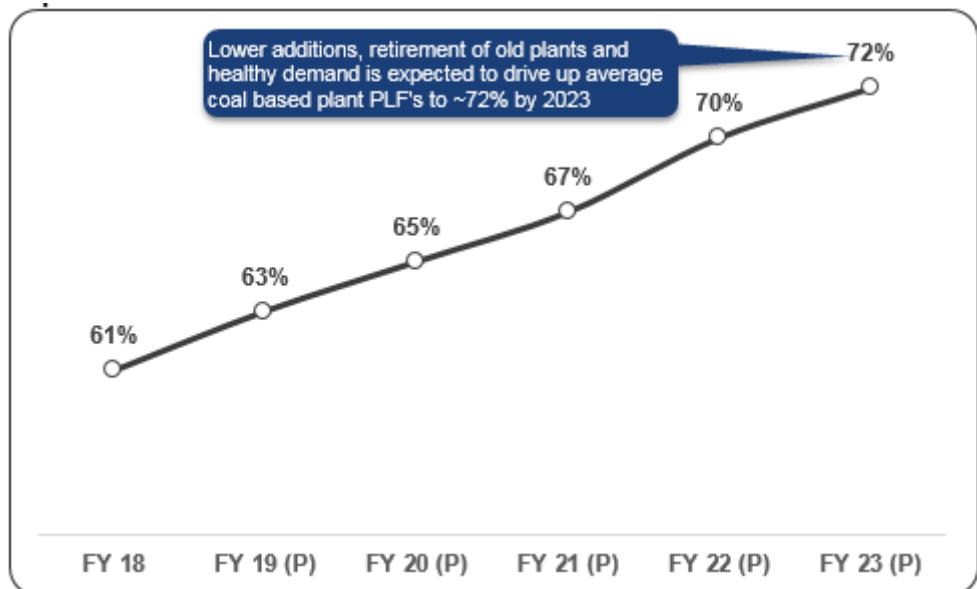


Source: CRISIL Research

According to CRISIL Research, coal supply is expected to improve gradually over the medium-term. However, large uncontracted capacities (about 21 GW of operational projects not tied up with discoms) and the lack of new PPAs is expected to limit growth in PLFs. In particular, several large states such as Maharashtra, Madhya Pradesh, Gujarat, Karnataka, Rajasthan and Tamil Nadu have already entered into PPAs to meet their incremental power demand over the next three to four years or have already reached power surplus stage having a large quantum of surplus power, which is tied up for long-term. Consequently, CRISIL Research estimates that PLFs are to remain at about 65% until Fiscal 2020 and thereafter. With an improvement in power demand and retirement of old plants, together with a slowdown in capacity additions due to limited financials of developers, CRISIL Research expects an improvement in coal-based PLFs to approximately 70% to 72% by Fiscal 2023.

CRISIL Research expects, that short-term power prices are expected to remain at around Rs. 3.0 to Rs. 3.5 per unit during Fiscal 2019 to Fiscal 2023, which will cause a delay of the signing of the long-term PPAs. As a result, CRISIL Research estimates PLFs to remain low at around 63% until Fiscal 2019. However, this may be offset by strong economic growth along with recent structural reforms addressing shortage of coal availability, as well as improving financial position of discoms through schemes such as *Ujwal DISCOM Assurance Yojana* ("UDAY"). CRISIL Research expects an improvement in coal-based PLFs to approximately 72% in Fiscal 2023 due to slowdown in power generation capacity additions as major announced projects would have been completed from Fiscal 2019.

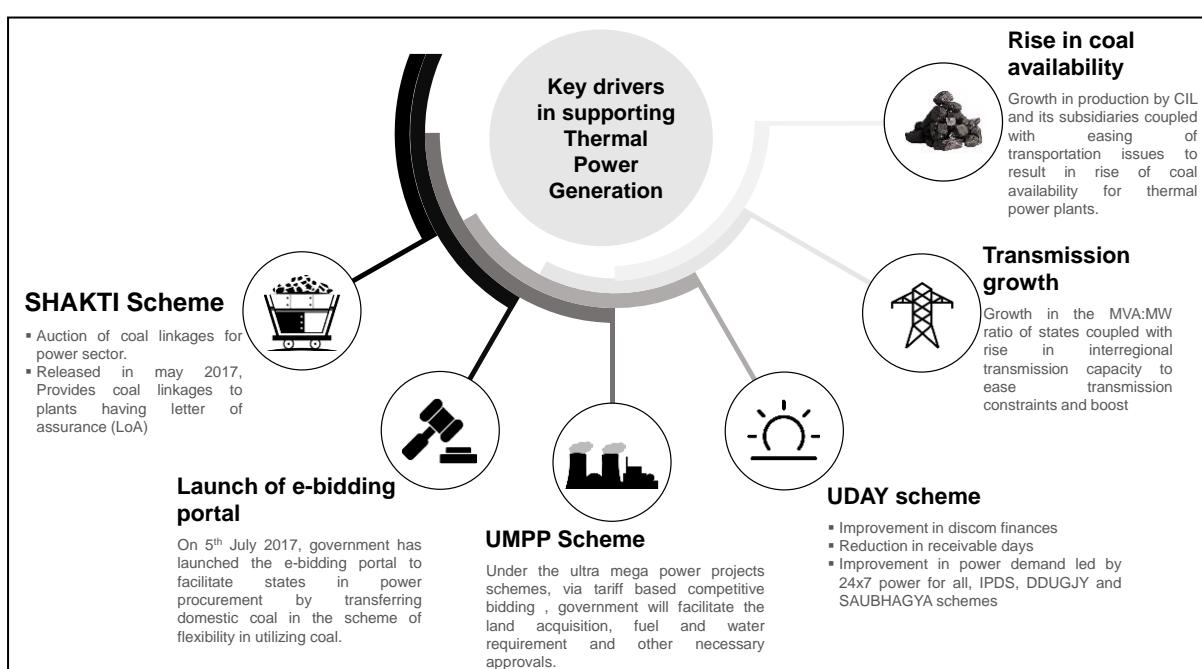
### Estimated Growth of Coal-Based PLFs



### Growth Drivers for Thermal Power Plants in India

The Government has initiated several steps to improve the utilization of thermal power plants in India, resolve key bottlenecks and focus on dealing with stressed assets in the thermal power sector in India.

#### *Measures to support growth of coal-based thermal power plants in India*

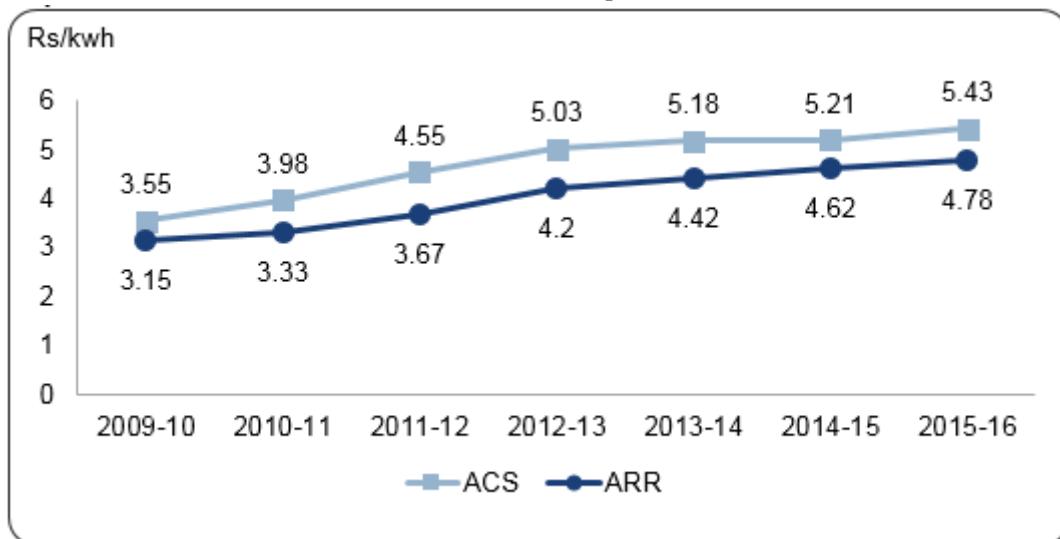


*Source: CRISIL Research*

#### **UDAY Scheme**

Distribution is the final and critical link in the power sector value chain. However, the financial position of the distribution sector has significantly deteriorated over the last decade due to irregular tariff hikes, high aggregate, technical and commercial (“AT&C”) losses and delay in subsidy payments by respective state governments. This has adversely impacted power offtake by discoms and has also led to a delay in payments to generation companies.

### ACS and ARR Gap



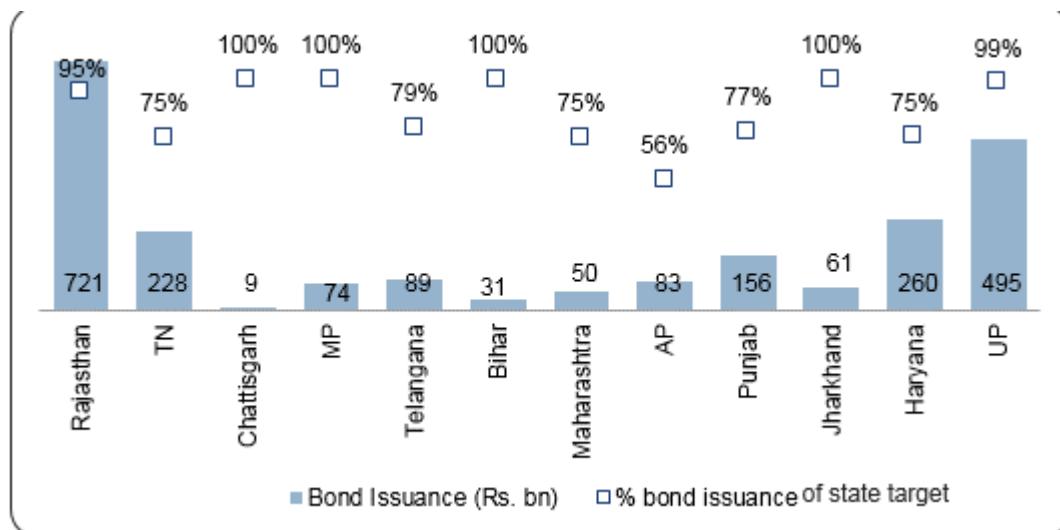
Source: PFC, CRISIL Research

The Government, in an attempt to alleviate the financial stress in the power distribution sector, announced the UDAY scheme. The states adopting this scheme will take over 75% of the total debt outstanding on discoms' books as of September 30, 2015, while the remaining 25% debt will be converted into longer tenure loans or bonds backed by state government guarantee. As of March 2018, 31 states or union territories have signed a memorandum of understanding ("MoU") to implement the UDAY scheme. These states represent approximately 97% of the total outstanding debt of the discoms', which amounted to Rs. 3.8 trillion as of March 2015. Out of the Rs. 2.7 trillion bonds to be issued, 86.3% (or Rs. 2.32 trillion) are already issued by 16 states. The financial health of companies in the power distribution sector is expected to improve following the implementation of the UDAY scheme, through lower debt burden, lower interest expenditure, lower power purchase cost and a gradual decline in AT&C losses. Improved financial health of companies will improve power offtake and lead to more timely payment by discoms to generators.

#### **Summary of the UDAY Scheme**

UDAY scheme			
Reduction in power purchase costs	Reduction in interest expenses	Improvement in operational efficiency	Other key provisions
<ul style="list-style-type: none"> <li>- Additional supply of domestic coal</li> <li>- Coal linkage rationalisation through swap agreements</li> <li>- Allocation of cheaper power from CPSUs like NTPC</li> <li>- Supply of washed and crushed coal</li> </ul>	<ul style="list-style-type: none"> <li>- States to take over 75% discom debt as on Sept'15</li> <li>- 25% to be converted by lender into state guaranteed discom bond</li> </ul>	<ul style="list-style-type: none"> <li>- Installation of smart meters</li> <li>- Upgrade transformers</li> <li>- Use of energy efficient LEDs</li> <li>- Additional funding from IPDS and DDUGJY</li> </ul>	<ul style="list-style-type: none"> <li>- Hard budget constraints on states as discom losses post FY18 will have to be taken over by state government in a phased manner</li> <li>- Restriction on banks for funding operational losses</li> <li>- Monthly monitoring of progress</li> </ul>

Source: CRISIL Research

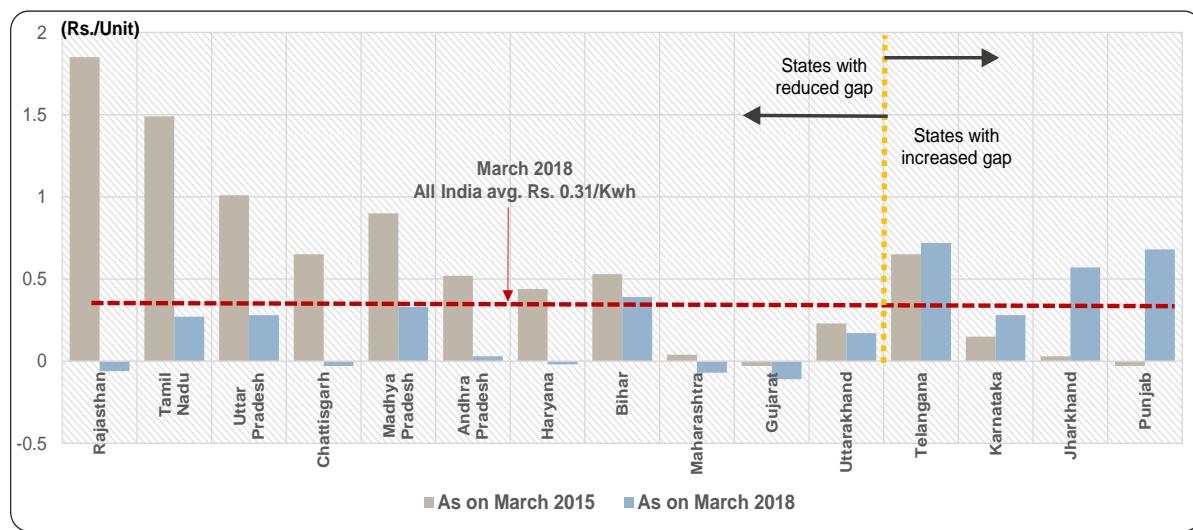


Source: UDAY, MoP, CRISIL Research

With Rs. 2.3 trillion worth of bonds being issued (86.3% of target) as of March 2018, debt and interest burden on discoms has been reduced, resulting in higher liquidity.

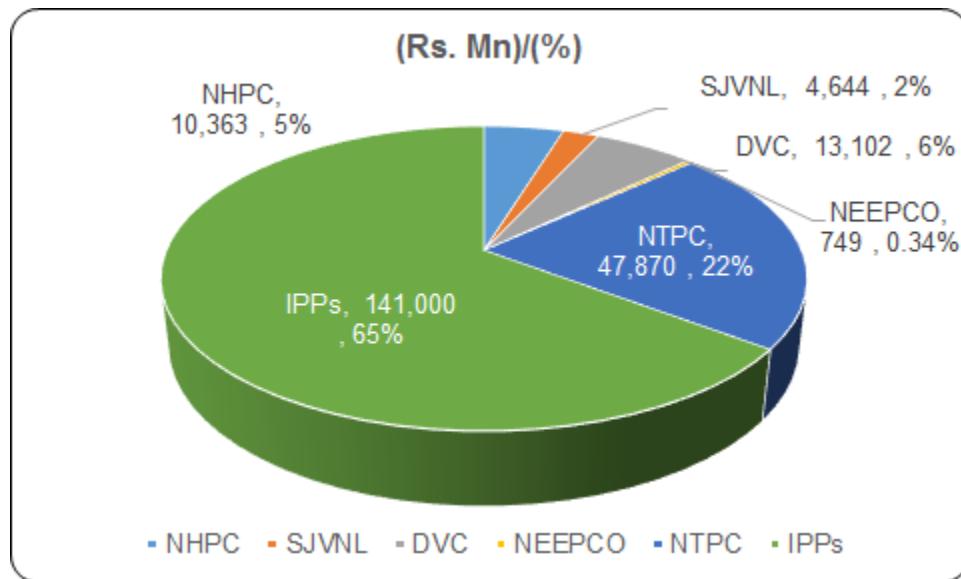
As reflected from the graph above, states such as Rajasthan, Uttar Pradesh, Haryana and Tamil Nadu cumulatively have issued the largest share of bonds (approximately Rs. 1.7 trillion) of the total, reflecting the states' willingness to improve the financial condition of loss-making state-owned discoms that have accumulated huge sum of debt over the years. However, it should be noted that these states, combined, comprise a major share in the overall outstanding debt. It is expected that the liquidity condition of these state discoms would improve with a reduction of debt and lowering of interest burden, thereby alleviating their financial stress and consequently improving their power offtake ability.

As of March 2018, Andhra Pradesh, Gujarat, Maharashtra, Himachal Pradesh, Goa, Rajasthan and Karnataka are among the top performing states. The ACS-ARR gap and AT&C losses for these states decreased to Rs. 0.22/unit and 18.74% respectively as of March 2018 from Rs. 0.58/unit and 24.6% respectively as of March 2015.



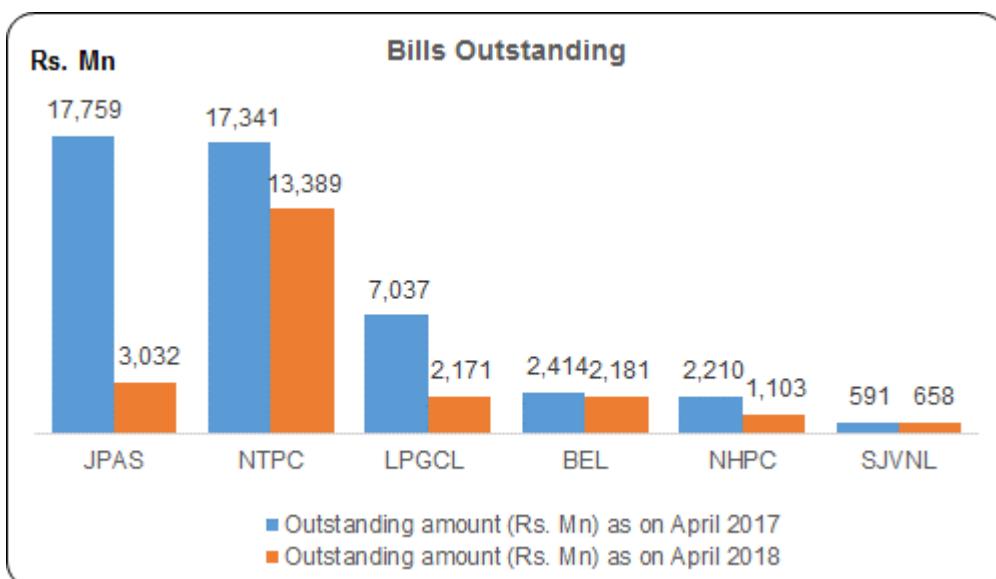
Source: MoP – UDAY; CRISIL Research

The UDAY scheme would most likely have a positive impact on the financials of power generation companies in India ("IPPs"), as they have the highest receivables amongst the power generators in India.



Source: PRAAPTI – MoP; CRISIL Research

CRISIL Research notes that the UDAY scheme has also had a positive impact on power generators in states with poor discoms financials such as Uttar Pradesh. In Fiscal 2018, the receivable days for Uttar Pradesh, as computed from data provided on the UDAY website, was approximately 234 days, while other states such as Gujarat, Maharashtra, Karnataka, Chhattisgarh and Madhya Pradesh, recorded receivable days of approximately two days, 90 days, 95 days, 79 days and 149 days respectively. As set forth in the graph below, from April 2017 to April 2018, the outstanding bills for selected power generators, have been reduced significantly. To compare receivable days, CRISIL Research considered the amount outstanding for more than 90 days as provided by the UDAY website.



Source: PRAAPTI – MoP; CRISIL Research

#### **Power Projects Under Construction**

The table below sets out a list of power projects under construction in India as of January 2019 and certain project details:

Name of the State	Name of the Project	Unit No.	Capacity (MW)	Cost of the Project (in Rs. crores)	Rs. Cr/MW cost
Bihar	Barh STPP-I	U-1	660	15,279	7.7

Name of the State	Name of the Project	Unit No.	Capacity (MW)	Cost of the Project (in Rs. crores)	Rs. Cr/MW cost
	/NTPC/Others	U-2	660		
		U-3	660		
Bihar	New Nabi Nagar TPP /JV of NTPC & BSPGCL TG-Alstom & Bharat Forge, SGBHEL	U-1	660	12,594	6.4
		U-2	660		
		U-3	660		
Jharkhand	North Karanpura TPP/ NTPC / BHEL	U-1	660	14,367	7.3
		U-2	660		
		U-3	660		
Jharkhand	Patratu STPP/NTPC/BHEL	U-1	800	18,668	7.8
		U-2	800		
		U-3	800		
M.P	Gadarwara TPP/ NTPC /BTG-BHEL	U-1	800	11,639	7.3
		U-2	800		
Odisha	Daripally	U-1	800	12,532	7.8
		U-2	800		
Telangana	Telangana Ph- I / NTPC/SG- BHEL TG-Alstom & Bharatforge	U-1	800	10,599	6.6
		U-2	800		
A.P	Dr.Narla Tata Rao TPS St-V / APGENCO / BTG-BHEL	U-1	800	5,515	6.9
A.P	Sri Damodaran Sanjeevaiah TPP St-II / APGENCO /BTG- BHEL	U-1	800	4,276	5.3
Odisha	Ib valley TPP / OPGCL BTGBHEL	U-3	660	11,965	9.1
		U-4	660		
Rajasthan	Suratgarh SCTPP/ RRVUNL / BHEL	U-7	660	7,920	6.0
		U-8	660		
Telangana	Yadradri TPP/ TSGENCO/ BHEL	U-1	800	25,099	6.3
		U-2	800		
		U-3	800		
		U-4	800		
		U-5	800		
TN	Ennore SEZ SCTPP/ TANGEDCO / BHEL	U-1	660	9,800	7.4
		U-2	660		
TN	North Chennai TPP St-III TANGEDCO / BHEL	U-1	800	6,376	8.0
TN	Uppur Super Critical TPP	U-1	800	12,778	8.0

Name of the State	Name of the Project	Unit No.	Capacity (MW)	Cost of the Project (in Rs. crores)	Rs. Cr/MW cost
TN	TANGEDCO /BHEL	U-2	800		
TN	Udangudi STPP St-I / TANGEDCO / BHEL	U-1	660	13,077	9.9
		U-2	660		
Chhattisgarh	Deveri (Visa) TPP / Visa Power Ltd. BTG-BHEL	U-1	600	3,930	6.6
M.P.	Gorgi TPP / D.B. Power (MP) Ltd. BTG-BHEL	U-1	660	3,941	6.0
Uttar Pradesh	LPGCL - Lalitpur*	All units	1980	15,132	7.6

*Notes:*

The actual project cost for LPGCL was Rs. 18,575 crores. The project cost of LPGCL has been reflected as Rs. 15,132 crores for the following reasons: (a) additional IDC of Rs. 280 crores was deducted due to a delay in installation of transmission lines by UPPC and the LPGCL power project was otherwise completed; (b) Rs. 1,313 crores was deducted for capital expenditure incurred on behest of the Government; (c) working capital margins of Rs. 850 crores was deducted.

Source: CEA, CRISIL Research

#### **Government Recommendations on Dealing with Issues Related to Stressed Thermal Power Assets**

In July 2018, the Government of India constituted a high level empowered committee ("HLEC") to identify issues with the stressed thermal power plant assets in India and to propose solutions. The following are certain of the recommendations:

Sr. No.	Issue	Description	Recommendations as provided by High level empowered committee to address the issues of stressed thermal power projects
1	Coal Linkage for short term PPA	Coal based plants have fuel supply agreements (FSAs) and Letter of Assurance (LOA's) and but do not have PPA's with discoms to sell power. Further the generators cannot have access to linkage coal as it cannot be used under short term PPA.	<p>1) There should not be any restriction on sale of power through DEEP portal for short term or in Day Ahead Market (DAM) through power exchange.</p> <p>2) The Committee recommends that Ministry of Coal and Ministry of Power may work together to resolve the issue wherein plants do not have any PPA, however it wants to avail linkage without specific/firm use agreement.</p>
2	Coal Supply in case of termination of PPAs due to Payment default by DISCOMs	In the event that discoms do not pay on time, generators have a provision of PPA cancellation. However generators would simultaneously lose the coal linkage and long term open access transmission too.	A generator should be able to terminate a PPA in case of default in payment from the DISCOM, with the facility to use linkage coal for short term PPAs for a maximum of 2 years or until it finds another buyer of power under long/medium term PPA, whichever is earlier.
3	Procurement of bulk power by a nodal agency against pre-declared linkages	There are limited number of long term and medium term PPAs issued by the discoms resulting in substantial stranded capacity. Further under SHAKTI scheme, there is no existing provision to invite bids for medium term over 3 to 5 years.	<p>A nodal agency may be designated which invites bids for procurement of bulk may power for the medium term of 3 to 5 years in appropriate tranches, against pre declared linkage by Coal India Limited (CIL).</p> <p>The benefits would be:</p> <p>1) Assured coal supply to the generator; and</p> <p>2) reduction in the risk of payment default by discoms.</p>

Sr. No.	Issue	Description	Recommendations as provided by High level empowered committee to address the issues of stressed thermal power projects
4	Central level aggregator of power not present	NTPC has tie-ups for thermal capacities which are under commissioning/approval stage. However, there is no provision of tying up for those capacities (or supplying power against such tie-ups) to discoms, until the time NTPC's projects are commissioned.	NTPC can act as an aggregator of power, i.e., procure power through transparent competitive bidding process from stressed power plants and offer that power to the DISCOMs against PPAs of NTPC until the time NTPC's own plants/units are commissioned.
5	Increase in quantity of coal for special forward e-auction for power sector:	The quantity of coal earmarked for special forward e-auctions of the power sector has been reduced, as higher quantity is allocated to the spot auctions. As the premium prices for such auctions have increased substantially, the cost of generation increases reducing chances for selling power to these discoms.	Ministry of Coal may earmark for power, at least 60 per cent of the e-auction coal, and this should be in addition to the regular coal requirement of the power sector.
6	Linkage to be provided at notified prices without bidding	In the current mechanism, as coal linkage is granted by process of competitive bidding and the generator has to bid for linkage first and then bid for PPA, there are high uncertainties and risks to the entire process.	The generator should be required to bid only once for the procurement of PPA and linkage should be granted at notified price without any further bidding, to the extent of incremental coal production.
7	Non-accrual of short supplies of coal	Currently there is no mechanism under which any shortfall in the supply of coal attributable to ministry of coal or railways can be carried forwarded to the subsequent months	If there is a shortfall in the supply of coal and it is attributable to the Ministry of Coal or Railways, such shortfall need not lapse and be carried over to the subsequent months up to a maximum of three months.
8	Annual Contracted Quantity of coal (ACQ) to be determined based on efficiency	There is no upper ceiling on the ACQ/MW (which varies with regard to efficiency of power plant) resulting in higher allocation of coal to the low performing plants.	A ceiling for the ACQ/MW may be prescribed by the CEA on the basis of efficiency parameters and irrespective of the capacity and actual consumption of that plant, the coal may be supplied on that basis.
9	Retirement of old and inefficient Plants	There are no timelines for the retirement of old, inefficient and environmentally polluting thermal power plants.	Old and high heat rate plants not in compliance with new environment norms may be considered for retirement in a phased and time-bound manner while avoiding any demand and supply mismatch.
10	Mandatory payment of Late Payment Surcharge (LPS)	There is no provision to enforce discoms to pay the LPS for delayed payments to the generator.	LPS to be mandatorily paid in the event of delay in payment by the DISCOM.
11	Payment Security mechanism for IPPs	In the event of payment default by discoms, generators also default on payment to lenders, as there is no mechanism for banks to charge discoms directly. There is no mechanism under which	Public Financial Institutions (PFIs) providing the Bill Discounting facility to be covered by Tri – Partite Agreement (TPA) i.e. in case of default by the DISCOM, the RBI may recover the dues from the account of States and make payment to the PFIs.

Sr. No.	Issue	Description	Recommendations as provided by High level empowered committee to address the issues of stressed thermal power projects
		lenders can directly realize their revenues from DISCOMs.	
12	Cancellation of PPA/FSA/ LTOA post NCLT scenario	In the event of delay in payments to lenders, there is no provision to assess on a case by case basis to take into account factors such as the financial situation of promoter and plant performance. Instead, ongoing applications for permissions and licences to run the plant are cancelled.	It was recommended that even if the project is referred to NCLT or is acquired by any other entity, the PPAs, FSA and LTOA for transmission of power, and the applications for EC/FC clearances, and all other approvals including water, be kept alive and not cancelled by the respective agencies. The aforementioned matters are relevant to the power plant project and should not be linked to the promoter.
13	Cancellation of PPA for non-compliance of COD	In the event of delay in project commissioning as per the earlier declared schedule, PPAs are cancelled by the discoms/states	In the event of a delay in the commissioning of a project, the DISCOMs may be advised not to cancel the PPAs signed with the Generator and to preserve the PPAs for a certain period of time.

Source: Recommendations as provided by High level empowered committee to address the issues of stressed thermal power projects - MoP; CRISIL Research

#### ***Interest cost of discoms set to decline***

The implementation of the UDAY scheme is estimated to reduce the interest burden by 300-400 bps in the states that have implemented the scheme given that the respective state government will take over 75% of the short-term liabilities, while the balance will be restructured with banks with an interest rate of not more than the banks' base rate plus 10 bps. As a result, interest per unit is expected to drop to Rs. 0.23 per unit in Fiscal 2023 from an estimated Rs. 0.54 in Fiscal 2015. The states in which the UDAY scheme would be implemented, cumulatively have short-term liabilities worth Rs. 4.3 trillion as of March 2015, of which 75% would be taken over by the respective state governments. However, in states where the outstanding debt is high and the state is unable to accommodate the same within the next two years, the take-over of debt can be phased out over a three to five-year period.

In Fiscal 2017 post-UDAY implementation, discoms of states have achieved an estimated saving of Rs. 120 billion, on account of interest cost reduction.

#### ***Rise in the availability of coal for thermal power plants in India***

Coal is the dominant fuel for power generation in India due to its low cost of generation coupled with abundant domestic reserves. As at the end of 2018, the coal-based power capacities accounted for approximately 57% or 197 GW of the total installed base of 344 GW.

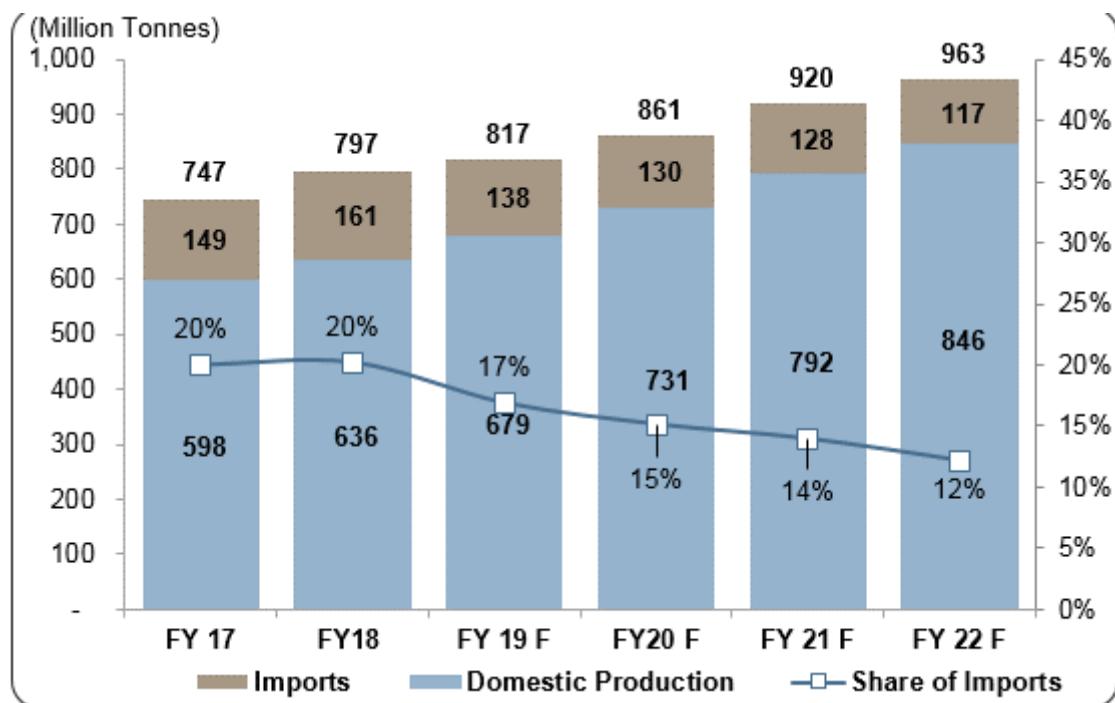
In India, Coal India Limited ("CIL") accounts for over 80% of domestic production and is the primary supplier of coal. It sells coal under two mechanisms, long-term Fuel Supply Agreements ("FSAs"), and "E-auctions".

FSAs, which accounts for around 90% of the total sales volumes, were earlier allocated through the Standing Linkage Committee route, which was headed by the Additional Coal Secretary. FSAs were granted based on recommendations by the Ministries of Steel, Cement, Power and various State Governments. In February 2016, the Cabinet Committee of Economic Affairs ("CCEA") modified the mechanism to promote transparency in the allocation of coal linkages. As per the new mechanism, FSAs will now be allocated or renewed on an auction basis to players in non-regulated sectors (such as sponge iron, steel, cement, captive power plants, etc.). In May 2017, the Government launched a new scheme, SHAKTI, for power sector consumers in relation to linkage allocation to power plants. Under SHAKTI, power plants which do not have assured linkage supply of thermal coal can participate in auctions conducted by coal producing companies and secure linkage via competitive bidding. Under E-auctions, which account for the remaining 10% of total sales volumes, coal is sold on an on-the-spot basis with market determined pricing. E-auction coal prices follows international coal prices and are typically sold at a premium compared to coal sold under the FSAs route.

*Power sector drove demand for thermal coal in India; imports are expected to decline with the rise in domestic production*

Domestic production of non-coking coal experienced low demand, growing at a CAGR of only 5%, to 636 MT in Fiscal 2018 from 505 MT in Fiscal 2013. This was primarily because production was affected in Fiscal 2012 due to the introduction of stringent environmental regulations such as the "Go-No Go" regime. In addition, the Supreme Court's decision to de-allocate the captive mining leases in 2015 severely impacted the output, reducing captive coal output by almost 23 MT. However, domestic production picked up over the past two years, due to the relaxation of regulatory clearances, such as exempting coal companies from holding public hearings for expansion in mining activity, resulting in an increase in production from recently commissioned captive coal blocks such as Moher & Moher Amlohri and Pachwara North (with a cumulative production capacity of approximately 30 MTPA).

#### *Outlook of Total Demand-Supply Scenario of Non-Coking Coal*



Source: CRISIL Research

*37 GW of coal-based power plant additions to drive domestic coal demand*

CRISIL Research expects non-coking coal consumption to grow at a CAGR of 5%, rising to about 963 MT in Fiscal 2022 from 797 MT in Fiscal 2018. Its analysis suggests that coal-based power capacities will continue to drive coal consumption.

CRISIL Research estimates that domestic production of non-coking coal will increase at a faster pace of 7% CAGR over Fiscal 2018 to Fiscal 2022, rising to about 846 million tonnes in Fiscal 2022 from 636 MT in Fiscal 2018. CRISIL Research expects CIL to account for the majority (approximately 80%) of the incremental supply, while captive mines are estimated to account for a large proportion of the balance. With a sharp improvement in domestic coal supply, CRISIL Research expects non-coking coal imports to decline to 117 MT in Fiscal 2022 from 161 MT in Fiscal 2018. Consequently, CRISIL Research expects the share of imports in total consumption to decrease to 12% in Fiscal 2022 from 20% in Fiscal 2018.

#### **Regulatory Overview**

##### *Methodology of awarding projects*

According to CRISIL Research, power projects are generally awarded based on two methods in India, competitive

bidding and under a cost plus tariff structure. The key difference between a cost plus tariff structure and competitive bidding structure arises from how the bid has been structured in terms of its scalable and non-scalable components in competitive tariff bidding. In the case of competitive bidding, the actual price paid per unit of power to power companies will largely be governed by how non-scalable components experience movements over the term of the contract. Therefore, the risk is distributed between the consumers and utilities supplying the power. This can be contrasted to the case of a cost plus structure, where the risk is pass through.

#### *Cost plus structure*

In a cost plus tariff structure, the generation utilities are allowed to earn a reasonable return on their investments. This is over and above the costs incurred for power generation. The return on investment can be seen as compensation to the investors for investment-related risks. Tariff principles provide a guidance document for the determination of the tariff of generation utilities.

In January 2005, the Ministry of Power issued competitive bidding guidelines for medium and long term PPAs in the power sector. However, the discoms continued signing PPAs with state and central coal-based generating power plants under the cost-plus tariff structure. After January 2011, it became mandatory for power generating companies, including both state and central PSUs, to undertake competitive bidding for the award of PPAs, resulting in very few private sector PPAs having cost plus regulated tariffs. According to CRISIL Research, out of a total of 191 GW of installed coal-based power generation capacity, approximately 74 GW are accounted for by private sector power companies, of which only 9GW to 10 GW of such private sector operational projects have long-term PPAs under a cost-plus tariff structure. Accordingly, Bajaj Energy, together with LPGCL, is one of the largest independent power producers in Uttar Pradesh with such PPAs.

#### *Competitive Bidding*

There are two competitive bidding scenarios:

- *Case 1 Bidding:* Under the Case 1 bidding process, a particular state would call for bids to meet its power requirement. The state comes out with an advertisement for procuring power through a bidding process (International Competitive Bidding, "ICB"). Case 1 is better suited in situations where a particular state decides it needs power, but has no issue with the source of generation. The companies who bid under Case 1 Bidding can select any location and any type of fuel to serve that requirement. The players need to follow an ICB strategy. Interested power suppliers submit their bids and the bidder with the least leveled tariff wins the bid to supply power to the state.
- *Case 2 Bidding:* Under the Case 2 bidding process, the procurer (that is, the respective states) advertises its power requirement. The land availability, securing fuel linkages and other key clearances are taken care or facilitated by the respective state. In Case 2 bidding, the power plant is set up within the sponsor state. The selection is again through an international competitive bidding process.

#### *Revised Case 1 and Case 2 Bidding Norms*

The Ministry of Power vide its resolution dated November 9, 2013 issued new guidelines "Guidelines for Procurement of Electricity from Thermal Power Stations set up on Design, Build, Finance, Own and Operate ("DBFOO") basis" for Case 1 bidding. Similarly, for Case 2 bidding, the Ministry of Power vide its resolution dated September 21, 2013, issued new guidelines "Guidelines for Procurement of Electricity from Thermal Power Stations set up on Design, Build, Finance, Operate and Transfer ("DBFOT") basis".

In a Model Power Supply Agreement ("MPSA"), the utility shall pay to the supplier a fixed charge determined through competitive bidding for availability of the power station. In Case 2 bidding, the fixed charge determined for each accounting year shall be revised annually to reflect 30% of the variation in a composite index comprising Wholesale Price Index ("WPI") and Consumer Price Index ("CPI"). In Case 1 bidding, the fixed charge determined for each accounting year shall be revised annually to reflect 30% of the variation in WPI.

Fuel charge is a pass-through, subject to appropriate safeguards, which would address a major risk faced by power producers due to uncertainty relating to fuel prices over the medium and long term.

Under the amendments dated April 16, 2015 to guidelines for future procurement of power from thermal power stations by distribution licensees under DBFOO (the earlier Case 1 bidding), bidders have to capture all risks and translate it to a single first-year tariff number which would get escalated annually as per the provisions in PPA or

in the prescribed bid document. The variable component (that is, fuel charge) under the new guidelines would be a pass-through. Therefore, under the new norms, the developer's risk has been minimized as putting a value on tariff for 25 years has become more difficult for the developers.

### ***Regulatory Regime***

#### *National Tariff Policy, 2016*

In January 2016, the Cabinet approved the proposal of the Ministry of Power for amendments in the Tariff Policy. Key amendments proposed are as follows:

- 24-hour, seven days per week supply of power will be ensured to all consumers for which state regulators will devise a power supply trajectory to achieve this for all categories of consumers by 2021-22.
- Framing regulations for determination of tariff for generation of electricity from projects using coal washery rejects.
- Power to be provided to remote unconnected villages through micro grids with provision for purchase of power into the grid as and when the grid reaches there.
- Intra-state transmission projects to be developed through a competitive bidding process.
- The thermal power plant(s) including the existing plants located within 50-km radius of sewage treatment plant of municipality/local bodies/similar organization shall in the order of their closeness to the sewage treatment plant, mandatorily use treated sewage water produced by these bodies and the associated cost on this account be allowed as a pass-through in the tariff.
- Renewable Power Obligation ("RPO"): In order to promote renewable energy, SERCs shall reserve a minimum percentage for purchase of solar energy in such a manner that it reaches 8% of total electricity consumption (excluding hydro power) by March 2022.
- The developer of a hydroelectric project, including Pumped Storage Plant ("PSP"), would have the option of getting the tariff determined by the appropriate commission for the power to be sold through long-term PPAs on the basis of performance-based cost of service regulations.
- New coal/lignite-based thermal plants after specified date to also establish/procure/purchase renewable energy.
- Affordable renewable power through bundling of renewable power with power from plants whose PPAs have expired or completed their useful life.
- No inter-state transmission charges and losses to be levied for solar and wind power.

Recently, on May 30, 2018, the Ministry of Power issued draft amendments in Tariff Policy 2016. Key proposed amendments are as follows:

- Tariff to be determined without taking into account any subsidy components. Any subsidy to be given to any category of consumers shall be given by way of a direct benefit transfer directly into their accounts.
- To reduce inefficiencies in the system, AT&C losses exceeding 15% shall not be passed on the consumers post March 31, 2019 while tariffs are determined by commissions.
- Focus to move to pre-paid basis smart metering system from post-paid basis system in a timeframe of three years.
- Reduction in cross subsidies and bringing tariff for all consumer categories within ±20% of the average cost of supply effective from April 1, 2019 or earlier.
- Open access customer liability to payment of cross subsidy surcharge limited to a maximum period of one year from the date of opting for open access.
- AT&C loss level shall be brought down to a level of 10% within three years of the date on which AT&C loss level of 15% is to be achieved.

### *Other Key Regulatory Changes*

The Cabinet on May 4, 2016 approved the proposal for flexibility in utilization of domestic coal in power generating stations to reduce the cost of power generation. This will allow the flexibility in utilization of coal amongst power plants of central generating stations, state generating stations, power plants of other state power utilities and Independent Power Producers ("IPPs"). Five cases were considered for allowing flexibility of utilization of coal:

- Case-1: Use of coal aggregated with the State in its own state generating stations.
- Case-2: Use of coal aggregated with the one State in generating stations of other state's utilities.
- Case-3: Use of coal aggregated with the State in central generating stations and vice versa.
- Case-4: Use of coal by any state/central generating company in private generating stations ("IPPs").
- Case-5: Use of coal assigned to the central generating company in their own plants or any other more efficient plants.

Under Case-4, which will allow the flexibility of coal by IPPs, the State ("Buyer") supplying coal will invite tariff bids from the prospective IPP generating stations ("Seller") for use of domestic coal out of aggregated coal allocated to respective State and supplying power in lieu of transfer of such coal. The successful bidder will be selected through a reverse bidding process.

### *Government Policy on PPA extensions to Additional Phases for an Existing Project*

Clause 5.2 of the National Tariff Policy 2016 ("NTP 2016") provides for PPA extensions for additional phases of existing projects. Clause 5.2 of NTP 2016 allows for tariff determination based on the existing norms (competitive bidding not binding) for the projects going for the expansion of the existing generating capacity.

**Clause 5.2 (NTP 2016):** "All future requirement of power should continue to be **procured competitively by distribution licensees** except in cases of expansion of existing projects or where there is a company owned or controlled by the State Government as an identified developer and where regulators will need to resort to tariff determination based on norms provided that expansion of generating capacity by private developers for this purpose would be restricted to one time addition of not more than 100% of the existing capacity."

A power plant with a cost plus tariff structure that is undergoing expansion may extend their PPA on the basis of a cost plus structure. This might be beneficial from the perspective of consumers as capacity under expansion ("Brownfield project") will allow the power plant to share facilities of the existing plant to keep the overall cost of power lower as compared to the cost of power from a Greenfield project under the competitive regime.

### *New CERC Tariff Regulations 2019-2024*

The below is a summary of certain of the notified regulations:

- Return on Equity ("RoE"): Under the new regulations, RoE will continue to be computed at the base rate of 15.50% for thermal generating station.
- Gross Calorific Value ("GCV") of Coal: GCV is to be calculated on "as received" basis. However, a margin of 85 kCal/kg is allowed from "as received" to "as fired" stage on account of variation during storage.
- Normative Annual Plant Availability Factor ("NAPAF"): The target availability is 85% for the control period:
  - No provision for reduction in NAPAF to 83% on account of shortage of coal.

- The capacity charge shall be recovered under two segments of the year, i.e. High Demand Season (three months) and Low Demand Season (remaining nine months).
  - Within each season in two parts - Peak Hours (4 hours) and Off- Peak Hours (20 hours).
- Operation and Maintenance Expenses & escalation rate: For 600 MW series, O&M expenses are as under:

Year	Rs. Lakh/MW
Fiscal 20	20.26
Fiscal 21	20.97
Fiscal 22	21.71
Fiscal 23	22.47
Fiscal 24	23.26

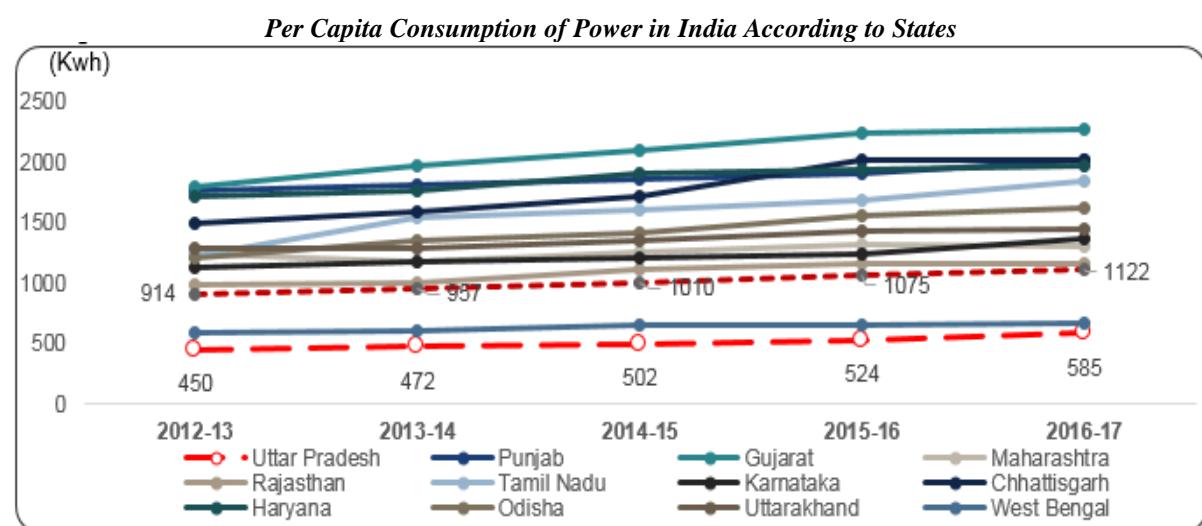
The escalation rate is fixed at approximately 3.5% with respect to subsequent years.

- Gross Station Heat Rate: The Gross station heat rate for 660 MW is set at 2258 kCal/kWh, whereas the net heat rate is fixed at 2409 kCal/kWh.
- Interest on Working Capital:
  - The cost of coal for building of stock for non-pithead stations is of 20 days.
  - Advance payment for cost of coal for generation is of 30 days.
  - Cost of secondary fuel oil for 60 days.
  - Maintenance spares at 20% of O&M expenses including water charges and security expenses, for one month.
  - Receivables equivalent to 45 days of capacity charge and energy charge for sale of electricity.

### Outlook of the Power Sector in Uttar Pradesh

Uttar Pradesh is one of the largest states in India and one of the most densely populated. According to CRISIL Research, the state has lagged in terms of power infrastructure and power demand growth. CRISIL Research notes that per capita power consumption in Uttar Pradesh was approximately 585 kWh in Fiscal 2017, almost half of the national average of 1,122 kWh.

Uttar Pradesh's low consumption is a result of huge power cuts in the state coupled with a large un-electrified population. CRISIL Research believes that the large latent power demand can be addressed by reducing the duration of power cuts, electrifying the un-electrified villages and huge investments in the state to drive power demand.



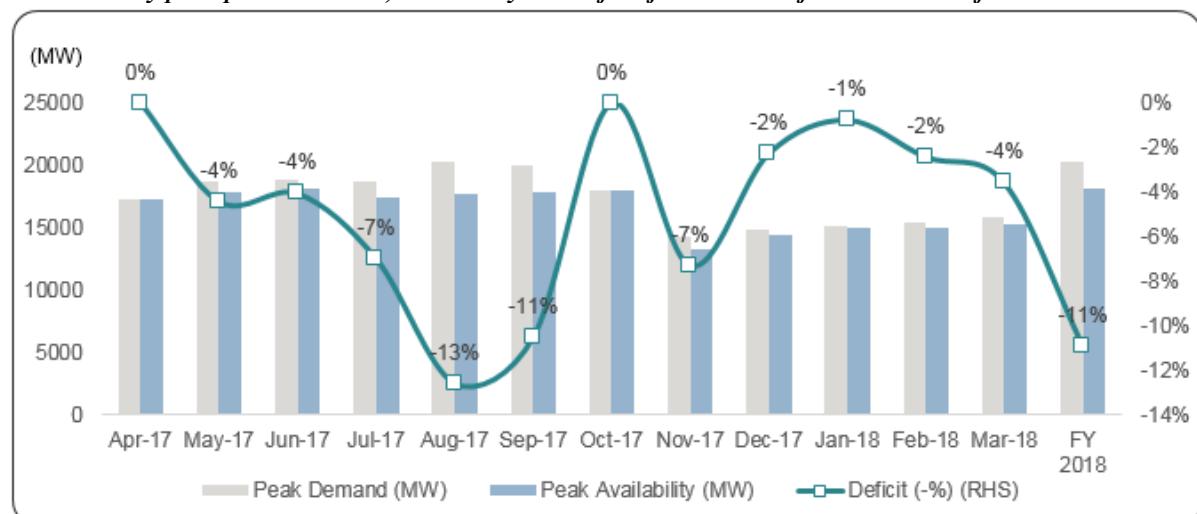
Source: Ministry of Power, CRISIL Research

## **Power Generation Projects in Uttar Pradesh**

As of March 2018, approximately 18 GW of coal-based power capacities are currently installed in the state. Most of these capacities are dominated by state and central entities such as the Uttar Pradesh Rajya Vidyut Utpadan Nigam ("UPRVUNL") and the National Thermal Power Corporation ("NTPC"). Despite this level of installed thermal capacities and approximately 25 GW of overall installed capacity (including nuclear, hydro, and renewable energy sources), the state was not able to meet its peak power deficit, as of March 31, 2018.

According to CRISIL Research, the PPA-based peak power deficit which has been approximately 11% in Fiscal 2018, is expected to reduce, albeit gradually, on account of continued strong growth in power demand across various categories of consumers, rising demand for electric vehicles and slower capacity additions in Uttar Pradesh. In addition, CRISIL Research expects that the initiatives by the Government of India such as the 24-hour, seven days per week "Power for all" scheme for all categories of consumers, rising prosperity in the state led by growing Indian economy and rise in the per capita consumption will drive the power demand in the state.

**Monthly peak power demand, availability and deficit for the state of Uttar Pradesh for Fiscal 2018**



Source: LGBR 2018 (CEA); CRISIL Research

**Installed and Announced Upcoming Projects in the State of Uttar Pradesh**

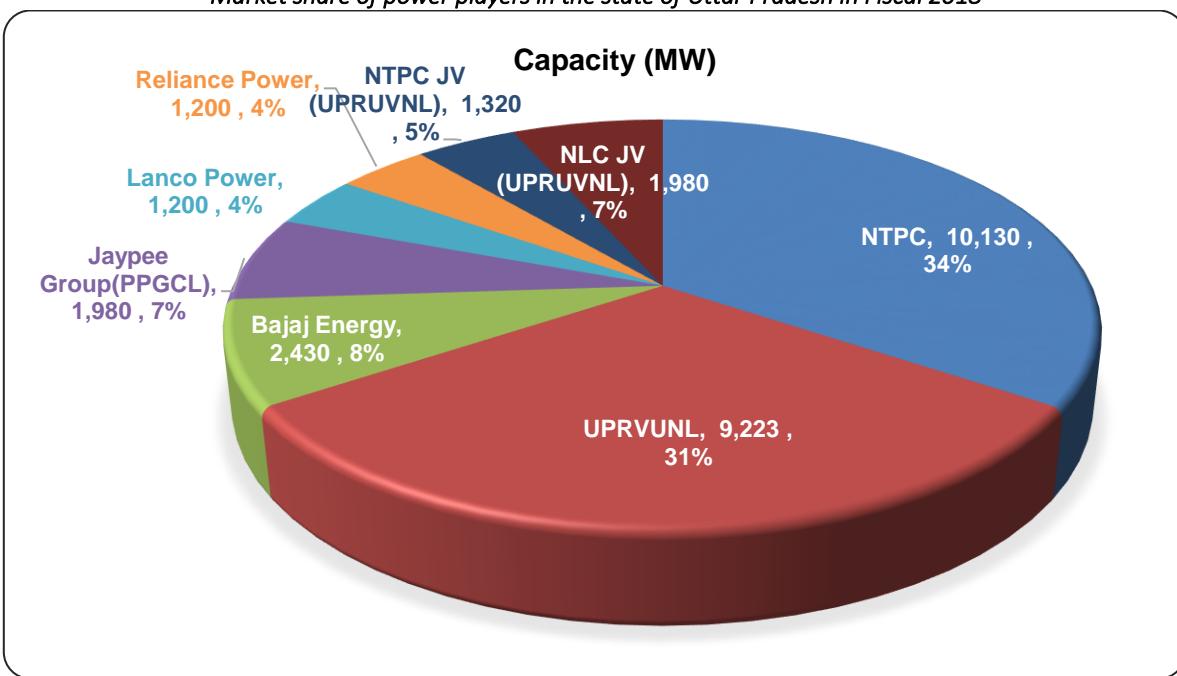
1	Central	NTPC	RIHAND STPS	3,000	
2	State	UPRVUNL	ANPARA TPS	2,630	
3	Central	NTPC	SINGRAULI STPS	2,000	
4	Private	Jaypee Group(PPGCL)	PRAYAGRAJ TPP	1,980	
5	Private	LPGCL	LALITPUR TPS	1,980	
6	Central	NTPC	DADRI (NCTPP)	1,820	
7	Central	NTPC	UNCHAHAR TPS	1,550	
8	State	UPRVUNL	OBRA A TPS	1,278	
9	Private	Lanco Power	ANPARA C TPS	1,200	Installed
10	Private	Reliance Power	ROSA TPP Ph-I	1,200	
11	State	UPRVUNL	PARICHHA TPS	1,140	
12	State	UPRVUNL	HARDUAGANJ TPS	665	
			Barkhera (90 MW), Maqsoodpur (90 MW), Khambarkhera (90 MW), Kundarkhi (90 MW), Utraula (90 MW)	450	
13	State	Bajaj Energy	TANDA TPS	440	
14	Central	NTPC			

15	State	UPRVUNL	PANKI TPS	210
16	Central	JV of NLC & UPRVUNL	Ghatampur TPP U-1 & 2	1,320
17	Private	LPGCL (completed in Dec 2016)	LALITPUR TPS	1,980
18	Central	NTPC JV (UPRVUNL)	Meja STPP U1	660
19	Central	NTPC JV (UPRVUNL)	Meja STPP U-2	660
20	Central	NTPC	Tanda TPP U-1	660
21	State	UPRVUNL	Harduaganj TPS Exp-II U-1	660
22	Central	NTPC	Tanda TPP U-2	660
23	State	UPRVUNL	Jawaharpur STPP U-1	660
24	State	UPRVUNL	Obra-C STPP U-1	660
25	Central	JV of NLC & UPRVUNL	Ghatampur TPP U-3	660
26	State	UPRVUNL	Obra-C STPP U-2	660
27	State	UPRVUNL	Jawaharpur STPP U-2	660

Source: CRISIL Research

Going forward, CRISIL Research expects power from the NTPC and UPRUVNL plants (including upcoming announced capacities) to dominate the share of installed capacity which is supplied to Uttar Pradesh, with a total of approximately 31 GW of coal-based thermal power plants capacities. Among the private players, CRISIL Research expects that Bajaj Energy Limited (along with LPGCL) will dominate the market share in terms of current installed and upcoming thermal power capacities in Uttar Pradesh between Fiscals 2019 and 2023 as based factors such as the current proposed coal-based power additions in Uttar Pradesh, growth in the renewables sector. CRISIL Research has further identified that other private power generation entities listed on Indian exchanges and have large thermal assets include TATA power (including recently acquired Prayagraj thermal in Uttar Pradesh), Adani Power, Torrent Power, JSW Energy, CESC, Lanco Power and Reliance Power.

*Market share of power players in the state of Uttar Pradesh in Fiscal 2018*



Note:

1. Prayagraj Thermal power asset has been acquired by TATA power backed Resurgent power.
2. Bajaj Energy along with LPGCL are one of the largest private sector thermal generation company in Uttar Pradesh
3. Bajaj Energy in the chart above includes 1980 MW capacity of Lalitpur TPS – Phase I projects

Source: CRISIL Research

### **Growth of Power Demand in Uttar Pradesh**

According to CRISIL Research, Uttar Pradesh is one of the largest states in India, having the second highest demand in India after the state of Maharashtra. This is underpinned by overall spikes in domestic and commercial consumption of power with increasing customer bases, upcoming new growth centers in Uttar Pradesh and over 14 million households in Uttar Pradesh which are not connected to power over Fiscal 2019 to Fiscal 2022. The power demand of Uttar Pradesh at 120 billion units in Fiscal 2018 is almost equivalent to the power demand of the entire eastern region of India at 136 billion units in the same period.

The highest power demand in Uttar Pradesh comes from residential consumers. However, the per capita power consumption of these consumers at 585 kWh is almost half of India's consumption at 1,122 kWh. As per the statistics provided by the international monetary fund ("IMF"), the energy demand growth in the low and middle-income countries has a high correlation to per capita income. CRISIL Research believes that power demand in Uttar Pradesh will rise at approximately 9.5% CAGR between Fiscals 2019 and 2022.

CRISIL Research expects that despite growth in Uttar Pradesh being historically lower than all of India's growth rate at 6.7%, a doubling of the farm income, led by the Government which comprises 22-23% of the state GDP, would result in a rise of gross state domestic product ("GSDP") of Uttar Pradesh.

### **Key Drivers for Category-Wise Growth in Power Demand in Uttar Pradesh**

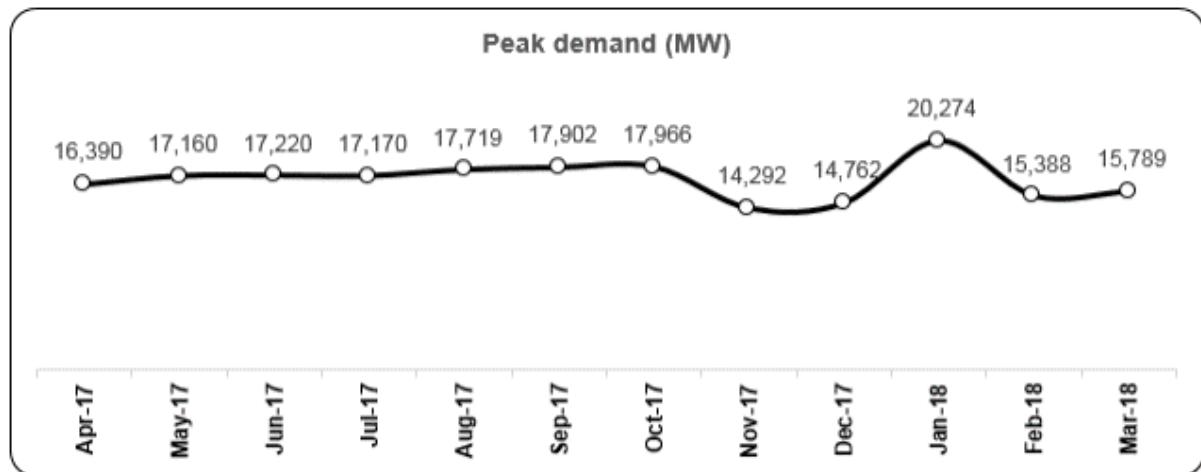
- *Residential consumers:* Power demand from residential consumers has grown at approximately 14% from Fiscal 2012 to Fiscal 2018. CRISIL Research expects that Uttar Pradesh has a large population base which will act as the major catalyst in driving demand. The introduction of the "Saubhagya" scheme resulted in electrification in rural villages and led to increased power sales and the metering of unmetered consumers, which resulted in the reduction of billing losses. Finally, conversion of the cities of Lucknow, Agra, Kanpur, Varanasi, Aligarh and Allahabad to smart cities is expected to have an impact on overall power consumption from consumers.
- *Agricultural consumers:* Power demand from agricultural consumers has grown at approximately 10% CAGR from Fiscal 2012 to Fiscal 2018. Power demand from agricultural consumers increased due to the availability of power 24 hours, seven days per week, subsidy allocation for the energisation of private tube wells, as well as the possibility of approval for full cost tariff for agricultural consumers from rural regions.
- *Commercial consumers:* Power demand from commercial consumers has grown at approximately 8.5% CAGR over Fiscal 2012 to Fiscal 2018. Power demand from commercial consumers has grown at a pace faster than the growth of Uttar Pradesh's GDP. CRISIL Research expects this to continue in subsequent years considering the growth rate of Uttar Pradesh's GDP at approximately 7%.
- *Industrial consumers:* Power demand from industrial consumers has grown at approximately 8.5% CAGR over Fiscal 2012 to 2018. Power discoms are expected to reduce with the growth of Micro, Small and Medium Enterprises ("MSME") consumers in Uttar Pradesh and with continuous efforts of Uttar Pradesh to reduce industrial tariffs. Furthermore, due to the national tariff policy by the Ministry of Power, cross subsidisation across various consumer groups in Uttar Pradesh has to be restricted to 120%. As a result of the foregoing, CRISIL expects the power demand from industrial consumers to increase rapidly.

### **Merit Order Power Purchase in Uttar Pradesh**

In order to secure the base load requirement, discoms typically enter into long-term PPAs with the power generating stations. This ensures power is supplied at all times and allows discoms to anticipate any prospective tariff hikes as power purchase tariffs are mostly fixed by the discoms upfront. According to the Electricity Act, 2003 and the national tariff policy, the procurement of power, by either the holding company or by discoms, should be based on the merit order principles. The merit order principles dictates that after demand from must-run plants are met, the increment of the procurement of power would be done from the lowest cost power resource. Typically, must-run plants include renewable energy, hydro power and nuclear power-based plants. Thermal power plants have to be scheduled based on their variable cost of generation.

However, as Uttar Pradesh is a power-deficit state, entire power generated (over the must-run sources) from various generation sources is likely to be consumed by the state discoms, notwithstanding transmission

constraints, load shedding by discoms and under-drawal on account of multiple issues. Moreover, thermal power generators with firm fuel supply agreements and 100% take or pay contract with discoms are less likely to get impacted by merit order dispatch.



Source: National Regional Power Committee (NRPC)

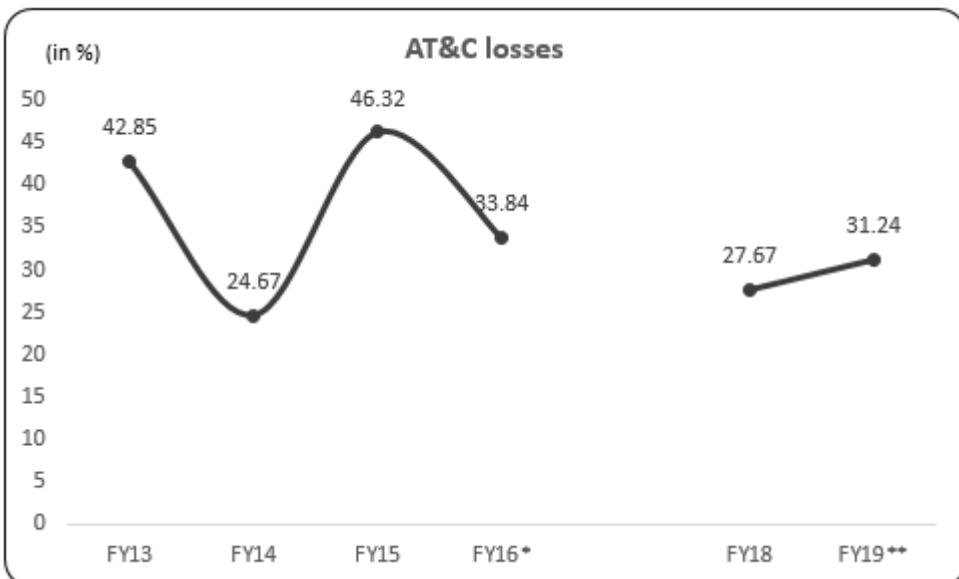
Consequently, the Ministry of Power, along with Power System Operation Corporation Limited ("POSOCO") and the Central Electricity Authority of India ("CEA") track the merit order dispatch of power in Uttar Pradesh on daily basis and provides information on the same.

#### ***Improvements as a result of UDAY implementation by Uttar Pradesh***

Uttar Pradesh has witnessed significant improvements in terms of its discoms operational performance post-UDAY implementation as displayed by its AT&C loss reduction and the declining ACS-ARR gap.

CRISIL Research notes that Uttar Pradesh's AT&C loss was at a high of 46.32% in Fiscal 15 before declining to 27.67% in FY18. CRISIL Research expects that Uttar Pradesh's AT&C losses will continue on a declining trend in order to meet the targets set under the UDAY scheme, despite the state's AT&C losses rising to 31.24% in FY2019 (such data being up to December 2018).

The graph below shows AT&C losses for Uttar Pradesh from Fiscal 2013 to Fiscal 2019 (save for Fiscal 2017):



Notes:

(1) The data for Fiscal 13 to Fiscal 16 was taken from the Performance Report of State Power Utilities, while the data for Fiscal 2018 and Fiscal 2019 was taken from the UDAY dashboard. The data above does not include Fiscal 2017 as the information for Fiscal 2017 was unavailable from the UDAY website.

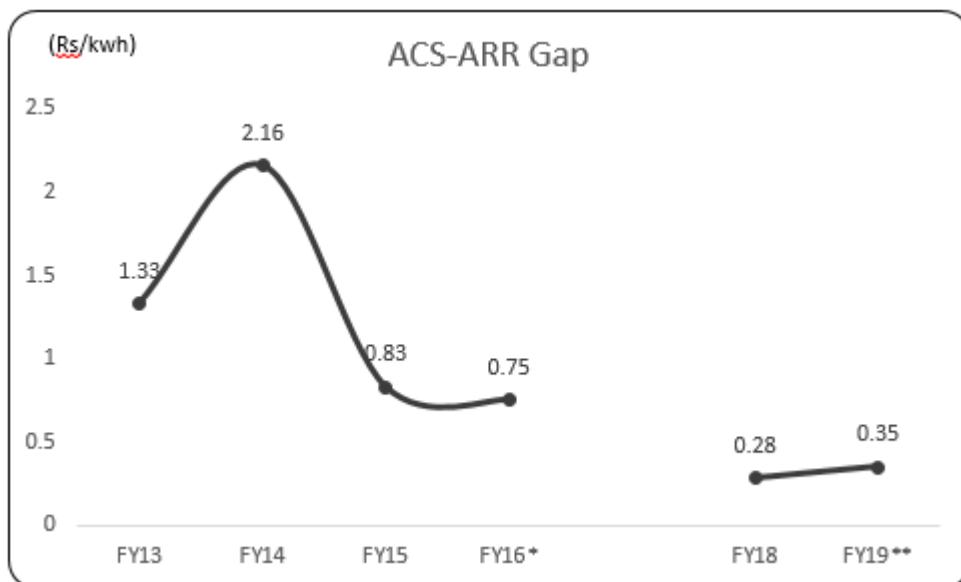
(2) Uttar Pradesh signed a memorandum of understanding to join the UDAY scheme in January 2016.

(3) \*\*The above data is current as of December 2018.

Source: Performance Report of State Power Utilities, UDAY dashboard, CRISIL Research

CRISIL Research notes that Uttar Pradesh's ACS-ARR gap shows a substantial reduction during the UDAY period. The gap was at a high as of Rs. 2.16/kwh in FY14 and declined to Rs. 0.28/kwh in FY18. For FY19 the gap was recorded at Rs. 0.35/kwh (for data recorded up till December 2018). Consequently, CRISIL Research believes that post UDAY implementation, Uttar Pradesh is improving its operational efficiency.

The graph below shows the ACS and ARR gap for Uttar Pradesh from Fiscal 2013 to Fiscal 2019 (save for Fiscal 2017):



Notes:

(1) The data for Fiscal 13 to Fiscal 16 was taken from the Performance Report of State Power Utilities, while the data for Fiscal 2018 and Fiscal 2019 was taken from the UDAY dashboard. The data above does not include Fiscal 2017 as the information for Fiscal 2017 was unavailable from the UDAY website.

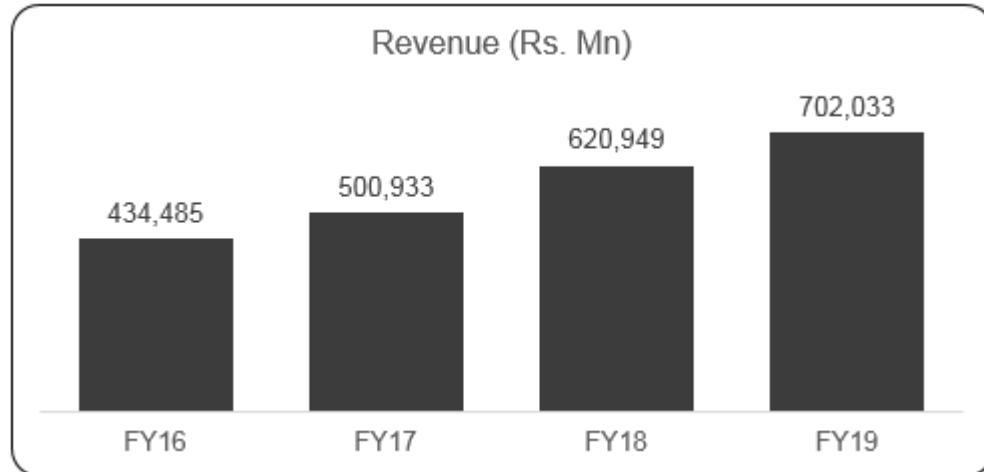
(2) Uttar Pradesh signed a memorandum of understanding to join the UDAY scheme in January 2016.

(3) \*\*The above data is current as of December 2018.

Source: Performance Report of State Power Utilities, UDAY dashboard, CRISIL Research

CRISIL Research observed that improved operational efficiency after UDAY implementation has had a positive impact on the revenues of discoms as set forth in the graph below. CRISL Research further observed the consolidated approved ARR witnessed an improvement from Rs. 43,449 crores in Fiscal 2016 to Rs. 70,203 crores in Fiscal 2019.

### *Revenues of discoms*



*Note:*

(1) The data is the approved ARR by the state commission in the latest tariff order.

Source: Uttar Pradesh State Electricity Regulatory commission (UPSCERC)

### **Trend in Power Purchase Cost, AT&C loss and ACS-ARR gap**

Parameters	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Power Purchase Cost (Rs/kwh)	4.81	4.67	4.36	4.27	-
AT&C losses (%)	24.67	46.32	33.84	-	27.67
ACS-ARR gap (Rs/kwh)	2.16	0.83	0.75	-	0.28

*Notes:*

(1) The power purchase cost data for Fiscal 2014 to Fiscal 2016 was taken from the Performance Report of State Power Utilities, while the power purchase cost data for Fiscal 2017 and Fiscal 2018 was taken from the state tariff petition.

(2) The AT&C losses data and the ACS-ARR gap data for Fiscal 2014 to Fiscal 2016 were taken from the Performance Report of State Power Utilities, while the same data in respect of Fiscal 2017 and Fiscal 2018 was taken from the UDAY dashboard.

(3) Uttar Pradesh signed a memorandum of understanding to join the UDAY scheme in January 2016.

Source: Performance Report of State Power Utilities, UDAY dashboard, CRISIL Research

CRISIL Research believes that the UDAY scheme has been a positive step taken by the Government and its implementation has displayed a viable solution to alleviate the losses incurred by discoms. According to CRISIL Research, there has been a decline in power purchase cost and AT&C loss percentage over the past few years, and also that the ACS-ARR gap has started to decrease, resulting in an 87% reduction in the revenue-cost gap.

## OUR BUSINESS

We currently operate its power business under our Company and LPGCL and following the Offer, our power business is intended to be consolidated under our Company. As at December 31, 2018, our Company has a shareholding of approximately 20.69% in LPGCL. Our Company intends to acquire the remaining approximately 79.31% interest from the remaining shareholders of LPGCL, namely, BPVPL (as to approximately 61.80%) and BHL (as to approximately 17.51%), following the completion of the Offer. For further details, please see the section entitled "History and Certain Corporate Matters" on page 130. Accordingly, unless otherwise specified, the description of our business as set out in this section "Our Business" have been drafted on the basis that the LPGCL Acquisition has been completed and that LPGCL is our wholly-owned subsidiary. For further details, please see the sections entitled "Objects of the Offer", "Risk Factors", "Unaudited Restated Proforma Financial Information" and "Material Contracts and Documents for Inspection" on pages 69, 21, 161 and 367, respectively.

### Overview

Our Company, along with LPGCL, is one of the largest private sector thermal generation companies in Uttar Pradesh (**Source: CRISIL Research**). We have a track record of developing, financing and operating thermal power plants in India. We have a total gross installed capacity of 2,430 MW, comprising 450 MW from five operational plants of 90 MW each, owned and managed by BEL (the "**BEL Power Plants**") and 1,980 MW from the power plant owned and managed by LPGCL (the "**LPGCL Power Plant**"), which we intend to wholly acquire from the proceeds of the Offer (the "**LPGCL Acquisition**"). For further details, please see the sections entitled "Objects of the Offer", "Risk Factors", "Unaudited Restated Proforma Financial Information" and "Material Contracts and Documents for Inspection" on pages 69, 21, 298 and 367, respectively.

The aggregate installed capacity of 2,430 MW for the BEL Power Plants and the LPGCL Power Plant is fully contracted for under the long-term power purchase agreements ("**PPA**") entered into with certain state government-owned procurers through UPPCL. As at the financial year ended March 31, 2019, the PPAs of the BEL Power Plants and the LPGCL Power Plant have a remaining average term of 18<sup>1</sup> years and 23<sup>1</sup> years, respectively.

BEL and LPGCL has each entered into long-term fuel supply agreements with Central Coal Fields Limited, a subsidiary of Coal India Limited, for the supply of coal to the BEL Power Plants and the LPGCL Power Plant. Additionally, LPGCL has also entered into fuel supply agreements with other subsidiaries of Coal India Limited for the supply of coal.

The BEL Power Plants have been fully operational since 2012 and possess an operational track record of more than six years. For the years ended March 31, 2016, 2017 and 2018, the average plant availability factor percentage (which is a measure of the frequency at which a power plant is available to generate power) of the BEL Power Plants was approximately 85.52%, 85.48% and 87.12%, respectively. For the nine-month period ended December 31, 2018 and the years ended March 31, 2016, 2017 and 2018, BEL on a consolidated basis generated a total income of ₹ 7,220.51 million, ₹ 14,070.99 million, ₹ 14,058.76 million and ₹ 8,976.25 million, respectively, and a profit/(loss) of ₹ 395.64 million, ₹ 1,028.35 million, ₹ 1,077.12 million and ₹ (33.95) million, respectively.

The LPGCL Power Plant has been fully operational since December 2016. For the years ended March 31, 2017 and 2018, the average plant availability factor of the LPGCL Power Plant was approximately 86.69% and 54.79%, respectively. For the nine-month period ended December 31, 2018 and the years ended March 31, 2016, 2017 and 2018, LPGCL generated a total income of ₹ 41,318.42 million, ₹ 3,127.44 million, ₹ 31,229.64 million and ₹ 53,573.24 million, respectively, and a profit/(loss) after tax of ₹ 175.17 million, ₹ 476.98 million, ₹ 3,399.33 million and ₹ (2,178.70) million, respectively.

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<sup>1</sup> The average remaining term of the PPAs of the BEL Power Plants is calculated by taking the average of the remaining terms of all the power plant units of the BEL Power Plants. The remaining term of each power plant unit is the remaining tenure of the relevant PPA from the date of the COD of the power station to the 25<sup>th</sup> anniversary of COD of such power plant unit. The average remaining term of the PPAs of the LPGCL Power Plant is calculated on the same basis.

## **Competitive Strengths**

We believe that we have the following strengths:

- ***We are one of the largest independent power producers in Uttar Pradesh with long-term, regulated PPAs with a take-or-pay feature (Source: CRISIL Research).***

Our power generation capacity of 2,430 MW, comprising 450 MW from the BEL Power Plant and 1,980 MW from the LPGCL Power Plant, is fully contracted for, based on long-term regulated PPAs that provides for a fuel cost pass-through feature and a take-or-pay tariff structure. According to the CRISIL Report, we are one of the largest independent power producers in Uttar Pradesh with such PPAs (**Source: CRISIL Research**). Our PPAs are entered into with certain state government-owned procurers through UPPCL and are valid up till the 25<sup>th</sup> anniversary of the date of commercial operations of the relevant power plant, with an option of further extensions on mutually agreed terms and conditions. The PPAs account for 100% of our installed capacity. As at March 31, 2019, the PPAs of the BEL Power Plants and the LPGCL Power Plant have a remaining average term of approximately 18 years and approximately 23 years, respectively. The tariff structure under the PPAs includes a take-or-pay feature. Under the terms of the PPA and our arrangements with UPPCL, we expect to receive long-term and stable streams of income. In addition, the PPAs provides for a two-part tariff structure, where the variable charge intended to cover fuel costs, and the fixed charge intended to cover among others, operation & maintenance expenses, debt service, depreciation costs and return on equity. The debtor days (being the closing trade receivables (current and non-current) divided by the income from operations divided by 365) for our Company and LPGCL for the financial year ended March 31, 2018 was 115 days and 50 days, respectively, which are below the debtor days of approximately 234 days for power plants in the state of Uttar Pradesh for the financial year ended March 31, 2018 (**Source: CRISIL Research**).

BEL's total income for the years ended March 31, 2016, 2017 and 2018, and the nine-month periods ended December 31, 2018 and December 31, 2017 was ₹ 14,070.99 million, ₹ 14,058.76 million and ₹ 8,976.25 million, and ₹ 7,220.51 million and ₹ 6,542.46 million, respectively, and LPGCL's total income for the years ended March 31, 2016, 2017 and 2018, and the nine-month periods ended December 31, 2018 and 2017 was ₹ 3,127.44 million, ₹ 31,229.64 million and ₹ 53,573.24 million, and ₹ 41,318.42 million and ₹ 41,550.56 million, respectively. For further details on our tariff structure, please see the section entitled "– Our Business – Power Offtake Arrangements".

- ***We have a secured fuel supply.***

We require adequate amounts of quality and cost-efficient fuel in order to conduct our operations profitably and efficiently. BEL's principal supplier of fuel is Central Coal Fields Limited, which is a subsidiary of Coal India Limited ("CIL"), with whom it has entered into long-term fuel supply agreements for the supply of G-9 to G-14 grade of coal. LPGCL's principal suppliers of fuel are various subsidiaries of CIL, with whom LPGCL has entered into long-term fuel supply agreements with for the supply of G-6 to G-14 grade of coal.

BEL's fuel supply agreements have a tenure of 20 years from the effective date of the fuel supply agreement or the life of the plant, whichever is earlier, whilst LPGCL's fuel supply agreements are valid till the earlier of the balance maximum life of the plant or the date of expiry or the date of termination of the power purchase agreements, as the case maybe. The relatively long tenures of BEL's and LPGCL's fuel supply agreements provide security of fuel supply in the long-term which in turn allows BEL and LPGCL to have greater predictability and planning of fuel supplies.

In addition, BEL's and LPGCL's arrangements with UPPCL provide for means to procure imported coal or coal from domestic sources (such as e-auction), in case of any shortage in fuel supply from the FSA, with such fuel cost being paid by UPPCL on a fully pass-through basis. For further details on BEL's and LPGCL's tariff structure, please see the section entitled "– Our Power Business – Fuel Supply". The fuel cost pass-through structure coupled with the long tenure of our existing fuel supply arrangements have contributed to our operational success.

- ***We have a successful track record of developing, financing and operating thermal power plants.***

We have a successful track record of developing, financing and operating thermal power projects. BEL currently operates five coal-based thermal power generation plants, each comprising two 45 MW

generating units that have commenced operations and are income-generating. The BEL Power Plants have been fully operational since 2012. LPGCL currently operates one coal-based thermal power generation plant, comprising three 660 MW generation units that commenced operations from October 2015 to December 2016 and are income-generating. The construction of all our power plants was fully-financed and was delivered within the time period stipulated in the PPAs. In the past five years, the BEL Power Plants have all achieved an average plant availability factor of at least 85% every year. LPGCL has achieved 86.69% for the Fiscal ended March 31, 2017 and 54.79% for the Fiscal ended March 31, 2018. We have established strong relationships with local suppliers and original equipment manufacturers ("OEM"). As at December 31, 2018, we also managed to successfully raise debt funding of ₹ 24,900 million and ₹ 9,500 million to meet the project financing and working capital needs respectively for the BEL Power Plant since the commencement of operations of the plant, and debt funding of ₹ 139,000 million and ₹ 28,400 million to meet the project financing and working capital needs respectively the LPGCL Power Plant since the commencement of operations of the plant.

Through the development, financing, construction and operation of our power plants, we have gained valuable project management expertise and an in-depth understanding of the key risks associated with the development and operation of power projects. This experience will enable us to improve efficiency in developing and operating our power projects.

- ***Well-positioned to capitalize on the growth and demand of Uttar Pradesh's power industry***

All our assets are based in Uttar Pradesh, which according to the CRISIL Report, is one of the largest and most densely populated states in India, and also the state with the second highest power demand in the country. This is underpinned by overall spikes in domestic and commercial consumption of power with increasing customer bases, upcoming new growth centers in Uttar Pradesh and over 14 million households in Uttar Pradesh which are not connected to power over Fiscals 2019 to 2022 (*Source: CRISIL Research*).

According to the CRISIL Report, Uttar Pradesh has one of the lowest power consumption in the country due to huge power cuts in the state coupled with a large population that is not connected to power, poor transmission infrastructure, lack of availability of power and lower per capita income. Whilst the power deficit in Uttar Pradesh has reduced considerably, the CRISIL Report states that given power is still not available 24-7 in the state, there lies a huge growth potential in the power sector of Uttar Pradesh going forward. Growth in demand for power is expected to be driven by several factors including rising income in the state of Uttar Pradesh coupled with the increase in power supply to rural areas pursuant to various government plans and schemes. Accordingly, the CRISIL Report expects power demand in Uttar Pradesh to rise at a CAGR of approximately 9.5% from 2019 to 2022.

Our track record in developing and operating thermal power plants coupled with our Company, along with LPGCL, being one of the largest private sector thermal generation companies in Uttar Pradesh positions us well to capitalize on any future opportunities in the power industry in Uttar Pradesh.

- ***Established management team with extensive operational experience***

The individual members of our Company's and LPGCL's management teams possess significant experience in the power industry with a strong understanding of the technical and financial aspects of our power business. Our Company's and LPGCL's key managerial personnel possess on average over 21 and 28 years of overall experience, respectively, including in the thermal power sector. Their experience includes a proven track record of successfully developing, constructing and operating the thermal power plants.

The management teams are also supported by a technical team which handles the day-to-day operations and maintenance of our power plants. The technical teams for the BEL Power Plants and the LPGCL Power Plant are comprised of approximately 750 employees who are experienced and trained in handling relevant technical aspects of our power plant operations. Similarly, the human resources and finance and accounting teams in both our Company and LPGCL are made up of experienced individuals who have received relevant training and together with the technical teams, are able to provide the necessary support on the ground to the management teams to ensure the effective running of our operations.

## **Business Strategies**

- ***Continued expansion of portfolio***

We plan to expand our power generation capacity and development efforts to capitalize on the growth of the Indian power sector and potential imbalance between demand and supply of power in India. Our expansion strategy includes both organic and inorganic growth with a view to achieve synergies with our existing power business by tapping on our existing strengths and capabilities. For instance, BEL intends to acquire the remaining approximate 79.31% stake in LPGCL, which owns a 1,980 MW thermal power plant comprising three 660 MW generating units. The consolidation of the power business of BEL and LPGCL under BEL following the Offer is also expected to provide synergies in operations which we can leverage upon for our future power projects. LPGCL also has the ability to expand its power generation capacity through the construction of an additional power plant of a similar scale as its current plant.

With the expertise and experience we have, we will also look to acquire operational thermal power plants and pursue new brownfield and greenfield projects. Our expansion strategy will take into account various factors, such as, compatibility with our existing business model, long-term sustainability, financial returns and potential stakeholder value. We intend to take a disciplined approach in expanding in order to build a power portfolio with high intrinsic value and growth potential.

- ***Enhance productivity and operational efficiencies***

We intend to enhance our efforts to improve our productivity and operational efficiencies in order to keep our tariff structures competitive. In the Fiscals ended March 31, 2016, 2017 and 2018, both BEL and LPGCL have continuously sought to optimize operating parameters and continue to do so. For example, LPGCL has taken active measures to improve the efficiency in supply and the quality of its fuel supply, so as to reduce overall fuel costs. LPGCL has actively engaged with the subsidiaries of Coal India Limited to allot coal from mines located near existing or future rail loading points in order to minimize fuel transportation costs. External third-party professional agencies have also been appointed to carry out among other things, coal quality checks which allows LPGCL to negotiate for any price adjustments in the event that the quality of coal received is lower.

BEL and LPGCL also have in place certain standard operating procedures as part of our efforts to maintain operational efficiencies. For example, key operational metrics of the power plants are monitored on a regular basis with daily scheduled discussions between the CEO and the operational team on plant performance and any related issues. The Company strives to continue to optimize the efficiency of its existing power plants through critical equipment monitoring and enhanced work processes.

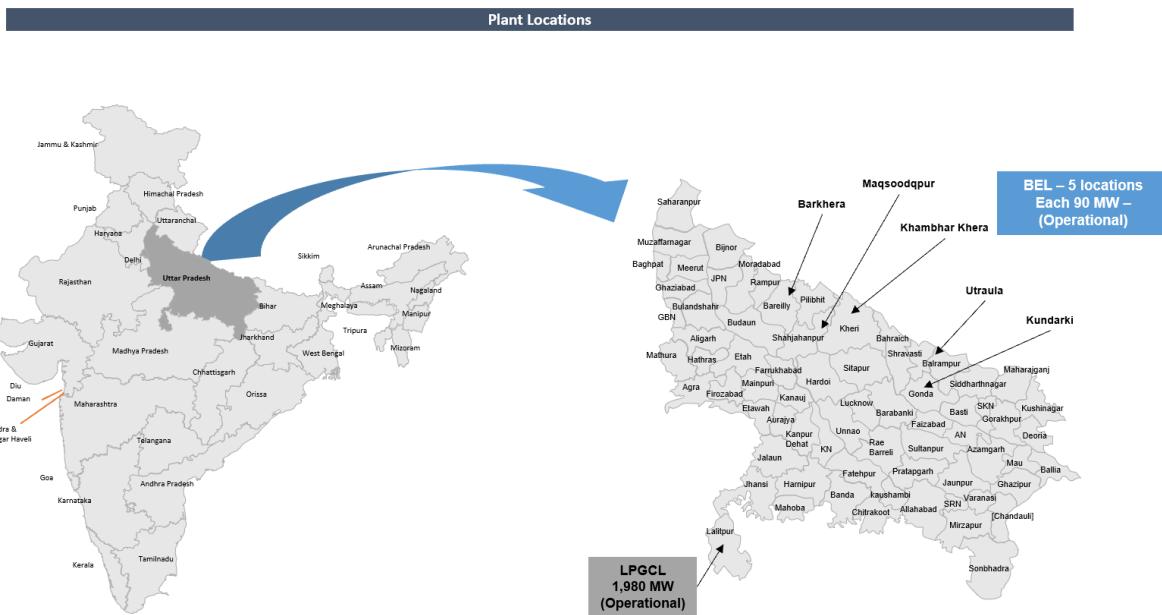
- ***Optimizing the value of our asset portfolio through an efficient capital structure***

We intend to continue optimizing our asset portfolio and capital structure which could involve, among other options, deleveraging LPGCL through repayment or re-financing of existing debt or an equity injection, re-financing existing rupee denominated loans from Indian banks with long-term foreign currency bonds (in accordance with and pursuant to all applicable laws at the relevant time), rupee denominated bonds and/or other means of long-term financing, in order to achieve savings in interest costs. The savings in interest costs are expected to increase our profitability and return on equity to shareholders. As our operations mature, we may also seek opportunities to maintain an efficient capital structure.

## **Our Power Business**

We have a gross capacity of 2,430 MW in respect of our operational power plants, comprising 450 MW from the BEL Power Plants and 1,980 MW from the LPGCL Power Plant.

The map below sets out the geographical locations of the BEL Power Plants and the LPGCL Power Plant.



The following table summarizes BEL's and LPGCL's operating power projects as of December 31, 2018:

No	Plant Name	Location	Fuel Type	COD	Period of PPA and Expiration <sup>(1)</sup>	Installed Capacity (MW)	Effective Ownership (%)	Offtaker for 100% contracted capacity
<b>BEL Power Plants</b>								
1.	Barkhera	Village Barkhera, District -	Coal	Unit 1: December 2, 2011	Unit 1: March 24, 2037	1: 45	1: 100%	UPPCL
		Pilibhit, Uttar Pradesh		Unit 2: March 24, 2012	Unit 2: March 24, 2037	2: 45		
2.	Khambarkhera	Village Kambarkhera, District -	Coal	Unit 1: March 10, 2012	Unit 1: March 2037	1: 45	1: 100%	UPPCL
		Lakhimpur Kheri, Uttar Pradesh		Unit 2: December 15, 2011	Unit 2: March 2037	2: 45		
3.	Maqsoodapur	PO - Banda, District -	Coal	Unit 1: December 6, 2011	Unit 1: March 2037	1: 45	1: 100%	UPPCL
		Shajahanpur, Uttar Pradesh		Unit 2: March 28, 2012	Unit 2: March 28, 2037	2: 45		

No	Plant Name	Location	Fuel Type	COD	Period of PPA and Expiration <sup>(1)</sup>	Installed Capacity (MW)	Effective Ownership (%)	Offtaker for 100% contracted capacity
4.	Kundarki	Village - Kundarki, District - Gonda, Uttar Pradesh	Coal	Unit 1: March 31, 2012	Unit 1: April 21, 2037 Unit 2: April 21, 2037	Unit 1: 45 Unit 2: 45	100%	UPPCL
5.	Utraula	Village - Itai Maida, District - Balrampur, Uttar Pradesh	Coal	Unit 1: April 3, 2012	Unit 1: April 24, 2037 Unit 2: April 24, 2037	Unit 1: 45 Unit 2: 45	100%	UPPCL
<b>Total Installed Capacity of the BEL Power Plants</b>								<b>450</b>
<b>LPGCL Power Plant</b>								
6.	LPGCL -	Mirchwara & Badagaon, Tehsil - Mahroni, District - Lalitpur, Uttar Pradesh	Coal	Unit 1: October 1, 2015	Unit 1: December 23, 2041 Unit 2: October 14, 2016	Unit 1: 660 Unit 2: 660 Unit 3: 660	100% <sup>(2)</sup>	UPPCL
<b>Total Installed Capacity of the LPGCL Power Plant</b>								<b>1,980</b>
<b>Total Installed Capacity of Operating Power Plants</b>								<b>2,430</b>

**Notes:**

- Under the terms of the PPAs, the PPAs are valid from the effective date, being the date of signing of the agreement, up till the 25<sup>th</sup> anniversary of the commercial operations date (the "COD") of the power plant. Where the power plant has more than one power plant unit, the COD of such power plant shall be the latest COD of the underlying power plant unit. The period and expiration of the PPAs are calculated in accordance with the definitions and illustrations set out in the relevant PPA.
- Our Company shall own 100% of LPGCL following the completion of the LPGCL Acquisition.

**Our Operational Power Plants**

(i) BEL power plant(s)

BEL owns and operates five coal-based thermal power generation plants, each with an installed capacity of 90 MW, which are located at Barkhera (Pilibhit), Maqsoodapur (Shahjahanpur), Khambarkhera (Lakhimpur), Kundarkhi (Gonda) and Utraula (Balrampur) in the state of Uttar Pradesh (collectively, the "**BEL Power Plants**"). The BEL Power Plants are located on approximately 156.804 acres of land, some of which are owned by BEL and some of which are on lease from BHSL by BEL for a term of 29 years. For further details of BEL's real properties, please see the section entitled "*Our Business – Real Properties*" on page 122. Each of the five power plants comprises two 45 MW generating units and the plant equipment and parts were supplied by various local

suppliers and original equipment manufacturers ("OEM"), including certain internationally-recognised OEMs. The BEL Power Plants commenced commercial operations in the first half of 2012.

#### *Power Offtake Arrangements*

On December 10, 2010, BEL entered into PPAs with UPPCL for each of the BEL Power Plants in respect of the sale of power of 90% of the BEL Power Plants' available capacity. In June 2011, BEL entered into supplementary PPAs in respect of the remaining plant capacity, bringing the total contracted power generation capacity between BEL and UPPCL to the full capacity of 450 MW for the BEL Power Plants. The PPAs are valid from the date of signing of the agreement up till the 25<sup>th</sup> anniversary of the date of commercial operations of the relevant power plant and are renewable by mutual agreement between the parties. Further, in May 2018, BEL entered into supplementary PPAs with UPPCL in order to give effect to an order by UPERC dated January 3, 2018, in relation to the restoration of PPAs which had been terminated by UPPCL. Please see the sections entitled "*Risk Factors – We are subject to contractual risks under our PPAs with our power purchasers which are government entities*" and "*Management Discussion and Analysis of Financial Condition and Results of Operations*" on page 24 and 259, respectively. UPPCL has entered into the PPAs on behalf of certain state government-owned procuring entities, namely, Paschimanchal Vidyut Vitran Nigam Ltd., Poorvanchal Vidyut Vitran Nigam Ltd, Madhyanchal Vidyut Vitran Nigam Ltd and Dakshinanchal Vidyut Vitran Nigam Ltd, and is authorised to act on behalf of such procuring entities.

The tariff payable by UPPCL for the gross power generated at each of the BEL Power Plants consists of a fixed charge and a variable charge. According to the UPERC guidelines, BEL is also entitled to an incentive charge which shall be payable at a flat rate of 50 paise per kWh of incremental energy generated after the relevant plant achieves a plant load factor (a measure of how much capacity a plant actually uses to generate electricity) of 85% on an average annual basis.

The variable charge is intended to cover fuel costs which include the cost of coal and other costs relating to the transportation and procurement of the coal. The variable charge is intended to cover our fuel costs fully, to the extent that our operational efficiency of the underlying power plant meets or exceeds the normative operational parameters as specified by the regulator under the UPERC guidelines. Any delay in payment by UPPCL beyond the due date entitles BEL to a late payment surcharge at the rate of 1.25% per month for the delayed period. For further details regarding the late payment surcharge imposed by BEL on UPPCL, please see the sections entitled "*Risk Factors—BEL and LPGCL both rely on a single customer and any inability or failure by the customer to meet its payment commitments will have a significant and material adverse effect on BEL's and LPGCL's business, financial condition, cash flows and results of operations*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 21 and 259, respectively.

The fixed charge is intended to cover interest on loan capital, interest on working capital, depreciation costs, operation & maintenance expenses, contribution towards renovation and modernization or any compensation allowance and a return on equity at a rate of 16% after tax, inclusive of an additional return of 0.5% subject to commissioning of units within the prescribed timelines, as provided under such PPA. The fixed charge is fully recoverable when the power plant achieves a plant availability of 85% on an average annual basis. Where the plant availability reduces below 85%, the fixed charge that may be recovered reduces proportionately. Details of the historical PAF and plant load factor ("PLF") for the BEL Power Plants are set out in the table below.

	FY16	FY17	FY18	Nine months ended December 31, 2018
PAF <sup>(1)</sup>	85.5%	85.5%	87.1%	94.8%
PLF <sup>(2)</sup>	43.3%	52.3%	23.5%	27.9%

#### *Notes:*

(1) The PAF was calculated for each generating plant of 90 MW (comprised of two units of 45 MW each) individually and based on the declared capacity (as defined in the relevant PPA) of each plant.

(2) The PLF was calculated based on the scheduled generation (as defined in the relevant PPA) for each generating plant.

#### *Payment Mechanism*

Under the PPAs, UPPCL is required to make tariff payments to BEL via escrow transfers, an established letter of credit or through direct payments. Currently, the majority of payments are being made through direct transfers.

Under the terms of the PPAs, UPPCL is required to provide an unconditional, irrevocable revolving Letter of Credit in favour of Company for an amount equal to 1.1 times of the estimated average monthly amount based on

normative availability billed to UPPCL. UPPCL has provided an irrevocable revolving Letter of Credit equivalent to ₹ 342.8 million which may be revolved five times in a month for an amount aggregating ₹ 1,714.2 million per month.

Under the escrow mechanism, payments due from UPPCL are secured pursuant to a collateral arrangement where the income of UPPCL from designated ear-marked accounts of UPPCL are held in escrow and transferred daily to BEL's bank account at the end of the day. UPPCL has also entered into hypothecation agreements with BEL on the amounts to the extent required by the letter of credit and charges are formally created. Any shortfall is paid by UPPCL via the direct payment method, which is carried out by a direct transfer of funds to the Company's account.

The table below sets out the breakdown of tariff payments received by BEL from UPPCL in the past three financial years ended March 31, 2016, 2017, 2018, and for the nine-month financial period ended December 31, 2018, by way of escrow transfers, direct transfer of funds to BEL's bank account and letter of credit:

<b>Financial year/period</b>	<b>Escrow Transfer</b>	<b>Direct Transfer</b>	<b>Letter of Credit</b>	<b>Total</b>
			(₹ million)	
FY2016	11,825.05	3,915.00	285.70	16,025.75
FY2017	11,955.04	2,370.00	0	14,325.04
FY2018 <sup>(1)(2)</sup>	2,994.16	3,760.00	0	6,754.16
9 months ended December 31, 2018 (3)	0	3,845.00	0	3,845.00

**Notes:**

(1) No tariff payments were made by UPPCL in the months of August 2017, September 2017 and October 2017 which was during the period when UPPCL had unilaterally terminated the PPAs entered into between our Company and UPPCL in respect of all five of the BEL Power Plants. For further details regarding the late payment surcharge imposed by BEL on UPPCL, please see the sections entitled "Risk Factors—BEL and LPGCL both rely on a single customer and any inability or failure by the customer to meet its payment commitments will have a significant and material adverse effect on BEL's and LPGCL's business, financial condition, cash flows and results of operations", "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 21 and 259, respectively.

(2) The tariff payments for the months of November 2017 to March 2018 were fully paid by UPPCL by way of direct transfer to BEL's bank account.

(3) The tariff payments for the all nine months from April 2018 to December 2018 were fully paid by UPPCL by way of direct transfer to BEL's bank account.

#### *Fuel Supply*

BEL has entered into fuel supply agreements with Central Coal Fields Limited for the supply of coal to each of its five power plants:

<b>Location of power plant</b>	<b>Date of contract</b>	<b>Capacity of power plant</b>	<b>Annual contracted Quantity (Lakh Tonnes)</b>	<b>Mode of Transport for coal delivery</b>
Barkhera (Pilibhit)	13 November 2013	Unit 1: 45 MW Unit 2: 45 MW	3.899	Rail/Road
Maqsoodapur (Shahjahanpur)	13 November 2013	Unit 1: 45 MW Unit 2: 45 MW	3.899	Rail/Road
Khambarkhera (Lakhimpur)	13 November 2013	Unit 1: 45 MW Unit 2: 45 MW	3.899	Rail/Road
Kundarkhi (Gonda)	13 November 2013	Unit 1: 45 MW Unit 2: 45 MW	3.899	Rail/Road
Utraula (Balrampur)	13 November 2013	Unit 1: 45 MW Unit 2: 45 MW	3.899	Rail/Road

BEL appoints third party intermediaries from time to time to handle the logistics and transportation arrangements for its fuel supplies. Such third-party intermediaries are responsible for the transportation and loading and unloading of coal including at the plant. BEL's long-term fuel supply agreements with Central Coal Fields Limited have a tenure of 20 years from the effective date of the fuel supply agreement or the life of the power plant,

whichever is earlier. The price of coal sourced under such FSA consists of a base price and other charges, including surface transportation charges, sizing, crushing, rapid loading charges and statutory charges. If the quantity of coal delivered falls below the set threshold level under the FSA, CCL is required to pay BEL compensation for such shortfall in accordance with the terms of the FSA. Further, in the event that BEL purchases less coal than the threshold contracted quantity of coal from CCL, BEL will be required to compensate CCL for the shortfall under the FSA.

Under the terms of our Company's PPAs, in the event of any shortfall in the supply of coal, we are entitled to procure coal from any alternative sources after obtaining UPPCL's consent, which shall be deemed granted within 7 working days from filing of application for such consent if we do not receive any response from UPPCL. In the event that UPPCL rejects such request, any losses incurred in connection with the loss of availability of our plants due to inadequate fuel supply will be taken into account and compensated when computing the plant availability factor. BEL may purchase coal from alternative sources including on-the-spot purchases, short-term or long-term contracts and e-auctions from domestic and/or international suppliers or traders within or outside India.

The quality of coal used by BEL for its operations ranges from G-9 to G-14 grade of coal, which are purchased pursuant to BEL's fuel supply agreements or from the open market. For further details on the amount of coal purchased and amount of coal consumed by BEL, as well as the average landed price of coal per tonne, please see the section entitled "*Management Discussion and Analysis of Financial Condition Results of Operations – Availability, cost and consumption of fuel*" on page 264.

#### *Water Supply*

BEL has obtained permission from the Central Ground Water Authority for the extraction of ground water of up to 6,984 m<sup>3</sup> per day for each of our power plants.

#### *Operation and Maintenance Practices*

Each of the 5 power plants are currently operated and maintained by our in-house operations and maintenance ("O&M") team as well as third-party operations and maintenance contractors engaged by BEL from time to time. These contractors are responsible for the supply of manpower and corresponding support services for plant operations and maintenance. BEL's in-house O&M team is responsible for the overall supervision and management of the plant operations, including providing oversight of the manpower supplied by such contractors. From time to time, we may also engage specialized contractors when required.

The maintenance period of the power plant usually ranges from 15 to 30 days during a year. Aside from this, certain major maintenance activities take place approximately once every three to five years and typically require a few weeks each time, during which period a power plant may be partially or completely shut down to facilitate the process. We coordinate our scheduled maintenance works in advance with the relevant offtaker and UPPCL so that the parties can plan for a loss of capacity.

#### *Power Evacuation*

Under the terms of our PPAs, the power generated from our power plants are evacuated by the state government-owned procuring entities from the 132KV switchyard located at each of our power plants.

#### *Financing*

The total project costs incurred by BEL for the construction of the BEL Power Plants was ₹ 27,079.93 million. The total project cost of the BEL Power Plants approved by the project lenders was ₹ 27,670 million with a debt to equity ratio of 70:30 which amounted to ₹ 19,370 million of debt financing and ₹ 8,300 million of equity injection. The total project cost of the BEL Power Plants approved by UPERC was ₹ 24,480 million. Further, BEL has incurred additional project costs of ₹ 1,500 million after the date of COD, for which BEL intends to file a tariff petition in accordance with the applicable UPERC regulation. BEL first entered into a financing agreement with a consortium of lenders led by the State Bank of India in August 2010 for ₹ 17,400 million to finance its project cost. Further financing agreements were subsequently entered into by BEL and such consortium of lenders in June 2014 for an additional ₹ 1,970 million due to cost overruns. BEL also subsequently obtained term loans of an aggregate of ₹ 5,500 million from various financial institutions. As at December 31, 2018, the total outstanding amount of all such term loans was ₹ 14,010.45 million.

## (ii) LPGCL Power Plant

LPGCL owns and operates a coal based super critical thermal power generation plant with a total installed capacity of 1,980 MW, which is located across Mirchwara and Buragaon in the state of Uttar Pradesh. The LPGCL Power Plant is located on approximately 1,502 acres of land, some of which are owned by LPGCL and some of which are leased by LPGCL from the Uttar Pradesh State Government for a term of 30 years. For further details of LPGCL's real properties, please see the section entitled "*Our Business – Real Properties*" on page 122. The LPGCL Power Plant comprises three 660 MW generating units and the plant equipment and parts were supplied by various local suppliers and original equipment manufacturers ("**OEM**"), including certain internationally-recognised OEMs. Unit 1 of the LPGCL Power Plant commenced commercial operations in 2015 while Unit 2 and Unit 3 commenced commercial operations in 2016.

### *Power Offtake Arrangements*

In December 2010, LPGCL entered into a PPA with UPPCL which has a tenure of 25 years from the date of commercial operation of the LPGCL Power Plant in respect of 90% of available capacity of 1980 MW. In June 2011, LPGCL entered into supplementary PPAs in respect of the remaining plant capacity of 1980 MW, bringing the total contracted power generation capacity between LPGCL and UPPCL to full capacity of 1980 MW. In September 2012, LPGCL entered into a supplementary PPA with UPPCL for extension of the PPA to enable completion of the conditions subsequent. Additionally, in January 2017, LPGCL entered into a supplementary PPA with UPPCL in furtherance of the UPERC order providing a framework for operation of LPGCL units until a coal linkage is obtained. In January 2018, LPGCL entered into another supplementary PPA with UPPCL in order to give effect to the terms and conditions of the coal linkage obtained under the SHAKTI scheme. UPPCL has entered into the PPAs on behalf of certain state government-owned procuring entities and is authorised to act on behalf of such procuring entities.

The tariff payable by UPPCL for the gross power generated at the LPGCL Power Plant consists of a fixed charge and a variable charge. According to the UPERC guidelines, LPGCL is also entitled to an incentive charge which shall be payable at a flat rate of 50 paise per kWh of incremental energy generated after the relevant plant achieves a plant load factor (a measure of how much capacity a plant actually uses to generate electricity) of 85% on an average annual basis.

The variable charge is intended to cover fuel costs which include the cost of coal and other costs relating to the transportation and procurement of the coal. The variable charge is intended to cover our fuel costs fully, to the extent that our operational efficiency of the underlying power plant meets or exceeds the normative operational parameters as specified by the regulator under the UPERC guidelines. However, further to a letter dated December 22, 2018 from LPGCL to UPPCL, LPGCL confirmed to UPPCL that UPPCL would cover LPGCL's variable costs up to ₹ 2.85/kwh effective from November 1, 2018, subject to adjustment for changes in any component in fuel costs subsequent to October 31, 2018. Any delay in payment by UPPCL beyond the due date entitles LPGCL to a late payment surcharge at the rate of 1.25% per month for the delayed period. For further details regarding the late payment surcharge imposed by LPGCL on UPPCL, please see the sections entitled "*Risk Factors—BEL and LPGCL both rely on a single customer and any inability or failure by the customer to meet its payment commitments will have a significant and material adverse effect on BEL's and LPGCL's business, financial condition, cash flows and results of operations*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 21 and 259, respectively.

The fixed charge is intended to cover interest on loan capital, interest on working capital, depreciation costs, operation and maintenance expenses, contribution towards renovation and modernization or any compensation allowance and a return on equity at a rate of 16% per annum after tax, inclusive of an additional return of 0.5% subject to commissioning of units within the prescribed timelines, as provided under such PPA. The fixed charge is fully recoverable when the power plant achieves a plant availability of 85% on an average annual basis. Where the plant availability reduces below 85%, the fixed charge that may be recovered reduces proportionately. Details of the historical PAF and PLF for the LPGCL Power Plant are set out in the table below.

	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>Nine months ended December 31, 2018</b>
PAF <sup>(1)</sup>	98.3%	86.7%	54.8%	88.5%
PLF <sup>(2)</sup>	1.8% <sup>(3)</sup>	38.2%	49.4%	39.9%

**Notes:**

- (1) The PAF of the LPGCL Power Plant was calculated based on the declared capacity (as defined in the relevant PPA) of the whole generating plant of 1980 MW (comprised of three units of 660 MW each).
- (2) The PLF of the LPGCL Power Plant was calculated based on the scheduled generation (as defined in the relevant PPA) of the whole plant.
- (3) The PLF for the LPGCL Power Plant was 1.8% in Fiscal 16 due to the fact that only unit I of the LPGCL Power Plant had achieved COD in October 2015, and accordingly, demand for power was also low during such period.

**Payment Mechanism**

UPPCL typically makes tariff payments to LPGCL via escrow transfers or a direct payment.

Under the terms of LPGCL's PPAs, UPPCL, on behalf of each procurer, is required to provide an unconditional, irrevocable revolving Letter of Credit in favor of LPGCL for an amount equal to 1.1 times of the estimated average monthly amount based on normative availability billed to UPPCL. As at the date of this DRHP, UPPCL has not established the letters of credit facility in favor of LPGCL.

Under the escrow mechanism, payments due from UPPCL are via letters of credit or secured pursuant to a collateral arrangement where the income of UPPCL from designated ear-marked accounts of UPPCL are held in escrow and transferred daily to the LPGCL's bank account at the end of the day. Since December 2018, the proportion of tariff payments received by LPGCL has been mainly by way of direct fund transfers and not via the escrow mechanism. UPPCL has also entered into hypothecation agreements with us on the amounts to the extent required by the letter of credit and charges are formally created. Any shortfall is paid by UPPCL via the direct payment method, which is carried out by direct transfer of funds to the Company's account.

The table below sets out the breakdown of tariff payments received by LPGCL from UPPCL in the past three financial years ended March 31, 2016, 2017, 2018, and for the nine-month financial period ended December 31, 2018, by way of escrow transfers and direct transfer of funds to LPGCL's bank account :

Financial year/period	Escrow Transfer	Direct Transfer	Total (₹ million)
FY2016	0	470	470.00
FY2017	7,521.2	3,290	10,811.2
FY2018	19,435.8	21,562.8	40,998.6
9 months ended December 31, 2018	4,243.8	16,853.7	21,097.5
(1)			

**Note:**

- (1) The tariff payments for the month of December 2018 was fully paid by UPPCL by way of direct transfer to LPGCL's bank account.

**Fuel Supply**

LPGCL has entered into various fuel supply agreements with subsidiaries of Coal India Limited for the supply of coal to the LPGCL Power Plant:

Supplier	Date of contract	Annual contracted Quantity (Tonnes)	Mode of Transport
Northern Coal Fields Limited	January 15, 2018	500,000	Rail/Road
Central Coal Fields Limited	January 22, 2018	4,100,000	Rail/Road
Eastern Coal Fields Limited	January 22, 2018	12,700	Rail/Road
South Eastern Coal Fields Limited	January 20, 2018	1,000,000	Rail/Road
Mahanadi Coal Fields Limited	January 23, 2018	6,400	Rail/Road

<b>Supplier</b>	<b>Date of contract</b>	<b>Annual contracted Quantity (Tonnes)</b>	<b>Mode of Transport</b>
Mahanadi Coal Fields Limited	January 23, 2018	20,700	Rail/Road

LPGCL appoints third party intermediaries from time to time to handle the logistics and transportation arrangements for its fuel supplies. Such third party intermediaries are responsible for the transportation of the coal from the coal mine to the LPGCL plants, including lifting of coal at the mines and loading and unloading the coal into railway wagons for transportation to the plants. LPGCL's long term fuel supply agreements are valid till the earlier of the balance maximum life of the specified end use plant or the date of expiry or the date of termination of the power purchase agreements, as the case maybe. The quality of coal used by LPGCL for its operations ranges from G-6 to G-14 grade of coal. The price of coal sourced under such FSA consists of a base price depending upon the relevant grade of coal, as notified by CIL, other charges, including transportation charges, sizing and crushing charges, rapid loading charges and statutory charges. If the quantity of coal delivered falls below the threshold level provided under the FSA, it is required to pay compensation to us for such shortfall in accordance with the terms of the FSA. Further, in the event that LPGCL purchases less coal than the threshold contracted quantity of coal from them, LPGCL will be required to compensate them for the shortfall under the FSA.

Under the terms of LPGCL PPAs, in the event of any shortfall in the supply of coal, LPGCL is entitled to procure coal from an alternative source after obtaining UPPCL's consent, which shall be deemed granted within 7 working days from filing of application for such consent if it does not receive any response from UPPCL. In the event that UPPCL rejects such request, any losses incurred in connection with the loss of availability of LPGCL's plants due to inadequate fuel supply will be taken into account and compensated when computing the plant availability factor. LPGCL may purchase coal from alternative sources including on-the-spot purchases, short-term or long-term contracts and e-auctions from domestic and/or international suppliers or traders within or outside India. For further details on the amount of coal purchased and amount of coal consumed by BEL, as well as the average landed price of coal per tonne, please see the section entitled "*Management Discussion and Analysis of Financial Condition Results of Operations – Availability, cost and consumption of fuel*" on page 264.

#### *Water Supply*

The water requirements for the LPGCL power plant are met though water supplied by the Uttar Pradesh Irrigation Department. LPGCL has received permission from the Uttar Pradesh Irrigation Department to draw 80 cusec of water for its power plants.

#### *Operation and Maintenance Practices*

The LPGCL Power Plant is currently operated and maintained by its in-house operation and maintenance team as well as third-party operations and maintenance contractors engaged by LPGCL from time to time. These contractors are responsible for the supply of manpower and corresponding support services for plant operations and maintenance. LPGCL's in-house O&M team is responsible for the overall supervision and management of the plant operations, including providing oversight of the manpower supplied by such contractors. From time to time, LPGCL may also engage specialized contractors when required.

Typically, certain major maintenance activities take place approximately once every three to five years and typically require a few weeks each time, during which period a power plant may be partially or completely shut down to facilitate the process. LPGCL coordinates their scheduled maintenance works in advance with the relevant off-taker and UPPCL so that the parties can plan for a loss of capacity. LPGCL incurred ₹ 120.15 million in repair costs due to a turbine breakdown in Fiscal 2017 and Fiscal 2018, from March 19, 2017 to June 4, 2017 (both days inclusive). Such repair cost, together with the loss in tariffs in connection with such turbine breakdown has been submitted as an insurance claim to LPGCL's insurance company.

#### *Power Evacuation*

Under the terms of LPGCL's PPAs, power generated at the LPGCL plants is evacuated by the procurers from the 765KV switchyard through two single circuit transmission lines which were constructed by the procurer.

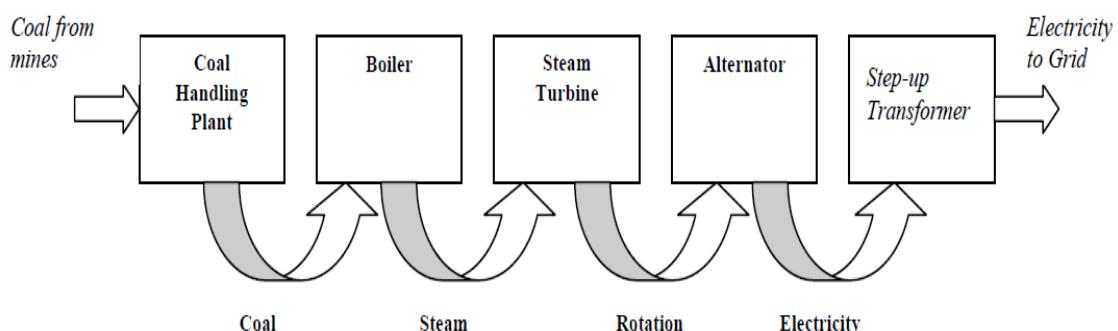
## *Financing*

As at December 31, 2018, the total project costs incurred by LPGCL for the construction of the LPGCL Power Plant was ₹ 179,542 million. The final project cost of the LPGCL Power Plant approved by the project lenders was ₹ 185,750 million with a debt to equity ratio of 75:25 which amounted to ₹ 139,312 million of debt financing and ₹ 46,438 million of equity. The total project cost of the LPGCL Power Plant provisionally approved by UPPCL was ₹ 160,062 million.

LPGCL first entered into a financing agreement with a consortium of lenders led by the State Bank of India in August 2011 for ₹ 79,570 million to finance its project costs. Due to costs overruns, further financing agreements were subsequently entered into between LPGCL and the consortium of lenders in December 2013, March 2015 and January 2017 for additional loans of ₹ 9,284 million, ₹ 40,860 million and ₹ 8,895.50 million, respectively. As at December 31, 2018, the total amount outstanding under such financing agreements was ₹ 132,247 million.

## *Power Generation Process*

The power generation process for our coal power plants is summarized as follows:



**Coal Handling Plants:** The raw coal is brought to the station and is unloaded at site which is either stored at the coal yard or fed directly to coal bunkers after crushing.

**Boilers.** Coal is fed to the boiler furnace. As the boiler furnace heats, the water flowing in the boiler tubes is converted into high pressure and high temperature steam. This steam is then conveyed to the turbine through steam pipelines.

**Steam Turbines.** The steam produced in the boiler drives steam turbines, making the turbines' rotors rotate at high speeds.

**Alternators.** Alternators are attached to the steam turbines and rotate with the turbines' rotors. The alternators convert the energy generated by the rotation of the turbines' rotors into electricity.

**Step-up Transformers.** The step-up transformers step up the voltage of generated electricity before it is fed to the grids for transmission.

## *Competition*

We compete with both local and foreign companies operating in the power business in India. We currently operate in an increasingly competitive environment, mainly due to the delicensing of and international competitive bidding prevalent in the Indian power sector and increased power sector investment. Some of our competitors may have more experience in the development and operation of power projects. As a result, we may face competition from other Indian companies seeking to expand their power generation business as well as international power companies while negotiating or bidding for power projects. The Electricity Act, 2003 coupled with competitive bidding for power procurement, implemented in 2006, encouraged the participation of private players who had announced large capacity additions (*Source: CRISIL Research*). The sale of power depends on

how competitive we are on the ranking of the merit-order-despatch maintained by the local authorities. Please see the section entitled "*Other Regulatory and Statutory Disclosures*" for further details.

We have employees who focus on tracking opportunities in the field of power sector, bidding / tendering for development/implementation of power projects in India. Information pertaining to various upcoming bids/tenders is then communicated to a core business development team (comprising of senior management of the Company) which decides on the opportunities to be pursued by the Company and then prepares the bids for the identified opportunities. We face competition in power generation from companies such as NTPC Limited, Lanco Power, Reliance Power and other state-owned power companies (*Source: CRISIL Research*).

### **Insurance**

We maintain a number of insurance policies for the different risks involved in the operation of our businesses, as well as to cover any liability that may be imposed on our directors and officers. Specifically, we maintain directors' and officers' liability insurance for the directors and officers of our Company and our Associate.

In respect of our operational power plants, we currently maintain IAR on a reinstatement value basis other than stock which includes coverage for material damages and business interruption along with coverage for third party liability, fire-loss-of-profit, machinery loss-of-profit and natural calamities (such as storms, cyclones, typhoon, tempests, hurricanes, tornados and floods). We also maintain insurance for our fuel in respect of fuel intermediary storage and transportation, as well as insurance for our operational and office equipment including machinery, tools and miscellaneous fixed assets.

### **Real Properties**

We own and have leased certain premises in Uttar Pradesh from which we operate our power plants and run our power projects offices. The brief details of the material properties owned/leased by us are set out below:

	Description	Owned/leased
<b>BEL</b>		
7.593 acres of land	Owned by BEL	
149.211 acres of land	Leased by BEL from BHSU under eleven agreements, each for a term of 29 years commencing from three separate dates, namely, September 2010, December 2010 and December 2012	
<b>LPGCL</b>		
1,457.73 acres of land	Owned by LPGCL	
45.42 acres of land	Leased by LPGCL from Uttar Pradesh State Government for a term of 30 years commencing from September, 2012	

### **Intellectual Property**

BEL has registered with the Trade Marks Registry, Government of India, two trademarks for its logo under Class 37 and Class 9, respectively, which are valid until 2021. BEL has also filed applications under the Trade Marks Act, 1999 for registration of the trademark appearing on the cover page of this Draft Red Herring Prospectus. LPGCL has registered with the Trade Marks Registry, Government of India, a trademark for its logo under Class 37 which is valid until 2021. LPGCL has also filed applications for registration of the trademark for its logo under Class 4 and Class 37. For further details, please see the section entitled "*Risk Factors - Our Company does not own the logo  appearing on the cover page of this Draft Red Herring Prospectus that is used by us for our business. We have applied for registration of our logo  under the Trade Marks Act, 1999. Any failure to protect or enforce our rights to own or use our logo, trademarks and identities could have an adverse effect on our business and competitive business."*" on page 36.

## **Employees**

As at December 31, 2018, there were 466 employees at BEL and 434 employees at LPGCL. Employees are also paid in accordance with their individual performance as the Company's or LPGCL's performance (as the case may be), to incentivize high performance by its staff.

As part of the Company's strategy to improve operational efficiency, it undertakes multiple initiatives from time to time, placing equal emphasis on talent development and organizational capability. Accordingly, in-house and external training programs are regularly organized for the employees to increase efficiencies and dynamism amongst teams. Our employees are not covered by any collective bargaining agreements. We have not experienced any material strikes, work stoppages, labour disputes or actions by or with our employees, and we consider our relationship with our employees to be harmonious.

## **Environment, Safety and Risk Management**

We have an environment occupational health and safety policy in place to mitigate environmental, occupational health and safety ("EHS") risks and are committed to providing a safe and healthy work place for our employees and achieving operational efficiency.

Some of the key safety and management practices that are part of our policy include the following:

- ensuring compliance with all applicable EHS legislation and other requirements. For example, further to new emission standards issued by the Ministry of Environment, Forest and Climate Change in December 2015, both BEL and LPGCL are required and have commenced the preparation works to install and/or upgrade of its emission control systems in order to meet such new emission standards;
- providing and maintaining a safe and healthy workplace, and preventing pollution, injury and ill health by adopting best and appropriate operational practices and deploying suitable technologies;
- providing appropriate training and engagement to all employees to manage quality, environment health and safety system; and
- minimizing adverse impact on environmental and risk to the community that arise due to operations.

Our Company's corporate EHS team comprises 5 employees while LPGCL's corporate team comprises 9 employees, who are responsible for our Company's and LPGCL's compliance with laws related to environment health and safety.

## **Corporate Social Responsibility**

The Company and LPGCL implement their corporate social responsibility initiatives through the Kamalnayan Jamnalal Bajaj Foundation. The Company previously participated in multiple village projects in the Wardha district in Maharashtra and other parts of India to construct dams, revive water streams and converting rain-fed farming into irrigated farming. The Company invested ₹ 24.04 million, ₹ 30.10 million and ₹ 21.76 million in various corporate social responsibility initiatives in the financial years ended March 31, 2018, 2017 and 2016, respectively while LPGCL invested ₹ 13.92 and ₹ 4.34 million in various corporate social responsibility initiatives in the financial years ended March 31, 2018 and 2017, respectively.

## REGULATIONS AND POLICIES

*The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye-laws of the respective local authorities that are available in the public domain. The description of the applicable regulations provided below may not be exhaustive, and are only intended to provide general information to Bidders and are neither designed nor intended to substitute for professional legal advice. For details of certain key government approvals obtained by us, please see the section entitled “Government and Other Approvals” on page 317.*

*The statements below are based on the current provisions of Indian law, and the judicial, regulatory and administrative interpretations thereof, which are subject to change or modification by legislative, regulatory, administrative, quasi-judicial or judicial decisions or actions.*

### **A. GENERAL LAWS GOVERNING GENERATION OF ELECTRICITY**

#### **Electricity Act, 2003**

The Electricity Act, 2003 (the “**Electricity Act**”) is the central legislation which covers, among others, generation, transmission, distribution, trading and use of electricity. Under the Electricity Act, the transmission, distribution and trade of electricity are regulated activities that require licenses from the Central Electricity Regulatory Commission (“**CERC**”), the State Electricity Regulatory Commissions (“**SERCs**”) or a joint commission (constituted by an agreement entered into by two or more state governments or the central government in relation to one or more state governments, as the case may be).

The generating company is required to establish, operate and maintain generating stations, tie-lines, sub-stations and dedicated transmission lines. Further, the generating company may supply electricity to any licensee or even directly to consumers and have a right to open access, for the purpose of carrying electricity subject to availability of adequate transmission and distribution systems and payment of transmission charges, including wheeling charges and open access charges, as may be determined by the appropriate electricity regulatory commission. In terms of the Electricity Act, ‘open’ access means the non-discriminatory provision for the use of transmission lines or distribution system or associated facilities with such lines or system, by any licensee or consumer or a person engaged in generation in accordance with the regulations specified by the appropriate electricity regulatory commission.

Under the Electricity Act, the appropriate commission shall specify the terms and conditions for the determination of tariff. Pursuant to the powers granted under the Electricity Act, various regulations and guidelines have been framed by the CERC and SERCs for determination of tariff for thermal producers and generation, distribution, transmission, allowing open access, among others.

The Electricity (Amendment) Bill, 2014 was introduced to amend certain provisions of the Electricity Act. Among others, the amendment empowers the GoI to establish and review a national tariff policy and electricity policy.

#### **The National Electricity Policy**

The GoI approved the National Electricity Policy on February 12, 2005, in accordance with the provisions of the Electricity Act.

The National Electricity Policy lays down the guidelines for development of the power sector, and aims to accelerate the development of power sector by providing supply of electricity to all areas and protecting interests of consumers and other stakeholders. The National Electricity Policy recognises coal as the primary fuel for generation of electricity, and provides for certain measures such as long term fuel supply agreements, especially with respect to imported fuel, to give boost to companies generating electricity through coal or other sources of fuel.

#### **National Tariff Policy**

The GoI notified the revised National Tariff Policy effective from January 28, 2016. Among others, the National Tariff Policy seeks to ensure availability of electricity to different categories of consumers at reasonable and competitive rates, ensure financial viability of the sector and attract adequate investments and ensure creation of

adequate capacity including reserves in generation, transmission and distribution in advance, for reliability of supply of electricity to consumers.

## B. SPECIFIC LAWS APPLICABLE TO THE GENERATION OF THERMAL ENERGY

### The Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulations, 2014

The Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulations, 2014 (the “**UPERC Tariff Regulations**”) applies in all cases where tariff for a generating station or a unit thereof is required to be determined by the Uttar Pradesh Electricity Regulatory Commission (“**UPERC**”).

The tariff for supply of electricity from a thermal generating station shall comprise two parts, namely, capacity charge (for recovery of annual fixed cost) and energy charge (for recovery of primary fuel cost and limestone cost where applicable). Tariff in respect of a generating station may be determined for the whole of the generating station or a stage or unit.

For the purpose of determination of tariff, the capital cost of the project may be broken up into stages and by distinct units forming part of the generating station, provided that, where break-up of the capital cost of the project for different stages or units is not available and in case of ongoing projects, the common facilities shall be apportioned on the basis of the installed capacity of the units.

The generating company may make an application for fixation of tariff for new generating station or unit within 180 days of the anticipated date of commercial operation based on the capital expenditure actually incurred up to the date of making of the application or a date prior to making of the application. In case of the existing projects, the generating company or the transmission licensee, as the case may be, may be allowed final tariff by UPERC based on the admitted capital cost prior to April 1, 2014 and additional capitalization and de-capitalization for the respective years of the tariff period 2014-15 to 2018-19. For further details, please see the section entitled “*Risk Factors – Revision in the Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulations, 2014, as amended and Uttar Pradesh Electricity Regulatory Commission (Multi Year Transmission Tariff) Regulations, 2014, as amended (together, “UPERC Tariff Regulations”)*” on page 29.

### Uttar Pradesh Electricity Grid Code, 2007

The Uttar Pradesh Electricity Grid Code, 2007 (the “**UP Grid Code**”) regulates the relationship between the various users of the intra-state transmission system in Uttar Pradesh (the “Users”) and prescribes the technical standards, rules and procedures to be adopted by the Users.

The UP Grid Code, demarcates the responsibilities between various Users including the state load despatch centres (the “**SLDC**”) in relation to scheduling of generation of and despatch of the generated electricity. It lays down the procedure for the submission of generation capability by each state sector generating station (“**SSGS**”) to the SLDC, on basis of which, the SLDC prepares the generation and drawal schedule. The SSGS shall be responsible for power generation according to the daily schedules advised to them by the SLDC on the basis of the requisitions received from the distribution licensees & open access consumers. Under the UP Grid Code, the SSGS are responsible for proper operation and maintenance of their generating stations, such that these stations achieve the best possible long-term availability and economy.

### Notified Procedures for Scheduling, Despatch, Energy Accounting, UI Accounting and Settlement System of Open Access Transactions, 2011

The notified Procedures for Scheduling, Despatch, Energy Accounting, UI Accounting and Settlement System of Open Access Transactions, 2011 (the “**UP Scheduling Procedures**”) was drafted by the State Load Despatch Centre (the “**SLDC**”) of Uttar Pradesh, operated by the Uttar Pradesh Power Transmission Corporation Ltd. (which is the State Transmission Utility of Uttar Pradesh notified by Government of Uttar Pradesh under the Electricity Act, 2003). The UP Scheduling Procedures have been framed in accordance with Order passed by the Uttar Pradesh Electricity Regulatory Commission in petition number 659/2010 to, amongst others, lay down the process applicable to the scheduling of generation and despatch of power by the SLDC. It applies to all long term/medium term and short term open access transactions, both inter-state and intra-state.

The communication of ‘declaration of capability’ (“**DC**”) on a daily basis to the SLDC shall be the primary responsibility of the generating station. Based on such DC, ‘drawing entities’ shall submit their ex-bus plant or injection point “drawl schedule (SD)” to the SLDC. On basis of the submissions, the SLDC is required to prepare

a generation and drawal schedule which regulates the generation and despatch of electricity by the generating stations.

### **Mega Power Policy**

The Mega Power Policy was originally introduced by Ministry of Power, GoI, on November 10, 1995 wherein projects with capacity of 1,000 MW and more and providing power to more than one state were classified as mega power projects. The policy has been subsequently amended several times and the conditions for grant of a mega power status have been accordingly amended, including by way of the latest amendment dated September 21, 2017 (the “**Mega Power Policy**”). In terms of the Mega Power Policy, power projects with the following threshold capacity are eligible for the benefit of mega power project status:

- a thermal power plant of a capacity of 1,000 MW or more;
- a thermal power plant with a capacity of 700 MW or more, located in the States of Jammu and Kashmir, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura; or

Further, the power producer is required to tie up at least 65% of installed capacity or net capacity through competitive bidding and up to 35% of installed capacity or net capacity under regulated tariff as per the specific host state policy, as the case may be, approved by the respective regulators under long term power purchase agreements entered into with the state DISCOMS or such other designated agency. Additionally, the benefits under the Mega Power Policy are available to brownfield projects and provide that the threshold capacity of the unit being developed pursuant to the brownfield is not less than that of the existing units at the time of grant of the mega power status.

*Fiscal concessions or benefits available to the mega power projects:*

- Zero Customs Duty: The import of capital equipment would be free of customs duty for these projects;
- Deemed Export Benefits: Deemed export benefits are available to domestic bidders for projects both under public and private sector on meeting certain requirements;
- Goods required for setting up of any mega power project qualify for the above fiscal benefits after it is certified that:
  - (i) the power purchasing states have constituted the regulatory commissions with full powers to fix tariffs; and
  - (ii) the power purchasing states undertake, in principle, to privatize distribution in all cities, in each State each which has a population of more than one million, within a period to be fixed by the Ministry of Power, GoI.

Further, the mega power status is granted in two phases (i) provisional mega power status; and (ii) final mega power status. The benefits can only be availed upon submission of provisional mega power status certificate along with a fixed deposit receipt from any scheduled commercial bank as a security. The final mega power certificate has to be obtained within 10 years of the date of import.

### **Scheme for Harnessing and Allocating Koyla (Coal) Transparently in India**

Coal linkage to the power sector is governed by provisions of the New Coal Distribution Policy, 2007 (the “**NCDP**”). Under the NCDP, a system of issuance of letters of assurance was introduced wherein requests for linkage or letters of assurance were forwarded to the Ministry of Power, GoI for its recommendations. These recommendations are placed before the Standing Linkage Committee which authorizes the issue of LoA. Pursuant to the Scheme for Harnessing and Allocating Koyla (Coal) Transparently in India which was introduced on May 17, 2017 (“**SHAKTI**”), allocation of linkages for power sector will be based on auction of linkages or through power purchase agreement based on competitive bidding of tariffs except for the state and the central power generating companies and the exceptions provided in National Tariff Policy, 2016. Coal drawal will be permitted against valid long term power purchase agreements and to be concluded medium term power purchase agreements.

The approved framework ensures that all projects with linkages are supplied coal as per their entitlement. This will ensure the rights of coal supplies for holders of fuel supply agreements and signing of fuel supply agreements with holders of letters of assurance.

The salient features of SHAKTI are as follows:

- (i) Thermal power plants shall be eligible to sign fuel supply agreements after ensuring that the plants are commissioned, respective milestones met, all specified conditions of the letters of assurance fulfilled within specified timeframe and where nothing adverse is detected against the holders of letters of assurance and the thermal power plants are commissioned before March 31, 2022;
- (ii) Thermal power plants, about 19,000 MW capacity out of 68,000 MW, that could not be commissioned by March 31, 2015 shall now be eligible for coal drawal if the plants are commissioned before March 31, 2022;
- (iii) Actual coal supplies to all thermal power plants shall be to the extent of long term power purchase agreements and to be concluded medium term power purchase agreements; and
- (iv) Future coal linkages shall be granted on auction basis for independent power producers who have signed power purchase agreements based on domestic coal. The independent power producers participating in auction will bid for discount on the existing tariff. The discount on tariff would be adjusted from the gross amount of bill at the time of billing. The future coal linkages for supply of coal to independent power producers who have not signed power purchase agreements shall be on the basis of auction where bidding for linkage shall be done over the notified price of coal. The letter of assurance shall be issued to the successful bidders and fuel supply agreement signed after meeting the terms of letter of assurance. Coal linkages, for independent power producers who have signed power purchase agreements based on imported coal, shall be made available through a transparent bidding process.

## C. ENVIRONMENTAL LAWS

The Air (Prevention and Control of Pollution) Act, 1981 (“**Air Act**”), Water (Prevention and Control of Pollution) Act, 1974 (“**Water Act**”), and the Hazardous Wastes (Management and Transboundary Movement) Rules, 2016 (“**Hazardous Waste Rules**”) aim to prevent, control and abate pollution.

The Air Act stipulates that no person shall, without prior consent of the relevant state pollution control board, establish or operate any industrial plant which emits air pollutants in an air pollution control area, as notified by the state pollution control board.

The Water Act aims to prevent and control water pollution and to maintain or restore water purity and any person intending to establish any industry, operation or process or any treatment and disposal system or an extension or addition which is likely to discharge sewage or other pollution into a water body is required to obtain prior consent of the relevant state pollution control board.

The Hazardous Waste Rules regulate the management, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to obtain an approval from the relevant state pollution control board and to dispose of such waste without harming the environment.

The Forest (Conservation) Act, 1980 read with Forest (Conservation) Rules, 2003 aim to preserve forest land and provide for restriction on the use of forest land for non-forest purpose and requires prior approval for use of forest land for any non-forest purpose.

The Environment (Protection) Act, 1986 read with Environment (Protection) Rules, 1986 aim to protect and improve the environment and provide rules for prevention, control and abatement of environment pollution and impose prohibitions and restrictions for handling, processing, treatment, storage, transportation, use, collection, conversion and disposal of hazardous wastes.

### **The Environment Impact Assessment Notification S.O. 1533(E), 2006**

The Environment Impact Assessment Notification S.O. 1533(E), 2006 (the “**EIA Notification**”) issued under the Environment Protection Act, 1986 and the Environment (Protection) Rules, 1986, as amended, provides that

the prior approval of the MoEF, GoI, or State Level Environment Impact Assessment Authority, as the case may be, is required for the establishment of any new project and for the expansion or modernisation of existing projects specified in the EIA Notification. The EIA Notification states that obtaining of prior environmental clearance for new projects includes a maximum of four stages, i.e., screening, scoping, public consultation and appraisal.

An application for environmental clearance is made after the identification of prospective site(s) for the project or activities, or both, to which the application relates but before commencing any construction activity, or preparation of land, at the site by the applicant. Certain projects (Category B2) which require approval from the State Environment Impact Assessment Authority may not require an Environment Impact Assessment Report. For projects that require preparation of an Environment Impact Assessment Report, public consultation involving both public hearing and written response is conducted by the relevant state pollution control board. The appropriate authority makes an appraisal of the project only after a final Environment Impact Assessment report is submitted addressing the questions raised in the public consultation process.

The prior environmental clearance granted for a project or activity is valid for a period of five years. This period of validity may be extended by the regulatory authority concerned by a maximum period of five years.

#### **The Environment Protection (Amendment) Rules, 2015 (the “EP Amendment Rules”)**

On December 7, 2015, the Environment (Protection) Rules, 1986 were amended through the EP Amendment Rules. The EP Amendment Rules prescribed revised standards for the coal based thermal power plants. For this purpose, plants were categorised as those which were: (i) installed before December 31, 2003; (ii) installed after January 1, 2003 up to December 31, 2016 and (iii) installed from January 1, 2017. These standards are aimed at minimising pollution.

#### **Emission Norms for Thermal Power Stations**

The Ministry of Environment, Forest and Climate Change, Government of India (“**MoEF, GoI**”) notified revised emission norms for thermal power stations on December 7, 2015. These emission norms require the installation of flue gas desulphurization (“**FGD**”) systems in upcoming and existing thermal power plants. Further, the CEA prescribed the standard technical specifications of FGD systems in December 2017, to guide thermal power generators in the installation of FGD system in their power plants.

Further, the MoEF, GoI has issued a circular dated November 19, 2018, specifying the standard conditions to be stipulated in the environmental clearance for thermal power projects (the “**Standard Conditions**”). The Standard Conditions specify, amongst others, that FGD systems should be installed to restrict Sulphur Dioxide emissions in order to not exceed a prescribed amount.

#### **D. LABOUR AND INDUSTRIAL LAWS**

The following is an indicative list of labour laws applicable to the business and operations of Indian companies as may be applicable in each state (if any):

- Apprentices Act, 1961;
- Building and Other Construction Workers Welfare Cess Act, 1996;
- Child Labour (Prohibition and Regulation) Act, 1986;
- Contract Labour (Regulation and Abolition) Act, 1970;
- Employees’ Compensation Act, 1923;
- Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
- Equal Remuneration Act, 1976;
- Factories Act, 1948;
- Indian Boilers Act, 1923;
- Industrial Disputes Act, 1947;
- Industrial Employment (Standing Order) Act, 1946;
- Legal Metrology Act, 2009;
- Maternity Benefit Act, 1961;
- Mines and Minerals (Regulation and Development) Act, 1957;
- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;

- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Pension Act, 1971;
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- Shops and Establishments Acts;
- Uttar Pradesh Industrial Establishments (National Holidays) Act, 1961; and
- Uttar Pradesh Prohibition of Bonded Labour Act, 1975.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief history of our Company

Our Company was originally incorporated as Bajaj Eco-chem Products Private Limited on June 27, 2008 as a private limited company under the Companies Act, 1956, registered with the Registrar of Companies, Maharashtra at Mumbai. Subsequently, the name of our Company was changed from Bajaj Eco-chem Products Private Limited to Bajaj Energy Private Limited, on account of our intention to enter into the business of generation, distribution and trading of power, pursuant to a Shareholders' resolution dated February 27, 2010 and a fresh certificate of incorporation recording the change in name was issued on March 19, 2010. Thereafter, the registered office of our Company was shifted from the state of Maharashtra to the state of Uttar Pradesh pursuant to an order of CLB, Mumbai dated September 16, 2011 which was registered by the RoC through a certificate of registration dated September 30, 2011. Our Company was converted from a private limited company to a public limited company and the name of our Company was changed to Bajaj Energy Limited, pursuant to a Shareholders' resolution dated September 1, 2015 and a fresh certificate of incorporation was issued by the RoC dated October 16, 2015. The registered office of our Company was shifted from Noida to Lakhimpur Kheri pursuant to a Shareholders' resolution dated September 28, 2018.

As on the date of this Draft Red Herring Prospectus, our Company has seven Shareholders (including nominees of BPVPL).

### Changes in the Registered Office of our Company

Except as provided below, there have been no changes in the registered office of our Company since the date of its incorporation:

Date of change	Details of change in the address of the Registered Office	Reasons for change in the address of the Registered Office
September 30, 2011	The registered office of our Company was shifted from Bajaj Bhawan, 2 <sup>nd</sup> Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021 to Bajaj Bhawan, Jamnalal Bajaj Marg B-10, Sector-3, Noida 201 301.	Pursuant to an order of the CLB dated September 16, 2011, the registered office of our Company was changed for operational convenience as the five coal-based thermal power projects of our Company were set up in Uttar Pradesh.
September 28, 2018	The registered office of our Company was shifted from Bajaj Bhawan, Jamnalal Bajaj Marg B-10, Sector-3, Noida 201 301 to Khambarkhera, Shardanagar Road, Lakhimpur Kheri 261 506.	The registered office of our Company was changed to carry on our business more economically and efficiently and with better operational convenience.

### Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as follows:

*"To plan; promote; develop, design, engineer, construct, operate and maintain "electricity System" as defined under Section 2(25) read with Section 2(28), 2(29) and 2(30) of the Electricity Act 2003 and integrated fuel system in all its aspects including design and engineer; prepare preliminary feasibility, detailed project and appraisal reports; establish; own; construct; operate and maintain electricity system and captive coal mines for generation, evacuation and distribution of power for supply to the State Electricity Boards, Vidyut Boards, Power Utilities, Generating Companies, Transmission Companies, Distribution Companies, State Governments, Licensees, statutory bodies, other organizations (including private, public and joint sector undertakings) and bulk consumers of power in accordance with the applicable laws, rules regulations, policies, procedures, guidelines and objectives prescribed by the Government of India from time to time."*

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out.

### Amendments to our Memorandum of Association

Please see below details in respect of the amendments to the Memorandum of Association in the 10 years preceding the date of this Draft Red Herring Prospectus:

Date of Shareholders' resolution	Particulars
February 27, 2010	<p>Clause I of the Memorandum of Association was amended to reflect the change in name of our Company from Bajaj Eco-chem Products Private Limited to Bajaj Energy Private Limited. A fresh certificate of incorporation recording the change in name was issued on March 19, 2010.</p> <p>Clause III(A)(1) of the Memorandum of Association was amended to reflect the change in the main objects of our Company to reflect as follows:</p> <p><i>“Clause III</i></p> <p><i>1A. To carry on in India or elsewhere the business of Power, Light and Supply Company in all its locations and branches, and in particular to purchase, sell, deal in, develop, generate, distribute, accumulate, transmit, supply, sell electricity and/or power by installing power plant/s, whether based on thermal, hydel, gas, solar, windmill, diesel, furnace oil or any other energy source.</i></p> <p><i>1B. To carry on in India or elsewhere the business of establishing, operating, maintaining, engineering, contracting including the design, manufacture, construction, erection, alteration, repair, and installation of generating stations, accumulation, tie lines, sub stations, workshops, plants, buildings, structures, ways, works, systems and mechanical, electrical and electronic machineries, equipments, apparatus and devices and to light cities, towns, streets, docks, markets, theatres, buildings and places, both public and private.</i></p> <p><i>1C. To carry on in India or elsewhere the business of manufacturing, purchasing, selling, dealing in, letting on hire plant, machinery, equipment, appliances, components and apparatus of any nature whatsoever used in connection with the generation, storage, supply, distribution and application of energy.”</i></p>
	<p>Clause III(B) of the Memorandum of Association was amended to reflect the change in the incidental or ancillary objects of our Company to reflect as follows:</p> <p><i>“Clause III</i></p> <p><i>3A. To generate electrical power by conventional, non conventional methods including coal, gas lignite, oil, bio-mass, waste, thermal, solar, hydel, geo-hydel, wind and tidal waves.</i></p> <p><i>3B. To establish captive power plants on a cooperative basis for a group of industrial and other consumers and supply power to the participants in the cooperative effort either directly or through the transmission lines of the State Electricity Boards or other authorities by entering into appropriate arrangements.</i></p> <p><i>3C. To carry on the business of electrician, mechanical engineers, suppliers of electricity for the purposes of light, heat, motive power or otherwise, and manufacturers of and dealers in apparatus and things required for or capable of being used in connection with the generation, distribution, supply, accumulation and employment of electricity, galvanism, magnetism or otherwise.</i></p> <p><i>3D. To carry on in India or elsewhere the business of establishing, commissioning, setting up, operating and maintaining electric power generating stations based on conventional/non-conventional resources, tie-lines, sub-stations and transmission lines on build, own and transfer (BOT), and/or build, own, lease and transfer (BOLT) and/or build, own, operate and transfer (BOOT) basis and to carry on in India or elsewhere the business of acquiring, operating, managing and maintaining existing power generation stations, tie-lines, sub-stations and transmission lines, either owned by the private sector or public sector or the Government or Governments or other public authorities and for any or all of the aforesaid purposes, to do all the necessary or ancillary activities as may be considered necessary or beneficial or desirable.</i></p> <p><i>3E. To acquire concessions or licenses granted by, and enter into contracts with the Government of India or the Government of any Province in India, or the Government of any State in India, or any municipal or local authority, company or person in India, or elsewhere, for the construction and maintenance of an electric installation for the production, transmission or use of electric power for lighting, heating, pumping, signalling, telephonic, or traction or motive purposes, including the application thereof to tramcars, omnibuses, carriages, ships, conveyances and objects, or any other purpose.”</i></p>
	<p>Clause III(C) of the Memorandum of Association was amended to reflect the change in the other objects of our Company to reflect as follows:</p> <p><i>“55. To carry on the business as a holding and investment company and to promote, purchase or otherwise acquire, underwrite, invest in, acquire, hold, trade or deal in immovable and movable</i></p>

Date of Shareholders' resolution	Particulars
	<p><i>properties of all kinds and including lands, buildings, hereditaments, objects of art and, decoration, gems, jewellery, precious stones and metals, mortgages, charges, annuities, shares, stocks, debentures, debenture stocks, bonds, promissory notes, units of mutual funds and other funds, obligations, securities, concessions, options, book debts and claims and any interests in immovable and movable property and any claims against such property or against any person or company and to vary all or any of the aforesaid investments."</i></p> <p>Clause III(B) of the Memorandum of Association was amended to reflect the change in the incidental or ancillary objects of our Company to reflect as follows:</p> <p><i>"76. To construct, acquire establish, provide and administer factories, estates, railways, buildings, water reservoirs, shed, channels, pumping installations, generating installations, pipelines, garages, storages, accommodation of all description in connection with the business of the Company and to buy, sell, hire, let on hire, job work or otherwise to deal in all kinds of agricultural and earthmoving machineries including tractors, trillers, bulldozers, graders, levelers, cranes, and such other machineries and material handling equipments as required in connection with the business of the Company."</i></p>
July 5, 2010	<p>Clause V of the Memorandum of Association was amended to reflect the change in authorised Equity Share capital of our Company from 3,00,00,000 Equity Shares amounting to ₹ 30.00 million to 30,00,00,000 Equity Shares amounting to ₹ 300.00 million.</p>
July 25, 2011	<p>Clause V of the Memorandum of Association was amended to reflect the change in authorised Equity Share capital of our Company from 30,00,00,000 Equity Shares amounting to ₹ 300.00 million to 50,00,00,000 Equity Shares amounting to ₹ 500.00 million.</p> <p>Clause II of the Memorandum of Association was amended to reflect the change in the registered office of our Company from the State of Maharashtra to the State of Uttar Pradesh pursuant to an order of the CLB, Mumbai dated September 16, 2011 which was registered by the RoC through the certificate of registration dated September 30, 2011.</p>
September 1, 2015	<p>Clause I of the Memorandum of Association was amended to reflect the change in name of our Company from Bajaj Energy Private Limited to Bajaj Energy Limited. A fresh certificate of incorporation was issued by the RoC dated October 16, 2015.</p> <p>Clause III of the Memorandum of Association was amended to reflect the change in the main objects of our Company to reflect as follows:</p> <p><i>"To plan; promote; develop, design, engineer, construct, operate and maintain "electricity System" as defined under Section 2(25) read with Section 2(28), 2(29) and 2(30) of the Electricity Act 2003 and integrated fuel system in all its aspects including design and engineer; prepare preliminary feasibility, detailed project and appraisal reports; establish; own; construct; operate and maintain electricity system and captive coal mines for generation, evacuation and distribution of power for supply to the State Electricity Boards, Vidyut Boards, Power Utilities, Generating Companies, Transmission Companies, Distribution Companies, State Governments, Licensees, statutory bodies, other organizations (including private, public and joint sector undertakings) and bulk consumers of power in accordance with the applicable laws, rules regulations, policies, procedures, guidelines and objectives prescribed by the Government of India from time to time."</i></p>
August 31, 2018	<p>Clause V of the Memorandum of Association was amended to reflect the change in authorised Equity Share capital of our Company from 50,00,00,000 Equity Shares amounting to ₹ 500.00 million to 1,667,00,00,000 Equity Shares amounting to ₹ 16,670.00 million and 833,00,00,000 preference shares amounting to ₹ 8,330.00 million.</p>

### Major Events and Milestones in relation to our Company

Please see below the key event in the history of our Company:

Year	Particulars
2010	Five thermal power projects with a capacity of 90 MW each were assigned to our Company from BHSL (erstwhile Bajaj Hindusthan Limited)
	Entered into PPAs with UPCCL for each of the five power plants for a period of 25 years from the commercial operation date of the power plants
2011	Execution of supplementary power purchase agreements with DISCOMs for the supply of 100% of saleable energy
	Commencement of commercial operations at Khambarkhera (Unit 2), Maqsoodapur (Unit 1) and Barkhera (Unit 1)
2012	Commencement of commercial operations at Khambarkhera (Unit 1), Maqsoodapur (Unit 2), Barkhera (Unit 2), Utraula (Unit 1 and Unit 2) and Kundarkhi (Unit 1 and Unit 2)
	Execution of Fuel Supply Agreements between our Company and Central Coal Fields Limited

Year	Particulars
2014	Investment of ₹ 1,000 million for subscription of 2,000,000 equity shares of LPGCL Investment of ₹ 750 million for subscription of 1,515,152 equity shares of LPGCL
2015	Investment of ₹ 1,750 million for subscription of 3,535,354 equity shares of LPGCL
2016	Investment of ₹ 2,843.30 million for subscription of 5,744,041 equity shares of LPGCL Investment of ₹ 700 million for subscription of 1,414,142 equity shares of LPGCL Investment of ₹ 2,000 million for subscription of 20,000,000 optionally convertible debentures of LPGCL Conversion of optionally convertible debentures of LPGCL issued to our Company into 4,040,404 equity shares of LPGCL, pursuant to which our Company currently holds 20.69% of the equity shares of LPGCL making it an associate

### Awards and Accreditations in last five years

Please see below details of the key awards and accreditations received by our Company:

Year	Awards and Accreditations
2013	Our Company received the Amity Leadership award for ‘Business Excellence by Leveraging IT in Power Sector’ at Confluence 2013, the Next Generation Information Technology Summit.
2015	Our Company received the ‘Gold Award’ in thermal power sector for its Utraula unit for outstanding achievements in safety management at the 14 <sup>th</sup> Annual Greentech Safety Award 2015.
	Our Company received the ‘National Safety Award’ for its Barkhera unit, for outstanding performance in industrial safety as runner-up during the performance year 2015 in achieving lowest average frequency rate.
2017	Our Company was certified as a ‘Great Workplace’ in the category “Small and Mid-Sized Organisation” by Great Place To Work Institute, India for the period from May 2017 till April 2018.
	Our Company and our Associate, LPGCL, received the ‘Company with Great Managers, 2017’ award from People Business at the Great Manager Awards.

### Our Holding Company

As of the date of this Draft Red Herring Prospectus, our company is wholly owned by BPVPL. For details in relation to our holding company, please see the section entitled “*Our Promoters and Promoter Group*” on page 155.

### Our Subsidiaries, Joint Ventures and Associates

As of the date of this Draft Red Herring Prospectus, LPGCL is an associate of our Company. Upon listing of the Equity Shares pursuant to the Offer and completion of the acquisition of 100% of the equity share capital of LPGCL by our Company, LPGCL shall become a wholly-owned subsidiary of our Company. For details in relation to LPGCL, please see the sections entitled “*Objects of the Offer*”, “*Our Business*”, “*LPGCL Restated Financial Information*”, “*Unaudited Restated Proforma Financial Information*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Outstanding Litigation and Material Developments*”, “*Government and Other Approvals*” and “*Our Group Companies*” on pages 69, 109, 208, 298, 259, 309, 317 and 318, respectively.

### Defaults or rescheduling or restructuring of borrowings with financial institutions or banks

There has been one instance of “take-out” financing in Fiscal 2015. Further, there have been no defaults or rescheduling of borrowings with financial institutions or banks, except as disclosed in the section entitled “*Risk Factors – We have in the past not been, and continue not to be, compliant with certain financial and other covenants, in relation to certain loan agreements, which have resulted and potentially could result in an event of default under the respective loan agreements and cross-defaults under other instruments, thereby accelerating our obligations under our debt facilities*” on page 25.

### Time and Cost Over-runs in setting up projects

We have, from time to time, experienced cost overruns, on account of, amongst others, changes in the scope of work, foreign exchange fluctuations and delay in laying of transmission lines. Such cost overruns are in the ordinary course of our business. For further details, please see the section entitled “*Risk Factors – In the past, we have incurred additional costs in order to complete some of our projects. There can be no assurance that we will be able to complete any future projects in accordance with the anticipated schedule or without incurring cost overruns. Any cost overruns in the development, construction or operation of any future projects may adversely affect our business, prospects, financial condition, cash flows and results of operations*” on page 28.

## **Other Agreements**

Other than as disclosed below, our Company has not entered into any material contracts which is not in ordinary course of business or is intended to be carried out by our Company.

### *Share purchase agreement dated March 31, 2019 between our Company, our Associate, Bajaj Power Ventures Private Limited and Bajaj Hindusthan Sugar Limited*

Pursuant to the Offer, our Company intends to acquire the entire shareholding of our Associate that is held by BHSL. Our Company, our Associate, BPVPL and BHSL have entered into the BHSL Share Purchase Agreement. In terms of the BHSL Share Purchase Agreement, the aggregate consideration payable by our Company to BHSL for the acquisition of 15,439,900 LPGCL Shares shall be not lower than ₹ 10,975.30 million (the “**Minimum Price**”). However, the final price for acquisition of the LPGCL Shares held by BHSL shall be the aggregate price determined on the basis of the higher of: (a) the Minimum Price; and (b) a valuation in accordance with the provisions of the Income Tax Act for dealing in unquoted shares, which shall be taken two business days prior to filing the Red Herring Prospectus with the RoC.

The transaction contemplated under the BHSL Share Purchase Agreement is subject to customary conditions precedent, which include that:

- i. no material adverse change should have occurred and been continuing after the execution date of the BHSL Share Purchase Agreement;
- ii. BHSL shall have obtained unconditional release of the pledge created over the LPGCL Shares proposed to be sold by BHSL under the BHSL Share Purchase Agreement;
- iii. BHSL shall have obtained the requisite approvals from its lenders to consummate the sale of the LPGCL Shares under the BHSL Share Purchase Agreement;
- iv. BHSL shall have obtained all corporate approvals required in relation to the transactions and arrangements contemplated in the BHSL Share Purchase Agreement; and
- v. BHSL shall have complied with the terms of BHSL Share Purchase Agreement in all material respects.

Further, our Company has provided certain customary representations and warranties to BHSL, which include:

- i. a representation that the Company is duly incorporated;
- ii. a representation that the BHSL Share Purchase Agreement is duly authorized and valid; and
- iii. a representation in relation to insolvency and other claims and proceedings against the Company.

Further, our Company shall indemnify BHSL for the breach of any representations and warranties given by our Company in the BHSL Share Purchase Agreement.

### *Share purchase agreement dated March 31, 2019 between our Company, our Associate, Bajaj Hindusthan Sugar Limited and Bajaj Power Ventures Private Limited*

Pursuant to the Offer, our Company intends to acquire the entire shareholding of our Associate that is held by BPVPL. Our Company, our Associate, BHSL and BPVPL have entered into the BPVPL Share Purchase Agreement. In terms of the BPVPL Share Purchase Agreement, the aggregate consideration payable by our Company to BPVPL for the acquisition of 54,497,000 LPGCL Shares shall be not more than ₹ 38,738.65 million (the “**Maximum Price**”). However, the final price for acquisition of the LPGCL Shares held by BPVPL shall be the aggregate price determined on the basis of the lower of: (a) the Maximum Price; and (b) a valuation in accordance with the provisions of the Income Tax Act for dealing in unquoted shares, which shall be taken two business days prior to filing the Red Herring Prospectus with the RoC.

The transaction contemplated under the BPVPL Share Purchase Agreement is subject to customary conditions precedent, which include:

- i. no material adverse change should have occurred and been continuing after the execution date of the BPVPL Share Purchase Agreement;
- ii. BPVPL shall have obtained unconditional release of the pledge created over the LPGCL Shares proposed to be sold by BPVPL under the BPVPL Share Purchase Agreement;
- iii. BPVPL shall have obtained the requisite approvals from its lenders to consummate the sale of the LPGCL Shares under the BPVPL Share Purchase Agreement;
- iv. BPVPL shall have obtained all corporate approvals required in relation to the transactions and arrangements contemplated in the BPVPL Share Purchase Agreement; and

v. BPVPL shall have complied with the terms of BPVPL Share Purchase Agreement in all material respects.

Our Company has provided certain customary representations and warranties to BPVPL, which include:

- i. a representation that the Company is duly incorporated;
- ii. a representation that the BPVPL Share Purchase Agreement is duly authorized and valid; and
- iii. a representation in relation to insolvency and other claims and proceedings against the Company.

Further, our Company shall indemnify BPVPL for the breach of any representations and warranties given by our Company in the BPVPL Share Purchase Agreement.

**Guarantees, if any, issued by Promoters offering their Equity Shares in terms of the Offer for Sale**

Except as disclosed in the sections entitled “*Financial Indebtedness*” and “*Restated Consolidated Financial Information*” and below, no guarantees have been issued by the Promoter Selling Shareholder as of December 31, 2018:

- BPVPL has issued a corporate guarantee in favour of State Bank of India amounting to ₹ 6,241.40 million, in respect of loans availed by our Company.
- BPVPL has issued a corporate guarantee in favour of ICICI Bank Limited amounting to ₹ 2,000.00 million in respect of loans availed by our Company.
- BPVPL has issued a corporate guarantee in favour of PTC India Financial Services Limited amounting to ₹ 1,750.00 million in respect of loans availed by our Company
- BPVPL has issued a corporate guarantee in favour of IDBI Trusteeship Services Limited amounting to ₹ 182,538.80 million, in respect of loans availed by our Associate.

## OUR MANAGEMENT

### **Board of Directors**

In terms of the Articles of Association, our Company is required to have not less than three Directors and not more than 14 Directors.

As on the date of this Draft Red Herring Prospectus, our Board of Directors comprises eight Directors, including three non-executive Directors and five Independent Directors, two of whom are women Directors. The following table provides details of our Board:

<b>Name, Designation, Address, Occupation, Nationality, Term, Period of Directorship, Date of Birth, Age and DIN</b>	<b>Other Directorships</b>
<b>Kushagra Bajaj</b> <i>Designation:</i> Chairman and Non-Executive Director <i>Address:</i> Flat No. 100, 13 <sup>th</sup> Floor, Mount Unique, 62-A, Peddar Road, Cumbala Hill, Mumbai 400 026 <i>Occupation:</i> Industrialist <i>Nationality:</i> Indian <i>Term:</i> Liable to retire by rotation <i>Period of Directorship:</i> Director since September 26, 2018 <i>Date of birth:</i> February 4, 1977 <i>Age:</i> 42 years <i>DIN:</i> 00017575	<ul style="list-style-type: none"> <li>• Bajaj Consumer Care Limited</li> <li>• Bajaj Hindusthan Sugar Limited</li> </ul>
<b>Tara Sankar Bhattacharya</b> <i>Designation:</i> Independent Director <i>Address:</i> 8E, B1, Harbor Heights, N.A. Sawant Road, Colaba, Mumbai 400 005 <i>Occupation:</i> Retired <i>Nationality:</i> Indian <i>Term:</i> Appointed for a period of five years from March 21, 2016 up to March 20, 2021 <i>Period of Directorship:</i> Director since March 21, 2016 <i>Date of birth:</i> January 24, 1948 <i>Age:</i> 71 years <i>DIN:</i> 00157305	<ul style="list-style-type: none"> <li>• Arshiya Limited</li> <li>• IDFC Projects Limited</li> <li>• Jindal Stainless Limited</li> <li>• Nandan Denim Limited</li> <li>• Sharven Consultancy Private Limited</li> <li>• Surya Roshni Limited</li> <li>• Uflex Limited</li> </ul>
<b>Santosh Balachandran Nayar</b> <i>Designation:</i> Independent Director	<ul style="list-style-type: none"> <li>• Feedback Infra Private Limited</li> <li>• Mytrah Energy (India) Private Limited</li> <li>• PTC India Financial Services Limited</li> </ul>

<b>Name, Designation, Address, Occupation, Nationality, Term, Period of Directorship, Date of Birth, Age and DIN</b>	<b>Other Directorships</b>
<p><b>Address:</b> No 90/66, Flat No 8 A, The Lords Apts, Satya Dev Avenue, R A Puram, M R C Nagar, Raja Annamalaipuram, Chennai 600 028</p> <p><b>Occupation:</b> Professional</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Appointed for a period of five years from March 16, 2019 up to March 15, 2024</p> <p><b>Period of Directorship:</b> Director since March 16, 2019</p> <p><b>Date of birth:</b> September 6, 1954</p> <p><b>Age:</b> 64 years</p> <p><b>DIN:</b> 02175871</p>	
<p><b>Dhananjay Nilkanth Date</b></p> <p><b>Designation:</b> Independent Director</p> <p><b>Address:</b> H No. 3, Rakshak Society, Pimple Nilakh Phata, Pune City, Pune 411 027</p> <p><b>Occupation:</b> Retired</p> <p><b>Nationality:</b> British</p> <p><b>Term:</b> Appointed for a period of five years from July 29, 2016 up to July 28, 2021</p> <p><b>Period of Directorship:</b> Director since July 29, 2016</p> <p><b>Date of birth:</b> August 16, 1956</p> <p><b>Age:</b> 62 years</p> <p><b>DIN:</b> 01030900</p>	<ul style="list-style-type: none"> <li>• Kotak Mahindra General Insurance Company Limited</li> <li>• Softcell Technologies Limited</li> </ul>
<p><b>Naina Krishna Murthy</b></p> <p><b>Designation:</b> Independent Director</p> <p><b>Address:</b> No. 288, 14<sup>th</sup> Cross, 5<sup>th</sup> Main Dollar Colony, Bangalore North, Bangalore 560 094</p> <p><b>Occupation:</b> Professional</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Appointed for a period of five years from March 16, 2019 up to March 15, 2024</p> <p><b>Period of Directorship:</b> Director since March 16, 2019</p> <p><b>Date of birth:</b> September 15, 1971</p>	<ul style="list-style-type: none"> <li>• Indostar Capital Finance Limited</li> </ul>

<b>Name, Designation, Address, Occupation, Nationality, Term, Period of Directorship, Date of Birth, Age and DIN</b>	<b>Other Directorships</b>
<p><b>Age:</b> 47 years</p> <p><b>DIN:</b> 01216114</p>	
<p><b>Shalu Laxmanraj Bhandari</b></p> <p><b>Designation:</b> Independent Director</p> <p><b>Address:</b> B/221, Durian Estate, Goregaon Mulund Link Road, Near Pravasi Industrial Estate Goregaon East, Mumbai 400 063</p> <p><b>Occupation:</b> Professional</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Appointed for a period of five years from February 13, 2019 up to February 12, 2024</p> <p><b>Period of Directorship:</b> Director since February 13, 2019</p> <p><b>Date of birth:</b> April 13, 1979</p> <p><b>Age:</b> 39 years</p> <p><b>DIN:</b> 00012556</p>	<ul style="list-style-type: none"> <li>• Bajaj Hindusthan Sugar Limited</li> <li>• Bajaj Power Generation Private Limited</li> <li>• Lalitpur Power Generation Company Limited</li> </ul>
<p><b>Prabal Banerjee</b></p> <p><b>Designation:</b> Non-Executive Director</p> <p><b>Address:</b> 404, 4<sup>th</sup> floor, Belfer CHS, 147 Waterfield, Bandra West, Mumbai 400 050</p> <p><b>Occupation:</b> Service</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Liable to retire by rotation</p> <p><b>Period of Directorship:</b> Director since May 2, 2016</p> <p><b>Date of birth:</b> August 12, 1957</p> <p><b>Age:</b> 61 years</p> <p><b>DIN:</b> 00082261</p>	
<p><b>Dr. Ajay Vikram Singh</b></p> <p><b>Designation:</b> Non-Executive Director</p> <p><b>Address:</b> Plot F8, Flat No. 771, Sagar Presidency, Noida, Sector 50, Gautam Budh Nagar 201 301</p> <p><b>Occupation:</b> Service</p> <p><b>Nationality:</b> Indian</p>	

Name, Designation, Address, Occupation, Nationality, Term, Period of Directorship, Date of Birth, Age and DIN	Other Directorships
<p><b>Term:</b> Liable to retire by rotation</p> <p><b>Period of Directorship:</b> Director since March 17, 2016</p> <p><b>Date of birth:</b> January 12, 1957</p> <p><b>Age:</b> 62 years</p> <p><b>DIN:</b> 07164207</p>	

#### Brief Biographies of Directors

**Kushagra Bajaj** is the Chairman and a Non-Executive Director of our Company. He holds a bachelor's degree of science in industrial management (finance), economics and ethics from the Carnegie Mellon University, Pittsburgh, USA. He has over 17 years of experience in the consumer and sugar industry. He was appointed on the board of directors of BHSL as a joint managing director from April, 2007 and was designated as vice chairman from April, 2011. He was re-designated as the chairman and managing director of BHSL from October, 2014, and he has been the chairman of Bajaj Consumer Care Limited since September, 2007. He is currently the chairman and managing director of BHSL and chairman of Bajaj Consumer Care Limited. He was appointed as an additional Director of our Company on September 26, 2018 and was regularised on September 28, 2018.

**Tara Sankar Bhattacharya** is an Independent Director of our Company. He holds a master's degree in science (physics) from Jadavpur University and a diploma in management studies from Jamnalal Bajaj Institute of Management Studies, University of Mumbai. He is an associate of Saha Institute of Nuclear Physics. He has over 38 years of experience in the banking sector. Previously, he has been associated with the State Bank of India, including as the managing Director, Infrastructure Leasing and Financial Services Limited as a director, SBI Capital Markets Limited as a nominee director and Nuclear Power Corporation of India Limited as a part time director. He has previously been on the board of directors of Abhijeet Power Limited, Amartex Industries Limited, AGS Transact Technologies Limited, Embee ARC (India) Limited, Ess Dee Aluminium Limited, IDFC AMC Trustee Company Limited, IDFC Securities Limited, Ind-Swift Laboratories Limited, Jagson Airlines Limited, Jindal Stainless (Hisar) Limited, Man Industries (India) Limited, Purple Finance Limited, Rosoft Limited, Sayaji Hotels Limited, Speciality Restaurants Limited and Surya Vijaynagar Steel and Power Limited. He has also been associated with Ernst & Young as an advisor and a senior advisor. He was appointed as an Independent Director on March 21, 2016.

**Santosh Balachandran Nayar** is an Independent Director of our Company. He holds a bachelor's degree in commerce from University of Mumbai. He is a certificated associate of the Indian Institute of Bankers. Previously, he has been associated with State Bank of India as deputy managing director and group executive (corporate banking), IFCI Limited as managing director and chief executive officer and India Infrastructure Finance Company Limited as chairman and managing director. He has previously been on the board of directors of IFCI Factors Limited, IFCI Financial Services Limited, IFCI Infrastructure Development Limited, IFCI Venture Capital Funds Limited, IIFCL Asset Management Company Limited, Infrastructure Leasing and Financial Services Limited, Irrigation and Water Resources Finance Corporation Limited, SBI Macquarie Infrastructure Management Private Limited and Tourism Finance Corporation of India Limited. He was appointed as an additional Director on March 16, 2019 and his appointment was regularised on March 25, 2019.

**Dhananjay Nilkanth Date** is an Independent Director of our Company. He holds a bachelor's degree in arts (history honours course) from the University of Delhi. He is also an associate of the Insurance Institute of India. He is a Chartered Insurer from the Chartered Insurance Institute, United Kingdom. Previously, he has been associated with The New India Assurance Company Limited, Schweizerische Rückversicherungs-Gesellschaft, Zurich, Switzerland, Swiss Reinsurance Company UK Limited, London and Swiss Re Services India Private Limited. He has previously been on the board of directors of Swiss Indian Chamber of Commerce India, Swiss Re Healthcare Services Private Limited and Swiss Re Services India Private Limited. He was appointed as an Independent Director on July 29, 2016.

**Naina Krishna Murthy** is an Independent Director of our Company. She holds a bachelor's degree in law from

the National Law School of India University, Bengaluru. She is the founder and managing partner of Krishnamurthy & Co. She has over 19 years of experience in legal services. She has previously been on the board of directors of Acciona Agua India Private Limited, Alpha Omega User Experience & Design Innovation Private Limited, Asia American Healthcare Corporation Private Limited, Athena Investment Services Private Limited, Aurangabad Electricals Limited, Birthstone Capital Advisors Private Limited, Epicentre Research Technologies Bangalore Private Limited, Focus Suites Solutions & Services Limited, MMRS Adhoc Services Private Limited, Mobile Feed Back Services India Private Limited, National Commodity & Derivatives Exchange Limited, Net Miner Services Private Limited, NSDL Payments Bank Limited, Omni Market Research Services Private Limited, Performance Direct Software Private Limited, Pure Online Panel Research Services Private Limited, Secure Computing Solutions India Private Limited, Sheyna Jewellery Trading Company Private Limited, Survey Sampling International Hyderabad Private Limited (erstwhile Mrops Programming India Private Limited) and Witness Systems Software (India) Private Limited. She was appointed as an additional Director on March 16, 2019 and her appointment was regularised on March 25, 2019.

**Shalu Laxmanraj Bhandari** is an Independent Director of our Company. She holds a bachelor's degree in commerce from the University of Mumbai. She is a fellow of the Institute of Company Secretaries of India. She has been practising as a company secretary for over 16 years. She is the proprietor of S. L. Bhandari & Associates. She was appointed as an additional Director on February 13, 2019 and her appointment was regularised on March 25, 2019.

**Prabal Banerjee** is a Non-Executive Director of our Company. He is a fellow chartered accountant from the Institute of Chartered Accountants of India. He has been associated with us as the group finance director and he continues to be associated with the corporate strategy of our Company. Previously, he has been the Treasurer of Mahindra & Mahindra Limited, Group President-Finance and CFO of Hinduja Group India Limited, CFO at Adani Power Limited and Head – International Finance at Essar Services India Private Limited. He has previously been on the board of directors of GOCL Corporation Limited, Hinduja Foundries Limited, Ashok Leyland Limited, Hinduja Ventures Limited, Adani Pench Power Limited, Maharashtra Eastern Grid Power Transmission Company Limited, Adani Power Rajasthan Limited, Hinduja Energy (India) Limited, Mundra Power SEZ Limited, Hinduja National Power Corporation Limited, Hinduja Realty Ventures Limited, Paterson Securities Private Limited and Cyqurex Systems Private Limited (formerly Aasia Realty Ventures Private Limited and Hinduja Realty Private Limited). He was appointed as an additional Director of our Company on May 2, 2016 and was regularised on July 29, 2016.

**Dr. Ajay Vikram Singh** is a Non-Executive Director of our Company. He holds a master's degree in organic chemistry, from Udai Pratap College, Varanasi, a post graduate diploma in industrial safety from the Regional Labour Institute, Kanpur affiliated to Board of Technical Education, U.P. and a post graduate diploma in ecology and environment from the Indian Institute of Ecology and Environment. He also holds the degree of doctor of philosophy in science (chemistry) from University of Bihar. He has over 25 years of experience in the fields of environment, occupational health and safety. He is currently associated with LPGCL as the Chief Sustainability Officer. He is currently a member of the National Safety Council of India. Previously, he has been associated with Indian Drugs and Pharmaceuticals Limited, Jubilant Life Sciences Limited, Atul Limited and BHSL. Previously, he was a director of ASO Troquer Private Limited. He was appointed as an additional Director of our Company on March 17, 2016 and was regularised on July 29, 2016.

### **Remuneration of our Directors**

#### ***Remuneration to our Non-Executive Directors***

Each Non-Executive Director on our Board is entitled to receive sitting fees of ₹ 0.10 million per sitting, pursuant to resolutions of our Board dated March 17, 2016 and August 31, 2018, for attending meetings of our Board and its committees and meetings of Independent Directors and reimbursement of any travel and out-of-pocket expenses incurred, from time to time.

The remuneration paid to our Non-Executive Directors in Fiscal 2018 is as follows:

<i>(In ₹ million)</i>		
<b>Sr. No.</b>	<b>Name of the Director<sup>(1)</sup></b>	<b>Sitting Fee</b>
1.	Tara Sankar Bhattacharya	0.90
2.	Dr. Gauri Surendra Trivedi*	0.70
3.	Dhananjay Nilkanth Date	0.30
4.	Prabal Banerjee	0.60
5.	Dr. Ajay Vikram Singh	0.30

Sr. No.	Name of the Director <sup>(1)</sup>	Sitting Fee
6.	Pradeep Parakh**	0.30

\* Ceased to be a director from January 30, 2019.

\*\* Ceased to be a director from January 18, 2018.

(1) Kushagra Bajaj, Shalu Laxmanraj Bhandari, Santosh Balachandran Nayar and Naina Krishna Murthy were appointed as Directors after March 31, 2018 and accordingly, were not paid any remuneration by our Company for Fiscal 2018.

### Remuneration paid by our Associate

The remuneration paid to our Directors in Fiscal 2018 by our Associate is as follows:

(In ₹ million)

Sr. No.	Name of the Director	Amount
1.	Prabal Banerjee	105.48
2.	Dr. Ajay Vikram Singh	13.67

### Interest of Directors

1. All Directors may be deemed to be interested to the extent of the fee, if any, payable to them for attending meetings of our Board, commission payable to them, as approved by our Board, as the case may be, to the extent of other remuneration, commission and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.
2. Except for Kushagra Bajaj, none of our Directors are interested in the promotion or formation of our Company as on date of this Draft Red Herring Prospectus. For details of the interest of Kushagra Bajaj in our Company, see the section entitled “Our Promoters and Promoter Group” on page 155.
3. Kushagra Bajaj is one of the promoters of BHSL, from whom our Company has taken certain properties on lease. For details of such properties and such transactions with BHSL, see the sections entitled “Our Business - Real Properties” on page 122 and “Restated Consolidated Financial Information – Annexure VI – Notes to Restated Consolidated Summary Financial Information – Related party transactions” on page 195, respectively.
4. Except as stated in this section and the section entitled “Restated Consolidated Financial Information” on page 161, none of our Directors are interested in any transaction in acquisition of land, construction of building and supply of machinery and do not have any other interest in our business.
5. Except as disclosed in the section entitled “Restated Consolidated Financial Information - Restated Consolidated Financial Information – Annexure VI – Notes to Restated Consolidated Summary Financial Information – Related party transactions” on page 195 and the sitting fee or remuneration, no amount or benefit has been paid, or given, within the two years preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid, or given, to any of our Directors.

### Changes in our Board of Directors in the last three years

The following table provides details of the changes in our Board of Directors in the last three years:

Sr. No.	Name	Date of appointment or cessation	Reason
1.	Prabal Banerjee	May 2, 2016	Appointed as an Additional Director
2.	Dhananjay Nilkanth Date	July 29, 2016	Appointed as an Independent Director
3.	Prabal Banerjee	July 29, 2016	Appointed as a Non-Executive Director
4.	Dr. Ajay Vikram Singh	July 29, 2016	Appointed as a Non-Executive Director
5.	N. K. Balasubramanian	September 1, 2016	Resigned as an Independent Director
6.	Shishir Bajaj	February 7, 2017	Resigned as the Chairman and Whole-Time Director
7.	Pradeep Parakh	January 18, 2018	Resigned as a Non-Executive Director
8.	Kushagra Bajaj	September 26, 2018	Appointed as an Additional Director and as the Chairman
9.	Arun Kumar Purwar	September 26, 2018	Appointed as an Additional Director
10.	Kushagra Bajaj	September 28, 2018	Appointed as a Non-Executive Director

<b>Sr. No.</b>	<b>Name</b>	<b>Date of appointment or cessation</b>	<b>Reason</b>
11.	Arun Kumar Purwar	September 28, 2018	Appointed as an Independent Director
12.	Arun Kumar Purwar	December 15, 2018	Resigned as an Independent Director
13.	Dr. Gauri Surendra Trivedi	January 30, 2019	Resigned as an Independent Director
14.	Shalu Laxmanraj Bhandari	February 13, 2019	Appointed as an Additional Director
15.	Santosh Balachandran Nayar	March 16, 2019	Appointed as an Additional Director
16.	Naina Krishna Murthy	March 16, 2019	Appointed as an Additional Director
17.	Shalu Laxmanraj Bhandari	March 25, 2019	Appointed as an Independent Director
18.	Santosh Balachandran Nayar	March 25, 2019	Appointed as an Independent Director
19.	Naina Krishna Murthy	March 25, 2019	Appointed as an Independent Director

### **Service contracts with Directors**

None of our Directors has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

### **Borrowing powers of our Board of Directors**

In accordance with the Articles of Association of our Company, our Board of Directors has been empowered to borrow funds in accordance with applicable law. Pursuant to the resolution dated February 23, 2016 passed by our Shareholders, our Board of Directors has been authorised to borrow an amount up to ₹ 55,000 million, or the aggregate of the paid-up share capital and free reserves of the Company, whichever is higher.

### **Corporate Governance**

The corporate governance provisions of the SEBI Listing Regulations will be applicable to us immediately upon listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of applicable regulations, including the SEBI Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance, including constitution of our Board and committees thereof, and formulation and adoption of policies.

Our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations. Our Board functions either as a full board, or through various committees constituted to oversee specific operational areas.

### **Committees of our Board of Directors**

In addition to the committees of our Board of Directors detailed below our Board of Directors may, from time to time constitute committees for various functions.

#### ***Audit Committee***

The members of the Audit Committee are:

1. Tara Sankar Bhattacharya, *Chairman*;
2. Dhananjay Nilkanth Date;
3. Shalu Laxmanraj Bhandari; and
4. Prabal Banerjee.

The Audit Committee was constituted by way of resolution passed by our Board of Directors on May 2, 2016 and re-constituted on September 26, 2018, January 25, 2019 and February 13, 2019. The terms of reference of the Audit Committee were revised on September 26, 2018. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the SEBI Listing Regulations and its terms of reference include the following:

- a) oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) recommendation for appointment, remuneration and terms of appointment of auditors;
- c) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d) reviewing and monitoring the auditors' independence and performance, and effectiveness of audit process;
- e) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - i) matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - ii) changes, if any, in accounting policies and practices and reasons for the same;
  - iii) major accounting entries involving estimates based on the exercise of judgment by management;
  - iv) significant adjustments made in the financial statements arising out of audit findings;
  - v) compliance with listing and other legal requirements relating to financial statements;
  - vi) disclosure of any related party transactions; and
  - vii) modified opinion(s) in the draft audit report;
- f) reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- g) approval or any subsequent modification of transactions with related parties;
- h) scrutiny of inter-corporate loans and investments;
- i) valuation of undertakings or assets, wherever it is necessary;
- j) evaluation of internal financial controls and risk management systems;
- k) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- l) monitoring the use/application of the funds raised through the proposed initial public offer by our Company;
- m) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- n) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- o) discussion with internal auditors of any significant findings and follow up there on;
- p) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

- q) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- r) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- s) to review the functioning of the whistle blower mechanism;
- t) approval of appointment of chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;
- u) investigating into any above matter or referred to it by the Board of Directors and for this purpose, to have full access to information contained in the records of the Company and external professional advice, if necessary;
- v) The Audit Committee shall mandatorily review the following information:
  - i) management discussion and analysis of financial condition and results of operations;
  - ii) statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - iii) management letters / letters of internal control weaknesses issued by the statutory auditors;
  - iv) internal audit reports relating to internal control weaknesses;
  - v) the appointment, removal and terms of remuneration of the chief internal auditor;
  - vi) reviewing utilisation of loans and/or advances from/investment by the holding company in the unlisted subsidiary exceeding ₹ 1,000 million or 10% of the asset size of the subsidiary, whichever is lower, including existing loans/ advances/ investments; and
  - vii) statement of deviations:
    - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the SEBI Listing Regulations.
    - b. annual statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice in terms of the SEBI Listing Regulations; and
- w) performing such other functions and duties as may be required to be performed by the Audit Committee under the applicable provisions of the Companies Act or the rules made thereunder or the SEBI Listing Regulations, including any amendment(s) thereto as may be made from time to time.

The Company Secretary of our Company shall act as Secretary to the Audit Committee.

#### **NRC Committee**

The members of the NRC Committee are:

1. Tara Sankar Bhattacharya, *Chairman*;
2. Dhananjay Nilkanth Date;
3. Shalu Laxmanraj Bhandari; and
4. Prabal Banerjee.

The NRC Committee was constituted by way of resolution passed by our Board of Directors on January 31, 2011 and re-constituted on January 18, 2018, February 11, 2019 and February 13, 2019. The terms of reference of the NRC Committee were revised on September 26, 2018. The scope and function of the NRC Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations. The terms of

reference of the NRC Committee include the following:

- (a) formulating and recommending to the Board for its approval and also to review from time to time, a nomination and remuneration policy or processes, as may be required pursuant to the provisions of the Companies Act;
- (b) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to, the remuneration of the Directors, key managerial personnel and other employees;
- (c) identifying persons who are qualified to become directors and persons who may be appointed in senior management position in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- (d) formulation of criteria for evaluation of performance of Independent Directors and the Board;
- (e) recommending to the Board, qualifications, appointment, remuneration and removal of Directors, key management personnel and persons in senior management positions in accordance with the nomination and remuneration policy;
- (f) devising a policy on diversity of the Board;
- (g) carrying out performance evaluation of every Director in accordance with the nomination and remuneration policy;
- (h) considering grant of stock options to eligible Directors, formulating detailed terms and conditions of employee stock option schemes and administering and exercising superintendence over employee stock option schemes;
- (i) engaging the services of any consultant/professional or other agency for the purpose of recommending compensation structure/policy;
- (j) determining whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors; and
- (k) performing such other activities as may be delegated by the Board or specified or provided under the Companies Act, 2013 or the SEBI Listing Regulations, and the rules and regulations made thereunder or other applicable law, including any amendments thereto as may be made from time to time.

#### ***Stakeholders' Relationship Committee***

The members of the Stakeholders' Relationship Committee are:

1. Tara Sankar Bhattacharya, *Chairman*;
2. Dhananjay Nilkanth Date; and
3. Prabal Banerjee.

The Stakeholders Relationship Committee was constituted by way of resolution passed by our Board of Directors on September 26, 2018. The scope and functions of the Stakeholder Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations.

The terms of reference of the Stakeholders Relationship Committee include the following:

- (a) considering and resolving grievances of investors, shareholders, debenture holders and other security holders of the Company, including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends;
- (b) investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- (c) issue of duplicate certificates and new certificates on split, consolidation or renewal;

- (d) considering various aspects of interests of shareholders, debenture holders and other security holders; and
- (e) carrying out any other function as may be decided by the Board or prescribed under the Companies Act, the SEBI Listing Regulations, including any amendment(s) thereto as may be made from time to time, or by any other regulatory authority.

#### ***CSR Committee***

The members of the CSR Committee are:

1. Dr. Ajay Vikram Singh, *Chairman*;
2. Dhananjay Nilkanth Date; and
3. Tara Sankar Bhattacharya.

The CSR Committee was constituted by way of resolution passed by our Board of Directors on June 2, 2014 and re-constituted on January 18, 2018. The terms of reference of the CSR Committee were revised on September 26, 2018. The scope and functions of the CSR Committee is in accordance with Section 135 of the Companies Act, 2013.

The terms and reference of the CSR Committee include the following:

- (a) formulating and recommending to the Board, the corporate social responsibility policy, indicating the corporate social responsibility activities to be undertaken;
- (b) recommending the amount of expenditure to be incurred on the corporate social responsibility activities;
- (c) monitoring the corporate social responsibility policy and its implementation by our Company from time to time; and
- (d) performing such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR Committee in terms of the Companies Act and the rules made thereunder, including any amendments thereto as may be made from time to time.

#### ***Risk Management Committee***

The members of the Risk Management Committee are:

1. Tara Sankar Bhattacharya, *Chairman*;
2. Dhananjay Nilkanth Date; and
3. Prabal Banerjee.

The Risk Management Committee was constituted by way of resolution passed by our Board of Directors on September 26, 2018. The scope and functions of the Risk Management Committee is in accordance with the SEBI Listing Regulations.

The terms of reference of the Risk Management Committee include the following:

- (a) framing, implementing and monitoring the risk management plan for our Company;
- (b) overseeing the implementation of risk management systems and framework;
- (c) review our Company's financial and risk management; and
- (d) carrying out any other function as may be decided by the Board or prescribed under the Companies Act or the SEBI Listing Regulations, including any amendments thereto as may be made from time to time, or by any other regulatory authority.

### **IPO Committee**

The members of the IPO Committee are:

1. Prabal Banerjee; and
2. Dr. Ajay Vikram Singh.

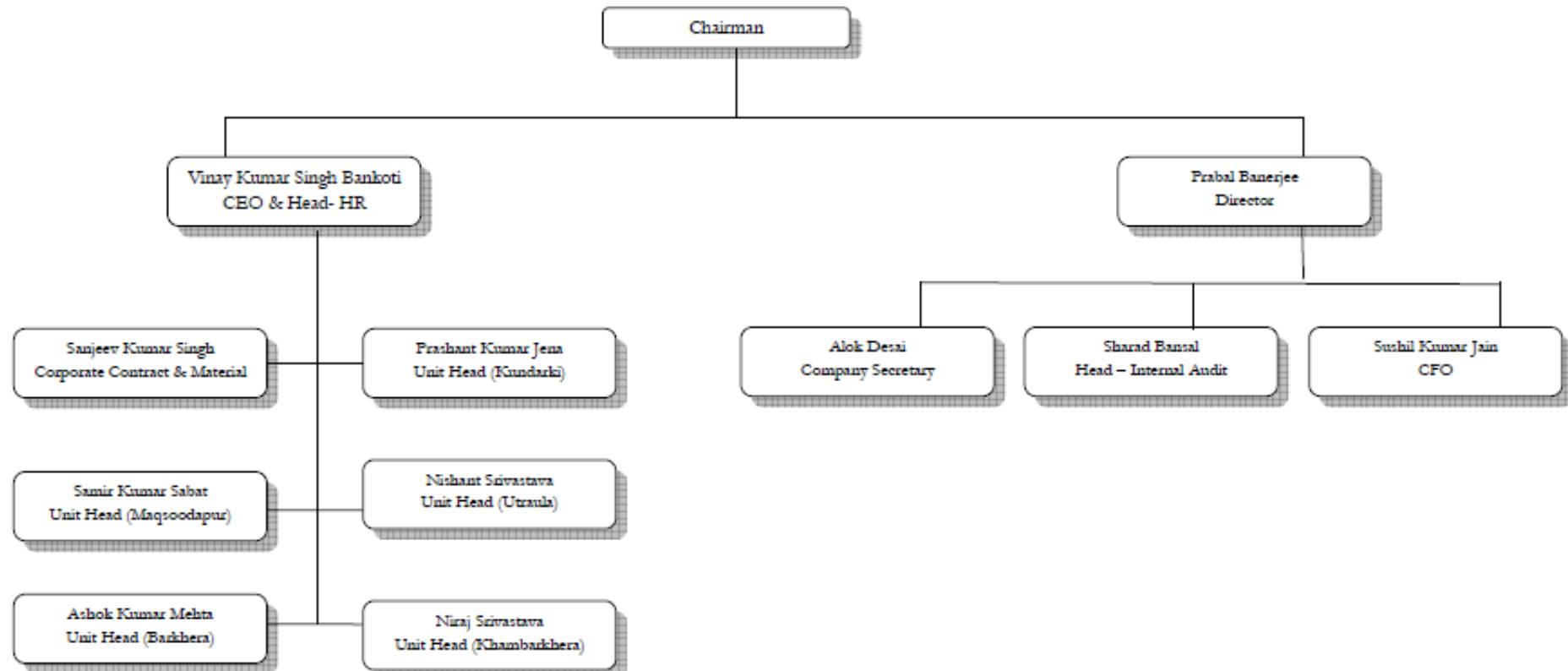
The IPO Committee was constituted by way of resolution passed by our Board of Directors on June 19, 2018. The IPO Committee is authorised to approve the following in connection to the Offer:

- (a) issue, transfer, offer and allotment of Equity Shares, and other matters in connection with or incidental to the Offer, including determining the anchor investor portion and allocating such number of Equity Shares to anchor investors as may be decided by our Company, and where necessary, in consultation with the Lead Managers in accordance with the SEBI ICDR Regulations and to constitute such other committees of the Board, as may be required under applicable laws, including the SEBI Listing Regulations;
- (b) authorizing any director or directors of the Company or other officer or officers of our Company, including by the grant of power of attorney, to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with any issue, transfer, offer and allotment of Shares in the Offer;
- (c) giving or authorizing any concerned person on behalf of the Company to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
- (d) appointing and entering into agreements with the Lead Managers in accordance with the provisions of the SEBI ICDR Regulations and other applicable laws to negotiate and finalize the terms of their appointment;
- (e) negotiating, finalizing, settling, executing and delivering or arranging the delivery of the Lead Managers' mandate letter, the Offer Agreement, Registrar Agreement, Syndicate Agreement, Underwriting Agreement, Cash Escrow Agreement, Share Escrow Agreement and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever, including with respect to payment of commissions, brokerages and fees, with the Lead Managers, the registrar to the Offer, legal advisors, auditors, stock exchanges and any other agencies / intermediaries in connection with the Offer, with the power to authorize one or more officers of our Company to negotiate, execute and deliver all or any of the aforesaid documents;
- (f) seeking, if required, any approval, consent or waiver from our Company's lenders, and/or parties with whom our Company has entered into various commercial and other agreements, and/or any/all government and regulatory authorities in India, and/or any other approvals, consents or waivers that may be required in connection with any issue, transfer, offer and allotment of Equity Shares and taking such actions or give such directions as may be necessary or desirable and to obtain such approvals, permissions, consents, sanctions, as it may deem fit;
- (g) settling any question, removing any doubt or difficulty that may arise from time to time with regard to or in relation to the Offer and allotment of the Equity Shares, terms of the Offer, utilization of the Offer proceeds, appointment of intermediaries for the Offer and such other issues as it may in its absolute discretion deem fit;
- (h) deciding, and where necessary, in consultation with the Lead Managers, the pricing and terms of the Equity Shares, the Offer Price, the Price Band, the size and all other terms and conditions of the Offer including the number of Equity Shares to be offered and transferred in the Offer, the Bid Opening Date and Bid Closing Date, discount (if any), reservation and all other related matters, including the determination of the minimum subscription for the Offer, in accordance with applicable laws;
- (i) deciding, and where necessary, in consultation with the BRLMs, all other related matters regarding the pre-IPO placement if any, including the execution of the relevant documents with the investors, and rounding off, if any, in the event of oversubscription and in accordance with applicable laws;

- (j) taking on record the approval of the current shareholder(s) who express their intention to participate in the Offer to offer their Equity Shares in the offer for sale;
- (k) approving the DRHP, the RHP and the Prospectus and the preliminary and final offering memorandum (including amending, varying, supplementing or modifying the same, or providing any notices, addenda, or corrigenda thereto, together with any summaries thereof as may be considered desirable or expedient) in relation to the Offer as finalized by our Company, in consultation with the Lead Managers, in accordance with applicable laws;
- (l) deciding in consultation with the Lead Managers, the withdrawal of the DRHP or the RHP or any decision not to proceed with the Offer at any stage in accordance with applicable laws;
- (m) seeking the listing of the Shares on the Stock Exchanges, submitting the listing application to such Stock Exchanges and taking all actions that may be necessary in connection with obtaining such listing;
- (n) appointing, in consultation with the Lead Managers, the registrar and other intermediaries to the Offer, in accordance with the provisions of the SEBI ICDR Regulations and other applicable laws including legal counsels, banks or agencies concerned and entering into any agreements or other instruments for such purpose, to remunerate all such intermediaries/agencies including the payments of commissions, brokerages, etc. and to terminate any agreements or arrangements with such intermediaries/ agents;
- (o) finalizing and arrangement of the submission of the DRHP to be submitted to SEBI and the Stock Exchanges for receiving comments, the RHP and the Prospectus to be filed with the RoC, and any corrigendum, amendments supplements thereto;
- (p) opening and operating bank account(s) of our Company in terms of the Cash Escrow Agreement in relation to applications moneys received from the Anchor Investors in the Offer and for handling of the Public Offer Account and Refund Account for the Offer, and authorizing one or more of the officers of our Company to execute all documents / deeds as may be necessary in this regard;
- (q) opening and operating a bank account of our Company in terms of Section 40(3) of the Companies Act, 2013 and authorizing one or more officers of our Company to execute all documents / deeds as may be necessary in this regard;
- (r) issuing Confirmation of Allocation Notes, as applicable, representing the underlying Equity Shares in the capital of our Company with such features and attributes as may be required and providing for the tradability and free transferability thereof as per market practices and regulation;
- (s) authorizing of the maintenance of a register of holders of the Equity Shares;
- (t) finalizing the Basis Of Allotment of the Equity Shares;
- (u) accepting and appropriating the proceeds of the Fresh Issue in accordance with applicable laws;
- (v) approving the code of conduct and other policies as may be considered necessary by the Board or as required under applicable laws, regulation or guidelines for the Board, officers of our Company and other employees of our Company;
- (w) doing all such deeds and acts as may be required to dematerialize the Equity Shares and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection, and to authorize one or more officers of our Company to execute all or any of the aforesaid documents;
- (x) delegating its powers as may be deemed necessary and to the extent allowed under applicable laws to the committees of the Board or the officials of the Company; and
- (y) doing any other act and/or deed, negotiating and executing any document(s), application(s), agreement(s), undertaking(s), deed(s), affidavits, declarations and certificates, and/or giving such direction, including any direction to settle all questions, removing any difficulties or doubts that may arise from time to time in relation to the Issue or allotment of the Equity Shares in the Offer and utilizing the Offer proceeds, in such manner as the Board may deem fit, and giving such directions and/or

instructions as it may from time to time decide and accepting and giving effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, and taking such actions or giving such directions as may be necessary or desirable and as it deems fit or as may be necessary or desirable with regard to the Offer.

## Management Organisation Chart



## **Key Management Personnel**

The details of the Key Management Personnel as of the date of this Draft Red Herring Prospectus are as follows:

**Vinay Kumar Singh Bankoti**, aged 54 years, is the Chief Executive Officer of our Company. He holds a bachelor's degree in mechanical engineering from Madan Mohan Malaviya Engineering College, Gorakhpur at Gorakhpur University and a post graduate diploma in management from the Management Development Institute, Gurgaon. He has over 31 years of experience in the thermal power sector. He has been associated with our Company since September 17, 2012. Prior to joining our Company, he was associated with NTPC Limited and Rosa Power Supply Company Limited. During Fiscal 2018, he received remuneration amounting to ₹ 8.11 million.

**Sushil Kumar Jain**, aged 52 years, is the Chief Financial Officer of our Company. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India. He has over 25 years of experience in finance and accounting. He has been associated with our Company since October 15, 2010. Prior to joining our Company, he was associated with GPI Textiles Limited, Eurolink Systems Limited, Pasupati Overseas Private Limited and Shamken Cotsyn Limited. During Fiscal 2018, he received remuneration amounting to ₹ 3.23 million.

**Alok Desai**, aged 37 years, is the Company Secretary of our Company and of Bajaj Power Ventures Private Limited, our holding Company. He holds a bachelor's degree in commerce from the University of Mumbai. He is an associate of the Institute of Company Secretaries of India. He has over 11 years of experience in the secretarial department. He has been associated with our Company since March 23, 2019. Prior to joining our Company, he was associated with Raj Oil Mills Limited, Bajaj Eco-Tec Limited and BHSL. Since Alok Desai was appointed by our Company on March 23, 2019, he was paid zero remuneration by our Company for Fiscal 2018.

**Sanjeev Kumar Singh**, aged 47 years, is a General Manager– Corporate Contract and Materials of our Company. He holds a bachelor's degree in science and has passed the examinations for the master's degree in mathematics from Kumaun University. He has also passed the bachelor's degree in technology examination in mechanical engineering from Karnataka State Open University. He has over 14 years of experience in the sugar industry. He has been associated with our Company since April 1, 2013. Prior to joining our Company, he was associated with BHSL (erstwhile Bajaj Hindusthan Limited) and Bajaj Infrastructure Development Company Limited. During Fiscal 2018, he received remuneration amounting to ₹ 1.70 million.

**Samir Kumar Sabat**, aged 56 years, is the Senior Vice President of the plant Operations and Maintenance department at Maqsoodapur unit of our Company. He holds a master's degree of engineering in thermal engineering from Vinayaka Missions University, Salem. He is a member of the Institution of Engineers (India). He passed the course in mechanical engineering from College of Technology and Engineering, Madras affiliated to the Institution of Engineers, Calcutta and holds a certificate of proficiency as a Boiler Operation Engineer from the Government of Uttar Pradesh. He has over 27 years of experience in the thermal power plant sector. He has been associated with our Company since December 5, 2011. Prior to joining our Company, he was associated with Orient Paper Mills, Century Pulp and Paper, Duncans Industries Limited, Pressels Private Limited and Trident Corporation Limited. During Fiscal 2018, he received remuneration amounting to ₹ 4.98 million.

**Niraj Srivastava**, aged 59 years, is the Vice President of the plant Operations and Maintenance department at Khambarkhera unit of our Company. He holds a diploma in mechanical engineering from the Institute of Engineering and Rural Technology, Allahabad. He also holds a certificate of proficiency as a Boiler Operation Engineer from Government of Uttar Pradesh. He has over 33 years of experience in various sectors like boiler and co-generation plant operation and captive power plants. He has been associated with our Company since April 16, 2011. Prior to joining our Company, he was associated with Hindalco Industries Limited and Jaiprakash Associates Limited. During Fiscal 2018, he received remuneration amounting to ₹ 2.83 million.

**Ashok Kumar Mehta**, aged 51 years, is the Vice President of the plant Operations and Maintenance department at Barkhera unit of our Company. He holds a master's degree of technology (mechanical engineering) from Kurukshetra University. He passed the course in mechanical engineering from the Institution of Engineers, India. He also holds a diploma (mechanical engineering) from Thapar Polytechnic, Patiala and a certificate of proficiency as a Boiler Operation Engineer from Government of Haryana. He has over 28 years of experience in the power plant sector. He has been associated with our Company since February 22, 2012. Prior to joining our Company, he was associated with Orient Paper Mills, Madhya Pradesh, JCT Limited, Shreyans Industries Limited, Ballarpur Industries Limited, Jindal Strips Limited and Bharat Starch & Chemicals Limited. During Fiscal 2018, he received remuneration amounting to ₹ 3.51 million.

**Prashant Kumar Jena**, aged 46 years, is the Assistant Vice President of the plant Operations and Maintenance department at Kundarki unit of our Company. He holds a bachelor's degree in mechanical engineering from Gulbarga University,

Karnataka. He holds a certificate of proficiency as a Boiler Operation Engineer from Government of Karnataka. He has over 18 years of experience in various departments like operation and maintenance, project management and execution and man and cost management. He has been associated with our Company since March 16, 2012. Prior to joining our Company, he was associated with The West Coast Paper Mills Limited, Tata Sponge Iron Limited, Maithan Ispat Limited and Abhijeet Projects Limited. During Fiscal 2018, he received remuneration amounting to ₹ 3.04 million.

**Nishant Srivastava**, aged 39 years, is the General Manager of the plant Operations and Maintenance department at Utraula unit of our Company. He holds a bachelor's degree in mechanical engineering from Dr. Bhimrao Ambedkar University, Agra. He has over 10 years of experience in the power plant sector. He has been associated with our Company since January 5, 2011. Prior to joining our Company, he was associated with Jubilant Organosys Limited and Ballarpur Industries Limited (Avantha Group). During Fiscal 2018, he received remuneration amounting to ₹ 2.07 million.

**Sharad Kumar Bansal**, aged 46 years, is the Deputy General Manager of our Company. He is a qualified Chartered Accountant and a fellow of the Institute of Chartered Accountants of India and holds a bachelor's degree in commerce from Meerut University. He has over 14 years of experience in the audit sector. He has been associated with our Company since September 1, 2010. Prior to joining our Company, he was associated with RSWM Limited, Bajaj Infrastructure Development Company Limited and BHSL (erstwhile Bajaj Hindusthan Limited). During Fiscal 2018, he received remuneration amounting to ₹ 1.29 million.

All our Key Management Personnel are permanent employees of our Company.

#### ***Interests of Key Management Personnel***

The Key Management Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of business and in the course of performance of their duties.

#### ***Changes in our Key Management Personnel***

The following table sets forth details of the changes in our Key Management Personnel in the last three years:

Name	Date of change	Reason for change
Govind Maheshwari	May 30, 2017	Resignation as Chief Financial Officer
Sushil Kumar Jain	July 10, 2017	Appointment as Chief Financial Officer
Vinay Kumar Singh Bankoti	August 5, 2017	Appointment as Chief Executive Officer
Chandresh Chhaya	June 19, 2018	Resignation as Company Secretary
Hitesh Kanani	June 20, 2018	Appointment as Company Secretary
Hitesh Kanani	March 22, 2019	Resignation as Company Secretary
Alok Desai	March 23, 2019	Appointment as Company Secretary

#### **Senior Personnel**

In addition to Prabal Banerjee and Dr. Ajay Vikram Singh, whose details are provided in the section entitled “*Brief Biographies of Directors*” on page 140, details of the senior personnel as of the date of this Draft Red Herring Prospectus are as follows:

**Ram Sharan Sharma**, aged 68 years, is the managing director of LPGCL, our Associate. He has passed the examinations for the bachelor's degree in mechanical engineering from Awadhesh Pratap Singh Vishwavidyalaya, Rewa. He has over 46 years of experience in the power sector. He started his career with the Madhya Pradesh Electricity Board in 1971. He joined NTPC Limited in 1980 and rose to the position of chairman and managing director of NTPC Limited in 2008. He has also been associated with Jindal Power Limited as the managing director and CEO. He is certified as a Projects Director (IPMA Level A certified) by Project Management Associates and is a fellow of the Institution of Engineers (India). During his tenure at NTPC Limited, he has participated in the management development programme on ‘Strategic Corporate Financial Reporting’ conducted by the Indian Institute of Management, Calcutta and ‘Advanced Management Programme for the Executives of NTPC’ programme at the Administrative Staff College of India, Hyderabad and attended the course titled ‘Asci – India Administrative staff college of India – Advanced Management Program’ at the Bocconi University, Milan, Italy and an executive programme on ‘Strategic Thinking and Implementation’ by the Indian School of Business. He was awarded the ‘Bronze Medal’ by the Central Electricity Authority, Ministry of Power, Government of India for meritorious performance as general manager, Rihand STPS during 1998-1999. He was felicitated as an ‘Eminent Engineering Personality’ by the Institution of Engineers (India). He has been associated with LPGCL since September 25, 2015. During Fiscal 2018, he received remuneration amounting to ₹ 27.52 million from LPGCL.

**Surat Narain Mani Tripathi**, aged 75 years, is a whole-time director of LPGCL, our Associate. He holds a diploma of associateship from the National Sugar Institute, Kanpur. He has experience in the sugar and power sector and has previously been associated with Uttar Pradesh State Sugar Corporation Limited, National Sugar Institute, Pannijee Sugar & General Mills Company and BHSL. He has been associated with LPGCL since April 1, 2011. During Fiscal 2018, he received remuneration amounting to ₹ 6.86 million from LPGCL.

**Aditya Narayan Mishra**, aged 60 years, is the chief operating officer (projects/fuel/commercial) of LPGCL, our Associate. He holds a bachelor's degree in science (engineering - mechanical) from National Institute of Technology, Rourkela (formerly Regional Engineering College, Rourkela, Sambalpur University) and a post graduate certificate in project management from the Indian Institute of Management, Indore. He has passed the examinations for a master's degree in business administration (infrastructure) from Teri University. He is a member of the All India Management Association, the Institution of Engineers (India) and the Institute of Directors. He is also a chartered engineer of the Institution of Engineers (India). He has completed the 'PURC/World Bank International Training Program on Utility Regulation and Strategy' programme conducted by the University of Florida, USA and has attended the programme on 'Nordic Power Market Experiences and their Relevance for Evolving Power Market in India' conducted at Oslo, Norway. He has over 35 years of experience in the power sector, and his responsibilities at LPGCL include projects, fuel management, fuel logistics, engineering and contract matters. Previously, he has been associated with NTPC Limited for over 33 years. He has been associated with LPGCL since December 1, 2016. During Fiscal 2018, he received remuneration amounting to ₹ 12.64 million from LPGCL.

**Alhad Narayan Sar**, aged 60 years, is the chief operating officer of LPGCL, our Associate. He has passed the examinations for the bachelor's degree in science (electronics and telecommunication engineering) from University College of Engineering, Burla, Sambalpur University. He has over 37 years of experience in the power sector. Previously, he has been associated with the Department of Atomic Energy, Government of India, NTPC Limited and Jindal Steel & Power Limited. He has been associated with LPGCL since October 28, 2014. During Fiscal 2018, he received remuneration amounting to ₹ 14.96 million from LPGCL.

**Birendra Kumar Agarwal**, aged 53 years, is the executive director – fuel management of LPGCL, our Associate. He holds a master's degree in business administration from Alliant International University, USA (formerly United States International University). He has over 33 years of experience in varied industries including, amongst others, logistics, rubberised coir mattresses, plywood, sugar and power. He has previously been associated with Jamshedpur Transport Corporation, Coirfoam India Private Limited, Apex Petroleum Limited, Niche International, Kitply Industries Limited, Western Coirfoam Private Limited, Bharat Sugar Mills, Clintus Network Limited, BHSL and our Company. He has been associated with LPGCL since April 1, 2011. During Fiscal 2018, he received remuneration amounting to ₹ 10.84 million from LPGCL.

**Govind Maheshwari**, aged 37 years, is the chief financial officer of LPGCL, our Associate. He holds a bachelor's degree in commerce from University of Delhi and a post graduate diploma in business administration (marketing management) from the Symbiosis Centre for Distance Learning, Pune. He is an associate of the Institute of Chartered Accountants of India and an associate of the Institute of Company Secretaries of India. He has over 13 years of experience in finance. Previously, he has been associated with HEG Limited, Bhilwara Energy Limited, BHSL and our Company. He has been associated with LPGCL since May 31, 2017. During Fiscal 2018, he received remuneration amounting to ₹ 10.53 million from LPGCL.

**Anand Singh**, aged 56 years, is the president – legal and business development of LPGCL, our Associate. He holds a bachelor's degree in engineering (chemical branch) from Birla Institute of Technology and Science, Pilani and a diploma in bio-chemical engineering and biotechnology from Indian Institute of Technology, Delhi. He also holds a bachelor's degree in law from Chaudhary Charan Singh University, Meerut. He has over 28 years of experience in legal and business development. Previously, he has been associated with Essar Investments Limited and Essar Services India Limited. He has also previously served as the Additional Commissioner, Commissionerate of Excise and Customs in Noida. He has been associated with LPGCL since August 5, 2013. During Fiscal 2018, he received remuneration amounting to ₹ 13.16 million from LPGCL.

**Praveen Bansal**, aged 55 years, is the assistant vice-president – internal audit of LPGCL, our Associate. He holds a bachelor's degree in commerce from Meerut University and he is an associate of the Institute of Chartered Accountants of India. He has experience in accounts, finance, tax and audit. Previously, he has been associated with SBEC Sugar Limited, BHSL and our Company. He has been associated with LPGCL since March 1, 2016. During Fiscal 2018, he received remuneration amounting to ₹ 4.12 million from LPGCL.

**Sanjeev Pathak**, aged 44 years, is the company secretary, assistant general manager – corporate secretarial of LPGCL, our Associate. He has passed the final examinations for a bachelor's degree in commerce from University of Mumbai and a bachelor's degree in law from University of Mumbai. He is an associate of the Institute of Company Secretaries of India. He has over 15 years of experience in the corporate secretarial sector. Previously, he has been associated with Bright Brothers Limited, Gunnebo India Limited and GeeCee Ventures Limited. He has been associated with LPGCL since November 1, 2011. During Fiscal 2018, he received remuneration amounting to ₹ 1.81 million from LPGCL.

**Anil Yadav**, aged 45 years, is the deputy general manager – information technology of LPGCL, our Associate. He holds a bachelor's degree in science from Chaudhary Charan Singh University, Meerut and a post-graduate diploma in computer applications from Punjab Technical University. He has over 18 years of experience in the field of information technology. Previously, he has been associated with Technoware Systems India (P) Limited and BHSL. He has been associated with LPGCL since January 1, 2016. During Fiscal 2018, he received remuneration amounting to ₹ 0.93 million from LPGCL.

**Mukesh Kumar Sinha**, aged 53 years, is president - engineering of LPGCL, our Associate. He holds a bachelor's degree in science (engineering) from Ranchi University. He has over 30 years of experience in engineering. He has previously been associated with NTPC Limited, Jindal Power Limited and Lanco Infratech Limited. He has been associated with LPGCL since December 12, 2015. During Fiscal 2018, he received remuneration amounting to ₹ 7.95 million from LPGCL.

**Dinesh Bansal**, aged 48 years, is senior vice-president – finance and accounts of LPGCL, our Associate. He holds a bachelor's degree in commerce from University of Delhi. He has passed the final examination held by the Institute of Chartered Accountants of India and the final examination held by the Institute of Cost and Works Accountants of India. He has experience in the finance sector. Previously, he has been associated with PG Industry Limited, Adani Ports and Special Economic Zone Limited (formerly Mundra Port and Special Economic Zone Limited), Adani Power Limited and Essar Projects (India) Limited. He has been associated with LPGCL since July 22, 2015. During Fiscal 2018, he received remuneration amounting to ₹ 13.04 million from LPGCL.

**Surendra Kumar Sharma**, aged 56 years, is the executive director – regulatory affairs of LPGCL, our Associate. He holds a bachelor's degree in electrical engineering from University of Jodhpur, Rajasthan and a master's degree in business administration from Indira Gandhi National Open University, Delhi. He has over 34 years of experience in the power sector. Previously, he has been associated with NTPC Limited and worked at NTPC Limited's Kawas and Rihand projects. He was designated as a manager (commercial) in the corporate commercial department of NTPC Limited in 1998. He has also been associated with NTPC-SAIL Power Company Limited and Ratnagiri Gas and Power Private Limited. He has been associated with LPGCL since March 1, 2019. Since Surendra Kumar Sharma was appointed by LPGCL on March 1, 2019, he was paid zero remuneration by LPGCL for Fiscal 2018.

## OUR PROMOTERS AND PROMOTER GROUP

Our Corporate Promoter is BPVPL and our Individual Promoters are Shishir Bajaj, Minakshi Bajaj, Kushagra Bajaj and Apoorva Bajaj.

### **Corporate Promoter**

#### **1. Bajaj Power Ventures Private Limited (“BPVPL”)**

##### ***Corporate Information***

BPVPL was incorporated on May 8, 2010 under the Companies Act, 1956 as a private limited company. The registered office of BPVPL is situated at 106-107, Bajaj Bhawan, 10<sup>th</sup> Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021. Currently, BPVPL is engaged in the business of developing power projects through its subsidiaries and making investments. The Corporate Identification Number of BPVPL is U40101MH2010PTC202895.

##### ***Board of Directors***

The following table sets forth details of the board of directors of BPVPL:

Name	Designation
Ram Sharan Sharma	Managing Director
Alok Kumar Vaish	Director
Praveen Bansal	Director
Balkishan Giriraj Muchhal	Director

##### ***Promoters of BPVPL***

The promoters of BPVPL are provided below:

1. Shishir Bajaj
2. Minakshi Bajaj
3. Kushagra Bajaj
4. Apoorva Bajaj

##### ***Shareholding Pattern***

The authorised share capital of BPVPL is ₹ 5,000,000,000 divided into 500,000,000 equity shares of ₹ 10 each. The issued share capital of BPVPL is ₹ 4,047,158,450 divided into 404,715,845 equity shares of ₹ 10 each. The subscribed and paid-up share capital of BPVPL is ₹ 4,016,094,100 divided into 401,609,410 equity shares of ₹ 10 each.

The following table sets forth details of the shareholding pattern of BPVPL as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of Shareholder	No. of Equity Shares of ₹ 10 each	Percentage of Shareholding (%)
1.	Lambodar Stocks Private Limited	110,922,344	27.62
2.	Bajaj Infrastructure Development Company Limited	75,491,668	18.79
3.	Ma Multi-Trade Private Limited	90,261,647	22.47
4.	Shishir Bajaj (On behalf of Shishir Bajaj Family Trust)	44,929,264	11.19
5.	Abhitech Developers Private Limited	28,433,461	7.08
6.	SKB Roop Commercial LLP	18,063,000	4.50
7.	Bajaj Resources Limited	12,849,526	3.19
8.	Bajaj Capital Ventures Private Limited	6,249,000	1.56
9.	Shishir Bajaj (On behalf of Shishir Bajaj HUF)	5,543,100	1.38
10.	KNB Enterprises LLP	4,092,500	1.02
11.	Shishir Bajaj	1,805,600	0.45
12.	Minakshi Bajaj	1,120,300	0.28
13.	Apoorva Bajaj	924,000	0.23

Sr. No.	Name of Shareholder	No. of Equity Shares of ₹ 10 each	Percentage of Shareholding (%)
14.	Minakshi Bajaj (On behalf of Anandmayi Trust)	308,000	0.08
15.	Minakshi Bajaj (On behalf of Yugadikrit Trust)	308,000	0.08
16.	Minakshi Bajaj (On behalf of Vishwarupe Trust)	308,000	0.08
	<b>Total</b>	<b>401,609,410</b>	<b>100.00</b>

Our Company confirms that the PAN, bank account number and company registration number of our Corporate Promoter along with the address of the registrar of companies where our Corporate Promoter is registered shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

#### Individual Promoters



**Shishir Bajaj**

Shishir Bajaj, born on December 10, 1947 and aged 71 years, holds a master's degree in business administration from the New York University. He joined BHSL as a deputy general manager (Gola Mills) in August, 1974. In July 1978, he was transferred to Udaipur and appointed as joint chief executive of BHSL's cement division. He was appointed as joint managing director of BHSL from February 1986 and was appointed as managing director of BHSL from July 1988. He was designated as vice chairman and managing director from 1994 and as chairman and managing director from October 1999 and held that position till his resignation from the board of directors of BHSL in October 2014. Shishir Bajaj also served as whole time director of our Company for 21 months from May 8, 2015 to February 7, 2017. He is currently a director of A.N. Bajaj Enterprises Private Limited.

Shishir Bajaj resides at Flat No. 100, 13<sup>th</sup> Floor, Mount Unique, 62-A, Peddar Road, Cumbala Hill, Mumbai 400 026.

He is a resident of India. He does not have a driving license. His permanent account number is ACJPB6303J, voter identification number is MT/04/024/258023 and Aadhaar number is 2067 1008 3703.

**Minakshi Bajaj**



Minakshi Bajaj, born on January 2, 1950 and aged 69 years, obtained a bachelor's degree in arts from the University of Calcutta and is a director of A.N. Bajaj Enterprises Private Limited. She is a trustee of the Kamalnayan Jamnalal Bajaj Foundation, a public trust engaged in philanthropic activities.

Minakshi Bajaj resides at Flat No. 100, 13<sup>th</sup> Floor, Mount Unique, 62-A, Peddar Road, Cumbala Hill, Mumbai 400 026. She is a resident of India. She does not have a driving license. Her permanent account number is ABUPB2989E, voter identification number is ISD0395037 and Aadhaar number is 9158 5391 6446.

**Kushagra Bajaj**



Kushagra Bajaj, born on February 4, 1977 and aged 42 years, is the Chairman and a Non-Executive Director of our Company. Kushagra Bajaj resides at Flat No. 100, 13<sup>th</sup> Floor, Mount Unique, 62-A, Peddar Road, Cumbala Hill, Mumbai 400 026. He is a resident of India. For further details, please see the sections entitled "*Our Management –Board of Directors*" and "*Our Management –Brief Biographies of Directors*" on pages 136 and 139, respectively.

His driving license number is MH01 20090130545, permanent account number is ABBPB5704G, voter identification number is ISD1522259 and Aadhaar number is 4382 1277 7769.



### **Apoorva Bajaj**

Apoorva Bajaj, born on September 9, 1980 and aged 38 years, holds a bachelor's degree in commerce from the University of Mumbai. He has passed the intermediate exams conducted by the Institute of Chartered Accountants of India and completed a course entitled 'E-business in the Digital Age' from The London School of Economics and Political Science, UK. He is currently designated as the executive president of Bajaj Consumer Care Limited.

Apoorva Bajaj resides at Flat No. 100, 13<sup>th</sup> Floor, Mount Unique, 62-A, Peddar Road, Cumbala Hill, Mumbai 400 026.

He is a resident of India. His driving license number is MH-01-99-60534, permanent account number is AEQPB9478M, voter identification number is ISD1545920 and Aadhaar number is 3522 5032 9030.

Our Company confirms that the PAN, bank account number and passport number of our Individual Promoters shall be submitted to the Stock Exchanges, at the time of filing this Draft Red Herring Prospectus with them.

#### ***Interest in the Company other than as Promoters***

Our Promoter, Kushagra Bajaj, is interested in our Company as the Chairman and Non-Executive Director of our Company, to the extent of sitting fees payable to him for attending meetings of our Board. For further details, see the sections entitled "*Remuneration of our Directors - Remuneration to our Non-Executive Directors*" and "*Restated Consolidated Financial Information*" on pages 140 and 161, respectively.

#### ***Interest of Promoters in the promotion of our Company***

Our Promoters are interested in our Company to the extent that they have promoted our Company and in respect of their shareholding in our Company and dividends, if any, received in relation to such holding.

#### ***Interests of Promoter in property of our Company***

Except as disclosed in the sections entitled "*Restated Consolidated Financial Information*" on page 161, our Promoters are not interested in the properties acquired by our Company in the three years preceding the date of filing of this Draft Red Herring Prospectus with SEBI or proposed to be acquired by our Company, or in any transaction by our Company for the acquisition of land, construction of building or supply of machinery.

#### ***Business Interests***

Except as disclosed in this Draft Red Herring Prospectus, our Promoters are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by it or by such firm or company in connection with the promotion or formation of our Company. For further details in relation to the same, please see the section entitled "*Restated Consolidated Financial Information*" on page 161.

Except as disclosed in the section entitled "*Restated Consolidated Financial Information*" on page 161, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of filing of this Draft Red Herring Prospectus or proposes to enter into any such contract in which our Promoters are directly or indirectly interested and no payments have been made to it in respect of the contracts, agreements or arrangements which are proposed to be made with it.

#### ***Payment or Benefits to Promoter or Promoter Group***

Except as disclosed in the section entitled "*Restated Consolidated Financial Information*" on page 161:

- (i) there has been no payment or benefit to our Promoters or Promoter Group during the two years prior to the filing of this Draft Red Herring Prospectus; and
- (ii) there is no intention to pay or give any benefit to our Promoters or Promoter Group as on the date of filing of this Draft Red Herring Prospectus.

***Companies and firms with which our Promoters have disassociated in the last three years***

Except as disclosed below, there are no companies and firms with which our Promoters have disassociated during the three years preceding the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Promoter	Name of company	Terms and Reasons for disassociation	Date of disassociation
1.	Shishir Bajaj	Bajaj Trustee Company Limited ("BTCPL")	Disassociation as a director and shareholder of BTCPL due to striking off of BTCPL by the Registrar of Companies, Maharashtra at Mumbai	November 30, 2018
2.	Minakshi Bajaj			
3.	Kushagra Bajaj Apoorva Bajaj		Disassociation as a shareholder of BTCPL due to striking off of BTCPL by the Registrar of Companies, Maharashtra at Mumbai	
4.	Apoorva Bajaj		Resignation as a director due to personal reasons	October 25, 2017
5.	Kushagra Bajaj	New Horizon Investments Limited ("NHIL")	Transfer of entire share capital of NHIL	May 1, 2017

**Promoter Group**

In addition to our Promoters, the following individuals and entities constitute the Promoter Group of our Company.

**A. Natural persons forming part of our Promoter Group**

The following are the natural persons forming part of our Promoter Group:

1. Anandmayi Bajaj
2. Vasavadatta Bajaj
3. Vishwarupe Bajaj
4. Yugadikrit Bajaj

**B. Entities forming part of our Promoter Group**

The following are the entities forming part of our Promoter Group:

1. A.N. Bajaj Enterprises Private Limited
2. Abhitech Developers Private Limited
3. Anandmayi Trust
4. Bajaj Capital Ventures Private Limited
5. Bajaj Consumer Care Limited
6. Bajaj Hindusthan Sugar Limited
7. Bajaj Infrastructure Development Company Limited
8. Bajaj International Realty Private Limited
9. Bajaj Renewable Energy Private Limited
10. Bajaj Resources Limited
11. Bajaj Shelters Private Limited
12. Bhoomipooja Shelters Private Limited
13. Bhoomivijay Properties Private Limited
14. Carbery Infrastructure Pte Ltd
15. Global Power Projects (Singapore) Pte Limited
16. Golden Shore Investing FZE
17. Golden Shore Investing Limited
18. Hindon Comtrade Private Limited
19. Jagruti Chinni Private Limited
20. Kalakruti Real Estates Private Limited
21. KNB Enterprises LLP
22. Lalitpur Power Generation Company Limited
23. Lambodar Stocks Private Limited
24. Ma Multi-Trade Private Limited
25. Megha Khandsari Private Limited

26. New Horizon Investments Limited
27. Opul Constructions Private Limited
28. Ranchhod Multi-Trade Limited
29. Shishir Bajaj Family Trust
30. Shishir Bajaj HUF
31. SKB Roop Commercial LLP
32. Vishwarupe Trust
33. Yugadikrit Trust

## **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend distribution policy of our Company was approved and adopted by our Board at its meeting dated September 26, 2018 and is effective from September 26, 2018.

Declaration of dividend, if any, will depend on a number of factors, including but not limited to the capital expenditure requirements, profit earned during the year and profit available for distribution, working capital requirements, business expansion and growth, additional investment in subsidiaries and associates, cost of borrowing, economic environment, capital markets, global conditions, applicable Indian legal restrictions and other factors considered by our Board of Directors. The Articles of Association also provides discretion to our Board to declare and pay interim dividends.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, please see section entitled "*Financial Indebtedness*" on page 256.

Our Company has not declared any dividends in: (i) the last three Fiscals; (ii) the nine month period ended December 31, 2018; and (iii) the period between January 1, 2019 and the date of filing this Draft Red Herring Prospectus.

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum of Association and Articles of Association and provisions of SEBI Listing Regulations and other applicable laws.

**SECTION V: FINANCIAL INFORMATION**

**RESTATED CONSOLIDATED FINANCIAL INFORMATION**

*(The remainder of this page is intentionally left blank)*

**R. S. Dani. & Co**  
Chartered Accountants  
Naya Bazar,  
Ajmer 305001  
Telephone +91(145) 242 9071

**B S R & Co. LLP**  
Chartered Accountants  
Lodha Excelus  
5<sup>th</sup> Floor, Apollo Mills Compound  
N. M. Joshi Marg, Mahalakshmi  
Mumbai 400 011.  
Telephone +91(22) 4345 5300  
Fax + 91(22) 4345 5399

## **Independent Auditor's Examination Report on Restated Consolidated Financial Information**

The Board of Directors  
Bajaj Energy Limited  
Khamberkhera,  
Uttar Pradesh

22 March 2019

Dear Sirs,

1. We have examined the attached Restated Consolidated Financial Information, as applicable, of Bajaj Energy Limited (the "Company" or the "Issuer") and of its associate Lalitpur Power Generation Corporation Limited ("LPGCL" or "Associate"), comprising the Restated Consolidated Summary Statement of Assets and Liabilities as at 31 December 2018, 31 December 2017, 31 March 2018, 31 March 2017 and 31 March 2016, the Restated Consolidated Statements of Profit and Loss (including other comprehensive income,) for the nine months period ended 31 December 2018 and 31 December 2017, and for the year ended 31 March 2018, 31 March 2017 and 31 March 2016, the Restated Consolidated Summary Statement of Changes in Equity, the Restated Consolidated Summary Statement of Cash Flow for the nine month period ended 31 December 2018 and 31 December 2017 and for the years ended 31 March 2018, 31 March 2017 and 31 March 2016 and the Summary Statement of Significant Accounting Policies, read together with the annexures and notes thereto and other restated financial information (together, the Restated Consolidated Financial Information. (In respect of the years ended 31 March 2018, 31 March 2017 and 31 March 2016 this information has been examined by the one of joint auditors, R.S. Dani & Co, Chartered Accountants).

The Restated Consolidated Financial Information are approved by the board of directors of the Company ("Board of Directors") at their meeting held on 22 March 2019 for the purpose of inclusion in the draft red herring prospectus/ ("DRHP") prepared by the Company in connection with its proposed initial public offer of equity shares ("IPO") prepared in terms of the requirements of:

- (a) Section 26 of Part I of Chapter III of the Companies Act, 2013 as amended (the "Act");  
(b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and  
(c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").
2. The Board of Directors of the Company are responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited ("BSE") and National Stock Exchange ("NSE") (together with BSE the "Stock Exchanges") and Registrar of Companies, Uttar Pradesh and

Uttarakhand, Kanpur ,in connection with the proposed IPO. The Restated Consolidated Summary Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 2 A. Statement of Compliance under Annexure V- Basis of preparation and Significant Accounting Policies to the Restated Consolidated Financial Information. The respective Board of Directors of the Company and of its Associate incorporated in India are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective Board of Directors are also responsible for identifying and ensuring that the Company and its Associate complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Consolidated Financial Information taking into consideration:
  - (a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 17 July 2018 and as amended in connection with the proposed IPO of the Company;
  - (b) The Guidance Note. This Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
  - (c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and
  - (d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.
4. These Restated Consolidated Financial Information have been compiled by the management from:
  - (a) As at and for the nine month period ended 31 December 2018 and 31 December 2017 from the audited Consolidated Interim Financial Statements of the Company and its Associate as at and for the nine months periods ended 31 December 2018 and 31 December 2017 respectively, prepared in accordance with Indian Accounting Standard (Ind AS), specified under Section 133 of the Act and other accounting principles generally accepted in India (the “Consolidated Interim Financial Statements”), which have been approved by the Board of Directors at their meeting held on 06 March 2019. The auditors have expressed emphasis of matter paragraph in their report on Consolidated Interim Financial as at and for the nine month period ended 31 December 2018 and 31 December 2017;
  - (b) As at and for the year ended 31 March 2018 and 31 March 2017 from the audited Consolidated financial statements of the Company and its Associate as at and for the years ended 31 March 2018 and 31 March 2017 prepared in accordance with the Ind AS specified under Section 133 of the Act and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 7 December 2018. The audit report on consolidated financial statement at and for the year ended 31 March 2018 issued by one of the joint auditors R. S. Dani & Co, Chartered Accountants were modified.
  - (c) As at and for the year ended 31 March 2016 from the audited standalone financials statements of the Company as at and for the year ended 31 March 2016 have been prepared in accordance with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014, (referred to as “Accounting Standards or I GAAP”) and other relevant provisions of the Act, which has been approved by the Board of Directors at their meeting held on 9 June 2016. These audited standalone financials of the Company as at and for the year ended 31 March 2016 have been converted to align accounting policies, exemptions and disclosures as adopted for the preparation of the first Ind AS financial statements of the Company and form the comparative period of the said Ind AS financial statements of the Company for the year ended 31 March 2017, which have been approved by the Board of Directors at their meetings held on 10 July 2017.

5. For the purpose of examination, we have relied on:

- (a) Joint Auditor's report issued by us dated 06 March 2019 on Consolidated Interim Financial Statements of the Company and its Associate as at and for the nine months period ended 31 December 2018 and 31 December 2017 as referred to in paragraph 4(a) above, which includes following emphasis of matter paragraph on the consolidated interim financial statements as at and for the nine month period ended 31 December 2018:

We draw attention to following notes to the Consolidated Interim Ind AS Financial Statements:

- i. We draw attention to Note 5(e )(iii)(3) and 5(e )(iii)(4) of the Consolidated Interim Financial Statement with respect to matter pending before Hon'ble Appellate tribunal for claim of fixed charges of Rs 12,714.64 Million for the period in which transmission line of 765 kV was not made available for evacuation of power and Rs 4,708.21 Million towards Return of Equity ("RoE") on purchase of coal under presidential mechanism during the period of coal linkage was not available to the Associate of the Company, shown as receivable from Uttar Pradesh Power Corporation ("UPPCL"). Considering matter is pending before tribunal, no provision has been made against the said receivable in the interim financial statement of the Associate.
- ii. We draw attention to Note 5(e)(iii)(2) of the Consolidated Interim Financial Statement in respect to pending petition before the Uttar Pradesh Electricity Regulatory Commission ("UPERC"), for recovery of lost fixed charges amounting to Rs 7,538.02 million shown as receivable from UPPCL for the reason stated therein, considering which no provision has been made against the said receivable in the interim financial statement of the Associate.

The above emphasis of matter has also been highlighted in the Restated Consolidated Financial Information. Refer Note 6 (f) (iii) (2), 6 (f) (iii) (3) and 6 (f) (iii) (4) of the Restated Consolidated Financial Information.

- (b) Auditor's report issued by one of the joint auditors, R. S. Dani & Co., Chartered Accountants dated 7 December 2018 on the consolidated financial statements of the Company and its Associate as at and for the year ended 31 March 2018 as referred to in paragraph 4(b) above, which were modified.
- (c) Auditor's report issued by one of the joint auditor, R.S. Dani & Co Chartered Accountants dated 09 June 2016 for the year ended 31 March 2016 on the standalone IGAAP Financial Statements of the Company and the auditor's report dated 10 July 2017 issued for the first Ind AS financial statement of the Company for the year ended 31 March 2017, as described above in 4 (c);
- (d) As mentioned above in paragraphs (b) to (c) above, the audits of consolidated financial statements for the financial years ended 31 March 2018, 31 March 2017 and 31 March 2016 were conducted by the one of joint auditor , R.S. Dani & Co. Chartered Accountants and further, the Restated consolidated summary statement of assets and liabilities and the Restated consolidated summary statement of profit and loss (including other comprehensive income), Restated consolidated summary statement of changes in equity and restated consolidated summary statement of cash flow, basis of preparation and Significant Accounting Policies , and other explanatory information (collectively , the "2018, 2017 and 2016 Restated Financial Information") examined by them for the said years. R. S Dani & Co Chartered Accountant, one of the joint auditors, have also confirmed that the 2018, 2017 and 2016 Restated Financial Information:
  - i. have been prepared after incorporating adjustments for changes in accounting policies, material errors and regrouping/ reclassifications retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting years/ period ;
  - ii. have been prepared after incorporating adjustments for the material amounts in the respective financial years to which<sup>164</sup> they relate;

- iii. have been made after giving effect to the matters giving rise to modification mentioned in paragraph 6 below for the year ended 31 March 2018; and
  - iv. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
6. The audit report on consolidated financial statement issued by one of the joint auditors R. S. Dani & Co, Chartered Accountants were modified and included following matters giving rise to modification on the consolidated financial statement as at and for the year ended 31 March 2018:

We draw your attention to the following qualifications to the audit opinion on the Consolidated Financial Statements of the Company for the year ended 31 March 2018 vide its Report dated 18 October 2018

I. the Associate has recognized revenue amounting to Rs 7,538.02 Million in respect of availability loss of fixed tariff charges due to non-availability of coal as a consequence of abnormal delays in payments by UPPCL. The matter is explained in detail in note 5 (e) (iii) (b) of the consolidated financial statements. The Associate will file a petition before the Hon'ble Uttar Pradesh Electricity Regulatory Commission ('UPERC') for recovery of said revenue loss from UPPCL. Pending the filing of petition, the Associate has recognized the revenue in the books of the account which is not in accordance with the Ind-AS 18 "Revenue". Had this revenue not been recognized in the books of account, total revenue from operation would have been reduced by Rs 7,551.23 Million and income tax, profit for the year and total equity would have been reduced by Rs 13.21 Million, Rs 7,538.02 Million and Rs 7,538.02 Million respectively.

II. the Associate has also recognized revenue amounting to Rs 3,903.91 Million in the year ended 31 March 2018 and Rs 804.3 Million in the year ended 31 March 2017 in respect of Return on Equity ('RoE') which has been disallowed by Hon'ble UPERC from the date of its order dated 18 January 2017 till the award of coal linkage by Government of India. LPGCL will file an appeal before the Appellate Tribunal towards recovery of RoE. Pending the filing of appeal, the LPGCL has recognized the revenue in the books of account which is not in accordance with Ind-AS 18 'Revenue'. Further LPGCL has not provided the other receivable of Rs 804.3 Million towards RoE claim recognized in previous year. The matter is explained in detail in note 5 (e) (iii) (e) of the Consolidated Financial Statement. Had this revenue not been recognized in the books of account for the year, total revenue from operation would have been reduced by Rs 3,917.12 Million and income tax, profit for the year and total equity would have been reduced by Rs 13.21 Million, Rs 4,708.21 Million and Rs 4,708.21 Million respectively.

III. Further, the Associate has also recognized revenue amounting to Rs 850.36 Million in the year ended 31 March 2018 and Rs 11,864.28 Million in earlier years towards recovery of fixed tariff charges calculated based on Availability Based Tariff ('ABT') Mechanism instead of scheduled generation provided by UPPCL till the commissioning of 756kV transmission line which has not been approved by Hon'ble UPERC. Billing was done to UPPCL on the basis of schedule generation given by UPPCL as per provisionally approved tariff rates till financial year 2016-17. The LPGCL will file an appeal before the Appellate Tribunal towards recovery of such fixed charges. Pending the filing of appeal, the LPGCL has recognized revenue in books of account which is not in accordance with Ind-AS 18 'Revenue'. Further the LPGCL has not provided the other receivable of Rs 11,864.28 million towards ABT claim recognized in the earlier years. The matter is explained in detail in note 5 (e) (iii) (c) of the Consolidated Financial Statement. Had this revenue not been recognized in the books of account, total revenue from operation would have been reduced by Rs 863.57 Million and income tax, profit for the year and total equity would have been reduced by Rs 13.21 million, Rs 12,714.64 million and Rs 12,714.64 million respectively.

Cumulatively, has the revenue as explained above not been recognized in the books of account for

the year by Associate, total revenue from operations would have been reduced by Rs 12,305.51 million and income tax, profit for the year and total equity would have been reduced by Rs 13.21 million, Rs 24,960.87 million and Rs 24,960.87 million respectively. Accordingly, share of profit from Associate for the year and equity as at 31 March 2018 would have been lower by Rs 5,164.40 million and Rs. 5,164.40 million respectively in the consolidated financial statement.

The effects of the above qualification, which have giving arise to modification in the Consolidated Financial Statement as at and for the year 31 Mar 18, has been adjusted in Restated Consolidated Financial Information. Refer Note 6 (f) (iii) (2), 6 (f) (iii) (3) and 6 (f) (iii) (4) to Restated Consolidated Financial Information.

7. We have also examined the following Restated Consolidated Financial Information of the Company as set out in the Annexures prepared by the management of the Company and approved by the Board of Directors, on 22 March 2019 for the nine month period ended 31 December 2018 and 31 December 2017 and for each of the years ended 31 March 2018, 31 March 2017 and 31 March 2016 (in respect of the years ended 31 March 2018, 31 March 2017 and 31 March 2016 this information has been examined by the one of joint auditors, R.S. Dani & Co, Chartered Accountants):
  - i. Basis of preparation and significant accounting policies as enclosed in Annexure V;
  - ii. Notes to the Restated Consolidated Summary Financial Information as enclosed in Annexure VI;
  - iii. Statement of Adjustments to audited Consolidated Financial Statements as enclosed in Annexure VII;
  - iv. Restated Consolidated Summary Statement of Accounting ratios, as enclosed in Annexure VIII; and
  - v. Restated Consolidated Statement of Capitalisation, as enclosed in Annexure IX;
8. Based on our examination and according to the information and explanations given to us and on basis of the audit and examination reports issued/ conducted by one of the joint auditors R.S. Dani & Co. Chartered Accountants for the respective years, we further report that the Restated Consolidated Summary of Financial Information:
  - i) have been prepared after incorporating adjustments for change in accounting policies, material error , groupings / classifications retrospectively in the respective financial years / period to reflect the same accounting treatment as per the changed accounting policies and groupings / classifications followed as at and for the nine months period ended 31 December 2018;
  - ii) have been prepared after incorporating adjustments for the material amounts in the respective financial years/ periods to which they relate;
  - iii) have been adjusted post giving effect to the matters giving rise to modification mentioned in paragraph 6 above and basis the Matter of Emphasis as mentioned in paragraph 5 (a) above; and
  - iv) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
9. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the date of this examination report on Restated Consolidated Financial Information mentioned in paragraph 4 above.
10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us and by one of the joint Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. Our report is intended solely for the use of the Company for inclusion in the DRHP to be filed with Securities and Exchange Board of India, and Stock Exchanges and the Registrar of Companies, Uttar Pradesh and Uttarakhand at Kanpur in connection with proposed IPO. Our report, should not be used, referred to or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

**For R. S. Dani & Co.**

*Chartered Accountants*

Firm's Registration Number: 000243C

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration Number: 101248W/W-100022

**C. P. Kothari**

Partner

Membership Number : 072229

Mumbai

22 March 2019

**Vijay Bhatt**

Partner

Membership Number: 36647

Mumbai

22 March 2019

	Note to Annexure - VI	As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	Rs. in Million *As at March 31, 2016
<b>I ASSETS</b>						
<b>(1) Non-current assets</b>						
(a) Property, plant and equipment	4	17,311.99	18,808.05	18,438.82	19,920.27	21,380.27
(b) Capital work in progress	4	-	-	-	-	32.84
(c) Intangible assets	5	-	0.06	0.02	1.85	11.05
(d) Investments accounted using the equity method	6	9,401.53	9,383.39	9,313.94	9,760.46	-
(e) Financial assets						
(i) Investments	6	-	-	-	-	6,343.30
(ii) Loans	8	1.78	1.78	1.78	1.78	1.78
(iii) Other financial assets	9(a)	18.12	2.07	2.61	25.20	0.36
(f) Other non current assets	10(a)	0.30	0.17	0.13	1.60	0.34
<b>Total non current assets</b>		<b>26,733.72</b>	<b>28,195.52</b>	<b>27,757.30</b>	<b>29,711.16</b>	<b>27,769.94</b>
<b>(2) Current assets</b>						
(a) Inventories	11	285.94	639.68	750.35	1,728.07	3,381.06
(b) Financial assets						
(i) Investments	7	-	109.42	-	743.42	796.39
(ii) Trade receivables	12	5,965.55	2,689.96	2,686.20	3,027.00	2,363.64
(iii) Cash and cash equivalents	13	20.37	38.97	81.87	111.37	31.22
(iv) Bank balance other than above	14	26.31	20.08	20.45	145.05	175.04
(v) Other financial assets	9(b)	2,790.69	3,100.42	2,719.79	935.68	1,295.26
(c) Current tax assets (Net)	15(a)	90.05	89.92	90.05	89.92	-
(d) Other current assets	10(b)	289.14	515.50	635.54	349.30	87.93
<b>Total current assets</b>		<b>9,468.05</b>	<b>7,203.95</b>	<b>6,984.25</b>	<b>7,129.81</b>	<b>8,130.54</b>
<b>TOTAL ASSETS</b>		<b>36,201.77</b>	<b>35,399.47</b>	<b>34,741.55</b>	<b>36,840.97</b>	<b>35,900.48</b>
<b>II EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
(a) Equity share capital	16	411.75	411.75	411.75	411.75	411.75
(b) Other equity	17	13,098.35	12,570.39	12,650.83	12,671.55	11,091.89
<b>Total equity</b>		<b>13,510.10</b>	<b>12,982.14</b>	<b>13,062.58</b>	<b>13,083.30</b>	<b>11,503.64</b>
<b>Liabilities</b>						
<b>(1) Non-current liabilities</b>						
(a) Financial liabilities						
(i) Borrowings	18(a)	11,864.33	13,731.31	13,276.49	15,137.62	15,078.15
(ii) Other financial liabilities	20(a)	-	47.26	27.81	45.85	-
(b) Provisions	21(a)	105.21	69.17	70.89	63.99	46.65
(c) Contractual Liability	22	1,334.51	1,334.51	1,334.51	1,334.51	1,397.37
(d) Deferred tax liabilities	24.3	8.08	14.34	13.51	68.44	289.24
<b>Total non current liabilities</b>		<b>13,312.13</b>	<b>15,196.59</b>	<b>14,723.21</b>	<b>16,650.41</b>	<b>16,811.41</b>
<b>(2) Current liabilities</b>						
(a) Financial liabilities						
(i) Borrowings	18(b)	5,003.06	3,615.66	3,800.63	3,598.24	5,291.85
(ii) Trade payables	19	-	-	-	-	-
- Due to Micro enterprises and small enterprises						
- Due to other than micro enterprises and small enterprises		839.12	554.54	548.66	633.53	457.18
(iii) Other financial liabilities	20(b)	3,136.53	2,779.66	2,178.02	2,652.37	1,521.55
(b) Other current liabilities	23	9.11	12.04	28.01	35.83	15.11
(c) Provisions	21(b)	165.82	191.38	282.77	185.23	198.55
(d) Current tax liabilities (net)	15(b)	225.90	67.46	117.67	2.06	101.19
<b>Total current liabilities</b>		<b>9,379.54</b>	<b>7,220.74</b>	<b>6,955.76</b>	<b>7,107.26</b>	<b>7,585.43</b>
<b>Total liabilities</b>		<b>22,691.67</b>	<b>22,417.33</b>	<b>21,678.97</b>	<b>23,757.67</b>	<b>24,396.84</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>36,201.77</b>	<b>35,399.47</b>	<b>34,741.55</b>	<b>36,840.97</b>	<b>35,900.48</b>

The above Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Summary Financial Information appearing in Annexure VI and Statement of Adjustments to Audited Consolidated financial statements appearing in Annexure VII.

\*The Company has acquired significant influence of 20.69% w.e.f. December 20, 2016 in M/s 'Lalitpur Power Generation Company Limited (LPGCL)'. The Consolidated financial statement has been prepared for the period from December 20, 2016 to December 31, 2018. Hence the restated standalone and restated Consolidated financial statement as at March 31, 2016 stands the same in pursuant to requirement under section II of Part A of Schedule VI of SEBI (ICDR) Regulation 2018, "Disclosure in the Offer Document , Abridged Prospectus and Abridged Letter of Offer".

As per our examination report of even date attached

For and on behalf of Board

**For R. S. Dani & Co.**

Chartered Accountants  
Firm Reg. No. 000243C

**For B S R & Co. LLP**

Chartered Accountants  
Firm Registration No. 101248W/W-100022

**Kushagra Bajaj**

Chairman  
DIN: 00017575

**Prabal Banerjee**

Director  
DIN: 00082261

**C. P. Kothari**

Partner  
Membership No. 072229

**Vijay Bhatt**

Partner  
Membership No. 036647

**Sushil Kumar Jain**

Chief Financial Officer  
Membership No. 074855

**Hitesh Kanani**

Company Secretary  
Membership No. FCS 6188

	Note to Annexure - VI	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017	For the Year ended March 31, 2018	For the Year ended March 31, 2017	Rs. in Million *For the Year ended March 31, 2016
<b>I</b> Revenue from operations	25	6,940.00	6,200.30	8,551.97	13,709.43	13,311.25
<b>II</b> Other income	26	280.51	342.16	424.28	349.33	759.74
<b>III Total income (I+II)</b>		<b>7,220.51</b>	<b>6,542.46</b>	<b>8,976.25</b>	<b>14,058.76</b>	<b>14,070.99</b>
<b>IV Expenses</b>						
Cost of material consumed	27	2,701.35	2,598.22	3,560.24	7,832.16	7,120.24
Employee benefits expenses	28	355.66	280.57	381.48	472.41	443.82
Finance costs	29	1,788.88	1,744.61	2,431.87	2,663.24	2,921.09
Depreciation and amortisation expenses	30	1,127.66	1,129.62	1,498.94	1,507.94	1,512.39
Other expenses	31	792.09	489.92	620.64	772.11	570.70
<b>Total expenses (IV)</b>		<b>6,765.64</b>	<b>6,242.94</b>	<b>8,493.17</b>	<b>13,247.86</b>	<b>12,568.24</b>
<b>V Profit before tax (III-IV)</b>		<b>454.87</b>	<b>299.52</b>	<b>483.08</b>	<b>810.90</b>	<b>1,502.75</b>
<b>VI Tax expenses</b>	24					
(a) Current tax		101.10	84.55	125.95	138.62	358.56
(b) Tax adjustment of earlier year		-	-	-	-	(10.47)
(c) Deferred tax		111.63	69.77	107.98	261.61	126.31
Less: Deferred assets for deferred tax liability		(117.26)	(126.24)	(167.67)	(471.83)	-
<b>Total tax expense / (benefit) (VI)</b>		<b>95.47</b>	<b>28.08</b>	<b>66.26</b>	<b>(71.60)</b>	<b>474.40</b>
<b>VII Profit after tax (V-VI)</b>		<b>359.40</b>	<b>271.44</b>	<b>416.82</b>	<b>882.50</b>	<b>1,028.35</b>
Share of profit/ (loss) of associate (net)	6(d)	36.24	(348.12)	(450.77)	194.62	-
<b>Profit / (loss) for the period / year</b>		<b>395.64</b>	<b>(76.68)</b>	<b>(33.95)</b>	<b>1,077.12</b>	<b>1,028.35</b>
<b>VIII Other comprehensive income</b>						
(a) Items that may be reclassified to profit or loss						
(i) Cash flow hedge (net movement)	33	5.62	6.04	12.68	(28.14)	-
Share of OCI in associate (net)		52.07	(27.01)	6.83	(6.37)	-
Income tax effect		(1.91)	(2.09)	(4.39)	9.74	-
Net OCI to be reclassified to profit or loss in subsequent period / year		55.78	(23.06)	15.12	(24.77)	-
(b) Items that may not be reclassified to profit or loss						
(i) Re-measurement Gain/ (losses) on defined benefit plans	33	(4.89)	0.80	1.06	(2.44)	(2.39)
Share of OCI in associate (net)		(0.72)	(1.94)	(2.58)	0.14	-
Income tax effect		1.71	(0.28)	(0.37)	0.84	0.83
Net OCI not to be reclassified to profit or loss in subsequent periods		(3.90)	(1.42)	(1.89)	(1.46)	(1.56)
<b>Other comprehensive income / (loss) for the year / period, net of tax</b>		<b>51.88</b>	<b>(24.48)</b>	<b>13.23</b>	<b>(26.23)</b>	<b>(1.56)</b>
<b>IX Total comprehensive income / (loss) for the period / year, net of tax (VII+VIII)</b>		<b>447.52</b>	<b>(101.16)</b>	<b>(20.72)</b>	<b>1,050.89</b>	<b>1,026.79</b>
<b>X Earnings / (loss) per share</b>						
Basic and diluted	Annexure VIII	9.61	(1.86)	(0.82)	26.16	24.98

The above Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Summary Financial Information appearing in Annexure VI and Statement of Adjustments to Audited Consolidated financial statements appearing in Annexure VII.

\*The Company has acquired significant influence of 20.69% w.e.f. December 20, 2016 in associate entity, M/s 'Lalitpur Power Generation Company Limited (LPGCL)'. The Consolidated financial statement has been prepared for the period from December 20, 2016 to December 31, 2018. Hence the restated Consolidated Statement of Profit and Loss and restated standalone statement of Profit and Loss as at March 31, 2016 stands the same in pursuant to requirement under section II of Part A of Schedule VI of SEBI (ICDR) Regulation 2018, "Disclosure in the Offer Document , Abridged Prospectus and Abridged Letter of Offer".

As per our examination report of even date attached

For and on behalf of Board

For R. S. Dani & Co.  
Chartered Accountants  
Firm Reg. No. 000243C

For B S R & Co. LLP  
Chartered Accountants  
Firm Registration No. 101248W/W-100022

Kushagra Bajaj  
Chairman  
DIN: 00017575

Prabal Banerjee  
Director  
DIN: 00082261

C. P. Kothari  
Partner  
Membership No. 072229

Vijay Bhatt  
Partner  
Membership No. 036647

Sushil Kumar Jain  
Chief Financial Officer  
Membership No. 074855

Hitesh Kanani  
Company Secretary  
Membership No. FCS 6188

Mumbai, March 22, 2019

Mumbai, March 22, 2019

**Bajaj Energy Limited**

Annexure III - Restated Consolidated summary statement of changes in equity.

	Nos.	Rs. in Million
<b>A. Equity share capital</b>		
Equity share of Rs 10/- each issued, subscribed and fully paid		
At April 1, 2015	4,11,75,000	411.75
Issue of share capital (Note 16)	-	-
At April 1, 2016	4,11,75,000	411.75
Issue of share capital (Note 16)	-	-
At March 31, 2017	4,11,75,000	411.75
Issue of share capital (Note 16)	-	-
At December 31, 2017	4,11,75,000	411.75
Issue of share capital (Note 16)	-	-
At March 31, 2018	4,11,75,000	411.75
Issue of share capital (Note 16)	-	-
At December 31, 2018	4,11,75,000	411.75

**B. Other equity**

For the nine months ended December 31, 2018

	Reserves and surplus				Item of OCI	Rs. in Million
	Securities premium	Capital Reserve	Retained earnings	Total	Cash flow hedge reserve	Total other equity
As at April 1, 2018	7,641.39	528.77	4,490.32	12,660.48	(9.65)	12,650.83
Profit for the period	-	-	395.64	395.64	-	395.64
Other comprehensive income (Note 33)	-	-	(3.90)	(3.90)	55.78	51.88
<b>Total comprehensive income</b>	<b>7,641.39</b>	<b>528.77</b>	<b>4,882.06</b>	<b>13,052.22</b>	<b>46.13</b>	<b>13,098.35</b>
Issue of share capital (Note 16)	-	-	-	-	-	-
<b>As at December 31, 2018</b>	<b>7,641.39</b>	<b>528.77</b>	<b>4,882.06</b>	<b>13,052.22</b>	<b>46.13</b>	<b>13,098.35</b>

For the nine months ended December 31, 2017

	Reserves and surplus				Item of OCI	Rs. in Million
	Securities premium	Capital Reserve	Retained earnings	Total	Cash flow hedge reserve	Total other equity
As at April 1, 2017	7,641.39	528.77	4,526.16	12,696.32	(24.77)	12,671.55
Profit for the period	-	-	(76.68)	(76.68)	-	(76.68)
Other comprehensive income (Note 33)	-	-	(1.42)	(1.42)	(23.06)	(24.48)
<b>Total comprehensive income</b>	<b>7,641.39</b>	<b>528.77</b>	<b>4,448.06</b>	<b>12,618.22</b>	<b>(47.83)</b>	<b>12,570.39</b>
Issue of share capital (Note 16)	-	-	-	-	-	-
<b>As at December 31, 2017</b>	<b>7,641.39</b>	<b>528.77</b>	<b>4,448.06</b>	<b>12,618.22</b>	<b>(47.83)</b>	<b>12,570.39</b>

For the year ended March 31, 2018

	Reserves and surplus				Item of OCI	Rs. in Million
	Securities premium	Capital Reserve	Retained earnings	Total	Cash flow hedge reserve	Total other equity
As at April 1, 2017	7,641.39	528.77	4,526.16	12,696.32	(24.77)	12,671.55
Profit for the year	-	-	(33.95)	(33.95)	-	(33.95)
Other comprehensive income (Note 33)	-	-	(1.89)	(1.89)	15.12	13.23
<b>Total comprehensive income</b>	<b>7,641.39</b>	<b>528.77</b>	<b>4,490.32</b>	<b>12,660.48</b>	<b>(9.65)</b>	<b>12,650.83</b>
Issue of share capital (Note 16)	-	-	-	-	-	-
<b>As at March 31, 2018</b>	<b>7,641.39</b>	<b>528.77</b>	<b>4,490.32</b>	<b>12,660.48</b>	<b>(9.65)</b>	<b>12,650.83</b>

For the year ended March 31, 2017

	Reserves and surplus				Item of OCI	Rs. in Million
	Securities premium	Capital Reserve	Retained earnings	Total	Cash flow hedge reserve	Total other equity
As at April 1, 2016	7,641.39	-	3,450.50	11,091.89	-	11,091.89
Profit for the year	-	-	1,077.12	1,077.12	-	1,077.12
Other comprehensive income (Note 33)	-	-	(1.46)	(1.46)	(24.77)	(26.23)
<b>Total comprehensive income</b>	<b>7,641.39</b>	<b>-</b>	<b>4,526.16</b>	<b>12,167.55</b>	<b>(24.77)</b>	<b>12,142.78</b>
On investments in associate	-	528.77	-	528.77	-	528.77
Issue of share capital (Note 16)	-	-	-	-	-	-
<b>As at March 31, 2017</b>	<b>7,641.39</b>	<b>528.77</b>	<b>4,526.16</b>	<b>12,696.32</b>	<b>(24.77)</b>	<b>12,671.55</b>

For the year ended March 31, 2016\*

	Reserves and surplus				Item of OCI	Rs. in Million
	Securities premium	Capital Reserve	Retained earnings	Total	Cash flow hedge reserve	Total other equity
As at April 1, 2015	7,641.39	-	2,423.71	10,065.10	-	10,065.10
Profit for the year	-	-	1,028.35	1,028.35	-	1,028.35
Other comprehensive income (Note 33)	-	-	(1.56)	(1.56)	-	(1.56)
<b>Total comprehensive income</b>	<b>7,641.39</b>	<b>-</b>	<b>3,450.50</b>	<b>11,091.89</b>	<b>-</b>	<b>11,091.89</b>
Issue of share capital (Note 16)	-	-	-	-	-	-
<b>As at March 31, 2016</b>	<b>7,641.39</b>	<b>-</b>	<b>3,450.50</b>	<b>11,091.89</b>	<b>-</b>	<b>11,091.89</b>

The above Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Summary Financial Information appearing in Annexure VI and Statement of Adjustments to Audited Consolidated financial statements appearing in Annexure VII.

**Bajaj Energy Limited**

Annexure III - Restated Consolidated summary statement of changes in equity.

\*The Company has acquired significant influence of 20.69% w.e.f. December 20, 2016 in associate entity, M/s 'Lalitpur Power Generation Company Limited (LPGCL)'. The Consolidated financial statement has been prepared for the period from December 20, 2016 to December 31, 2018. Hence the Restated Consolidated summary statement of changes in equity and Restated standalone summary statement of changes in equity as at March 31, 2016 stands the same in pursuant to requirement under section II of Part A of Schedule VI of SEBI (ICDR) Regulation 2018,"Disclosure in the Offer Document , Abridged Prospectus and Abridged Letter of Offer".

As per our examination report of even date attached

For and on behalf of Board

**For R. S. Dani & Co.**

Chartered Accountants  
Firm Reg. No. 000243C

**For B S R & Co. LLP**

Chartered Accountants  
Firm Registration No. 101248W/W-100022

**Kushagra Bajaj**

Chairman  
DIN: 00017575

**Prabal Banerjee**

Director  
DIN: 00082261

**C. P. Kothari**

Partner  
Membership No. 072229  
Mumbai, March 22, 2019

**Vijay Bhatt**

Partner  
Membership No. 036647

**Sushil Kumar Jain**

Chief Financial Officer  
Membership No. 074855

**Hitesh Kanani**

Company Secretary  
Membership No. FCS 6188  
Mumbai, March 22, 2019

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017	For the Year ended March 31, 2018	For the Year ended March 31, 2017	Rs. in Million *For the Year ended March 31, 2016
<b>A. Cash flow from operating activities</b>					
Profit before tax	454.87	299.52	483.08	810.90	1,502.75
<b>Adjustments for:</b>					
Depreciation and amortisation	1,127.66	1,129.62	1,498.94	1,507.94	1,512.39
Re measurement Gain/(loss) recognised in other comprehensive income	(4.89)	0.80	1.06	(2.44)	(2.39)
Contractual Liability	-	-	-	(62.86)	279.31
(Profit) / loss on sale of current investments	-	(27.07)	(32.23)	(21.23)	(49.33)
Loss on sale / discard of property, plant and equipment	-	-	-	0.18	0.15
Fair value gain on financial instruments at FVTPL	-	(4.43)	-	(34.72)	(16.70)
Interest income	(1.06)	(8.29)	(8.77)	(18.87)	(13.71)
Finance cost	1,788.88	1,744.61	2,431.87	2,663.24	2,921.09
<b>Cash generated before working capital changes</b>	<b>3,365.46</b>	<b>3,134.76</b>	<b>4,373.95</b>	<b>4,842.14</b>	<b>6,133.56</b>
<b>Movement In working capital</b>					
Increase / (decrease) in trade and other payables	563.34	(667.53)	(623.81)	901.79	(1,508.01)
Increase / (decrease) in provisions	(82.64)	11.32	104.44	4.02	(169.70)
(Increase) / decrease in trade receivables and inventories	(2,814.93)	1,425.43	1,318.53	989.63	1,776.58
(Increase) / decrease in other financial assets and other assets	282.76	(2,330.03)	(2,103.12)	130.08	24.76
<b>Cash generated from operations</b>	<b>1,313.99</b>	<b>1,573.95</b>	<b>3,069.99</b>	<b>6,867.66</b>	<b>6,257.19</b>
Direct taxes paid	(0.11)	(20.97)	(21.13)	(327.66)	(240.27)
<b>Net cash flow from / (used in) operating activities</b>	<b>1,313.88</b>	<b>1,552.98</b>	<b>3,048.86</b>	<b>6,540.00</b>	<b>6,016.92</b>
<b>B. Cash flow from / (used in) investing activities</b>					
Purchase of property, plant and equipment	(1.15)	(15.79)	(16.36)	(5.77)	(46.82)
Proceeds from sale of property, plant and equipment	-	-	-	0.47	-
Purchase of non current investments	-	-	-	(2,700.00)	(2,843.30)
Proceed on sale of current investments (net)	-	665.49	775.65	108.93	112.50
Loan repayment /(received)	-	-	-	-	3,429.98
Fixed deposit with original maturity of more than 3 months	(5.29)	144.14	143.79	(1.94)	(63.40)
Interest income received	1.42	12.76	46.40	(7.16)	8.23
<b>Net cash flow from / (used in) investing activities</b>	<b>(5.02)</b>	<b>806.60</b>	<b>949.48</b>	<b>(2,605.47)</b>	<b>597.19</b>
<b>C. Cash flow from / (used in) financing activities</b>					
Current borrowings repaid (net)	1,202.43	17.42	202.39	(1,693.61)	(2,363.87)
Non current borrowings taken (net)	(966.31)	(940.21)	(1,848.73)	541.75	(1,418.55)
Interest paid	(1,606.48)	(1,509.19)	(2,381.50)	(2,702.52)	(2,894.36)
<b>Net cash flow from / (used in) financing activities</b>	<b>(1,370.36)</b>	<b>(2,431.98)</b>	<b>(4,027.84)</b>	<b>(3,854.38)</b>	<b>(6,676.78)</b>
Net increase / (decrease) in cash and cash equivalents (a+b+c)	(61.50)	(72.40)	(29.50)	80.15	(62.67)
Cash and cash equivalents at the beginning of the year / period	81.87	111.37	111.37	31.22	93.89
<b>Cash and cash equivalents at the end of the year / period</b>	<b>20.37</b>	<b>38.97</b>	<b>81.87</b>	<b>111.37</b>	<b>31.22</b>
<b>Components of cash and cash equivalents</b>					
Cash on hand	0.96	0.46	0.68	1.21	0.64
Balances with banks					
-in current accounts	19.41	37.68	79.69	49.85	30.58
-in deposit accounts	-	0.83	1.50	60.31	-
<b>Cash and cash equivalents (Refer note 13)</b>	<b>20.37</b>	<b>38.97</b>	<b>81.87</b>	<b>111.37</b>	<b>31.22</b>

**Notes:**

- 1 The above annexure has been prepared under the 'Indirect Method'.  
 2 The movement of borrowings as per Ind AS 7 is as follows:-

Particulars	Opening Balance	Expenses	EIR / Foreign Exchange Movement	Net cash flow	Rs. in Million Closing Balance
<b>For the nine months ended December 31, 2018</b>					
Term debts	15,159.82	-	66.94	(966.31)	14,260.45
Interest Paid	100.72	1,781.64	(12.92)	(1,606.48)	262.96
Current borrowing	3,800.63	-	-	1,202.43	5,003.06
<b>Total</b>	<b>19,061.17</b>	<b>1,781.64</b>	<b>54.02</b>	<b>(1,370.36)</b>	<b>19,526.47</b>
<b>For the nine months ended December 31, 2017</b>					
Term debts	16,981.27	-	5.20	(940.21)	16,046.26
Interest Paid	80.68	1,742.79	(15.08)	(1,509.19)	299.20
Current borrowing	3,598.24	-	-	17.42	3,615.66
<b>Total</b>	<b>20,660.19</b>	<b>1,742.79</b>	<b>(9.88)</b>	<b>(2,431.98)</b>	<b>19,961.12</b>
<b>For the year ended March 31, 2018</b>					
Term debts	16,981.27	-	27.28	(1,848.73)	15,159.82
Interest Paid	80.68	2,421.22	(19.68)	(2,381.50)	100.72
Current borrowing	3,598.24	-	-	202.39	3,800.63
<b>Total</b>	<b>20,660.19</b>	<b>2,421.22</b>	<b>7.60</b>	<b>(4,027.84)</b>	<b>19,061.17</b>
<b>For the year ended March 31, 2017</b>					
Term debts	16,533.45	-	(93.93)	541.75	16,981.27
Interest Paid	53.93	2,663.24	66.03	(2,702.52)	80.68
Current borrowing	5,291.85	-	-	(1,693.61)	3,598.24
<b>Total</b>	<b>21,879.23</b>	<b>2,663.24</b>	<b>(27.90)</b>	<b>(3,854.38)</b>	<b>20,660.19</b>
<b>For the year ended March 31, 2016</b>					
Term debts	17,952.00	-	-	(1,418.55)	16,533.45
Interest Paid	27.19	2,921.10	-	(2,894.36)	53.93
Current borrowing	7,655.72	-	-	(2,363.87)	5,291.85
<b>Total</b>	<b>172</b>	<b>25,634.91</b>	<b>2,921.10</b>	<b>-</b>	<b>(6,676.78)</b>
					<b>21,879.23</b>

**The above Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Summary Financial Information appearing in Annexure VI and Statement of Adjustments to Audited Consolidated financial statements appearing in Annexure VII.**

\*The Company has acquired significant influence of 20.69% w.e.f. December 20, 2016 in associate entity, M/s 'Lalitpur Power Generation Company Limited (LPGCL)'. The Consolidated financial statement has been prepared for the period from December 20, 2016 to December 31, 2018. Hence the Restated Consolidated summary statement of cash flow and Restated standalone summary statement of cash flow as at March 31, 2016 stands the same in pursuant to requirement under section II of Part A of Schedule VI of SEBI (ICDR) Regulation 2018, "Disclosure in the Offer Document , Abridged Prospectus and Abridged Letter of Offer".

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As per our examination report of even date attached

For and on behalf of Board

**For R. S. Dani & Co.**  
Chartered Accountants  
Firm Reg. No. 000243C

**For B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W-100022

**Kushagra Bajaj**  
Chairman  
DIN: 00017575

**Prabal Banerjee**  
Director  
DIN: 00082261

**C. P. Kothari**  
Partner  
Membership No. 072229

**Vijay Bhatt**  
Partner  
Membership No. 036647

**Sushil Kumar Jain**  
Chief Financial Officer  
Membership No. 074855

**Hitesh Kanani**  
Company Secretary  
Membership No. FCS 6188

Mumbai, March 22, 2019

Mumbai, March 22, 2019

**1 Corporate Information**

Bajaj Energy Limited ("the Company") and Lalitpur Power Generation Company Limited ('LPGCL' or 'the associate') are primarily engaged in the business of power generation under long term power purchase agreements. The registered office of the Company is located at Khamberkhera, Shardanagar Road, Lakhimpur Kheri-261506-Uttar Pradesh.

The Company has five thermal power projects of 90 MW each located at Khambarkhera, Maqsoodapur, Barkhera, Utraula and Kundarkhi, all in the state of Uttar Pradesh having aggregate capacity of 450 MW. Entire generation of all the five plants is sold to Uttar Pradesh Power Corporation Limited under long term power purchase agreements.

The Company has been converted as a Public Limited Company with effect from October 16, 2015 and its Corporate Identity Number is U40102UP2008PLC046764 issued by Registrar of Companies, Kanpur, Uttar Pradesh and Uttarakhand.

The associate has setup super critical thermal power plant with the capacity of 1980 MW (660MW x 3 units) located at Village Badagaon (Chiglaua) & Mirchwara, Tehsil Mehrauni, (District Lalitpur), Uttar Pradesh. Entire generation of power is sold to Uttar Pradesh Power Corporation Limited under a long term power purchase agreement. The Corporate identity number of the associate company is U40108UP2009PLC038148 issued by Registrar of Companies, Kanpur, Uttar Pradesh and Uttarakhand.

**2 Basis of preparation****A. Statement of Compliances**

The Restated Consolidated Financial Information of the Company and its Associate have been specifically prepared for inclusion in the Draft Red Herring Prospectus (DRHP) to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with the proposed Initial Public Offering (IPO) of equity shares of the Company and an offer for sale by certain of its shareholders (referred to as the "Issuer"). The Restated Consolidated Financial Information comprise of the Restated Consolidated Summary Statement of Assets and Liabilities as at 31 December 2018, 31 December 2017, 31 March 2018, and 31 March 2017, the Restated Consolidated Summary Statement of Profit and Loss, the Restated Consolidated Summary Statement of Cash Flows and the Restated Consolidated Summary Statement of Changes in Equity for the nine months period ended 31 December 2018 and 31 December 2017, for the years ended 31 March 2018 and 31 March 2017 and V to VII thereto (hereinafter collectively referred to as "the Restated Consolidated Summary Financial Information"). The Company acquired significant influence of 20.69% in Lalitpur Power Generation Company Limited w.e.f. December 20, 2016. Since the consolidation was not applicable to the farthest year ended 31st March 2016, the Company in pursuant to requirement under section 11 of financial statement of Part A of Schedule VI of SEBI (ICDR) Regulation 2018, "Disclosure in the Offer Document , Abridged Prospectus and Abridged Letter of Offer", has disclosed the relevant financial information on the restated standalone basis comprising of the Company only.

The Restated Consolidated Financial Information have been prepared to comply in all material respects with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013 as amended ("the Act"), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time ("SEBI ICDR Regulations") and Guidance Note on Report in Company Prospectus (Revised 2019) issued by Institute of Chartered Accountants of India

The Act and the SEBI ICDR Regulations require the information in respect of the consolidated Assets and Liabilities and consolidated Profit and Loss of the Company for the interim / stub period and for each of the three years immediately preceding the date of issue of prospectus. In accordance with SEBI circular number SEBI/HO/CFD/DIL/CIR/P/2016/47, the Company has applied the accounting framework described by Indian Accounting Standard (Ind AS) as notified by Ministry of Corporate Affairs pursuant to section 133 of the Act read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 as amended for nine months ended December 31, 2018 and December 31, 2017 and three annual period ended March 31, 2018, March, 31, 2017 and March 31, 2016.

The Restated Consolidated financial information of the Company have been prepared and presented as follows:

- (a) The Restated Consolidated Financial Information as at and for the nine months period ended 31 December 2018 and 31 December 2017 have been compiled by the Management from the interim audited Consolidated financial statements of the Company as at and for the nine months period ended 31 December 2018 and 31 December 2017 prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, subsequent amendments thereof and other relevant provisions of the Act;
- (b) The Restated Consolidated Financial Information as at and for the years ended 31 March 2018 and 31 March 2017 have been compiled by the Management from the audited Consolidated financial statements of the Company as at and for the year ended 31 March 2018 which include the comparative Ind AS financial statements as at and for the year ended 31 March 2017 prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, subsequent amendments thereof and other relevant provisions of the Act.
- (c) All amounts have been rounded off to the nearest million with two decimals, unless otherwise indicated.

The Restated Consolidated Summary Financial Information have been prepared so as to contain information / disclosures and incorporating adjustments set out below in accordance with the SEBI ICDR Regulations:

- (a) Adjustments for audit qualification requiring corrective adjustment in the financial statements, if any;
- (b) Adjustments for the material amounts in respective years to which they relate, if any;
- (c) Adjustments for previous years identified and adjusted in arriving at the profits or losses of the years to which they relate irrespective of the year in which the event triggering, if any;
- (d) Adjustments to the profits or losses of the earlier years and of the year in which the change in the accounting policy has taken place is recomputed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years, if any;
- (e) Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financial statements of the Company and its associate for the nine months period ended 31 December 2018 and the requirements of the SEBI ICDR Regulations, if any;
- (f) The resultant tax impact due to the aforesaid adjustments, if any.

**B. Functional and presentation currency**

The Functional currency of the Company is Indian Rupees. These restated Consolidated Financial Information are presented in Indian Rupees. All amounts have been rounded off to the nearest Million and rounded off to two decimals except for Earnings Per Share and where mentioned otherwise.

**C. Current and non-current classification**

All assets and liabilities are classified as current and non-current as per the Company's normal operating cycle of 12 months which is based on the nature of business of the Company and other criteria set out in Ind AS 1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013. Current Assets do not include elements which are not expected to be realised within 12 months and Current Liabilities do not include items which are due after 12 months, the period of 12 months being reckoned from the reporting date.

**D. Principles of consolidation and equity accounting**

The restated consolidated financial statements include the share of profit /loss of the associate company which are accounted for using equity method as per principles prescribed under Ind AS 28 – Investments in Associates and Joint Venture.

Associates are entities over which the Company has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Under the equity method of accounting , the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of post -acquisition profits or losses of the investee in the Consolidated Statement of Profit and loss, and the Company's share of Other Comprehensive Income of the Investee in Other Comprehensive Income. Dividends received or receivable from associates are recognized as reduction in the carrying amount of the investment. When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The carrying amount of equity accounted investments are tested for impairment.

On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net value of the identifiable assets and liabilities of the investee is recognized as Goodwill, which is included with the carrying amount of the investment. Any excess of the Company's share of net value of the identifiable assets and liabilities over the cost of the investment is recognized in equity as Capital Reserve in the period in which the investment is made.

The restated financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

When the Company ceases to equity account for an investment because of loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate or financial asset. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in Other Comprehensive Income are reclassified to the Statement of Profit and Loss where appropriate

After application of the equity method, the Company determines whether it is necessary an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss as share of profit of an associate in the consolidated statement of profit or loss.

**3 Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in the Restated Consolidated Financial Statements.

**3.1 Revenue recognition**

Revenue from operations comprises of sale of power and by products which is recognised when no significant uncertainty as to the measurability or collectability exists.

Revenue is recognised to the extent that it is probable that economic benefit will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sales of power is accounted for based on tariff rates approved by Uttar Pradesh Electricity Regulatory Commission (UPERC ) in case where the tariff rates are yet to be approved by the UPERC in their order, provisional rates are adopted considering the applicable UPERC regulations.

Unbilled revenue represent revenue recognised based on services performed but not billed in accordance with contract terms.

The interest / surcharge on late payment in respect of sale of energy, is recognized when no significant uncertainty as to measurability or collectability exists. Interest income on financial instruments is accounted for on an accrual basis at effective interest rates applicable on initial recognition.

Advance against depreciation claimed as part of tariff in terms of power purchase agreement during the currency of loans to facilitate repayment of loan instalments net of adjustment on account of depreciation charged off in books is treated as 'Contractual Liability'. Such Contract balances shall be included in sales in subsequent years.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs under the contract.

**3.2 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Finance lease are capitalised at the inception of the lease at lower of the fair value of the leased assets and the present value of the minimum lease payments. In operating lease, lease rentals paid are charged to the statement of profit and loss on straight line basis over the lease term.

**3.3 Borrowing costs**

Borrowing costs specifically identified to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**3.4 Foreign currency transactions**

The functional currency of the Company is Indian Rupee which represents the currency of the primary economic environment in which it operates.

A foreign currency transaction is recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency prevailing on the date of transaction.

At the balance sheet date, foreign currency monetary items are reported using the closing rate. Gain or loss if any, is recognised in the statement of profit and loss for the period.

The gain or loss arising on account of exchange rate differences between the payment date and transaction date is charged to the statement of profit and loss.

**3.5 Employee Benefits****(i) Short term employee benefits**

Short term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employee render the related services) are recognised as expenditure at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered on accrual basis. The accruals for employee entitlements to benefit such as salaries, bonuses and other benefits represent the amounts which the Company and its associate has a present obligation to pay as result of the employee's services and the obligation can be measured reliably.

**(ii) Post employment benefits****a) Defined contribution plans:**

A defined contribution plan is a post employment benefit plan under which entity pays fixed contribution to a separate entity and will have no legal constructive obligation to pay further amounts.

Payment to defined contribution plans, such as provident fund and family pension under Employees Pension Scheme, 1995 are accounted on accrual basis and charged to statement of profit and loss. Provident fund contribution are made to the recognised employee provident fund.

**b) Defined benefit plans:**

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Company and its associate company net obligation in respect of defined benefit plan is calculated by estimating the amount of future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

For defined benefit plans, such as gratuity, the cost of providing benefits is determined based on actuarial valuation made by an independent actuary using projected unit credit method as at balance sheet date. The gratuity liability of the Company is unfunded.

Remeasurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and is not reclassified to profit or loss. They are included in retained earnings in the statement of changes in equity.

Past service cost is recognised in profit or loss in the period of a plan amendment. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit and loss.

**c) Other long term employee benefits**

The Company and its associate provide for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limit for future encashment / availment.

Long term compensated absences are provided on the basis of actuarial valuation made by an independent actuary using projected unit credit method as at Balance Sheet date.

**3.6 Income taxes**

Income tax expense comprises current and deferred tax. Tax expenses are recognised in the statement of profit and loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case the corresponding tax effect is also recognised directly in equity or in other comprehensive income, respectively.

**(i) Current tax**

The current tax is the expected tax payable on the taxable income for the year on the basis of applicable tax rates and prevailing tax laws and any adjustments to tax payable in previous years. Taxable profit differs from profit as reported in the Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amount and there is an intention to settle the assets and liabilities on a net basis.

**(ii) Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred taxes are recognised in respect of temporary differences which originate during the tax holiday period but reverse after the tax holiday period. For this purpose, reversal of temporary difference is determined using first in first out method.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**Bajaj Energy Limited**

## Annexure V- Basis of preparation and Significant Accounting Policies

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax recovery adjustment account is credited/ debited to the extent the deferred tax for the current period which forms part of current tax in the subsequent periods and affects the computation of return on equity (ROE), a component of tariff.

**3.7 Property, Plant and Equipment ('PPE')**

- (i) Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.
- (ii) Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized. Other spare parts are carried as inventory and recognized in the statement of profit and loss on consumption.
- (iii) Expenditure incurred on assets under construction (including a project) is carried at cost under Capital Work in Progress (CWIP). CWIP are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.
- (iv) For transition to Ind AS, the Company and its associate has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as the Previous GAAP and used that carrying value as deemed cost as of the transition date.
- (v) **Depreciation**
  - (a) Depreciation on assets related to electricity generation is charged on straight line method as per the rates and methodology provided by Appendix III of the amended Regulation dated December 16, 2014 issued by the Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulations, 2014, which is in accordance with Part B of Schedule II of Companies Act, 2013.
  - (b) Leasehold Land, is amortized over the period of lease. Depreciation on leasehold improvements has been provided on a straight line basis over the lease period.
  - (c) Depreciation on additions/deletions to PPE during the year is provided for on a pro-rata basis with reference to the date of additions/deletions except low value items not exceeding Rs 5,000 which are fully depreciated over a period of one year.
  - (d) All other Assets are depreciated as per the useful life estimated by the management which are in accordance with the schedule II of the Companies Act 2013.
- (vi) Profit or Loss on sale /retirement of property, plant and equipment (PPE) is recognized in statement of profit and Loss.

**3.8 Intangible assets**

- (i) Software which is not an integral part of hardware is classified as intangible assets and is stated at cost of acquisition less accumulated amortisation and impairment losses if any.
- (ii) Intangible assets represented by computer software is being amortised over a period of five years on straight line method.
- (iii) For transition to Ind AS, the Company and its associate has elected to continue with the carrying value of all its Intangible assets recognised as of April 1, 2015 (transition date) measured as the Previous GAAP and used that carrying value as deemed cost as of the transition date.

**3.9 Impairment of non-financial assets**

The carrying amount of assets are reviewed at each balance sheet date for any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the statement of profit and loss in the year / period in which an asset is identified as impaired.

**3.10 Inventories**

Inventory is valued at cost or net realisable value whichever is lower. Cost includes the cost of purchase and other associated cost incurred in bringing the inventories to the present location and condition. Net realisable value is the estimated selling price of ultimate products in the ordinary course of business . Cost is arrived at on weighted average basis.

**3.11 Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company and its associate has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed in the consolidated financial statements unless possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

**3.12 Earnings per share**

Basic earnings per share are calculated by dividing the profit for the year / period by the weighted average number of equity shares outstanding during the period / year.

For the purpose of calculating diluted earnings per share, profit for the year / period and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

**3.13 Statement of Cash flows**

Statement of cash flow is prepared under indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

**3.14 Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flow comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**3.15 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. Financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

**(i) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Incremental costs directly attributable to the issuance of new ordinary equity shares are recognized as a deduction from equity, net of tax effects.

**(ii) Financial assets****(a) Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost using the Effective Interest Rate method (EIR) if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

**(b) Financial assets at fair value through other comprehensive income (FVTOCI)**

Financial assets are subsequently measured at fair value through Other Comprehensive Income if these financial assets are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest.

**(c) Financial assets at fair value through profit or loss (FVTPL)**

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition.

**(d) Impairment of financial assets**

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. In balance sheet, ECL is presented as an allowance, i.e., as an integral part of the measurement of financial assets.

**(e) Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received / receivable is recognised in the statement of profit and loss.

**(iii) Financial liabilities****(a) Financial liabilities at amortised cost**

Financial liabilities are measured at amortised cost using the effective interest rate method (EIR). 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. This category applies to borrowings, trade and other payables.

**(b) Derecognition**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid / payable is recognised in the statement of profit and loss.

**(iv) Offsetting of financial instruments**

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

**3.16 Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

**3.17 Derivative financial instruments and hedge accounting**

The Company uses derivative financial instrument (cross currency interest rate swaps) to hedge its foreign currency and 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.

For the purpose of hedge accounting, hedging by cross currency interest rates swap contract is classified as Cash flow hedge.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

**3.18 Goodwill and Capital Reserve**

Goodwill arising from the acquisition of associate is included in the carrying value of investment in associate. Any excess of the Company's share of net value of the identifiable assets and liabilities over the cost of the investment is recognized in equity as Capital Reserve in the period in which the investment is made.

**3.19 Significant accounting judgements, estimates and assumptions**

The preparation of the restated consolidated financial statements are in conformity with the recognition and measurement of Ind AS which requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. 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.

**(i) Judgements**

In the process of applying the accounting policies, management has made the following judgement, which have the most significant effect on the amounts recognised in the restated consolidated financial statements:

**Operating lease commitment - Company as lessee**

The Company has entered into lease agreement for lease of land for 29 years. The Company has determined, based on an evaluation of the terms and conditions of the arrangements and considering the fact that land has indefinite economic life, that lessor has retains all the significant risks and rewards of ownership of land hence accounted the arrangement as operating leases.

**(ii) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company and its associate has based its assumptions and estimates on parameters available when the consolidated financial statements are prepared. 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.

**(a) Revenue**

The Company and its associate records revenue from sale of energy based on tariff rates approved by the UPERC which is subject to being reviewed after end of tariff period. However, in cases where final tariff rates are yet to be approved, provisional rates are adopted considering the applicable UPERC Tariff Regulations and terms and conditions of power purchase agreement (PPA).

**(b) Defined benefit plans (gratuity benefits) and other long term employee benefits**

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company and its associate considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

**(c) Useful life of property, plant and equipment**

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Useful life of the assets of the generation of electricity business is determined by the UPERC Tariff Regulations in accordance with Schedule II of the Companies Act, 2013.

**(d) Recoverable amount of property, plant and equipment**

The recoverable amount of plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

**(e) Provisions and contingencies**

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has been made on the basis of best judgement by management regarding the probability of exposure to potential outflow of economic resources. Such estimation can change following unforeseeable developments.

**(f) Fair value measurement of derivative and other financial instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements in the selection of a method in making assumptions that are mainly based on market conditions existing at the Balance Sheet date and in identifying the most appropriate estimate of fair value when a wide range of fair value measurements are possible.

**Bajaj Energy Limited**

**Annexure VI- Notes to Restated Consolidated Summary Financial Information**

4 Property, plant and equipment							Rs. in Million		
	Freehold land	Leasehold developments	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Capital work in progress	Total
<b>Cost</b>									
As of April 1, 2015	34.90	599.13	2,276.74	19,900.86	10.65	31.16	1.86	-	22,855.30
Additions	-	-	2.78	16.76	1.43	1.95	-	55.32	78.24
Disposals/ adjustments	-	-	-	0.04	0.07	0.06	-	22.48	22.65
<b>As of March 31, 2016</b>	<b>34.90</b>	<b>599.13</b>	<b>2,279.52</b>	<b>19,917.58</b>	<b>12.01</b>	<b>33.05</b>	<b>1.86</b>	<b>32.84</b>	<b>22,910.89</b>
Additions	-	-	-	38.44	0.19	0.77	-	6.17	45.57
Disposals/ adjustments	-	-	-	0.50	-	0.21	-	39.01	39.72
<b>As of March 31, 2017</b>	<b>34.90</b>	<b>599.13</b>	<b>2,279.52</b>	<b>19,955.52</b>	<b>12.20</b>	<b>33.61</b>	<b>1.86</b>	-	<b>22,916.74</b>
Additions	-	-	-	0.43	0.05	1.58	13.60	-	15.66
Disposals/ adjustments	-	-	-	-	-	-	-	-	-
<b>As of March 31, 2018</b>	<b>34.90</b>	<b>599.13</b>	<b>2,279.52</b>	<b>19,955.95</b>	<b>12.25</b>	<b>35.19</b>	<b>15.46</b>	-	<b>22,932.40</b>
Additions	-	-	-	0.20	0.06	0.55	-	-	0.81
Disposals/ adjustments	-	-	-	-	-	-	-	-	-
<b>As of December 31, 2018</b>	<b>34.90</b>	<b>599.13</b>	<b>2,279.52</b>	<b>19,956.15</b>	<b>12.31</b>	<b>35.74</b>	<b>15.46</b>	-	<b>22,933.21</b>
<b>As of March 31, 2017</b>	<b>34.90</b>	<b>599.13</b>	<b>2,279.52</b>	<b>19,955.52</b>	<b>12.20</b>	<b>33.61</b>	<b>1.86</b>	-	<b>22,916.74</b>
Additions	-	-	-	0.41	0.02	1.58	13.60	-	15.61
<b>As of December 31, 2017</b>	<b>34.90</b>	<b>599.13</b>	<b>2,279.52</b>	<b>19,955.93</b>	<b>12.22</b>	<b>35.19</b>	<b>15.46</b>	-	<b>22,932.35</b>
<b>Depreciation</b>									
As of April 1, 2015	-	-	-	-	-	-	-	-	-
Depreciation charge for year	-	24.65	80.08	1,384.06	1.02	7.71	0.28	-	1,497.80
Disposals	-	-	-	-	0.01	0.01	-	-	0.02
<b>As of March 31, 2016</b>	<b>-</b>	<b>24.65</b>	<b>80.08</b>	<b>1,384.06</b>	<b>1.01</b>	<b>7.70</b>	<b>0.28</b>	-	<b>1,497.78</b>
Depreciation charge for the year	-	24.65	80.16	1,386.08	1.03	6.54	0.28	-	1,498.74
Disposals	-	-	-	0.02	-	0.03	-	-	0.05
<b>As of March 31, 2017</b>	<b>-</b>	<b>49.30</b>	<b>160.24</b>	<b>2,770.12</b>	<b>2.04</b>	<b>14.21</b>	<b>0.56</b>	-	<b>2,996.47</b>
Depreciation charge for the year	-	24.65	80.16	1,387.11	0.94	3.24	1.01	-	1,497.11
Disposals	-	-	-	-	-	-	-	-	-
<b>As of March 31, 2018</b>	<b>-</b>	<b>73.95</b>	<b>240.40</b>	<b>4,157.23</b>	<b>2.98</b>	<b>17.45</b>	<b>1.57</b>	-	<b>4,493.58</b>
Depreciation charge for the period	-	18.57	60.40	1,045.09	0.71	1.68	1.19	-	1,127.64
Disposals	-	-	-	-	-	-	-	-	-
<b>As of December 31, 2018</b>	<b>-</b>	<b>92.52</b>	<b>300.80</b>	<b>5,202.32</b>	<b>3.69</b>	<b>19.13</b>	<b>2.76</b>	-	<b>5,621.22</b>
<b>As of March 31, 2017</b>	<b>-</b>	<b>49.30</b>	<b>160.24</b>	<b>2,770.12</b>	<b>2.04</b>	<b>14.21</b>	<b>0.56</b>	-	<b>2,996.47</b>
Depreciation charge for the period	-	18.57	60.40	1,045.08	0.71	2.67	0.40	-	1,127.83
Disposals	-	-	-	-	-	-	-	-	-
<b>As of December 31, 2017</b>	<b>-</b>	<b>67.87</b>	<b>220.64</b>	<b>3,815.20</b>	<b>2.75</b>	<b>16.88</b>	<b>0.96</b>	-	<b>4,124.30</b>
<b>Net book value</b>									
As at March 31, 2016	34.90	574.48	2,199.44	18,533.52	11.00	25.35	1.58	32.84	21,413.11
As at March 31, 2017	34.90	549.83	2,119.28	17,185.40	10.16	19.40	1.30	-	19,920.27
As at March 31, 2018	34.90	525.18	2,039.12	15,798.72	9.27	17.74	13.89	-	18,438.82
As at December 31, 2017	34.90	531.26	2,058.88	16,140.73	9.47	18.31	14.50	-	18,808.05
<b>As at December 31, 2018</b>	<b>34.90</b>	<b>506.61</b>	<b>1,978.72</b>	<b>14,753.83</b>	<b>8.62</b>	<b>16.61</b>	<b>12.70</b>	-	<b>17,311.99</b>
<b>Carrying Amount</b>									
As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	Rs. in Million				
17,311.99	18,808.05	18,438.82	19,920.27	21,380.27					
				32.84					
<b>Total property, plant and equipment</b>	<b>17,311.99</b>	<b>18,808.05</b>	<b>18,438.82</b>	<b>19,920.27</b>	<b>21,413.11</b>				

All items of property, plant and equipment including intangible assets have been mortgaged / hypothecated in favour of the lenders of the Company. Refer note 18 for details of securities.

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**Annexure VI- Notes to Restated Consolidated Summary Financial Information**

**5 Intangible assets**

	Rs. in Million				
	Computer software	Total			
<b><u>Cost</u></b>					
As of April 1, 2015	25.64	25.64			
Additions	-	-			
Disposals/ adjustments	-	-			
<b>As of April 1, 2016</b>	<b>25.64</b>	<b>25.64</b>			
Additions	-	-			
Disposals/ adjustments	-	-			
<b>As of March 31, 2017</b>	<b>25.64</b>	<b>25.64</b>			
Additions	-	-			
Disposals/ adjustments	-	-			
<b>As of March 31, 2018</b>	<b>25.64</b>	<b>25.64</b>			
Additions	-	-			
Disposals/ adjustments	-	-			
<b>As of December 31, 2018</b>	<b>25.64</b>	<b>25.64</b>			
<b>As of March 31, 2017</b>	<b>25.64</b>	<b>256.43</b>			
Additions	-	-			
Disposals/ adjustments	-	-			
<b>As of December 31, 2017</b>	<b>25.64</b>	<b>25.64</b>			
<b><u>Amortisation</u></b>					
As of April 1, 2015	-	-			
Amortisation charge for the year	14.59	14.59			
Disposals	-	-			
<b>As of April 1, 2016</b>	<b>14.59</b>	<b>14.59</b>			
Amortisation charge for the year	9.20	9.20			
Disposals	-	-			
<b>As of March 31, 2017</b>	<b>23.79</b>	<b>23.79</b>			
Amortisation charge for the year	1.83	1.83			
Disposals	-	-			
<b>As of March 31, 2018</b>	<b>25.62</b>	<b>25.62</b>			
Amortisation charge for the period	0.02	0.02			
Disposals	-	-			
<b>As of December 31, 2018</b>	<b>25.64</b>	<b>25.64</b>			
<b>As of March 31, 2017</b>	<b>23.79</b>	<b>237.90</b>			
Amortisation charge for the period	1.79	1.79			
Disposals	-	-			
<b>As of December 31, 2017</b>	<b>25.58</b>	<b>25.58</b>			
<b><u>Net book value</u></b>					
As at March 31, 2016	11.05	11.05			
As at March 31, 2017	1.85	1.85			
As at March 31, 2018	0.02	0.02			
As at December 31, 2017	0.06	0.06			
<b>As at December 31, 2018</b>	<b>-</b>	<b>-</b>			
<b>Carrying Amount</b>					
	As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Intangible Assets</b>					
Computer software	-	0.06	0.02	1.85	11.05
<b>Total</b>	<b>-</b>	<b>0.06</b>	<b>0.02</b>	<b>1.85</b>	<b>11.05</b>

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Annexure VI- Notes to Restated Consolidated Summary Financial Information

						Rs. in Million
		As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>6 Investments accounted using the equity method</b>						
(i) <b>Equity Investment in associate company (Fully paid unquoted equity investment)</b>						
18,249,093 (December 31, 2017 - 18,249,093, March 31, 2018 - 18,249,093, March 31, 2017 - 18,249,093 and March 31, 2016 - Nil) equity shares of Rs. 10/- each in Lalitpur Power Generation Company Limited		9,401.53	9,383.39	9,313.94	9,760.46	-
(ii) <b>In other company Unquoted investments (valued at cost)</b>						
Nil (December 31, 2017 - Nil, March 31, 2018 - Nil, March 31, 2017 - Nil and March 31, 2016 - 12,794,547) equity shares of Rs 10 each fully paid up in Lalitpur Power Generation Company Limited		-	-	-	-	6,343.30
<b>Total</b>		<b>9,401.53</b>	<b>9,383.39</b>	<b>9,313.94</b>	<b>9,760.46</b>	<b>6,343.30</b>
<b>Aggregate amount of quoted investment</b>		-	-	-	-	-
<b>Aggregate amount of unquoted investment</b>		9,401.53	9,383.39	9,313.94	9,760.46	6,343.30
<b>Aggregate amount of impairment in the value of investment</b>		-	-	-	-	-

Out of the above investment 68.64% (December 31, 2017 - 68.64%, March 31, 2018- 68.64%, March 31, 2017 - 68.64% and March 31, 2016 - Nil) are pledged against the facilities availed by the associate.

**Note:-**

- (a) The Company w.e.f. December 20, 2016 acquired 20.69% stake in associate entity, M/s 'Lalitpur Power Generation Company Limited (LPGCL)' having its registered office at Village Mirchwara Burogaon, Tehsil Mehrauni, Lalitpur, Uttar Pradesh – 284123. The Investment has been accounted at cost in accordance with Ind AS 27. The principal business of the associate is generation of power and is operated through super critical thermal power plant located at Village Badagaon (Chiglaua) & Mirchwara, Tehsil Mehrauni, (District Lalitpur), Uttar Pradesh.
- (b) **Summarised financial information of LPGCL**

Current assets	61,381.22	47,107.58	46,887.69	30,355.90
Non current assets	1,56,438.78	1,65,165.07	1,62,705.45	1,71,253.02
<b>Total Assets (a)</b>	<b>2,17,820.00</b>	<b>2,12,272.65</b>	<b>2,09,593.14</b>	<b>2,01,608.92</b>
Current liabilities	(45,302.75)	(35,123.78)	(33,616.40)	(27,767.50)
Non-current liabilities	(1,27,077.32)	(1,31,796.59)	(1,30,960.16)	(1,26,666.69)
<b>Total Liabilities (b)</b>	<b>(1,72,380.07)</b>	<b>(1,66,920.37)</b>	<b>(1,64,576.56)</b>	<b>(1,54,434.19)</b>
<b>Net Assets ((a)-(b))</b>	<b>45,439.93</b>	<b>45,352.28</b>	<b>45,016.58</b>	<b>47,174.73</b>
- (c) Reconciliation of carrying amount
 

Net assets	45,439.93	45,352.28	45,016.58	47,174.73
Company's share	20.69%	20.69%	20.69%	20.69%
<b>Share of Net Assets Carrying amount*</b>	<b>9,401.53</b>	<b>9,383.39</b>	<b>9,313.94</b>	<b>9,760.46</b>

\* Rs. 528.77 Million has been recognised as capital reserve (Refer Note No.17) under equity schedule, which represent excess of the company's share of net value of the identifiable assets and liabilities over the cost of investment.

- (d) Summary Statement of profit and loss of LPGCL\*:-

	As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017 #	Rs. in Million
Revenue	41,318.42	41,550.56	53,573.24	8,641.63	
Profit	175.17	(1,682.56)	(2,178.70)	940.64	
Other comprehensive income	248.18	(139.89)	20.55	(30.14)	
Total comprehensive income	423.35	(1,822.45)	(2,158.15)	910.50	
Company Share	20.69%	20.69%	20.69%	20.69%	
<b>Company's share of profit</b>	<b>36.24</b>	<b>(348.12)</b>	<b>(450.77)</b>	<b>194.62</b>	
<b>Company's share of OCI</b>	<b>51.35</b>	<b>(28.94)</b>	<b>4.25</b>	<b>(6.24)</b>	

\* For the period from the date of becoming associate , that is December 20, 2016 to December 31, 2018

# The same is drawn from the date LPGCL became associate of the Company and based on management accounts. The auditors have relied on the same.

- (e) As per the Share purchase agreement (proposed to be executed) between the Bajaj Energy Limited, Bajaj Power Venture Private Limited, Lalitpur Power Generation Company Limited and Bajaj Hindusthan Sugar limited, the Company is further committed to acquire 1,54,39,900 and 5,44,97,000 shares of Lalitpur Power Generation Co. Ltd held by Bajaj Hindusthan Sugar Ltd and Bajaj Power Ventures Private Ltd respectively at a consideration not less than Rs 722 per share and Rs. 497.75 per share respectively.

Pending the execution of the shareholders agreement as on balance sheet date, no impact has been considered in the restated consolidated summary financial information.

- (f) **Significant Notes to revenue recognition by associate**

- (i) The Final tariff order is yet to be approved from Hon'ble UPERC. In the interim, the associate as per its accounting policy has recognised its revenue on provisional basis in respect of capacity charges based on project cost actually incurred as of reporting date during respective financial year/period.
- (ii) The associate had earlier received a tariff order passed by Hon'ble Uttar Pradesh Electricity Regulatory Commission (UPERC) dated 27th November'2015 which allows for recovery of capacity charges @ Rs. 1.88/kWh and energy charges @ Rs. 2.95/kWh on provisional basis. On the basis of revised tariff petition filed by the associate, based on project cost incurred upto 30th September'2015, UPERC vide its order dated 07th March'2018 upward revised the recovery of capacity charges from Rs. 1.88/kWh to Rs. 2.24/kWh on provisional basis with retrospective effect from the date of Q8Q2 of Unit#2 i.e. 14th October'2016. The associate is raising monthly sale invoices in respect of capacity charges on M/s Uttar Pradesh Power Corporation Limited (UPPCL) accordingly.

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## Annexure VI- Notes to Restated Consolidated Summary Financial Information

(iii) During the period, in line with its accounting policy, the associate has recognised given below revenue in respect of following items in its books which is yet to be billed as per terms of agreement, as explained below:

- (1) As per the UPERC regulations, recovery of capacity charges is calculated based on the project cost incurred. As per its accounting policy, the associate has been recognising its revenue in respect of capacity charges equivalent to 95% of tariff as calculated based on prevalent UPERC regulations. However, the associate has billed the capacity charges @ 2.24/kWh which is provisionally approved tariff decided based on project cost incurred till 30th September, 2015. In line with the accounting policy, the associate has recognised additional revenue during the period ended December 31, 2018 - Rs. 802.67 Million, December 31, 2017 - Rs. 3,359.73 Million, March 31, 2018 - Rs. 4,171.83 Million, March 31, 2017 - Rs. 2,343.19 Million, March 31, 2016 - Rs. 11.59 Million and total of such amounts has been shown as other receivables in note 8 "Other financial assets" in restated summary of financial information of associate.
- (2) During the Year 2017-18, there had been instances of abnormal delays in collection from UPPCL which led to severe liquidity crisis. Associate is required to make advance payment for coal purchases against its committed quantities. However in absence of adequate cash flows from UPPCL, it had cascading effect and associate could not procure required quantities of fuel though the plant was continually available for generation and supply of electricity to UPPCL. Non-availability of coal led to declaration of plant capacity at reduced levels resulting into under recovery of capacity charges. The said under recovery is against the basic premise of recovery of fixed charges by way of declaration of plant availability. Further, there is a specific guidance under Electricity Act 2003 granting regulatory powers to the commission to put in place a mechanism for timely recovery of outstanding bills, due to default on part of the procurer.

Since the said under recovery is against the policy of two part tariff as intended under Availability Based Tariff (ABT) mechanism as specified under both UPERC regulation as well as terms & conditions of PPA.

Accordingly in FY 2017-18, the associate had recognised revenue to the extent of Rs. 7,538.02 Million (Rs 4,772.51 Million during the nine months period ended December 31, 2017) towards loss of plant availability due to non-payment by UPPCL.

In continuation to matter highlighted above, associate has now filed petition before UPERC for recovery of availability loss (because of non-availability of coal) from UPPCL. In addition, there has been a past precedent where the Regulatory Commission has relaxed the norms of PAF in case of non-availability of fuel due to reasons beyond control of the seller. The associate has been legally advised that it has a valid claim against the UPPCL which has now been submitted before UPERC and has been admitted for hearing.

- (3) In the year 2010, the associate had entered into a long term Power Purchase Agreement (PPA) with Uttar Pradesh Power Corporation Limited (UPPCL) for supply of 100% of its Power Generation capacity of 1980 MW. As per terms of PPA and applicable regulatory provisions from time to time, associate is allowed recovery of tariff in two parts under Availability Based Tariff (ABT) mechanism i.e. Variable Charges towards cost of coal and oil which is paid on basis of actual generation i.e. Plant Load Factor (PLF) and Fixed Charges comprising of operation & maintenance expenses, depreciation, interest on term loan, interest on working capital loan and return on equity which is based on availability of its plant i.e. Plant Availability Factor (PAF) and not on Plant Load Factor (Actual Generation). The basic premise of the PPA which is executed between UPPCL and associate is recovery of entire fixed charges based on Plant Availability Factor (PAF).

As per the terms of the said PPA, for power evacuation, providing transmission line was the responsibility of the UPPCL, once the power generating units were ready to be declared for commercially in operation. Although the power generating units were successfully commissioned by the associate, evacuation of total power generated by said Unit was not possible, as transmission line was not ready by UPPCL.

Due to limitation of evacuation capacity of UPPCL, UPPCL was reluctant to consent for recovery of entire eligible fixed charges in respect to associate power generating units once it gets commissioned and under duress asked associate to enter into a bilateral agreement (referred to as 'Bilateral Agreement') dated 04 November 2015. As per terms of this agreement for intermittent period till commissioning of 765 kV Transmission system, UPPCL will pay for Fixed Charges based on the PLF as scheduled by State Load Dispatch Centre instead of PAF.

Accordingly in earlier years, the associate had recognised revenue to the extent of Rs. 12,714.64 Million in respect of capacity charges on ABT mechanism till the commissioning of Transmission system. The associate had recognised revenue to the extent of Rs. 9,872.40 Million and Rs. 2,842.24 Million in respect of capacity charges on Availability Based Tariff (ABT) mechanism for year ended March 31, 2017 and March 31, 2016 respectively.

Against the above mentioned Bilateral Agreement associate had filed petition before the Uttar Pradesh Electricity Regulatory Commission (UPERC) to claim fixed charges as per ABT mechanism specified in PPA, for the period in which 765 kV transmission system for evacuation of power was not available and to treat the Bilateral Agreement as null and void as it is against both the provisions of PPA and UPERC regulation. This claim has not been allowed as per UPERC order dated 21 September 2016 and subsequently UPERC vide its order dated 17 October 2018 has reconfirmed the earlier order.

In continuation to matter highlighted in paragraph above, associate had preferred an appeal before Appellate Tribunal for Electricity (APTEL) against the mentioned orders of UPERC. Basis the submission of all facts by the associate, APTEL had directed UPERC and UPPCL not to precipitate the associate to sign Supplementary Agreement (to give effect to Bilateral Agreement) as specified in the UPERC orders until further orders. Further, the associate has been legally advised that this Bilateral Agreement be considered as null and void, in view of it being in the violation of provision of article 18.1 of the PPA which clearly provides that the PPA can only be amended or supplemented by written agreement between the parties (i.e. the associate and UPPCL) and after obtaining the approval of the UPERC wherever necessary. However, no such approval of UPERC was obtained in respect of said Bilateral Agreement.

- (4) As per terms of PPA, the associate was required to secure coal linkage which was finally secured by the associate in Q4 of FY 2017-18. UPERC vide order dated 21 September 2016 and further confirmed by its order dated 17 October 2018 restricted associate in claiming Return on Equity (RoE) as part of its tariff component from the date of UPERC order (i.e. 18 January 2017) till award of coal linkage by Government of India. The associate had represented before UPERC that award of coal linkage by Government is not in its control and further associate had offered to charge coal cost as per notified rates of Coal India only, irrespective of its actual cost, till award of Coal Linkage. During Q4 FY 2017-18, Coal Linkage was finally awarded to the associate.

In continuation to matter highlighted in paragraph above, associate had preferred an appeal before Appellate Tribunal for Electricity (APTEL) against the mentioned orders of UPERC. Associate has been legally advised that the claims are tenable, considering the fact that award of Coal Linkage was not in its control and especially given the fact that the associate had offered to charge coal cost as per notified rates of Coal India only, irrespective of its actual cost, till award of Coal Linkage. Further since PPA / regulations doesn't contain any clause which restricts the associate in claiming RoE as a component to Fixed Charges and order as given by UPERC is not as per the provisions of PPA / regulatory provisions in place. Considering the fact that legal recourse is available to the associate and appeal has been filed before APTEL where all pleadings have been filed and now the matter is pending for further hearing.

Accordingly, the associate has recognised revenue of Rs Nil (December 31, 2017 Rs 3,173.16 Million, March 31, 2018 Rs 3,758.05 Million, March 31, 2017 Rs 950.07 Million and March 31, 2016 Rs Nil) towards RoE claim and disclosed the said recovery of Rs 3,949.03 Million (December 31, 2017 Rs 3,459.59 Million, March 31, 2018 Rs 3,949.03 Million, March 31, 2017 Rs 804.30 Million and March 31, 2016 Rs Nil) in note 11 "Trade Receivable" of restated financial information of associate. The associate has disclosed the recovery of Rs. 759.10 Million (December 31, 2017 Rs 663.64 Million, March 31, 2018 Rs 759.10 Million, March 31, 2017 Rs 145.80 Million and March 31, 2016 Rs Nil) in note 8 of restated financial information of associate "Other financial assets" as Other receivables the said recovery amount has been included in above note no. 6.f.(iii)(1).

- (5) As per the regulatory provisions / terms & conditions of PPA, income tax paid on income generated from its core business i.e. generation of electricity shall be permitted to be recovered from beneficiaries. Further regulatory provisions / terms & conditions of PPA also provides for reimbursement of expense towards regulatory fee, payment to pollution control board, cost of water and water cess shall be paid additionally at actuals. Accordingly during period ended December 31, 2018 - Rs. 71.34 Million, December 31, 2017 - Rs. 3.47 Million, March 31, 2018 - Rs. 51.33 Million, March 31, 2017 - Rs. 307.54 Million, March 31, 2016 - Rs.146.10 Million has been recognised as part of revenue and correspondingly been shown in note 8 "Other financial assets" in restated summary of financial information of associate.

- (iv) During the financial year 2017-18 there had been turbine break down due to blade failure. The associate has already lodged its claim before the insurance company for a total value of Rs. 1,995.65 Million towards loss of profit as per insurance policy in place and on account of material damage. Said claim is under process by the insurance company. Compensation from the insurance company for the loss of profit and plant & equipment will be included in the statement of Profit and Loss in subsequent years when no significant uncertainty of ultimate collection exists.

**Bajaj Energy Limited**

Annexure VI- Notes to Restated Consolidated Summary Financial Information

					Rs. in Million	
		As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>7</b>	<b>Current Investments</b>					
	<b><u>Investment at fair value through profit or loss (FVTPL)</u></b>					
	<b><u>In mutual funds (Quoted)*</u></b>					
(i)	Nil (December 2017- Nil, March 31, 2018 - Nil, March 31, 2017 - 4,027,387.309 and March 31, 2016 - 4,027,387.309) units of L&T Ultra Short Term Fund Direct Plan - Growth	-	-	-	108.35	99.94
(ii)	Nil (December 2017 - 40,863.896, March 31, 2018 - Nil, March 31, 2017 - 248,821.212 and March 31, 2016 - 28,944.007) units of SBI Premier Liquid Fund - Direct Plan- Growth	-	109.42	-	635.07	68.91
(iii)	Nil (December 2017 - Nil, March 31, 2018 - Nil, March 31, 2017 - Nil, and March 31, 2016 - 243,128.200) units of SBI Magnum Insta Cash Fund Liquid Floater - Direct Plan- Growth	-	-	-	-	627.54
	<b>Total</b>	<b>-</b>	<b>109.42</b>	<b>-</b>	<b>743.42</b>	<b>796.39</b>
	*Under Debt Service Reserve Account (DSRA).					
	Refer note 38.4 for determination of their fair value.					
	Aggregate book value of quoted investments	-	109.42	-	743.42	796.39
	Aggregate market value of quoted investments (refer note 38.4)	-	109.42	-	743.42	796.39
<b>8</b>	<b>Loans</b>					
	<b>(at amortised cost)</b>					
	(Unsecured considered good unless stated otherwise)					
	<b>Non current</b>					
	Security deposits	1.78	1.78	1.78	1.78	1.78
	<b>Total</b>	<b>1.78</b>	<b>1.78</b>	<b>1.78</b>	<b>1.78</b>	<b>1.78</b>
	Security deposit includes Rs.1.76 Million (December 31, 2017 Rs.1.76 Million, March 31, 2018 Rs.1.76 Million, March 31, 2017 Rs.1.76 Million and March 31, 2016 Rs.1.76 Million) recoverable from related parties. Refer note 37 for detail.					
<b>9</b>	<b>Other financial assets</b>					
	<b>(a) Non current</b>					
(i)	<b>At fair value through profit or loss</b>					
	Surrender value of keyman insurance policy	1.42	0.80	1.37	0.30	0.26
(ii)	<b>Financial asset at fair value through OCI</b>					
	Cash flow hedges - Cross currency interest rate swap	16.39	-	-	-	-
(iii)	<b>At amortised cost</b>					
	Non current bank balances	0.31	1.27	1.24	24.90	0.10
	(Kept as margin money deposits maturing after 12 months from the reporting date)					
	<b>Total</b>	<b>18.12</b>	<b>2.07</b>	<b>2.61</b>	<b>25.20</b>	<b>0.36</b>
	<b>(b) Current</b>					
(i)	<b>Financial asset at fair value through OCI</b>					
	Cash flow hedges - Cross currency interest rate swap	7.47	-	-	-	-
(ii)	<b>At amortised cost</b>					
	Other receivable	2,783.22	3,067.25	2,719.79	902.51	1,295.26
	Interest receivable (Refer note 37)	-	33.17	-	33.17	-
	<b>Total</b>	<b>2,790.69</b>	<b>3,100.42</b>	<b>2,719.79</b>	<b>935.68</b>	<b>1,295.26</b>
<b>10</b>	<b>Other assets</b>					
	<b>(a) Non current</b>					
	Prepaid expenses	0.30	0.17	0.13	1.60	0.34
	<b>Total</b>	<b>0.30</b>	<b>0.17</b>	<b>0.13</b>	<b>1.60</b>	<b>0.34</b>
	<b>(b) Current</b>					
	Advance to suppliers (Refer Note (i) below)	253.95	474.67	600.39	302.41	32.73
	Staff imprest	0.92	1.77	0.40	3.87	3.48
	Prepaid expenses	24.70	29.48	25.15	33.44	32.07
	Deposits with Government authorities					
	Entry tax authorities (Refer Note (ii) below)	-	-	-	-	5.00
	Custom & excise authorities (Refer Note (ii) below)	6.21	6.19	6.21	6.19	6.12
	Income tax authorities (Refer Note (ii) below)	3.34	3.34	3.34	3.34	-
	UP Sales Tax Authorities (Refer Note (ii) below)	0.02	0.05	0.05	0.05	8.53
	<b>Total</b>	<b>289.14</b>	<b>515.50</b>	<b>635.54</b>	<b>349.30</b>	<b>87.93</b>

(i) Includes amount of Rs. 207.50 Million (December 31, 2017- Rs.207.50 Million, March 31, 2018 Rs.207.50 Million, March 31, 2017 Rs.150.00 Million and March 31, 2016 Rs.21.31 Million) given to related parties against supplies. Refer note 184

(ii) These amounts are paid under protest to Government Authorities. Refer note 36.3 (a) for detail of contingent liabilities.

					Rs. in Million
	As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>11 Inventories</b> (At lower of cost or net realisable value, unless otherwise stated as certified and valued by the management)					
Raw materials (including in transit)	123.06	476.33	587.14	1,562.51	3,183.71
Stores and spares	162.88	163.35	163.21	165.56	197.35
<b>Total</b>	<b><u>285.94</u></b>	<b><u>639.68</u></b>	<b><u>750.35</u></b>	<b><u>1,728.07</u></b>	<b><u>3,381.06</u></b>
<b>12 Trade receivables</b> - Secured, considered good - Unsecured, considered good					
Secured, considered good	5,953.98	2,680.44	2,677.01	3,019.24	2,356.95
Unsecured, considered good	11.57	9.52	9.19	7.76	6.69
<b>Total</b>	<b><u>5,965.55</u></b>	<b><u>2,689.96</u></b>	<b><u>2,686.20</u></b>	<b><u>3,027.00</u></b>	<b><u>2,363.64</u></b>
(i) Secured trade receivables represents sum receivable from Uttar Pradesh Power Corporation Limited, duly secured by Letter of Credit and collaterally secured by hypothecation & / or escrow arrangement over UPPCL designated collections.					
(ii) Refer note 38.3 for credit risk analysis of trade receivables.					
<b>13 Cash and cash equivalents</b>					
Cash in hand	0.96	0.46	0.68	1.21	0.64
Balances with banks					
-In current accounts	19.41	37.68	79.69	49.85	30.58
-In deposit accounts (having original maturity less than 3 months from date of deposit)	-	0.83	1.50	60.31	-
<b>Total</b>	<b><u>20.37</u></b>	<b><u>38.97</u></b>	<b><u>81.87</u></b>	<b><u>111.37</u></b>	<b><u>31.22</u></b>
<b>14 Bank balance other than above</b>					
Fixed deposits held as margin money maturing within 12 months from reporting date	26.31	20.08	20.45	145.05	175.04
<b>Total</b>	<b><u>26.31</u></b>	<b><u>20.08</u></b>	<b><u>20.45</u></b>	<b><u>145.05</u></b>	<b><u>175.04</u></b>
<b>15 Current tax assets and liabilities</b>					
<b>(a) Current tax assets</b>					
Advance income tax (net)	90.05	89.92	90.05	89.92	-
<b>Total</b>	<b><u>90.05</u></b>	<b><u>89.92</u></b>	<b><u>90.05</u></b>	<b><u>89.92</u></b>	<b><u>-</u></b>
<b>(b) Current tax liabilities</b>					
Current tax payables (net)	225.90	67.46	117.67	2.06	101.19
<b>Total</b>	<b><u>225.90</u></b>	<b><u>67.46</u></b>	<b><u>117.67</u></b>	<b><u>2.06</u></b>	<b><u>101.19</u></b>

**Bajaj Energy Limited**

Annexure VI- Notes to Restated Consolidated Summary Financial Information

					Rs. in Million
	As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>16 Share capital</b>					
<b>Authorised share capital</b>					
1,667,000,000 (December 31, 2017 - 50,000,000, March 31, 2018 - 50,000,000, March 31, 2017 - 50,000,000, March 31, 2016 - 50,000,000 equity shares of Rs. 10/- each)	16,670.00	500.00	500.00	500.00	500.00
833,000,000 (December 31, 2017 - Nil, March 31, 2018 - Nil, March 31, 2017 - Nil, March 31, 2016 - Nil) preference shares of Rs. 10/- each	8,330.00	-	-	-	-
	<b>25,000.00</b>	<b>500.00</b>	<b>500.00</b>	<b>500.00</b>	<b>500.00</b>
<b>Issued, subscribed and paid up:</b>					
41,175,000 (December 31, 2017 - 41,175,000, March 31, 2018 - 41,175,000 , March 31, 2017 - 41,175,000, March 31, 2016 - 41,175,000 equity shares of Rs. 10/- each)	411.75	411.75	411.75	411.75	411.75
<b>Total</b>	<b>411.75</b>	<b>411.75</b>	<b>411.75</b>	<b>411.75</b>	<b>411.75</b>

**Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period**

Particulars	In No's
<b>As at April 1, 2015</b>	<b>4,11,75,000</b>
Add: shares allotted during the year	-
<b>As at March 31, 2016</b>	<b>4,11,75,000</b>
Add: shares allotted during the year	-
<b>As at March 31, 2017</b>	<b>4,11,75,000</b>
Add: shares allotted during the year	-
<b>As at March 31, 2018</b>	<b>4,11,75,000</b>
Add: shares allotted during the period	-
<b>As at December 31, 2018</b>	<b>4,11,75,000</b>
<b>As at March 31, 2017</b>	<b>4,11,75,000</b>
Add: shares allotted during the period	-
<b>As at December 31, 2017</b>	<b>4,11,75,000</b>

**Terms/rights attached to equity shares**

The Company has only one class of equity share having a face value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

**Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates**

	As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	In No's	In No's	In No's	In No's	In No's
Bajaj Power Ventures Private Limited (Holding company)	4,11,75,000	4,11,75,000	4,11,75,000	4,11,75,000	4,11,75,000

**The details of shareholders holding more than 5% shares**

	Percentage	In No's
Bajaj Power Ventures Private Limited*		
As at December 31, 2018	100.00%	4,11,75,000
As at December 31, 2017	100.00%	4,11,75,000
As at March 31, 2018	100.00%	4,11,75,000
As at March 31, 2017	100.00%	4,11,75,000
As at March 31, 2016	100.00%	4,11,75,000

\* Includes Six shares held by nominee share holders of the holding company.

In the extra ordinary general meeting held on 28th January 2019, the members of the Company have approved for issuance of 411,750,000 Zero Coupon Compulsorily Convertible Preference Shares (CCPS) of Rs 10 each as fully paid-up bonus shares in the proportion of 10 CCPS for each one equity share held out of the available surplus with the Company. These CCPS will carry the voting powers as prescribed under the Companies Act 2013.

As on March 20, 2019 the above specified CCPS are been converted into 411,750,000 equity shares of Rs. 10/- each fully paid up.

**17 Other equity**

**Reserve and surplus**

Securities premium <sup>#</sup>	7,641.39	7,641.39	7,641.39	7,641.39	7,641.39
Capital Reserve*	528.77	528.77	528.77	528.77	-
Cash flow hedge reserve (Refer note 33)	46.13	(47.83)	(9.65)	(24.77)	-
Retained earning	4,882.06	4,448.06	4,490.32	4,526.16	3,450.50
<b>Total</b>	<b>13,098.35</b>	<b>12,570.39</b>	<b>12,650.83</b>	<b>12,671.55</b>	<b>11,091.89</b>

Refer statement of change in equity for movement in other equity.

#Securities Premium is used to record the premium received on issue shares. It is utilised in accordance with the provisions of Companies Act 2013.

\*Excess of the Company's share of net value of the identifiable assets and liabilities over the cost of the investment is recognized in equity as Capital Reserve in the period in which the investment is made.

**Bajaj Energy Limited**

Annexure VI- Notes to Restated Consolidated Summary Financial Information

				Rs. in Million		
		As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>18</b>	<b>Borrowings</b>					
(a)	<b>Non current borrowings</b>					
	<b>Secured</b>					
	<b>Rupee term loan</b>					
	From banks	5,890.46	7,305.32	6,963.74	8,329.50	4,978.75
	From others	5,219.97	5,551.40	5,468.54	5,799.98	9,849.40
	<b>Foreign currency term loan</b>					
	From bank	503.90	624.59	594.21	758.14	-
		11,614.33	13,481.31	13,026.49	14,887.62	14,828.15
	<b>Unsecured</b>					
	<b>Rupee term loans</b>					
	Loan from related party (refer note 37)	250.00	250.00	250.00	250.00	250.00
	<b>Total</b>	<b>11,864.33</b>	<b>13,731.31</b>	<b>13,276.49</b>	<b>15,137.62</b>	<b>15,078.15</b>
	<b>Terms of secured loans is set out below</b>					
(i)	<b>Interest rate :</b>					
	Rate of interest for above mentioned facilities is State Bank Base Rate/PLR of respective lender (wherever applicable) plus / minus applicable spread payable on monthly rest. Applicable spread to be reset periodically.					
(ii)	<b>Maturity :</b>					
	The maturity profile of above mentioned facilities is as follows:-					
	Current maturities (refer note 20(b)(ii) )	2,396.12	2,314.95	1,883.33	1,843.65	1,455.30
	Long term maturities	11,614.33	13,481.31	13,026.49	14,887.62	14,828.15
	<b>Total secured loan</b>	<b>14,010.45</b>	<b>15,796.26</b>	<b>14,909.82</b>	<b>16,731.27</b>	<b>16,283.45</b>
(iii)	<b>Repayment :</b>					
	The repayment schedule of above mentioned facilities is as follows:-					
(a)	Outstanding Rupee term loan facility repayable in equal quarterly instalments with last instalment due on Mar. 31, 2022.	3,703.87	4,762.13	4,233.00	5,291.25	6,349.50
(b)	Outstanding Rupee term loan facility repayable in equal quarterly instalments with last instalment due on Sept. 30, 2022.	727.00	909.00	818.00	1,000.00	-
(c)	Outstanding foreign currency term loan facility repayable in equal quarterly instalments with last instalment due on Sept. 30, 2022.	727.00	909.00	818.00	1,000.00	-
(d)	Outstanding Rupee term loan facility repayable in structured monthly instalments with last instalment due on Sept. 30, 2025.	1,598.33	1,662.50	1,645.00	1,697.50	1,732.50
(e)	Outstanding Rupee term loan facility repayable in structured monthly instalments with last instalment due on May 31, 2026.	1,619.70	1,676.68	1,662.50	1,705.05	1,738.62
(f)	Outstanding Rupee term loan facility repayable in equal quarterly instalments with last instalment due on Sept. 30, 2035.	5,634.26	5,965.69	5,799.98	6,131.41	6,462.83
	<b>Total</b>	<b>14,010.16</b>	<b>15,885.00</b>	<b>14,976.48</b>	<b>16,825.21</b>	<b>16,283.45</b>
	Mark to market of foreign currency loan	33.71	(37.79)	(20.31)	(27.91)	-
	EIR interest adjustment as per Ind AS 109	(33.42)	(50.95)	(46.35)	(66.03)	-
	<b>Total</b>	<b>14,010.45</b>	<b>15,796.26</b>	<b>14,909.82</b>	<b>16,731.27</b>	<b>16,283.45</b>
(iv)	<b>Security :</b>					
	Term loans from lenders are secured on first pari-passu charge basis along with working capital lenders, by way of hypothecation and / or mortgage and / or pledge, as the case may be, on the entire present and future, movable and immovable assets and properties, all current assets and equity shares of the Company. Term Loans from lenders are further secured on first pari- passu charge through assignment by way of security of all rights, title, interests and benefits of the Company thereof into and under all project documents, insurance contracts, clearances etc.					
(v)	The Company is generally regular in payment of interest and repayment of principal due to the lenders except for slight delay in few cases during the year / period.					
(vi)	The Company has applied with lenders for waiver of delay in repayment of principal and interest and non-compliance with other terms of borrowings. Pending the confirmation from lenders, the Company considers these accounts as standard and regular.					
(b)	<b>Current borrowings</b>					
	<b>Secured</b>					
	From banks- (refer note (i))	5,003.06	3,615.66	3,800.63	3,598.24	5,291.85
	<b>Total</b>	<b>5,003.06</b>	<b>3,615.66</b>	<b>3,800.63</b>	<b>3,598.24</b>	<b>5,291.85</b>
	(i)	Working capital facility from lenders are secured, on first pari-passu charge basis along with term loan lenders, by way of hypothecation and / or mortgage and / or pledge, as the case may be, of the entire present and future, movable and immovable assets & properties, all current assets and equity shares of the Company.				
<b>19</b>	<b>Trade payables</b>					
	- Due to Micro enterprises and small enterprises (refer note (i) below)	-	-	-	-	-
	- Due to other than micro enterprises and small enterprises (refer note (ii) below)	839.12	554.54	548.66	633.53	457.18
	<b>Total</b>	<b>839.12</b>	<b>554.54</b>	<b>548.66</b>	<b>633.53</b>	<b>457.18</b>
	(i)	Based on information available with the Company, there are no outstanding dues to the suppliers registered as micro and small enterprise under the "The Micro, Small and Medium Enterprises Development Act, 2006" as at December 31, 2018, December 31, 2017, March 31, 2018, March 31, 2017 and March 31, 2016 and no overdue beyond the prescribed time limit and hence disclosure, if any, relating to amount unpaid at year/period end together with interest paid / payable as required under the said act has not been given.				
	(ii)	Others include Rs. 28.56 Million (December 31, 2017- Rs 11.77 Million, March 31, 2018 - Rs 4.31 Million, March 31, 2017 - Nil ,March 31, 2016 - Nil ) payable to related parties. Refer note 37	187			

**Bajaj Energy Limited**

Annexure VI- Notes to Restated Consolidated Summary Financial Information

		As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	Rs. in Million
<b>20</b>	<b>Other financial liabilities</b>						
(a)	<b>Non current</b>						
	Financial liabilities at fair value through OCI						
	Cash flow hedges - Cross currency interest rate swap	-	47.26	27.81	45.85	-	
	<b>Total</b>	<b>-</b>	<b>47.26</b>	<b>27.81</b>	<b>45.85</b>	<b>-</b>	
(b)	<b>Current</b>						
	(i) Financial liabilities at fair value through OCI						
	Cash flow hedges - Cross currency interest rate swap	-	12.62	7.96	10.20	-	
	(ii) Financial liabilities at amortised cost						
	Current maturities of long term borrowings -secured (note 18)	2,396.12	2,314.95	1,883.33	1,843.65	1,455.30	
	Interest accrued (Refer note (i))	262.96	299.20	100.72	80.68	53.93	
	Payable for capital goods	9.29	10.16	9.64	10.35	9.55	
	Other payables	468.16	142.73	176.37	707.49	2.77	
	<b>Total</b>	<b>3,136.53</b>	<b>2,779.66</b>	<b>2,178.02</b>	<b>2,652.37</b>	<b>1,521.55</b>	
	(i) Interest accrued includes Rs. 123.22 Million (December 31,2017 - Rs.96.22 Million, March 31, 2018 - Rs. 100.72 Million, March 31, 2017 - Rs. 73.72 Million and March 31, 2016 - Rs. 46.72 Million) as interest accrued on loan taken from related party. Refer note 37.						
<b>21</b>	<b>Provisions</b>						
(a)	<b>Non current</b>						
	Provisions for employee benefits						
	- Gratuity (refer note 35)	43.94	32.22	33.32	28.90	20.88	
	- Compensated absences	61.27	36.95	37.57	35.09	25.77	
	<b>Total</b>	<b>105.21</b>	<b>69.17</b>	<b>70.89</b>	<b>63.99</b>	<b>46.65</b>	
(b)	<b>Current</b>						
	Provisions for employee benefits						
	- Gratuity (refer note 35)	4.24	2.90	3.09	2.31	1.06	
	- Compensated absences	5.30	3.13	3.19	2.93	1.98	
	Other provisions	156.28	185.35	276.49	179.99	195.51	
	<b>Total</b>	<b>165.82</b>	<b>191.38</b>	<b>282.77</b>	<b>185.23</b>	<b>198.55</b>	
	<b>Movement in other provisions</b>						
	Opening Balance at the beginning of year / period	276.49	179.99	179.99	195.51	382.13	
	Additional provisions made during the year / period	22.48	15.48	117.92	59.23	103.14	
	Utilised during the year / period	(142.69)	(10.12)	(21.42)	(74.75)	(289.76)	
	<b>Closing Balance at end of year / period</b>	<b>156.28</b>	<b>185.35</b>	<b>276.49</b>	<b>179.99</b>	<b>195.51</b>	
<b>22</b>	<b>Contractual Liability</b>						
	Advance against depreciation	1,334.51	1,334.51	1,334.51	1,334.51	1,397.37	
	<b>Total</b>	<b>1,334.51</b>	<b>1,334.51</b>	<b>1,334.51</b>	<b>1,334.51</b>	<b>1,397.37</b>	
	Contractual Liability is in respect of excess of advance against depreciation claimed as a part of tariff over book depreciation which will be reversed in subsequent years.						
<b>23</b>	<b>Other current liabilities</b>						
	Advances from customers	2.29	7.99	7.43	0.30	0.85	
	Statutory dues	6.82	4.05	20.58	35.53	14.26	
	<b>Total</b>	<b>9.11</b>	<b>12.04</b>	<b>28.01</b>	<b>35.83</b>	<b>15.11</b>	

**24 Income tax**

**24.1 Income tax recognised in statement of profit and loss and other comprehensive income**

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017	Rs. in Million For the year ended March 31, 2016
<b>Income tax recognised in statement of profit and loss</b>					
<b>Current tax</b>					
In respect of the current year / period	101.10	84.55	125.95	138.62	358.56
In respect of earlier years / period	-	-	-	-	(10.47)
	<b>101.10</b>	<b>84.55</b>	<b>125.95</b>	<b>138.62</b>	<b>348.09</b>
<b>Deferred tax</b>					
In respect of the current year / period	111.63	69.77	107.98	261.61	126.31
Less: Deferred assets for deferred tax liability	(117.26)	(126.24)	(167.67)	(471.83)	-
	<b>(5.63)</b>	<b>(56.47)</b>	<b>(59.69)</b>	<b>(210.22)</b>	<b>126.31</b>
<b>Total tax expenses recognised in statement of profit and loss</b>	<b>95.47</b>	<b>28.08</b>	<b>66.26</b>	<b>(71.60)</b>	<b>474.40</b>
<b>Income tax recognised in other comprehensive income (OCI)</b>					
Income tax on remeasurement of defined benefit obligation	(1.71)	0.28	0.37	(0.84)	(0.83)
Deferred tax on cash flow hedge reserve	1.91	2.09	4.39	(9.74)	-
<b>Total tax expenses recognised in OCI</b>	<b>0.20</b>	<b>2.37</b>	<b>4.76</b>	<b>(10.58)</b>	<b>(0.83)</b>

**24.2 A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit for the period / year is summarised below:-**

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017	Rs. in Million For the year ended March 31, 2016
<b>Accounting profit before tax</b>					
Add: Interest u/s 234B/C					
	454.87	299.52	483.08	810.90	1,502.75
	7.24	1.81	10.65	-	13.15
Add/ (Less): Remeasurement loss included in OCI	(4.89)	0.80	1.06	(2.44)	(2.39)
<b>Adjusted accounting profit before tax</b>	<b>457.22</b>	<b>302.13</b>	<b>494.79</b>	<b>808.46</b>	<b>1,513.51</b>
<b>Income tax expense (at applicable rates for respective year / period</b>					
Restatement Adjustment	159.77	104.56	171.24	279.79	523.79
Effect of income that is exempted from taxation	2.82	31.51	31.51	(57.36)	64.05
Effect on tax balances due to the change in income tax rate	-	-	-	-	(3.56)
Effect of Ind AS transition (tax on 1/5 of the transition amount)	100.26	83.72	124.84	137.51	362.12
	0.84	0.83	1.11	1.11	-
	<b>101.10</b>	<b>84.55</b>	<b>125.95</b>	<b>138.62</b>	<b>358.56</b>
Deferred tax liability recognised during the year / period	111.63	69.77	107.98	261.61	126.31
Adjustment for deferred assets on deferred tax liability	(117.26)	(126.24)	(167.67)	(471.83)	-
Net current tax expenses (for current year)	95.47	28.08	66.26	(71.60)	484.87
Add: current tax liability related to previous year / periods	-	-	-	-	(10.47)
<b>Total income tax expenses reported in the statement of profit and loss</b>	<b>95.47</b>	<b>28.08</b>	<b>66.26</b>	<b>(71.60)</b>	<b>474.40</b>

**24.3 Deferred tax**

The components that gave rise to deferred tax assets and liabilities are as follows:

	As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	Rs. in Million
Accelerated depreciation for tax purpose	(796.66)	(624.15)	(666.27)	(495.85)	(320.47)	
Gratuity and leave provisions	39.84	26.02	26.71	23.96	17.19	
Others	0.06	0.06	0.06	0.06	-	
FVTPL item	-	(1.53)	-	(21.00)	(8.98)	
Foreign currency loan account	3.44	7.64	5.35	(3.08)	-	
Restatement Adjustment	-	(2.82)	(2.82)	(34.33)	23.02	
Differential interest as per EIR	(11.52)	(17.63)	(16.04)	(10.03)	-	
<b>Deferred tax (expenses) / income</b>						
<b>Net Deferred tax assets / (liabilities)</b>	<b>(764.84)</b>	<b>(612.41)</b>	<b>(653.01)</b>	<b>(540.27)</b>	<b>(289.24)</b>	
<b>Less:</b>						
Deferred assets for deferred tax liabilities	756.76	598.07	639.50	471.83	-	
<b>Deferred tax (expenses) / income</b>						
<b>Net Deferred tax assets / (liabilities)</b>	<b>(8.08)</b>	<b>(14.34)</b>	<b>(13.51)</b>	<b>(68.44)</b>	<b>(289.24)</b>	

Reflected in the balance sheet as follows:

	As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	Rs. in Million
Deferred tax liabilities	808.18	646.13	685.13	564.29	329.45	
Deferred tax assets	43.34	33.72	32.12	24.02	40.21	
Less: Deferred assets for deferred tax liabilities	756.76	598.07	639.50	471.83	-	
<b>Deferred tax liabilities (net)</b>	<b>8.08</b>	<b>14.34</b>	<b>13.51</b>	<b>68.44</b>	<b>289.24</b>	

Reconciliation of deferred tax liability (net) as follows

Opening balance	13.51	68.44	68.44	289.24	163.76
Tax expense/(income) during the year / period recognized in profit or loss	(5.63)	(56.47)	(59.69)	(210.22)	126.31
Tax expense/(income) during the year / period recognised in OCI	0.20	2.37	4.76	(10.58)	(0.83)
<b>Closing balance</b>	<b>8.08</b>	<b>14.34</b>	<b>13.51</b>	<b>68.44</b>	<b>289.24</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Company's activity falls within tax holiday period and eligible to claim exemption from FY 2016-17 to FY 2025-26. Accordingly no deferred tax liabilities are recognised in respect of those temporary differences which will be reversed in tax holiday period.

					Rs. in Million
	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>25 Revenue from operations</b>					
Revenue from sale of power					
Sale of power generated	6,904.22	6,180.86	8,519.35	14,009.25	13,640.95
Add/(less) - UI charges	(18.18)	(15.48)	(20.36)	(30.31)	(66.03)
Add/(less) - Advance against depreciation	-	-	-	-	(279.31)
Add/(less) - Adjustment for tariff order	-	28.25	28.25	(283.55)	-
Net sales of power	6,886.04	6,193.63	8,527.24	13,695.39	13,295.61
Other Operating Income					
Revenue from sale of by-products	53.96	6.67	24.73	14.04	15.64
<b>Total</b>	<b>6,940.00</b>	<b>6,200.30</b>	<b>8,551.97</b>	<b>13,709.43</b>	<b>13,311.25</b>
<b>26 Other income</b>					
Interest income on financial assets measured at amortised cost					
- on bank deposits	1.06	8.29	8.77	18.87	13.71
- on others	274.98	297.17	377.75	269.93	666.57
Net gain on sale of current investments	-	27.07	32.23	21.23	49.33
Sale of scrap	4.36	4.40	4.41	4.37	8.05
Fair value gain on financial instruments at FVTPL (i)	-	4.43	-	34.72	16.70
Other miscellaneous income	0.11	0.80	1.12	0.21	5.38
<b>Total</b>	<b>280.51</b>	<b>342.16</b>	<b>424.28</b>	<b>349.33</b>	<b>759.74</b>
(i) Fair value gain on financial instruments at FVTPL relates to investments in mutual funds.					
<b>27 Cost of materials consumed</b>					
Opening stock	587.14	1,562.51	1,562.51	3,183.71	2,450.02
Purchases	2,237.27	1,512.04	2,584.87	6,210.96	7,853.93
Less: Closing stock	2,824.41	3,074.55	4,147.38	9,394.67	10,303.95
<b>Cost of raw material consumed</b>	<b>123.06</b>	<b>476.33</b>	<b>587.14</b>	<b>1,562.51</b>	<b>3,183.71</b>
<b>28 Employee benefits expenses</b>					
Salaries and wages	336.90	262.57	357.22	442.84	415.20
Contributions to provident and other funds (refer note 35.1 note (i) below)	13.11	12.91	17.08	20.35	18.64
Employee's welfare expenses	5.65	5.09	7.18	9.22	9.98
<b>Total</b>	<b>355.66</b>	<b>280.57</b>	<b>381.48</b>	<b>472.41</b>	<b>443.82</b>
(i) Include Rs. 0.61 Million (December 31, 2017 - Rs 0.65 Million, March 31, 2018 -Rs. 0.86 Million, March 31, 2017- Rs. 1.31 Million, March 31, 2016-Rs. 1.21 Million) towards administrative charges of provident fund.					
<b>29 Finance costs</b>					
Interest expenses on borrowings	1,757.63	1,705.02	2,356.61	2,589.70	2,870.92
Other interest and borrowing costs	31.25	39.59	75.26	73.54	50.17
<b>Total</b>	<b>1,788.88</b>	<b>1,744.61</b>	<b>2,431.87</b>	<b>2,663.24</b>	<b>2,921.09</b>
<b>30 Depreciation and amortization expense</b>					
Depreciation of property, plant and equipment (note 4)	1,127.64	1,127.83	1,497.11	1,498.74	1,497.80
Amortisation of intangible assets (note 5)	0.02	1.79	1.83	9.20	14.59
<b>Total</b>	<b>1,127.66</b>	<b>1,129.62</b>	<b>1,498.94</b>	<b>1,507.94</b>	<b>1,512.39</b>
<b>31 Other expenses</b>					
Coal handling expenses	265.90	126.13	157.33	205.12	103.24
Stores and spares consumed	60.25	37.73	56.00	117.97	114.45
Power and fuel	0.42	5.51	7.05	6.46	8.07
Rent (refer note 36.1)	32.15	31.48	42.05	41.55	39.92
Rates and taxes	24.28	4.76	5.55	0.91	3.11
Repairs and maintenance					
- Building	1.53	1.83	2.09	8.31	5.99
- Machinery & Others	168.99	28.01	33.66	132.60	55.06
Payment to auditors (refer note 31.1)	3.00	1.24	2.24	1.74	1.79
CSR expenditure (refer note 31.2)	14.51	18.03	24.04	30.10	21.76
Insurance expenses	33.17	38.18	49.49	50.04	68.39
Director sitting fees	5.43	2.93	3.64	9.20	-
Ash handling expenses	9.25	6.37	9.46	14.42	13.58
Legal and professional expenses	77.27	86.28	97.17	20.87	11.41
Bad debts written off	-	-	-	0.99	-
Loss on sale / discard of assets	-	-	-	0.18	0.15
Miscellaneous expenses	95.94	101.44	130.87	131.65	123.78
<b>Total</b>	<b>792.09</b>	<b>489.92</b>	<b>620.64</b>	<b>772.11</b>	<b>570.70</b>
<b>31.1 Payment to auditors</b>					
<u>As auditor</u>					
Statutory audit fees	3.00	1.09	1.45	1.15	1.15
Tax audit fees	-	-	0.09	0.09	0.09
Certification fees	-	0.15	0.70	0.50	0.55
<b>Total</b>	<b>3.00</b>	<b>1.24</b>	<b>2.24</b>	<b>1.74</b>	<b>1.79</b>

					Rs. in Million
	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016

**31.2 Details of CSR expenditure**

a) Gross amount required to be spent by the Company during the year / period	14.51	18.03	24.04	30.10	21.76
b) Amount spent during the year / period					
i) Construction/acquisition of any asset	-	-	-	-	-
ii) On purposes other than (i) above	14.51	18.03	24.04	30.10	21.76

The CSR activities of the Company is undertaken by Kamal Nayan Bajaj Foundation Trust (Refer Note No. 37). The said trust carries out CSR activities as specified in Schedule VII of the Act on behalf of the Company.

Amount outstanding as payable as on December 31, 2018 is Rs 14.51 Million (December 31, 2017 - 18.03 Million, March 31, 2018 - Nil, March 31, 2017 - Nil and March 31, 2016- Nil)

**32** On July 8, 2017, M/s UPPCL had served notice to the Company for exit from Power Purchase Agreement ("PPA") in respect of all the five power plants which was later termed as illegal vide order of UPERC dated January 3, 2018 and all the PPA's were treated to have existed in continuity. For the intervening period i.e. from date of exit notice till the order of UPERC, the Hon'ble UPERC has allowed for fixed charges as per its earlier multi-year tariff order dated May 24, 2017 except for Return on Equity, part of Operation and Maintenance expenses and part of interest on working capital pertaining to intervening period only. In pursuant to the Hon'ble UPERC order, the Company has raised bills amounting to Rs. 2,063.55 Million for intervening period on M/s UPPCL. Revenue had been considered during previous year in respect of such bills which had been raised as per the order of Hon'ble UPERC. Subsequently, UPPCL has filed a review petition before UPERC on July 3, 2018 in respect of said fixed charges for intervening period which is yet to be settled. Considering clear order of UPERC and regulatory provisions in place, no provision has been made against said fixed charges already recognised during previous year.

**33 Components of Other Comprehensive Income (OCI)**

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

**(i) Cash flow hedge reserves**

Balance at the beginning of the year / period	9.65	24.77	24.77	-	-
Fair value (gain) / loss on designated portion of Cross currency interest rate swap	(59.63)	3.84	(20.28)	56.05	-
Less: Reclassified to statement of Profit and loss	54.01	(9.88)	7.60	(27.91)	-
	(5.62)	(6.04)	(12.68)	28.14	-
Share of cash flow hedge reserve movement of associate (net)	(52.07)	27.01	(6.83)	6.37	
Tax impact on above	1.91	2.09	4.39	(9.74)	-
Net movement during the year / period	(55.78)	23.06	(15.12)	24.77	-
Balance at the end of the year / period	(46.13)	47.83	9.65	24.77	-

**(ii) Retained Earnings**

Re-measurement (gains) / losses on defined benefit plans	4.89	(0.80)	(1.06)	2.44	2.39
Share of remeasurement (gain) / losses of associate (net)	0.72	1.94	2.58	(0.14)	-
Tax impact on above	(1.71)	0.28	0.37	(0.84)	(0.83)
	3.90	1.42	1.89	1.46	1.56
<b>Total OCI during the year / period</b>	<b>(51.88)</b>	<b>24.48</b>	<b>(13.23)</b>	<b>26.23</b>	<b>1.56</b>

**34 Segment Reporting**

The Company has "electricity generation" as single reportable segment and there are no other reportable segments in accordance with Ind AS 108 on "Operating Segment".

**35 Benefits to Employees**

The following table sets out the disclosure under Ind AS-19 on 'Employee Benefits':

**35.1 Defined contribution plan**

Contribution to provident fund	8.14	7.46	9.87	12.28	10.73
Contribution to pension fund	4.36	4.80	6.35	6.76	6.70

**35.2 Defined benefit plan**

The Company has defined benefit gratuity plan (unfunded) which is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to gratuity benefit. Liability for employee benefits has been determined by an independent actuary, appointed for the purpose, in conformity with the principles set out in the Ind AS-19.

These plans typically expose the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk	A decrease in the bond interest rate will increase the plan liability
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Particulars of defined benefit plan	Rs. in Million				
	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>(a) Expenses recognised during the year / period end</b>					
Gratuity cost charged to profit or loss					
Current service cost	6.52	4.00	5.33	5.40	4.52
Interest cost	1.77	1.78	2.36	1.74	1.15
<b>Total included in profit or loss (note 28)</b>	<b>8.29</b>	<b>5.78</b>	<b>7.69</b>	<b>7.14</b>	<b>5.67</b>
<b>Remeasurement gain / loss charged to OCI</b>					
Expected return on plan assets	-	-	-	-	-
Remeasurement - due to demographic assumptions	-	-	-	-	-
Remeasurement - due to financial assumptions	(1.01)	(0.63)	(0.84)	1.93	2.70
Experience adjustments	5.90	(0.17)	(0.22)	0.51	(0.31)
<b>Total included in OCI (note 33)</b>	<b>4.89</b>	<b>(0.80)</b>	<b>(1.06)</b>	<b>2.44</b>	<b>2.39</b>
<b>(b) Change in present value of Define benefit obligation</b>					
Present value of defined benefit obligation as at beginning	36.41	31.21	31.21	21.94	14.30
Current service cost	6.52	4.00	5.33	5.40	4.52
Interest cost	1.77	1.78	2.36	1.75	1.15
Net actuarial losses / (Gain)	4.89	(0.80)	(1.06)	2.43	2.39
Benefits paid	(1.41)	(1.07)	(1.43)	(0.31)	(0.42)
<b>Present value of defined benefit obligation as at year / period end</b>	<b>48.18</b>	<b>35.12</b>	<b>36.41</b>	<b>31.21</b>	<b>21.94</b>
<b>Current obligation</b>	<b>4.24</b>	<b>2.90</b>	<b>3.09</b>	<b>2.31</b>	<b>1.06</b>
<b>Non current obligation</b>	<b>43.94</b>	<b>32.22</b>	<b>33.32</b>	<b>28.90</b>	<b>20.88</b>
<b>(c) Change in fair value of plan Assets</b>					
Fair value of plan Assets as at beginning	-	-	-	-	-
Expected return on plan Assets	-	-	-	-	-
Net actuarial gain / (losses)	-	-	-	-	-
Contributions	1.41	1.07	1.43	0.31	0.42
Benefits paid	(1.41)	(1.07)	(1.43)	(0.31)	(0.42)
<b>Fair value of plan assets as at year /period end</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(d) Liability to be recognised in Balance Sheet as at year / period end</b>					
Present value of defined benefit obligations	48.18	35.12	36.41	31.21	21.94
Fair value of plan Assets	-	-	-	-	-
<b>Net Liability / (Asset) (refer note 21)</b>	<b>48.18</b>	<b>35.12</b>	<b>36.41</b>	<b>31.21</b>	<b>21.94</b>
<b>(e) Financial &amp; Demographic Assumptions</b>					
Discount rate (per annum)	8.00%	7.75%	7.75%	7.50%	8.00%
Expected rate of return on assets (per annum)	NA	NA	NA	NA	NA
Salary escalation rate (per annum)	6.00%	6.00%	6.00%	6.00%	6.00%
Withdrawal rate	8% to 1%	8% to 1%	8% to 1%	8% to 1%	8% to 1%
Mortality table				Indian Assured Lives Mortality (2006-2008) Table	
<b>(f) Sensitivity analysis of actuarial assumptions</b>					
<u>Impact on defined benefit obligation</u>					
Discount rate	1% increase	39.91	33.29	33.29	27.50
	1% Decrease	47.88	40.04	40.04	35.56
Future salary increase	1% increase	48.12	40.24	40.24	35.58
	1% Decrease	39.65	33.08	33.08	27.41
Withdrawal rate	1% increase	44.26	36.90	36.90	31.56
	1% Decrease	42.85	35.87	35.87	30.93
<b>(g) expected contributions to the defined benefit plan in future years</b>					
Within the next 12 months		4.24	3.09	3.09	0.83
Between 2 and 5 years		5.20	4.65	4.65	1.89
Beyond 5 years		17.78	15.24	15.24	20.21
<b>(h) The average duration of the defined benefit plan obligation at the end of the reporting period is 6.72 years (December 31, 2017 : 6.56 years, March 31, 2018 : 6.56 years, March 31, 2017 : 5.48 years and March 31, 2016 : 4.58 years).</b>					
<b>(i) Expected contribution in respect of Gratuity for next year will be Rs.6.67 Million (December 31, 2017 Rs. 11.25 Million, March 31, 2018 Rs.11.25 Million, March 31, 2017 Rs. 9.89 Million and March 31, 2016 Rs. 7.06 Million).</b>					

Note:

- (i) Discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligation.
- (ii) The estimates of future salary increases, considered in actuarial valuation, take account of the inflation, seniority, promotion and other relevant factors.
- (iii) The sensitivity analyses shown above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.
- (iv) The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.
- (v) There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**36 Commitment and contingencies**

**36.1 Operating lease commitments - Company as lessee**

The Company's significant leasing arrangements are in respect of operating leases for land and premises (residential, office, stores, godown etc). Lease arrangements for land are non-cancellable and for the period of 29 years, and are renewable by mutual consent on mutually agreeable terms. Other leasing arrangements are cancellable and for the period of 11 month to three year, and are renewable by mutual consent on mutually agreeable terms.

The aggregate lease rentals payable are charged as rent in the statement of profit and loss (Refer note 31).

Future minimum rentals payable under non-cancellable operating leases are as follows:

	<b>Rs. in Million</b>				
	<b>For the nine months ended December 31, 2018</b>	<b>For the nine months ended December 31, 2017</b>	<b>For the year ended March 31, 2018</b>	<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>
Within one year	7.59	7.59	7.59	7.40	7.36
After one year but not more than five years	30.35	30.35	30.35	29.58	29.58
More than five years	117.87	125.46	123.64	127.89	135.29

**36.2 Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

Company's share of commitments of associate	451.44	480.80	478.10	627.95	-
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**36.3 Contingent liabilities**

(a) In respect of Disputed demands/claim against the Company not acknowledged as debts:

(i) Custom / Excise matters	11.13	11.13	11.13	11.13	11.13
(ii) Income tax matters	47.54	47.54	47.54	48.26	48.26

(b) Company's share of contingent liabilities of associate

(i) Land matters	28.07	28.07	28.07	28.07	-
(ii) Income tax matters	27.98	23.77	23.77	23.80	-
(iii) Other matters	7.39	2.37	2.37	0.85	-

(c) An appeal has been filed before Appellate Tribunal for Electricity, New Delhi, against the Uttar Pradesh Electricity Regulatory Commission (UPERC) order dated 24.05.17 contending determination of tariff by UPERC. The Company has also been kept as one of the defendant along with Uttar Pradesh Power Corporation Limited (UPPCL) and UPERC. Management is of the view that since Tariff determination by UPERC is a process carried out by thorough verification of all required documents and facts including prudence check over a period of time and thus subject UPERC Order will continue to prevail. Considering same and since financial impact is unascertainable at this stage, no provision has been made in books.

**Bajaj Energy Limited**

Annexure VI- Notes to Restated Consolidated Summary Financial Information

**37 Related party transactions**

**37.1 Related parties and relationships**

**A A person or a close member of that person's family has control or joint control of the reporting entity or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity:**

<b>Related party</b>	<b>Relationship</b>
i Shishir Bajaj	Individual having direct /indirect control cover the Company (Executive Chairman and whole time director upto Feb. 7, 2017)
ii Kushagra Bajaj	Director (w.e.f. 26 September 2018)
iii Arun Kumar Purwar	Independent Director (w.e.f. 26 September 2018 till 15 December 2018)
iv Dr. Gauri Surendra Trivedi	Independent Director
v Tara Sankar Bhattacharya	Independent Director
vi Dhananjay Nilkanth Date	Independent Director
vii Prabal Banerjee	Director
viii Pradeep Parakh	Director (upto January 18, 2018)
ix Dr. Ajay Vikram Singh	Director
x Narasinghapuram.K. Balasubramanian	Director (upto September 01,2016)

**B A person or a close member of that person's family is a member of the key management personnel of the reporting entity or of a parent of the reporting entity:**

i Sushil Kumar Jain	Chief Financial Officer (w.e.f. July 10, 2017)
ii Vinay Kumar Singh Bankoti	Chief Executive Officer (w.e.f. August 05, 2017)
iii Chandresh Chakradhar Chhaya	Company Secretary (Upto June 19, 2018)
iv Govind Maheshwari	Chief Financial Officer (w.e.f. October 19, 2015 to May 30, 2017)
v Hitesh P Kanani	Company Secretary (w.e.f. June 20, 2018)

**C The entity and the reporting entity are members of the same group**

i Bajaj Power Ventures Private Limited	Holding Company
ii Lalitpur Power Generation Company Limited	Fellow Subsidiary & associate (associate with effect from December 20,2016)

**D A person identified in A(i) above has significant influence over the entity or is a member of the key management personnel of the entity**

i Bajaj Hindusthan Sugar Limited (Formerly known as Bajaj Hindusthan Limited)	Other entities
ii Bajaj Aviation Private Limited	Other entities
iii Bajaj Infrastructure Development Company Limited	Other entities
iv Abhitech Developers Private Limited	Other entities
v Kamalnayan Jamnalal Bajaj Foundation	Other entities

**37.2 Details of related parties transactions during the reporting period**

<b>Transactions</b>	<b>For the Nine month ended December 31, 2018</b>	<b>For the Nine months ended December 31, 2017</b>	<b>For the Year ended March 31, 2018</b>	<b>For the Year ended March 31, 2017</b>	<b>Rs. in Million</b>	
					<b>For the Year ended March 31, 2016</b>	

**I. Transactions with persons that has control**

<b>Name of related party</b>	<b>Nature of transaction</b>					
Shishir Bajaj	<u>Remuneration paid</u>					
	Short term employee benefits	-	-	-	24.81	18.74
	Post-employment benefits (gratuity)	-	-	-	-	-
	Long-term benefit (Compensated absences)	-	-	-	2.48	-
	Contribution to provident fund	-	-	-	1.75	1.49
Other directors	Sitting fees paid	5.43	2.93	3.64	9.20	-

**II. Transactions with key management personnel**

<b>Particulars</b>	<b>Remuneration paid (Refer Note (ii))</b>	<b>For the Nine month ended December 31, 2018</b>	<b>For the Nine months ended December 31, 2017</b>	<b>For the Year ended March 31, 2018</b>	<b>For the Year ended March 31, 2017</b>	<b>For the Year ended March 31, 2016</b>
Short term employee benefits		15.25	9.38	13.44	10.86	9.58
Contribution to provident fund		0.96	0.64	0.89	0.51	0.46

**III Transactions with Holding Company and fellow subsidiaries**

<b>Name of related party</b>	<b>Nature of transaction</b>					
<b>Interest paid</b>						
Bajaj Power Ventures Private Limited	Interest Paid	22.50	22.50	30.00	30.00	31.04
<b>Interest received</b>						
Lalitpur Power Generation Company Limited	Interest received on debentures	-	-	-	36.86	-
<b>Loan received and repaid</b>						
Bajaj Power Ventures Private Limited	Loan received and repaid	-	-	-	-	100.00
<b>Investments made</b>						
Lalitpur Power Generation Company Limited	Investments in equity shares	-	-	-	2,700.00	2,843.30
	Investments in Optionally convertible debentures	-	-	-	2,000.00	-
(Optionally convertible debentures are converted into equity shares of investee)						

Transactions		For the Nine month ended December 31, 2018	For the Nine months ended December 31, 2017	For the Year ended March 31, 2018	For the Year ended March 31, 2017	For the Year ended March 31, 2016
<b>III Transactions with other entities over which person identified in A. above have significant influence</b>						
<b>Name of related party</b>	<b>Nature of transaction</b>					
<b>Sale of scrap</b>						
Bajaj Hindusthan Sugar Limited	Scrap Sales	-	-	-	-	2.60
<b>Lease rent paid</b>						
Bajaj Hindusthan Sugar Limited	Lease rent for Land and premises	24.49	23.94	31.92	31.74	29.99
Abhitech Developers Private Limited	Business process service IT and office rent	7.72	7.65	10.23	10.02	9.94
<b>Travelling expenses</b>						
Bajaj Aviation Private Limited	Air travel expenses	5.45	5.58	5.58	-	-
<b>Advance given</b>						
Bajaj Infrastructure Development Company Limited	Advance towards supplies	-	57.50	57.50	150.00	-
<b>CSR Contribution</b>						
Kamalnayan Jamnalal Bajaj Foundation	CSR Contribution paid to charitable trust	14.51	18.03	24.04	30.10	21.76

**37.3 Outstanding balances at year / period end**

Name of related party	Nature of outstanding balance	As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Bajaj Power Ventures Private Limited	Guarantees taken	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Bajaj Power Ventures Private Limited	Loan payable	250.00	250.00	250.00	250.00	250.00
Bajaj Power Ventures Private Limited	Interest payable	123.22	96.22	100.72	73.72	46.72
Lalitpur Power Generation Company Limited	Interest / other receivable	33.17	33.17	-	33.17	-
Bajaj Infrastructure Development Company Limited	Advance for supplies	207.50	207.50	207.50	150.00	21.31
Abhitech Developers Private Limited	Security deposit given	1.76	1.76	1.76	1.76	1.76
Abhitech Developers Private Limited	Expense payable	7.72	4.29	-	-	-
Lalitpur Power Generation Company Limited	Investment in shares	9,043.30	9,043.30	9,043.30	9,043.30	6,343.30
Bajaj Hindusthan Sugar Limited	Trade Payable	28.08	11.29	3.83	-	-
Bajaj Hindusthan Sugar Limited	Expense payable	-	2.44	-	-	-
Kamalnayan Jamnalal Bajaj Foundation	Expense payable	14.51	18.03	-	-	-
Bajaj Aviation Private Limited	Trade Payable	0.48	0.48	0.48	-	-

Note:

(i) Related party relationship is as identified by the Company based on the available information and relied upon by the auditors.

(ii) Managerial remuneration excludes provision for gratuity and compensated absences, since these are provided on the basis of an actuarial valuation for the Company, as a whole.

**Bajaj Energy Limited**

Annexure VI- Notes to Restated Consolidated Summary Financial Information

**38 Financial Instrument**
**38.1 Capital management**

The Company's objective when managing capital is to:

- Safeguard its ability to continue as going concern so that the Company is able to provide sustainable return to stakeholders and benefits for other stakeholders; and
- Maintain an optimal capital structure of debt and equity balance

The Company manages its financial framework to support the pursuit of value growth for shareholders, while ensuring a secure financial base. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment, return capital to shareholders, issue new shares or sell surplus assets to reduce debt.

The capital structure of the Company consists of net debt (total borrowings offset by cash and bank balances and liquid investments in mutual fund and fixed deposits for DSRA stipulation) and total equity of the Company.

The Company's management reviews the capital structure of the Company on regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

**Gearing Ratio**

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

	As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	Rs. in Million As at March 31, 2016
(i) Term Debt - excluding unsecured loan (Refer note 18)	14,010.45	15,796.26	14,909.82	16,731.27	16,283.45
(ii) (Less):- Cash and bank balances (excluding deposits)	(20.37)	(38.14)	(80.37)	(51.06)	(31.22)
(iii) (Less):- Investments as per DSRA	-	(109.42)	-	(815.23)	(874.37)
<b>(iv) Net debt</b>	<b>13,990.08</b>	<b>15,648.70</b>	<b>14,829.45</b>	<b>15,864.98</b>	<b>15,377.86</b>
(v) Equity share capital	411.75	411.75	411.75	411.75	411.75
(vi) Other equity	13,098.35	12,570.39	12,650.83	12,671.55	11,091.89
<b>(vii) Total equity</b>	<b>13,510.10</b>	<b>12,982.14</b>	<b>13,062.58</b>	<b>13,083.30</b>	<b>11,503.64</b>
<b>(viii) Gearing Ratio</b>	<b>1.04</b>	<b>1.21</b>	<b>1.14</b>	<b>1.21</b>	<b>1.34</b>

**38.2 Categories of financial instruments**
**Financial assets**
**Measured at fair value through profit or loss**

Investments in mutual funds at fair value through profit or loss (refer note 7)	-	109.42	-	743.42	796.39
Other financial assets (Refer note 9(a)(i))	1.42	0.80	1.37	0.30	0.26

**Measured at fair value through OCI**

Cash flow hedges - Cross currency interest rate swap (Refer note 9)	23.86	-	-	-	-
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**Measured at amortised cost**

Loans (Refer note 8)	1.78	1.78	1.78	1.78	1.78
Trade receivables (Refer note 12)	5,965.55	2,689.96	2,686.20	3,027.00	2,363.64
Cash and cash equivalents (Refer note 13)	20.37	38.97	81.87	111.37	31.22
Other bank balances (Refer note 14 and Refer note 9)	26.62	21.35	21.69	169.95	175.14
Other financial assets (Refer note 9)	2,783.22	3,100.42	2,719.79	935.68	1,295.26

**Total financial assets**

<b>8,822.82</b>	<b>5,962.70</b>	<b>5,512.70</b>	<b>4,989.50</b>	<b>4,663.69</b>
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**Financial liabilities**
**Measured at fair value through OCI**

Cash flow hedges - Cross currency interest rate swap (Refer note 20)	-	59.88	35.77	56.05	-
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**Measured at amortised cost**

Total Borrowings (Refer note 18)	19,263.51	19,661.92	18,960.45	20,579.51	21,825.30
Trade payables (Refer note 19)	839.12	554.54	548.66	633.53	457.18
Other financial liability (Refer note 20)	740.41	452.09	286.73	798.52	66.25

**Total financial liabilities**

<b>20,843.04</b>	<b>20,728.43</b>	<b>19,831.61</b>	<b>22,067.61</b>	<b>22,348.73</b>
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**38.3 Financial risk management objectives and policies**

While ensuring liquidity is sufficient to meet Company's operational requirements, the management also monitors and manages key financial risks relating to the operations of the Company by analysing exposures by degree and magnitude of risks. These risks include market risk (including currency risk and price risk), credit risk and liquidity risk.

**(a) Market risk**

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The major components of market risk are interest rate risk, foreign currency exchange risk and commodity price risk.

**(i) Interest rate risk**

The Company is exposed to interest rate risk because the Company has borrowed funds at floating interest rates. The risk is managed by the Company through pricing of sale of power as being a power generating company and power tariff governed under UPERC Regulation where all the cost (except for borrowing facilities which have been availed by the Company other than for project purpose) is passed through to power purchaser. Tariff of power sale is administered under Cost Plus ROE as per UPERC Regulation.

**Exposure to interest rate risk**

	As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	Rs. in Million As at March 31, 2016
Borrowing bearing floating rate of interest (Refer Note No. 18 (a))	19,013.51	19,411.92	18,710.45	20,329.51	21,575.30
Borrowing bearing fixed rate of interest (Refer Note No. 18 (a))	250.00	250.00	250.00	250.00	250.00
<b>TOTAL</b>	<b>197</b>	<b>19,263.51</b>	<b>19,661.92</b>	<b>18,960.45</b>	<b>21,825.30</b>

**(ii) Foreign currency risk**

The Company has foreign currency loan which is fully hedged through cross currency interest rate swap contract. Beside this, there are low value foreign currency transactions with no outstanding exposure at the end of the reporting period. Consequently, exposure to foreign currency risk is very insignificant.

The Company has entered into a three year cross currency interest rate swap contract whereby the Company will receive variable rate interest of 3 month LIBOR+ applicable spread and pay fix interest @ 11.30% on Rupee notional amount. The swap is being used to hedge the exposure to change in foreign currency rate and interest rate risk of foreign currency borrowing . This swap contract is designated as cash flow hedge in order to reduce the Company's cash flow exposure. The counterparty for this contract is a bank.

The fair value of interest rate swap at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract.

The floating rate interest is changed on quarterly basis. The Company settle the monthly interest pay out of swap with interest on foreign currency loan and pay only fixed rate interest on Rupee outstanding notional amount. The above hedging instrument is disclosed in note 20 'Other financial liabilities'. There is no ineffectiveness in current and preceding years.

	As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	Rs. in Million
<b>Hedged Item - Foreign currency term loan</b>						
Amount in USD	10.90	13.63	12.26	14.99	-	
Amount in Rs	727.00	909.00	818.00	1,000.00	-	
MTM gain as at reporting date	33.71	(37.79)	(20.31)	(27.91)	-	
<b>Hedging instrument - Cross currency interest rate swap</b>						
Amount in USD	10.90	13.63	12.26	14.99	-	
Amount in Rs	727.00	909.00	818.00	1,000.00	-	
Fair value (loss) as at reporting date	23.86	(59.88)	(35.77)	(56.05)	-	
Balance of cash flow hedge reserve (net of tax) (note 17)	46.13	(47.83)	(9.65)	(24.77)	-	
Hedging Income / (loss) recognised in OCI	5.62	6.04	12.68	(28.14)	-	
Tax impact in OCI	(1.91)	(2.09)	(4.39)	9.74	-	

**(iii) Commodity price risk**

The Company is affected by the price volatility of commodities like coal and light diesel oil. Its operating activities require the on going purchase of coal for power generation therefore require continuous supply of coal. This risk is managed by the Company through pricing of sale of power as being a power generating company and power tariff governed under UPERC Regulation where all cost is passed through to power purchaser. Tariff of power sale is administered under Cost Plus ROE as per UPERC Regulation.

**(b) Credit risk**

Credit risk arises from trade receivables, loans, cash and cash equivalents and deposits with banks. Credit risk management considers available reasonable and supportive forward-looking information including indicators like external credit rating (as far as available), macro-economic information (such as regulatory changes, government directives, market interest rate).

The Company sold all generated electricity to Uttar Pradesh Power Corporation Limited (UPPCL) as per the Power Purchase Agreement (PPA). UPPCL is a Government undertaking and indirectly enjoying sovereign rating of state carrying a marginal risk only. Further delayed receipt from UPPCL beyond normal credit period of 60 days is subject to interest @ 1.25% per month.

There are very few customers for sale of scrap and ash having insignificant value. Refer Note No. 12 for outstanding balances as at balance sheet date.

For investment of surplus funds, credit exposure is managed by counterparty limits which is reviewed by the Management. Investments in liquid plan / schemes are with public sector Asset Management Companies having highest rating. For banks, only high rated banks are considered for placement of deposits. Generally the deposits are maintained in banks with which the Company has also availed borrowings. Refer Note No. 7 for investment details as at balance sheet date.

Cash and Bank balances are held with a reputed and creditworthy banking institutions. Refer Note No 13 and Note No. 14 for cash and cash equivalent and other bank balances.

**(c) Liquidity risk\***

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents including bank deposits and availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets and liabilities and monitoring balance sheet liquidity ratios.

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

	As at December 31, 2018					Total
	On demand	less than 6 months	6 to 12 months	1 to 3 years	> 3 years	
Non current borrowings( Refer Note No 18.1(iii)for EIR Adjustment)	-	-	-	3,963.19	7,901.14	11,864.33
Current maturities	-	1,415.80	980.32	-	-	2,396.12
Current borrowings <sup>#</sup>	5,003.06	-	-	-	-	5,003.06
Trade payables	839.12	-	-	-	-	839.12
Interest accrued	262.96	-	-	-	-	262.96
Payable for capital goods	9.29	-	-	-	-	9.29
Other financial liabilities	468.16	-	-	-	-	468.16

As at December 31, 2017						Rs. in Million
	On demand	less than 6 months	6 to 12 months	1 to 3 years	> 3 years	Total
Non current borrowings( Refer Note No 18.1(iii)for EIR Adjustment)	-	-	-	3,881.60	9,849.71	13,731.31
Current maturities	-	1,374.87	940.08	-	-	2,314.95
Current borrowings <sup>#</sup>	3,615.66	-	-	-	-	3,615.66
Trade payables	554.54	-	-	-	-	554.54
Interest accrued	299.20	-	-	-	-	299.20
Payable for capital goods	10.16	-	-	-	-	10.16
Other financial liabilities	142.73	-	-	-	-	142.73

As at March 31, 2018						Rs. in Million
	On demand	less than 6 months	6 to 12 months	1 to 3 years	> 3 years	Total
Non current borrowings( Refer Note No 18.1(iii)for EIR Adjustment)	-	-	-	3,906.65	9,369.84	13,276.49
Current maturities	-	941.66	941.67	-	-	1,883.33
Current borrowings <sup>#</sup>	3,800.63	-	-	-	-	3,800.63
Trade payables	548.66	-	-	-	-	548.66
Interest accrued	100.72	-	-	-	-	100.72
Payable for capital goods	9.64	-	-	-	-	9.64
Other financial liabilities	176.37	-	-	-	-	176.37

As at March 31, 2017						Rs. in Million
	On demand	less than 6 months	6 to 12 months	1 to 3 years	> 3 years	Total
Non current borrowings( Refer Note No 18.1(iii)for EIR Adjustment)	-	-	-	3,829.70	11,307.92	15,137.62
Current maturities	-	921.83	921.82	-	-	1,843.65
Current borrowings <sup>#</sup>	3,598.24	-	-	-	-	3,598.24
Trade payables	633.53	-	-	-	-	633.53
Interest accrued	80.68	-	-	-	-	80.68
Payable for capital goods	10.35	-	-	-	-	10.35
Other financial liabilities	707.49	-	-	-	-	707.49

As at March 31, 2016						Rs. in Million
	On demand	less than 6 months	6 to 12 months	1 to 3 years	> 3 years	Total
Non current borrowings( Refer Note No 18.1(iii)for EIR Adjustment)	-	-	-	4,600.23	10,477.92	15,078.15
Current maturities	-	725.12	730.18	-	-	1,455.30
Current borrowings <sup>#</sup>	5,291.85	-	-	-	-	5,291.85
Trade payables	457.18	-	-	-	-	457.18
Interest accrued	53.93	-	-	-	-	53.93
Payable for capital goods	9.55	-	-	-	-	9.55
Other financial liabilities	2.77	-	-	-	-	2.77

# Working capital limit availed against the sanctioned limit of Rs. 9,500 Million(December 31, 2017 -Rs. 9,500 Million, March 31, 2018 - Rs. 9,500 Million, March 31, 2017 - Rs. 9,500 Million, March 31, 2016 -Rs. 9,500 Million)

\* The above exclude investment in associates as per Note 6.

#### 38.4 Fair value measurement\*

The management assessed that fair value of loans, cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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. The following methods and assumptions were used to estimate the fair values.

(i)

The fair values of the quoted investments are based on price quotations at the reporting date.

(ii)

The fair value of loans from banks and other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities which is approximate to their carrying amount.

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The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, for financial instruments that are not traded in active markets.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 as described below:

	Total	Level 1	Level 2	Rs. in Million Level 3
<b>December 31, 2018</b>				
Current Investments (Refer note 7)	-	-	-	-
Cash flow hedge - Cross currency interest rate swap (Refer note 9)	23.86	-	23.86	-
<b>December 31, 2017</b>				
Current Investments (Refer note 7)	109.42	109.42	-	-
Cash flow hedge - Cross currency interest rate swap (Refer note 20)	(59.88)	-	(59.88)	-
<b>March 31, 2018</b>				
Current Investments (Refer note 7)	-	-	-	-
Cash flow hedge - Cross currency interest rate swap (Refer note 20)	(35.77)	-	(35.77)	-
<b>March 31, 2017</b>				
Current Investments (Refer note 7)	743.42	743.42	-	-
Cash flow hedge - Cross currency interest rate swap (Refer note 20)	(56.05)	-	(56.05)	-
<b>March 31, 2016</b>				
Current Investments (Refer note 7)	796.39	796.39	-	-

For valuation of cross currency interest rate swap

Valuation technique -

Discounted cash flow.

Key inputs -

Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contractual interest rates, discounted at a rate that reflects the credit risks of counter party.

For valuation of current investments

Valuation technique -

Observable market inputs

Key inputs -

The mutual funds are valued using the closing Net Assets Value (NAV). NAV represents the price at which the issuer will issue these units and will redeem such units of mutual fund to and from the investor.

Inter level transfer -

There are no transfer between level 1 and level 2 and also between level 2 and level 3 during the period presented.

**Bajaj Energy Limited**

**Annexure VI- Notes to Restated Consolidated Summary Financial Information**

**39 Information for Restated Consolidated Summary Financial Information pursuant to Schedule III of the Companies Act, 2013:**

Particulars	Net Assets		Share in Profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated net assets	Amount Rs. Million	As % of Consolidated Profit or loss	Amount Rs. Million	As % of Consolidated Profit or loss	Amount Rs. Million	As % of Consolidated Profit or loss	Amount Rs. Million
<b>Parent</b>								
Bajaj Energy Limited								
<b>December 31, 2018</b>	<b>97.35%</b>	<b>13,151.87</b>	<b>90.84%</b>	<b>359.40</b>	<b>1.02%</b>	<b>0.53</b>	<b>80.43%</b>	<b>359.93</b>
December 31, 2017	97.38%	12,642.05	-354%	271.44	-18.26%	4.47	-272.75%	275.91
March 31, 2018	97.93%	12,791.94	-1228%	416.82	67.88%	8.98	-2055.02%	425.80
March 31, 2017	94.52%	12,366.14	81.93%	882.50	76.25%	(20.00)	82.07%	862.50
<b>Associates</b>								
(Investment as per equity method)								
Lalitpur Power Generation Company Limited								
<b>December 31, 2018</b>	<b>69.59%</b>	<b>9,401.53</b>	<b>9.16%</b>	<b>36.24</b>	<b>98.98%</b>	<b>51.35</b>	<b>19.57%</b>	<b>87.59</b>
December 31, 2017	72.28%	9,383.39	453.99%	(348.12)	118.26%	(28.95)	372.75%	(377.07)
March 31, 2018	71.30%	9,313.94	1327.75%	(450.77)	32.12%	4.25	2155.02%	(446.52)
March 31, 2017	74.61%	9,760.46	18.07%	194.62	23.75%	(6.23)	17.93%	188.39
<b>Consolidation Adjustments</b>								
<b>December 31, 2018</b>	<b>-66.94%</b>	<b>(9,043.30)</b>	-	-	-	-	-	-
December 31, 2017	-69.66%	(9,043.30)	-	-	-	-	-	-
March 31, 2018	-69.23%	(9,043.30)	-	-	-	-	-	-
March 31, 2017	-69.13%	(9,043.30)	-	-	-	-	-	-
<b>Total</b>								
<b>December 31, 2018</b>	<b>100.00%</b>	<b>13,510.10</b>	<b>100.00%</b>	<b>395.64</b>	<b>100.00%</b>	<b>51.88</b>	<b>100.00%</b>	<b>447.52</b>
December 31, 2017	100.00%	12,982.14	100.00%	(76.68)	100.00%	(24.48)	100.00%	(101.16)
March 31, 2018	100.00%	13,062.58	100.00%	(33.95)	100.00%	13.23	100.00%	(20.72)
March 31, 2017	100.00%	13,083.30	100.00%	1,077.12	100.00%	(26.23)	100.00%	1,050.89

**40 Approval of restated financial information**

The restated financial information were approved for issue by the board of directors on March 22, 2019.

As per our report of even date

For and on behalf of the Board

**For R. S. Dani & Co.**  
Chartered Accountants  
Firm Reg. No. 000243C

**For B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W-100022

**Kushagra Bajaj**  
Chairman  
DIN: 00017575

**Prabal Banerjee**  
Director  
DIN: 00082261

**C. P. Kothari**  
Partner  
Membership No. 072229

**Vijay Bhatt**  
Partner  
Membership No. 036647

**Sushil Kumar Jain**  
Chief Financial Officer  
Membership No. 074855

**Hitesh Kanani**  
Company Secretary  
Membership No. FCS 6188

Mumbai, March 22, 2019

Mumbai, March 22, 2019

A. Summarised below are the restatement adjustments made to audited net profit of the audited consolidated financial statements of the Company for nine months period ended December 31, 2018 and December 31, 2017 and year ended March 31, 2018, March 31, 2017 and March 31, 2016.

	Note No.	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017	Rs. in Million For the year ended March 31, 2016
<b>Net profit after tax as per audited financial statements under IGAAP</b>						
- The Company on standalone basis		-	-	-	-	<b>1,135.10</b>
- Share in profit of associate (net)		-	-	-	-	-
<b>Impact on account of adjustment arising for transition to Ind AS:-</b>						
- The Company on standalone basis						
Fair value gain on financial instruments at FVTPL		-	-	-	-	16.70
Remeasurement gain / loss on defined benefit plan		-	-	-	-	2.39
Deferred tax		-	-	-	-	(6.60)
- Share in profit of associate (net)		-	-	-	-	-
<b>Net profit after tax as per audited financial statements under Ind AS for</b>						
- The Company on standalone basis		364.64	330.10	475.48	775.72	1,147.59
- Share in profit of associate (net)		36.24	4.39	9.71	63.91	-
<b>Total Net profit / (loss) as per audited Consolidated financial statements under Ind AS</b>		<b>400.88</b>	<b>334.49</b>	<b>485.19</b>	<b>839.63</b>	<b>1,147.59</b>
<b>Material adjustments on account of restatement:</b>						
<b>(a). Impact on account of adjustment arising from standalone financial statements of the company:-</b>						
Tariff order adjustments to revenue from operation	(a)	-	(70.89)	(70.89)	149.11	(190.81)
Insurance Claim	(b)	(8.06)	(19.28)	(19.28)	15.03	7.52
Tax impact on above adjustments	(c)	2.82	31.51	31.51	(57.36)	64.05
<b>(b). Impact on account of adjustment arising from its associate company (considering proportionate share):-</b>						
Revenue	(d)	-	(323.93)	(431.90)	122.80	-
Other Income	(e)	-	(28.58)	(28.58)	7.91	-
Modification in auditors report in the matter relating to:-						
Availability based tariff-(ABT)	(f)	-	-	(175.94)	(513.31)	-
Return on equity - (ROE)	(g)	-	-	(807.72)	(46.05)	-
Declared Capacity (Loss of Profit)	(h)	-	-	(1,559.62)	-	-
Emphasis of matter in auditors report in matters relating to:-						
Availability based tariff-(ABT)	(i)	-	-	175.94	513.31	-
Return on equity - (ROE)	(j)	-	-	807.72	46.05	-
Declared Capacity (Loss of Profit)	(k)	-	-	1,559.62	-	-
<b>Total adjustments, net</b>		<b>(5.24)</b>	<b>(411.17)</b>	<b>(519.14)</b>	<b>237.49</b>	<b>(119.24)</b>
<b>Restated profit/(loss) after tax</b>		<b>395.64</b>	<b>(76.68)</b>	<b>(33.95)</b>	<b>1,077.12</b>	<b>1,028.35</b>

**Note:-**

- (i) Figures in the bracket indicate reduction in and figures without bracket indicate increase in the respective restated number.  
(ii) There has been no adjustment / impact in the Other Comprehensive Income("OCI") to the Audited Restated OCI for the respective year/period.

B. Summarised below are the restatement adjustments made to the equity of the audited consolidated financial statement of the Company for nine months period ended December 31, 2018 and December 31, 2017 and year ended March 31, 2018, March 31, 2017 and March 31, 2016.

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017	Rs. in Million For the year ended March 31, 2016
Total reported other equity as per audited consolidated financial statement as per Ind AS	13,098.32	12,457.15	12,645.56	12,147.14	11,134.75
Opening restatement adjustments	5.26	63.92	63.92	(42.86)	76.38
Restatement adjustment of Capital Reserve	329.78	329.78	329.78	329.78	-
<b>Material adjustments on account of restatement:</b>					
<b>(a). Impact on account of adjustment arising from standalone accounts of the company:-</b>					
Tariff order adjustments to revenue from operation	(a)	-	(70.89)	(70.89)	149.11
Insurance Claim	(b)	(8.06)	(19.28)	(19.28)	15.03
Tax impact on above adjustments	(c)	2.82	31.51	31.51	(57.36)
					64.05
<b>(b). Impact on account of adjustment arising from its associate company (considering proportionate share):-</b>					
Opening restatement adjustments		(329.77)	130.71	130.71	
Revenue	(d)	-	(323.93)	(431.90)	122.80
Other Income	(e)	-	(28.58)	(28.58)	7.91
Modification in auditors report in the matter relating to:-					
Availability based tariff-(ABT)	(f)	-	-	(175.94)	(513.31)
Return on equity - (ROE)	(g)	-	-	(807.72)	(46.05)
Declared Capacity (Loss of Profit)	(h)	-	-	(1,559.62)	-
Emphasis of matter in auditors report in matters relating to:-					
Availability based tariff-(ABT)	(i)	-	-	175.94	513.31
Return on equity - (ROE)	(j)	-	-	807.72	46.05
Declared Capacity (Loss of Profit)	(k)	-	-	1,559.62	-
<b>Total adjustments, net</b>		0.03	113.24	5.27	524.41
<b>Restated other equity</b>	<b>13,098.35</b>	<b>12,570.39</b>	<b>12,650.83</b>	<b>12,671.55</b>	<b>11,091.89</b>

**Note:-**

- (i) Figures in the bracket indicate reduction in and figures without bracket indicate increase in the respective restated number.
- (ii) There has been no adjustment / impact in the Other Comprehensive Income("OCI") to the Audited Restated OCI for the respective year/period.

**Explanatory notes for the restatement adjustment in:-****The Company:-**

- (a) UPERC has passed a tariff order on May 24, 2017 for determination of tariff for the period since date of commercial operation to March 2014 and has provided guidelines on determination of Multi Year Tariff for Tariff period 2014-19. The Company has recorded the adjustment of the said tariff order in revenue in respective year /period to which it relates.
- (b) The Company has received insurance claims and refund of excessive premium paid from insurance company. For restatement purpose claim/refund received during the year / period has been reduced from the cost of related expenditure under Repair and Maintenance charges and Insurance expense in the respective financial year to which it relates.
- (c) Tax impact on restatement adjustments is computed and considered effect to deferred tax.

**The Associate:-**

- (d) UPERC Order dated 07th March'2018 allows for recovery of capacity charges @ Rs. 2.24/kWh on provisional basis based on project cost incurred upto 30th September 2015. Further project cost has been incurred even after 30th September 2015. For re-statement purpose, the associate has recognised its revenue in respect of capacity charges equivalent to 95% of tariff as calculated based on prevalent UPERC regulations.
- (e) Other income is classified on accrual basis in respective year / period.
- (f) In the year 2010, the associate company had entered into a long term Power Purchase Agreement (PPA) with Uttar Pradesh Power Corporation Limited (UPPCL) for supply of 100% of its Power Generation capacity of 1980 MW. As per terms of PPA and applicable regulatory provisions from time to time, the associate company was allowed recovery of tariff in two parts under Availability Based Tariff (ABT) mechanism i.e. Variable Charges towards cost of coal and oil which is paid on basis of actual generation i.e. Plant Load Factor (PLF) and Fixed Charges comprising of operation & maintenance expenses, depreciation, interest on term loan, interest on working capital loan and return on equity which is based on availability of its plant i.e. Plant Availability Factor (PAF) and not on Plant Load Factor (Actual Generation). The basic premise of the PPA which is executed between UPPCL and associate is recovery of entire fixed charges based on Plant Availability Factor (PAF).

As per the terms of the said PPA, for power evacuation, providing transmission line was the responsibility of the UPPCL, once the power generating units were ready to be declared for commercially in operation. Although the power generating units were successfully commissioned by the associate, evacuation of total power generated by said Unit was not possible, as transmission line was not ready by UPPCL.

Due to limitation of evacuation capacity of UPPCL, UPPCL was reluctant to consent for recovery of entire eligible fixed charges in respect to associate power generating units once it gets commissioned and under duress asked associate to enter into a bilateral agreement (referred to as 'Bilateral Agreement') dated 04 November 2015. As per terms of this agreement for intermittent period till commissioning of 765 kV Transmission system, UPPCL will pay for Fixed Charges based on the PLF as scheduled by State Load Dispatch Centre instead of PAF.

A sum of Rs. 850.36 Million Rs. 8,965.79 Million, Rs 2,898.49 Million for the year ended 31 March 2018, 31 March 2017 and 31 March 2016 respectively were recognized as revenue based on principles as laid down under ABT mechanism i.e. recovery of fixed charges on PAF basis which is basic premise of PPA rather than on actual power generation from the commercial operations date of each plant.

Against the above mentioned Bilateral Agreement associate had filed petition before the Uttar Pradesh Electricity Regulatory Commission (UPERC) to claim fixed charges as per ABT mechanism specified in PPA, for the period in which 765 kV transmission system for evacuation of power was not available and to treat the Bilateral Agreement as null and void as it is against both the provisions of PPA and UPERC regulation. This claim has not been allowed as per UPERC order dated 21 September 2016 and subsequently UPERC vide its order dated 17 October 2018 has reconfirmed the earlier order.

Given that these claims were rejected twice by UPERC and further no future legal recourse in the matter was clear at the time of adoption of accounts which is just a day after the outcome of UPERC order of 17th October'2018, the auditor's in audit opinion for the year ended 31 March 2018 had given a qualified opinion on such revenue recognition. Accordingly as required under the ICDR regulations, a sum of Rs 850.36 Million for the year ended 31 March 2018 and Rs. 2,480.94 Million for year ended 31 March 2017 (being proportionate revenue considered given that the Company has acquired stake in associate w.e.f December 20, 2016) has been the adjusted revenue in the corresponding year. Further no adjustment is required to be carried out for the year ended March 31, 2016 since the stake in associate was acquired on December 20, 2016.

Accordingly, the Company has considered the effect of aforesaid adjustment to the extent of Companies share (i.e. 20.69%) in the above Annexure.

- (g) As per terms of PPA, the associate was required to secure coal linkage which was finally secured by the associate in Q4 FY 2017-18. UPERC vide order dated 21 September 2016 and further confirmed by its order dated 17 October 2018 restricted associate in claiming Return on Equity (RoE) as part of its tariff component from the date of UPERC order (i.e. 18 January 2017) till award of coal linkage by Government of India. associate had represented before UPERC that award of coal linkage by Government is not in its control and further associate had offered to charge coal cost as per notified rates of Coal India only, irrespective of its actual cost, till award of Coal Linkage.

A sum of Rs. 3,903.91 Million and Rs. 804.30 Million for the year ended 31 March 2018 and 31 March 2017 respectively was recognized as revenue based on principles as laid down under PPA / regulations which clearly contains no provision related to deduction of RoE.

Given that these claims were rejected twice by UPERC and further no future legal recourse in the matter was clear at the time of adoption of accounts which is just a day after the outcome of UPERC order of 17th October'2018, the auditor's in their audit opinion for year ended 31 March 2018 had given a qualified opinion on such revenue recognition. Accordingly as required under the ICDR regulations, a sum of Rs. 3,903.91 Million for the year ended 31 March 2018 and Rs. 222.55 Million 31 March 2017 (being proportionate revenue considered given that the Company has acquired stake in associate w.e.f December 20, 2016) has been the adjusted revenue in the corresponding year. Further no adjustment is required to be carried out for the year ended March 31, 2016 since the stake in associate was acquired on December 20, 2016.

Accordingly, the Company has considered the effect of aforesaid adjustment to the extent of Companies share (i.e. 20.69%) in the above Annexure.

- (h) During the Year 2017-18, there had been instances of abnormal delays in collection from UPPCL which led to severe liquidity crisis. associate is required to make advance payment for coal purchases against its committed quantities. However in absence of adequate cash flows from UPPCL, it had cascading effect and associate could not procure required quantities of fuel though the plant was continually available for generation and supply of electricity to UPPCL. Non-availability of coal led to declaration of plant capacity at reduced levels resulting into under recovery of capacity charges. The said under recovery is against the basic premise of recovery of fixed charges by way of declaration of plant availability. Further, there is a specific guidance under Electricity Act 2003 granting regulatory powers to the commission to put in place a mechanism for timely recovery of outstanding bills, due to default on part of the procurer.

A sum of Rs. 7,538.02 Million was recognised as revenue in the financial statement for the year ended 31 March 2018 respectively in line with above.

Pending the filing of petition and its admission before UPERC, the auditor's in their audit opinion for the year ended 31 March 2018 had given a qualified opinion on such revenue recognition. Accordingly as required under the ICDR regulations, a sum of Rs. 7,538.02 Million was recognised as revenue in the financial statements for the year ended March 2018, has been adjusted in revenue in the corresponding financial year to which it relates.

Accordingly, the Company has considered the effect of aforesaid adjustment to the extent of Companies share (i.e. 20.69%) in the above Annexure.

- (i) In continuation to matter highlighted in paragraph "f" above, the associate company had preferred an appeal before Appellate Tribunal for Electricity (APTEL) against the mentioned orders of UPERC. Basis the submission of all facts by the associate company, APTEL had directed UPERC and UPPCL not to precipitate the associate to sign Supplementary Agreement (to give effect to Bilateral Agreement) as specified in the UPERC orders until further orders. Further, the associate company has been legally advised that this Bilateral Agreement be considered as null and void, in view of it being in the violation of provision of article 18.1 of the PPA which clearly provides that the PPA can only be amended or supplemented by written agreement between the parties (i.e. the associate and UPPCL) and after obtaining the approval of the UPERC wherever necessary. However, no such approval of UPERC was obtained in respect of said Bilateral Agreement. Considering the legal recourse available to the associate, and the fact that matter in APTEL is pending for further hearing, auditors have now highlighted this matter as Emphasis of Matter in their report for interim Ind AS financial statements for the nine months period ended 31 December 2018 and have removed qualifications as given earlier. Accordingly as required under the ICDR regulations, a sum of Rs 850.36 Million for year ended 31 March 2018 and Rs. 2,480.95 Million 31 March 2017 (being proportionate revenue considered given that the Company has acquired stake in associate w.e.f December 20, 2016) has been the adjusted revenue in the corresponding year. Further no adjustment is required to be carried out for the year ended March 31, 2016 since the stake in associate was acquired on December 20, 2016.

Accordingly, the Company has considered the effect of aforesaid adjustment to the extent of Companies share (i.e. 20.69%) in the above Annexure.

- (j) In continuation to matter highlighted in paragraph "g" above, associate had preferred an appeal before Appellate Tribunal for Electricity (APTEL) against the mentioned orders of UPERC, the associate company has been legally advised that the claims are tenable, considering the fact that award of Coal Linkage was not in its control and especially given the fact that the associate had offered to charge coal cost as per notified rates of Coal India only, irrespective of its actual cost, till award of Coal Linkage. Further since PPA / regulations doesn't contain any clause which restricts the associate in claiming RoE as a component to Fixed Charges and order as given by UPERC is not as per the provisions of PPA / regulatory provisions in place. Considering the fact that legal recourse is available to the associate and appeal has been filed before APTEL where all pleadings have been filed and now the matter is pending for further hearing. Further considering the fact that APTEL has directed UPERC and UPPCL not to precipitate the associate to sign any supplementary agreement which is against the provisions of PPA/regulations, auditors have now highlighted this matter as Emphasis of Matter in their report for interim Ind AS financial statements for the nine months period ended 31 December 2018 and have removed qualifications as given earlier. Accordingly as required under the ICDR regulations, a sum of Rs. 3,903.91 Million for the year ended 31 March 2018 and Rs. 222.55 Million 31 March 2017 (being proportionate revenue considered given that the Company has acquired stake in associate w.e.f December 20, 2016) has been the adjusted revenue in the corresponding year. Further no adjustment is required to be carried out for the year ended March 31, 2016 since the stake in associate was acquired on December 20, 2016.

Accordingly, the Company has considered the effect of aforesaid adjustment to the extent of Companies share (i.e. 20.69%) in the above Annexure.

- (k) In continuation to matter highlighted in paragraph "h" above, associate has now filed petition before UPERC for recovery of availability loss (because of non-availability of coal) from UPPCL. In addition, there has been a past precedent where the Regulatory Commission has relaxed the norms of PAF in case of non-availability of fuel due to reasons beyond control of the seller. The associate has been legally advised that it has a valid claim against the UPPCL which has now been submitted before UPERC and has been admitted for hearing, auditors have now highlighted this matter as Emphasis of Matter in their report for interim Ind AS financial statements for the nine months period ended 31 December 2018 and have removed qualifications as given earlier. Accordingly as required under the ICDR regulations, a sum of Rs. 7,538.02 Million was recognised as revenue in the financial statements for the year ended 31 March 2018, has been adjusted in revenue in the corresponding financial year to which it relates.

Accordingly, the Company has considered the effect of aforesaid adjustment to the extent of Companies share (i.e. 20.69%) in the above Annexure.

**Bajaj Energy Limited**

**Annexure VIII- Restated Consolidated Summary Statement of Accounting Ratios**

Particulars		As at December 31, 2018	As at December 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Basic and Diluted Earnings Per Share (Rs.)</b>	A					
<b>Basic Earnings Per Share (Basic EPS)</b>						
Profit attributable to equity shareholders for basic and diluted EPS (Rs. in Million) (A)		395.64	(76.68)	(33.95)	1,077.12	1,028.35
Weighted average number of Equity shares outstanding considered for calculating basic and diluted EPS (B)		4,11,75,000	4,11,75,000	4,11,75,000	4,11,75,000	4,11,75,000
<b>Basic / diluted earnings per Share (Rs.) (A / B)</b>		9.61	(1.86)	(0.82)	26.16	24.98
Nominal value per share (Rs.)		10.00	10.00	10.00	10.00	10.00
<b>Net Assets Value per Equity share (Rs.)</b>	B					
Net Worth, as restated (Rs. In Million) (C)		12,935.20	12,501.20	12,543.46	12,579.30	11,503.64
Number of equity shares outstanding at the end of the year (B)		4,11,75,000	4,11,75,000	4,11,75,000	4,11,75,000	4,11,75,000
Net Assets Value per Equity share (Rs.) (D=C/B)		314	304	305	306	279
<b>Return on Net worth</b>	C					
Net Profit/(Loss) after tax as restated (Rs. In Million) (A)		395.64	(76.68)	(33.95)	1,077.12	1,028.35
Net Worth, as restated (Rs. In Million) (C)		12,935.20	12,501.20	12,543.46	12,579.30	11,503.64
Return on Net Worth % (E=A/C)		3.06%	-0.61%	-0.27%	8.56%	8.94%
<b>Earnings before Interest , Tax, Depreciation and amortisation (EBITDA)</b>	D					
EBITDA ( Rs. In Million)		3,371.41	3,173.75	4,413.89	4,982.08	5,936.23

1. The figures disclosed above are based on the restated consolidated summary financial information of the Company.

2. The above Annexure should be read with the basis of preparation and significant accounting policies appearing in Annexure V, Notes to the Restated Consolidated Summary of Financial Information appearing in Annexure VI and Statement of Adjustments to the Audited Consolidated Financial Statements appearing in Annexure VII.

3. The ratio has been computed as per the following formula:

(i) Earnings per share:

$$\frac{\text{Restated Consolidated Net profit available to equity share holder for the year / period}}{\text{Weighted average number of equity shares outstanding during the year / period}}$$

(ii) Net Assets Value per equity shares:

$$\frac{\text{Restated Consolidated Net worth excluding capital reserve and cash flow hedge reserve as at the end of the year / period}}{\text{Weighted average number of equity shares outstanding during the year / period}}$$

(iii) Return on net worth (%):

$$\frac{\text{Restated Consolidated Net profit after tax for the year / period}}{\text{Restated Consolidated Net worth excluding capital reserve and cash flow hedge reserve as at the end of the year / period}}$$

4. Earnings before Interest, Tax, Depreciation and amortisation (EBITDA) has been arrived at by adding back depreciation and amortisation expenses, finance cost to the Profit before tax appearing in Annexure II - Restated Consolidated Summary of Profit and Loss

5. Weighted average number of equity shares is the number of equity shares outstanding as the beginning of the year / period adjusted by a number of equity shares issued during year / period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year / period.

6. Net worth for ratio mentioned in above note represents the aggregate of the paid up share capital, reserves & surplus (Excluding revaluation reserve, cash flow hedge reserve and Capital Reserve) and money received against share warrants as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of statement of profit and loss.

7. Earnings per share calculations are in accordance with Ind AS 33 "Earnings per Share" notified under section 133 of the Companies Act 2013.

**Bajaj Energy Limited**

**Annexure IX: Restated Consolidated Summary Statement of Capitalisation**

Particulars	As at December 31, 2018	As adjusted for issue (refer note (ii) below)
<b>Borrowings</b>		
Short Term Debts:*(Working Capital Facility)(Rs. Million) (A)	5,003.06	[.]
Long Term Debts:**(Rs. Million) (B)	11,864.33	[.]
Add: Current maturities of long term borrowings, included in other financial liabilities (Rs. Million) (C)	2,396.12	[.]
<b>Total Debt (D= A+B+C) (Rs. Million)</b>	<b>19,263.51</b>	
<b>Shareholder's fund</b>		
Share Capital (Rs. Million) (E)	411.75	[.]
Reserve & Surplus (Including Share Premium, Cash Flow Hedge Reserve & Retained earnings) (Rs. Million) (F)	13,098.35	[.]
<b>Total Shareholder's fund (G=E+F) (Rs. Million)</b>	<b>13,510.10</b>	[.]
		[.]
<b>Long Term Debt**/Shareholder's Funds (H=(B+C)/G)</b>	<b>1.06</b>	[.]
<b>Total Debt/Shareholder's Funds (I=D/G)</b>	<b>1.43</b>	[.]

\* Short term debt represent borrowing having repayment tenure of 12 months or less.

\*\* Long term debt include current portion of long-term borrowing repayable over the next twelve months.

#In the extra ordinary general meeting held on 28th January 2019, the members of the Company have approved for issuance of 411,750,000 Zero Coupon Compulsorily Convertible Preference Shares (CCPS) of Rs 10 each as fully paid-up bonus shares in the proportion of 10 CCPS for each one equity share held out of the available surplus with the Company. These CCPS will carry the voting powers as prescribed under the Companies Act 2013. The above specified CCPS are been converted into 411,750,000 equity shares of Rs. 10/- each fully paid up as on March 20, 2019.

Note:

- (i) The above statement Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Summary of Financial Information appearing in Annexure VI and Statement of Adjustments to the Audited Consolidated Financial Statements appearing in Annexure VII.
- (ii) The corresponding figures (As Adjusted for issue) are not determinable at this stage pending the completion of the book building process and hence have not been furnished.

**LPGCL RESTATED FINANCIAL INFORMATION**

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**R. S. Dani. & Co**  
Chartered Accountants  
Naya Bazar,  
Ajmer 305001  
Telephone +91(145) 242 9071

**L. B. Jha & Co.,**  
Chartered Accountants  
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M-2, Cannaught Place,  
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Chartered Accountants  
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## **Independent Auditor's Examination Report on Restated Financial Information**

The Board of Directors  
Lalitpur Power Generation Company Limited  
Village Mirchwara Burogaon,  
Tehsil Mehrauni, Lalitpur  
Uttar Pradesh – 284123

22 March 2019

Dear Sirs,

1. We have examined the attached Restated Financial Information, as applicable, of Lalitpur Power Generation Company Limited (the “Company”), comprising the Restated Summary Statement of Assets and Liabilities as at 31 December 2018, 31 December 2017, 31 March 2018, 31 March 2017 and 31 March 2016, the Restated Statements of Profit and Loss (including other comprehensive income,) for the nine months period ended 31 December 2018 and 31 December 2017, and for the year ended 31 March 2018, 31 March 2017 and 31 March 2016, the Restated Summary Statement of Changes in Equity, the Restated Summary Statement of Cash Flow for the nine months period ended 31 December 2018 and 31 December 2017 and for the years ended 31 March 2018, 31 March 2017 and 31 March 2016 and the Summary Statement of Significant Accounting Policies, read together with the annexures and notes thereto and other restated financial information.

These statements are collectively referred to as the Restated Financial Information are approved by the board of directors of the Company (“Board of Directors”) at their meeting held on 22 March 2019 for the purpose of inclusion in the draft red herring prospectus/ (“DRHP”) prepared by the Bajaj Energy Limited (“Issuer Company”), a principal shareholder of the Company in connection with its proposed initial public offer of equity shares (“IPO”) prepared in terms of the requirements of:

- (a) Section 26 of Part I of Chapter III of the Companies Act, 2013 as amended (the “Act”);  
(b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“ICDR Regulations”); and  
(c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“ICAI”), as amended from time to time (the “Guidance Note”).

2. The Company’s Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited (“BSE”) and National Stock Exchange (“NSE”) (together with BSE the “Stock Exchanges”) and Registrar of Companies Uttar Pradesh and Uttrakhand at Kanpur, in connection with the proposed IPO by Issuer Company. The Restated Summary Financial Information

have been prepared by the management of the Company on the basis of preparation stated in note 2 A. Statement of Compliance under Annexure A V- Basis of preparation and Significant Accounting Policies to the Restated Financial Information. The Board of Directors of the Company is responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors is also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Financial Information taking into consideration:
  - (a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 04 January 2019 and as amended in connection with the proposed IPO of the issuer Company;
  - (b) The Guidance Note. This Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
  - (c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
  - (d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO by the issuer Company.
4. These Restated Financial Information have been compiled by the management from:
  - (a) As at and for the nine month period ended 31 December 2018 and 31 December 2017 from the audited Interim Financial Statements of the Company as at and for the nine months periods ended 31 December 2018 and 31 December 2017 respectively, prepared in accordance with Indian Accounting Standard (Ind AS), specified under Section 133 of the Act and other accounting principles generally accepted in India (the "Interim Financial Statements"), which have been approved by the Board of Directors at their meeting held on 5 March 2019. The auditors have expressed emphasis of matter paragraph in their report on interim financial as at and for the nine months period ended 31 December 2018;
  - (b) As at and for the year ended 31 March 2018 and 31 March 2017 from the audited financial statements of the Company as at and for the years ended 31 March 2018 and 31 March 2017 prepared in accordance with the Ind AS specified under Section 133 of the Act and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their respective meeting held on 18 October 2018 and 7 July 2017. The audit report on financial statements at and for the year ended 31 March 2018 issued by the two joint auditors R. S. Dani & Co, Chartered Accountants and L. B. Jha & Co, Chartered Accountants were modified.
  - (c) As at and for the year ended 31 March 2016 from the Audited Financial Statements of the Company as at and for the year ended 31 March 2016 have been prepared in accordance with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014, (referred to as "Accounting Standards or I GAAP") and other relevant provisions of the Act, which has been approved by the Board of Directors at their meeting held on 31 August 2016. This audited financial statements of the Company for the year ended March 31, 2016 have been converted to align held on 7 July 2017.

5. For the purpose of examination, we have relied on:

- (a) Joint Auditor's report issued by us dated 5 March 2019 on Interim Financial Statements of the Company as at and for the nine months period ended 31 December 2018 and 31 December 2017 as referred to in paragraph 4(a) above, which includes following emphasis of matter paragraph on the restated interim financial information as at and for the nine months period ended 31 December 2018:

We draw attention to following notes to the Interim Ind AS Financial Statements:

- i. We draw attention to Note 31.3(c) and 31.3(d ) of the Interim Financial Statements with respect to matter pending before Hon'ble Appellate tribunal for claim of fixed charges of Rs 12,714.64 Million for the period in which transmission line of 765 kV was not made available for evacuation of power and Rs 4,708.21 Million towards Return of Equity ("RoE") on purchase of coal under presidential mechanism during the period of coal linkage was not available to the Company, shown as receivable from Uttar Pradesh Power Corporation ("UPPCL"). Considering matter is pending before tribunal, no provision has been made against the said receivable in the interim financial statement of the Company.
- ii. We draw attention to Note 31.3(b) of the Interim financial statement in respect to pending petition before the Uttar Pradesh Electricity Regulatory Commission ("UPERC"), for recovery of lost fixed charges amounting to Rs 7,538.02 million shown as receivable from UPPCL for the reason stated therein, considering which no provision has been made against the said receivable in the interim financial statement of the Company.

The above emphasis of matter has also been highlighted in the Restated Financial Information. Refer Note 31.3(b), 31.3(c) and 31.3(d) of the Restated Financial Information.

- (b) Auditor's report issued by two joint auditors, R. S. Dani & Co., Chartered Accountants and L. B. Jha & Co., Chartered Accountants dated 18 October 2018 on the financial statements of the Company as at and for the year ended 31 March 2018 as referred to in paragraph 4(b) above, which were modified.
- (c) Auditor's report issued by two joint auditors, R. S. Dani & Co., Chartered Accountants and L. B. Jha & Co., Chartered Accountants dated 31 August 2016 for the year ended 31 March 2016 on the IGAAP Financial Statements of the Company as described above in paragraph 4(c) and the auditor's report dated 7 July 2017 issued for the first Ind AS financial statement of the Company for the year ended 31 March 2017, as described above in 4 (b);
- (d) As mentioned above in paragraphs (b) to (c) above, the audits of financial statements for the financial years ended 31 March 2018, 31 March 2017 and 31 March 2016 were conducted by the two joint auditors, R. S. Dani & Co., Chartered Accountants and L. B. Jha & CO., Chartered Accountants and further, the Restated summary statement of assets and liabilities and the Restated summary statement of profit and loss (including other comprehensive income), Restated summary statement of changes in equity and restated summary statement of cash flow, basis of preparation and significant accounting policies , and other explanatory information (collectively , the "2018, 2017 and 2016 Restated Financial Information") examined by them for the said years. R. S Dani & Co Chartered Accountants, and L. B. Jha & Co., Chartered Accountants, two joint auditors, have also confirmed that the 2018, 2017 and 2016 Restated Financial Information:
  - i. have been prepared after incorporating adjustments for changes in accounting policies, material errors and regrouping/ reclassifications retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting years/ period ;
  - ii. have been prepared after incorporating adjustments for the material amounts in the respective financial years to which<sup>21</sup> they relate;

- iii. have been made after giving effect to the matters giving rise to modification mentioned in paragraph 6 below for the year ended 31 March 2018; and
  - iv. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
6. The audit report on financial statements issued by two joint auditors, R. S. Dani & Co., Chartered Accountants and L. B. Jha & Co., Chartered Accountants were modified and included following matters giving rise to modification on the financial statements as at and for the year ended 31 March 2018:

We draw your attention to the following qualifications to the audit opinion on the financial statements of the Company vide its Report dated 18 October 2018:

I. the Company has recognized revenue amounting to Rs 7,538.02 Million in respect of availability loss of fixed tariff charges due to non-availability of coal as a consequence of abnormal delays in payments by UPPCL. The matter is explained in detail in note 31.3(b) of the financial statements. The Company will file a petition before the Hon'ble Uttar Pradesh Electricity Regulatory Commission ('UPERC') for recovery of said revenue loss from UPPCL. Pending the filing of petition, the Company has recognized the revenue in the books of the account which is not in accordance with the Ind-AS 18 "Revenue". Had this revenue not been recognized in the books of account, total revenue from operation would have been reduced by Rs 7,551.23 Million and income tax, profit for the year and total equity would have been reduced by Rs 13.21 Million, Rs 7,538.02 Million and Rs 7,538.02 Million respectively.

II. the Company has also recognized revenue amounting to Rs 3,903.91 Million in the year ended 31 March 2018 and Rs 804.30 Million in the year ended 31 March 2017 in respect of Return on Equity ('RoE') which has been disallowed by Hon'ble UPERC from the date of its order dated 18 January 2017 till the award of coal linkage by Government of India. The Company will file an appeal before the Appellate Tribunal towards recovery of RoE. Pending the filing of appeal, the Company has recognized the revenue in the books of account which is not in accordance with Ind-AS 18 'Revenue'. Further the Company has not provided the other receivable of Rs 804.30 Million towards RoE claim recognized in previous year. The matter is explained in detail in note 31.3(e) of the Financial Statements. Had this revenue not been recognized in the books of account for the year, total revenue from operation would have been reduced by Rs 3,917.12 Million and income tax, profit for the year and total equity would have been reduced by Rs 13.21 Million, Rs 4,708.21 Million and Rs 4,708.21 Million respectively.

III. Further, the Company has also recognized revenue amounting to Rs 850.36 Million in the year ended 31 March 2018 and Rs 11,864.28 Million in earlier years towards recovery of fixed tariff charges calculated based on Availability Based Tariff ('ABT') Mechanism instead of scheduled generation provided by UPPCL till the commissioning of 756kV transmission line which has not been approved by Hon'ble UPERC. Billing was done to UPPCL on the basis of schedule generation given by UPPCL as per provisionally approved tariff rates till financial year 2016-17. The Company will file an appeal before the Appellate Tribunal towards recovery of such fixed charges. Pending the filing of appeal, the Company has recognized revenue in books of account which is not in accordance with Ind-AS 18 'Revenue'. Further the Company has not provided the other receivable of Rs 11,864.28 million towards ABT claim recognized in the earlier years. The matter is explained in detail in note 31.3(c) of the financial statement. Had this revenue not been recognized in the books of account, total revenue from operation would have been reduced by Rs 863.57 Million and income tax, profit for the year and total equity would have been reduced by Rs 13.21 million, Rs 12,714.64 million and Rs 12,714.64 million respectively.

Cumulatively, has the revenue as explained above not been recognized in the books of account for the year by the Company, total revenue from operations would have been reduced by Rs 12,305.51 million and income tax, profit for the year and total equity would have been reduced by Rs 13.21 million, Rs 24,960.87 million and Rs 24,960.87 million respectively.

The effects of the above qualification, which have giving arise to modification in the Financial Statement as at and for the year 31 Mar 18, has been adjusted in Restated Financial Information. Refer Note (c), (d) and (e) of Annexure - A VII Statement of Adjustments to Audited Financial Statements to Restated Financial Information.

7. We have also examined the following Restated Financial Information of the Company as set out in the Annexures prepared by the management of the Company and approved by the Board of Directors, on 22 March 2019 for the nine months period ended 31 December 2018 and 31 December 2017 and for each of the years ended 31 March 2018, 31 March 2017 and 31 March 2016 (in respect of the years ended 31 March 2018, 31 March 2017 and 31 March 2016 this information has been examined by the two joint auditors, R.S. Dani & Co, Chartered Accountants and L. B. Jha & Co, Chartered Accountants):
  - i. Basis of preparation and significant accounting policies as enclosed in Annexure A V;
  - ii. Notes to the Restated Summary Financial Information as enclosed in Annexure A VI;
  - iii. Statement of Adjustments to audited Financial Statements as enclosed in Annexure A VII; and
  - iv. Restated Summary Statement of Accounting ratios, as enclosed in Annexure A VIII;
8. Based on our examination and according to the information and explanations given to us and on basis of the audit and examination reports issued/ conducted two joint auditors R.S. Dani & Co. Chartered Accountants and L. B. Jha & Co, Chartered Accountant for the respective years, we further report that the Restated Summary of Financial Information:
  - i) have been prepared after incorporating adjustments for change in accounting policies, material error , groupings / classifications retrospectively in the respective financial years / period to reflect the same accounting treatment as per the changed accounting policies and groupings / classifications followed as at and for the nine months period ended 31 December 2018;
  - ii) have been prepared after incorporating adjustments for the material amounts in the respective financial years/ periods to which they relate;
  - iii) have been adjusted post giving effect to the matters giving rise to modification mentioned in paragraph 6 above and basis the Matter of Emphasis as mentioned in paragraph 5 (a) above; and
  - iv) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
9. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the date of our audit report on financial statements mentioned in paragraph 4 above.
10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us and by two joint Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. Our report is intended solely for the use of the Company for inclusion in the DRHP to be filed with Securities and Exchange Board of India, and Stock Exchanges and the Registrar of Companies, in connection with proposed IPO of Issuer Company. Our report, should not be used, referred to or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

**For R. S. Dani & Co.**  
*Chartered Accountants*  
Firm's Registration  
Number: 000243C

**For L. B. Jha & Co.**  
*Chartered Accountants*  
Firm's Registration  
Number: 301088E

**For B S R & Co. LLP**  
*Chartered Accountants*  
Firm's Registration Number:  
101248W/W-100022

**C. P. Kothari**  
Partner  
Membership Number:  
072229

Noida  
22 March 2019

**Radhika Singhal**  
Partner  
Membership Number:  
533240

New Delhi  
22 March 2019

**Vijay Bhatt**  
Partner  
Membership Number:  
36647

Mumbai  
22 March 2019

	Notes to Annexure - VI	As at Dec. 31, 2018	As at Dec. 31, 2017	As at Mar. 31, 2018	As at Mar. 31, 2017	As at Mar. 31, 2016
<b>I ASSETS</b>						
<b>(1) Non-current assets</b>						
(a) Property, plant and equipment	4	1,43,895.77	1,51,371.84	1,51,017.46	1,58,436.45	49,974.71
(b) Capital work in progress	4	219.77	1,975.57	148.53	48.51	99,144.98
(c) Other Intangible assets	5	0.98	0.88	0.69	2.97	9.34
(d) Financial assets						
(i) Loans	7(a)	-	-	-	-	6.08
(ii) Other financial assets	8(a)	866.32	92.88	103.69	102.73	219.90
(e) Other non current assets	9(a)	11,455.94	11,723.90	11,435.08	12,662.36	14,241.85
<b>Total non current assets</b>		<b>1,56,438.78</b>	<b>1,65,165.07</b>	<b>1,62,705.45</b>	<b>1,71,253.02</b>	<b>1,63,596.86</b>
<b>(2) Current assets</b>						
(a) Inventories	10	813.71	1,173.90	1,311.00	929.71	2,064.07
(b) Financial assets						
(i) Investments	6	783.55	552.90	461.55	855.32	1,783.79
(ii) Trade receivables	11	28,074.94	15,378.61	7,259.25	8,608.19	906.61
(iii) Cash and cash equivalents	12	132.04	45.43	2,068.90	161.51	105.68
(iv) Other bank balances	13	12.51	57.22	67.51	56.14	10.90
(v) Loans	7(b)	20.65	25.37	21.37	138.17	46.15
(vi) Other financial assets	8(b)	29,639.68	26,513.92	30,793.15	16,536.27	3,183.94
(c) Current tax assets (net)	14	17.28	17.30	17.40	17.30	16.11
(d) Other current assets	9(b)	1,886.86	3,342.93	4,887.56	3,053.29	550.47
<b>Total current assets</b>		<b>61,381.22</b>	<b>47,107.58</b>	<b>46,887.69</b>	<b>30,355.90</b>	<b>8,667.72</b>
<b>TOTAL ASSETS</b>		<b>2,17,820.00</b>	<b>2,12,272.65</b>	<b>2,09,593.14</b>	<b>2,01,608.92</b>	<b>1,72,264.58</b>
<b>II EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
(a) Equity share capital	15	881.86	881.86	881.86	881.86	803.87
(b) Other equity	16	44,558.07	44,470.42	44,134.72	46,292.87	39,920.35
<b>Total equity</b>		<b>45,439.93</b>	<b>45,352.28</b>	<b>45,016.58</b>	<b>47,174.73</b>	<b>40,724.22</b>
<b>Liabilities</b>						
<b>(1) Non-current liabilities</b>						
(a) Financial liabilities						
(i) Borrowings	17	1,26,926.78	1,31,316.28	1,30,779.20	1,26,257.20	1,20,078.93
(ii) Other financial liabilities	18(a)	12.48	391.68	83.58	347.12	10.13
(b) Provisions	20(a)	138.06	88.63	97.38	62.37	45.27
<b>Total non current liabilities</b>		<b>1,27,077.32</b>	<b>1,31,796.59</b>	<b>1,30,960.16</b>	<b>1,26,666.69</b>	<b>1,20,134.33</b>
<b>(2) Current liabilities</b>						
(a) Financial liabilities						
(i) Borrowings	17	25,404.41	18,169.02	20,052.93	9,661.46	2,597.62
(ii) Trade payables						
- Due to Micro and Small enterprises	19	-	-	-	-	-
- Due to other than Micro and Small enterprises	19	2,737.94	2,820.92	2,210.46	1,145.67	735.74
(iii) Other financial liabilities	18(b)	16,903.94	13,854.25	11,049.17	16,576.00	7,817.98
(b) Other current liabilities	21	52.41	67.14	107.05	88.04	70.53
(c) Provisions	20(b)	174.80	75.31	187.13	162.29	25.54
(d) Current tax liabilities (net)	14	29.25	137.14	9.66	134.04	158.62
<b>Total current liabilities</b>		<b>45,302.75</b>	<b>35,123.78</b>	<b>33,616.40</b>	<b>27,767.50</b>	<b>11,406.03</b>
<b>Total liabilities</b>		<b>1,72,380.07</b>	<b>1,66,920.37</b>	<b>1,64,576.56</b>	<b>1,54,434.19</b>	<b>1,31,540.36</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,17,820.00</b>	<b>2,12,272.65</b>	<b>2,09,593.14</b>	<b>2,01,608.92</b>	<b>1,72,264.58</b>

The above Annexures should be read with the Basis of preparation and Significant Accounting Policies appearing in annexure V, Notes to the Restated Summary financial information appearing in Annexure VI and Statement of adjustment to Audited Financial Statement appearing in Annexure VII in pursuant to requirement under section II of part A of schedule VI of SEBI (ICDR) Regulations, 2018, Disclosure in offer documents Abridged Prospectus and Arbridged Letter of Offer'.

As per our examination report of even date attached

For and on behalf of the Board

**For R. S. Dani & Co.**  
Chartered Accountants  
Firm Registration No. 000243C

**For L. B. Jha & Co.**  
Chartered Accountants  
Firm Registration No. 301088E

**For B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W-100022

**R.S.Sharma**  
Managing Director  
DIN - 00012452

**C. P. Kothari**  
Partner  
Membership No. 072229

**Radhika Singhal**  
Partner  
Membership No.533240

**Vijay Bhatt**  
Partner  
Membership No. 036647

**Alok Krishna Agarwal**  
Director  
DIN - 00127273

**Govind Maheshwari**  
Chief Financial Officer

**Sanjeev Pathak**  
Company Secretary  
Membership No. 19107  
Noida, March 22, 2019

**LALITPUR POWER GENERATION COMPANY LIMITED**  
Annexure A II - Restated Summary Statement of Profit and Loss

	Notes to Annexure - VI	Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2017	Year ended Mar. 31, 2018	Year ended Mar. 31, 2017	Year ended Mar. 31, 2016
<b>I</b> Revenue from operations	23	40,742.75	41,300.42	53,188.54	31,017.04	3,122.89
<b>II</b> Other income	24	575.67	250.14	384.70	212.60	4.55
<b>III Total income (I+II)</b>		<b>41,318.42</b>	<b>41,550.56</b>	<b>53,573.24</b>	<b>31,229.64</b>	<b>3,127.44</b>
<b>IV Expenses</b>						
Cost of material consumed	25	16,701.09	19,981.87	24,677.94	11,131.13	119.40
Employee benefits expenses	26	1,010.49	873.71	1,215.86	456.73	56.57
Finance costs	27	14,800.94	13,835.40	18,528.68	9,845.76	1,406.22
Depreciation and amortisation expenses	28	7,159.98	7,079.61	9,398.86	5,122.18	772.38
Other expenses	29	1,422.03	1,456.66	1,914.36	966.97	149.83
<b>Total expenses (IV)</b>		<b>41,094.53</b>	<b>43,227.25</b>	<b>55,735.70</b>	<b>27,522.77</b>	<b>2,504.40</b>
<b>V Profit before tax (III-IV)</b>		<b>223.89</b>	<b>(1,676.69)</b>	<b>(2,162.46)</b>	<b>3,706.87</b>	<b>623.04</b>
<b>VI Tax expenses</b>	22					
(a) Current tax		48.60	5.87	16.41	307.54	146.06
(b) Tax adjustment of earlier year / period		0.12	-	(0.17)	-	-
<b>Total tax expenses (VI)</b>		<b>48.72</b>	<b>5.87</b>	<b>16.24</b>	<b>307.54</b>	<b>146.06</b>
<b>VII Profit for the year / period (V-VI)</b>		<b>175.17</b>	<b>(1,682.56)</b>	<b>(2,178.70)</b>	<b>3,399.33</b>	<b>476.98</b>
<b>VIII Other comprehensive income</b>						
<u>(a) Items that may be reclassified to profit or loss</u>						
(i) Cash flow hedge (net movement)	30	251.65	(130.54)	33.03	(111.32)	102.95
Income tax effect		-	-	-	-	-
Net OCI to be reclassified to profit or loss in subsequent periods		251.65	(130.54)	33.03	(111.32)	102.95
<u>(b) Items that will not be reclassified to profit and loss</u>						
(i) Re-measurement gain / (losses) on defined benefit plans	30	(4.42)	(11.75)	(15.67)	2.39	(7.48)
Income tax effect		0.95	2.40	3.19	-	-
Net OCI not to be reclassified to profit or loss in subsequent periods		(3.47)	(9.35)	(12.48)	2.39	(7.48)
<b>Other comprehensive income for the year / period, net of tax</b>		<b>248.18</b>	<b>(139.89)</b>	<b>20.55</b>	<b>(108.93)</b>	<b>95.47</b>
<b>IX Total comprehensive income for the year / period, net of tax (VII+VIII)</b>		<b>423.35</b>	<b>(1,822.45)</b>	<b>(2,158.15)</b>	<b>3,290.40</b>	<b>572.45</b>

The above Annexures should be read with the Basis Statement of adjustment to Audited Financial Statement documents Abridged Prospectus and Arbridged Letter.

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**For R. S. Dani & Co.**  
Chartered Accountants  
Firm Registration No. 000243C

**For L. B. Jha & Co.**  
Chartered Accountants  
Firm Registration No. 301088E

**For B S R & Co. LLP**  
Chartered Accountants

**R.S.Sharma**  
Managing Director  
DIN - 00012452

**C. P. Kothari**  
Partner  
Membership No. 072229

**Radhika Singhal**  
Partner  
Membership No. 533240

**Vijay Bhatt**  
Partner  
Membership No. 0366417

**Alok Krishna Agarwal**  
Director  
DIN - 00127273

Noida, March 22, 2019

**Govind Maheshwari**  
Chief Financial Officer

**Sanjeev Pathak**  
Company Secretary  
Membership No. 19107  
Noida, March 22, 2019

	Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
<b>A. Cash flow from operating activities</b>					
Profit before tax	223.89	(1,676.69)	(2,162.46)	3,706.87	623.04
<b>Adjustments for:</b>					
Depreciation and amortisation	7,159.98	7,079.61	9,398.86	5,122.18	772.38
Re-measurement loss recognised in other comprehensive income	(4.42)	(11.75)	(15.67)	2.39	(7.48)
Profit on sale of current Investments	(36.02)	(27.85)	(43.29)	(50.60)	-
Loss on sale / discard of property, plant and equipment	-	0.20	0.25	0.09	0.02
Fair value gain on financial instruments at FVTPL	(2.25)	(5.73)	(1.48)	39.20	(4.41)
Foreign exchange fluctuation loss	173.03	119.18	161.18	39.82	-
Interest Income	(3.56)	(4.45)	(7.16)	(4.20)	(0.14)
Finance cost	14,800.94	13,835.40	18,528.68	9,845.76	1,406.22
<b>Cash generated before working capital changes</b>	<b>22,311.59</b>	<b>19,307.92</b>	<b>25,858.91</b>	<b>18,701.51</b>	<b>2,789.63</b>
<b>Movement in working capital</b>					
Increase / (decrease) in provisions and trade payables	382.81	1,495.34	963.45	543.12	743.39
Increase / (decrease) in other financial liabilities and other liabilities	540.02	(3.67)	(149.55)	281.34	4.82
(Increase) / decrease in inventories and trade receivables	(20,318.40)	(7,014.61)	967.65	(4,111.16)	(2,970.68)
(Increase) / decrease in other financial assets and other assets	4,524.95	(9,941.92)	(15,446.28)	(18,202.43)	(3,787.76)
<b>Cash generated from operations</b>	<b>7,440.97</b>	<b>3,843.06</b>	<b>12,194.18</b>	<b>(2,787.62)</b>	<b>(3,220.60)</b>
Direct taxes paid	(28.06)	(0.38)	(137.53)	(333.30)	4.76
<b>Net cash flow from / (used in) operating activities</b>	<b>7,412.91</b>	<b>3,842.68</b>	<b>12,056.65</b>	<b>(3,120.92)</b>	<b>(3,215.84)</b>
<b>B. Cash flow from / (used in) investing activities</b>					
Purchase of property, plant and equipment	(424.64)	(565.54)	(567.17)	(5,701.13)	(17,727.50)
Proceeds from sale of property, plant and equipment	-	0.15	0.17	0.04	-
Purchase of intangible assets	(0.50)	-	-	(0.76)	(0.21)
Proceed on sale of current investments (net)	(283.73)	336.00	438.54	979.68	722.49
Loan (given) / repayment received	0.70	-	0.15	0.86	(2.32)
Fixed deposit with original maturity of more than 3 months	153.09	7.01	(8.64)	(145.61)	(0.76)
Interest income received	9.15	6.22	3.47	1.84	133.66
<b>Net cash flow from / (used in) investing activities</b>	<b>(545.93)</b>	<b>(216.16)</b>	<b>(133.48)</b>	<b>(4,865.08)</b>	<b>(16,874.64)</b>
<b>C. Cash flow from / (used in) financing activities</b>					
Current borrowings (repaid) / taken (net)	5,351.48	8,507.56	10,391.47	7,063.84	(3,652.38)
Long term borrowings (net)	(735.11)	(957.51)	(1,648.28)	14,553.31	30,916.89
Issue of share capital including premium	-	-	-	3,160.11	4,050.18
Interest paid	(13,420.21)	(11,292.66)	(18,758.98)	(16,735.43)	(14,528.02)
<b>Net cash flow from / (used in) financing activities</b>	<b>(8,803.84)</b>	<b>(3,742.61)</b>	<b>(10,015.79)</b>	<b>8,041.83</b>	<b>16,786.67</b>
Net increase / (decrease) in cash and cash equivalents (a+b+c)	(1,936.86)	(116.09)	1,907.38	55.83	(3,303.81)
Cash and cash equivalents at the beginning of the year / period	2,068.90	161.52	161.52	105.68	3,409.49
<b>Cash and cash equivalents at the end of the year / period</b>	<b>132.04</b>	<b>45.43</b>	<b>2,068.90</b>	<b>161.51</b>	<b>105.68</b>
<b>Components of cash and cash equivalents</b>					
Cash on hand	0.48	1.15	0.60	1.11	1.20
Balances with banks	-	-	-	-	-
-on current accounts	128.55	44.28	2,068.30	160.40	64.43
-on deposit accounts	3.01	-	-	-	40.05
<b>Cash and cash equivalent (Refer note 12)</b>	<b>132.04</b>	<b>45.43</b>	<b>2,068.90</b>	<b>161.51</b>	<b>105.68</b>

**Notes:**

- 1 The above cash flow statement has been prepared under the 'Indirect Method'.
- 2 The movement of borrowings as per Ind AS 7 is as follows:

Particulars	Opening Balance	Expenses / Capitalised	EIR / Foreign Exchange Movement	Net cash flow	Closing Balance
<b>For the nine months ended December 31, 2018</b>					
Non current borrowing (Incl. current maturity)	1,32,253.44	-	728.82	(735.11)	1,32,247.15
Interest Paid	1,349.85	14,800.94	(39.76)	(13,420.21)	2,690.82
Current borrowing	20,052.93	-	-	5,351.48	25,404.41
<b>Total</b>	<b>1,53,656.22</b>	<b>14,800.94</b>	<b>689.06</b>	<b>(8,803.84)</b>	<b>1,60,342.38</b>
<b>For the nine months ended December 31, 2017</b>					
Non current borrowing (Incl. current maturity)	1,34,408.09	-	(339.34)	(957.51)	1,33,111.24
Interest Paid	1,050.11	13,835.40	199.34	(11,292.66)	3,792.19
Current borrowing	9,661.46	-	-	8,507.56	18,169.02
<b>Total</b>	<b>145,119.66</b>	<b>13,835.40</b>	<b>(140.00)</b>	<b>(3,742.61)</b>	<b>155,072.45</b>
<b>For year ended March 31, 2018</b>					
Non current borrowing (Incl. current maturity)	1,34,408.09	-	(506.37)	(1,648.28)	1,32,253.44
Interest Paid	1,050.11	18,528.68	530.04	(18,758.98)	1,349.85
Current borrowing	9,661.46	-	-	10,391.47	20,052.93
<b>Total</b>	<b>145,119.66</b>	<b>18,528.68</b>	<b>23.67</b>	<b>(10,015.79)</b>	<b>153,656.22</b>
<b>For year ended March 31, 2017</b>					
Non current borrowing (Incl. current maturity)	1,20,078.93	-	(224.15)	14,553.31	1,34,408.09
Interest Paid	178.52	17,607.02	-	(16,735.43)	1,050.11
Current borrowing	2,597.62	-	-	7,063.84	9,661.46
<b>Total</b>	<b>1,22,855.07</b>	<b>17,607.02</b>	<b>(224.15)</b>	<b>4,881.72</b>	<b>145,119.66</b>
<b>For year ended March 31, 2016</b>					
Non current borrowing (Incl. current maturity)	88,600.72	-	561.32	30,916.89	1,20,078.93
Interest Paid	43.38	14,663.16	-	(14,528.02)	178.52
Current borrowing	6,250.00	-	-	(3,652.38)	2,597.62
<b>Total</b>	<b>94,894.10</b>	<b>14,663.16</b>	<b>561.32</b>	<b>12,736.49</b>	<b>1,22,855.07</b>

The above Annexures should be read with the Basis of preparation and Significant Accounting Policies appearing in annexure V, Notes to the Restated Summary financial information appearing in Annexure VI and Statement of adjustment to Audited Financial Statement appearing in Annexure VII in pursuant to requirement under section II of part A of schedule VI of SEBI (ICDR) Regulations, 2018, Disclosure in offer documents Abridged Prospectus and Arbridged Letter of Offer.

As per our examination report of even date attached

For and on behalf of the Board

**For R. S. Dani & Co.**  
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**Govind Malleshwari**  
Chief Financial Officer

**Sanjeev Pathak**  
Company Secretary  
Membership No. 19107  
Noida, March 22, 2019

	Nos.	Rs. in Million
<b>A. Equity share capital</b>		
Equity share of Rs 10 each issued, subscribed and fully paid		
At April 1, 2015	7,36,19,756	736.20
Issue of share capital	67,67,678	67.68
At March 31, 2016	8,03,87,434	803.87
Issue of share capital	77,98,559	77.99
At March 31, 2017	8,81,85,993	881.86
Issue of share capital	-	-
At March 31, 2018	8,81,85,993	881.86
Issue of share capital	-	-
At Dec 31, 2018	8,81,85,993	881.86
At April 1, 2017	8,81,85,993	881.86
Issue of share capital	-	-
At Dec 31, 2017	8,81,85,993	881.86

**B. Other equity**

For the nine months ended December 31, 2018

Particulars	Share application money pending allotment	Reserves and surplus		Item of OCI	Cash flow hedge reserve	Total Equity	Rs. in Million
		Securities premium	Retained earnings				
As at April 1, 2018	-	42,982.00	1,640.89		(488.17)	44,134.72	
Profit for the Period	-		175.17		-	175.17	
Other comprehensive income	-		(3.47)		251.65	248.18	
Total comprehensive income	-	42,982.00	1,812.59		(236.52)	44,558.07	
Issue of share capital	-	-	-		-	-	
As at Dec 31, 2018	-	42,982.00	1,812.59		(236.52)	44,558.07	

For the nine months ended December 31, 2017

Particulars	Share application money pending allotment	Reserves and surplus		Item of OCI	Cash flow hedge reserve	Total Equity	Rs. in Million
		Securities premium	Retained earnings				
As at April 1, 2017	-	42,982.00	3,832.07		(521.20)	46,292.87	
Profit for the Period	-		(1,682.56)		-	(1,682.56)	
Other comprehensive income	-		(9.35)		(130.54)	(139.89)	
Total comprehensive income	-	42,982.00	2,140.16		(651.74)	44,470.42	
Issue of share capital	-	-	-		-	-	
As at Dec 31, 2017	-	42,982.00	2,140.16		(651.74)	44,470.42	

For the year ended March 31, 2018

Particulars	Share application money pending allotment	Reserves and surplus		Item of OCI	Cash flow hedge reserve	Total Equity	Rs. in Million
		Securities premium	Retained earnings				
As at April 1, 2017	-	42,982.00	3,832.07		(521.20)	46,292.87	
Profit for the year	-		(2,178.70)		-	(2,178.70)	
Other comprehensive income	-		(12.48)		33.03	20.55	
Total comprehensive income	-	42,982.00	1,640.89		(488.17)	44,134.72	
Issue of share capital	-	-	-		-	-	
As at March 31, 2018	-	42,982.00	1,640.89		(488.17)	44,134.72	

For the year ended March 31, 2017

	Share application money pending allotment	Reserves and surplus		Item of OCI	Cash flow hedge reserve	Total Equity	Rs. in Million
		Securities premium	Retained earnings				
As at April 1, 2016	700.18	39,199.70	430.35		(409.88)	39,920.35	
Profit for the year	-		3,399.33		-	3,399.33	
Other comprehensive income	-		2.39		(111.32)	(108.93)	
Total comprehensive income	700.18	39,199.70	3,832.07		(521.20)	43,210.75	
Issue of share capital	(700.18)	3,782.30	-		-	3,082.12	
As at March 31, 2017	-	42,982.00	3,832.07		(521.20)	46,292.87	

For the year ended March 31, 2016

	Share application money pending allotment	Reserves and surplus		Item of OCI	Cash flow hedge reserve	Total Equity	Rs. in Million
		Securities premium	Retained earnings				
As at April 1, 2015	-	35,917.38	(39.15)		(512.83)	35,365.40	
Profit for the year	-		476.98		-	476.98	
Other comprehensive income	-		(7.48)		102.95	95.47	
Total comprehensive income	-	35,917.38	430.35		(409.88)	35,937.85	
Share application money received	700.18	-	-		-	700.18	
Issue of share capital	-	3,282.32	-		-	3,282.32	
As at March 31, 2016	700.18	39,199.70	430.35		(409.88)	39,920.35	

The above Annexures should be read with the Basis of preparation and Significant Accounting Policies appearing in annexure V, Notes to the Restated Summary financial information appearing in Annexure VI and Statement of adjustment to Audited Financial Statement appearing in Annexure VII in pursuant to requirement under section II of part A of schedule VI of SEBI (ICDR) Regulations, 2018, 'Disclosure in offer documents Abridged Prospectus and Arbridged Letter of Offer'.

As per our examination report of even date attached

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Chief Financial Officer

**Sanjeev Pathak**  
Company Secretary  
Membership No. 19107  
Noida, March 22, 2019

## **1 Corporate Information**

Lalitpur Power Generation Company Limited ("the Company") is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is subsidiary of Bajaj Power Ventures Private Limited. The registered office of the Company is located at Village Mirchwara Burogaon, Tehsil Mehrauni, Lalitpur, Uttar Pradesh – 284123.

The Company is engaged in generation of power. The Company has setup super critical thermal power plant with the capacity of 1980 MW (660MW x 3 units) located at Village Badagaon (Chiglaua) & Mirchwara, Tehsil Mehrauni, (District Lalitpur), Uttar Pradesh. Entire generation of power is sold to Uttar Pradesh Power Corporation Limited under long term power purchase agreement.

The Corporate identity number of the Company is U40108UP2009PLC038148 issued by Registrar of Companies, Kanpur, Uttar Pradesh and Uttarakhand.

## **2 Basis of preparation**

### **A. Statement of Compliances**

The Restated Financial Information of the Company have been specifically prepared for inclusion in the Draft Red Herring Prospectus (DRHP) to be filed with the Securities and Exchange Board of India ("SEBI") in connection with the proposed Initial Public Offering ('IPO') of equity shares of one of its investing entity i.e. M/s Bajaj Energy Limited (referred to as the "Issuer"). The Restated Financial Information comprise of the Restated Statement of Assets and Liabilities as at 31 December 2018, 31 December 2017, 31 March 2018, 31 March 2017 and 31 March 2016, the Restated Statement of Profit and Loss, the restated statement of Cash Flows and the Restated Statement of changes in equity for the nine months period ended 31 December 2018 and 31 December 2017 and for the year ended 31 March 2018, 31 March 2017 and 31 March 2016 and Annexure V to VII thereto (hereinafter collectively referred to as "the Restated Financial Information").

The Restated Financial Statements have been prepared to comply in all material respects with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013 (as amended) ("the Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time ("SEBI ICDR Regulations") and guidance notes in Company Prospectus (Revised 2019) issued by the Institute of Chartered Accountant of India.

The Act and the SEBI ICDR Regulations require the information in respect of the Assets and Liabilities and Profit and Loss of the Company for the interim / stub period and for each of the three years immediately preceding the date of issue of prospectus. In accordance with SEBI circular number SEBI/HO/CFD/DIL/CIR/P/2016/47, the Company has applied the accounting framework described by Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant of section 133 of the Act read with Rule 4 of the Companies (Indian Accounting Standards) Rule, 2015 as amended for the nine months ended December 31, 2018 and December 31, 2017 and for three annual periods ended March 31, 2018, March 31, 2017 and March 31, 2016.

The Restated Financial Statements of the Company have been prepared and presented as follows:

- (a) The Restated Financial Statements as at and for the nine months period ended 31 December 2018 and December 31, 2017 have been compiled by the Management from the interim audited financial statements of the Company as at and for the nine months period ended 31 December 2018 and December 31, 2017 prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, subsequent amendments thereof and other relevant provisions of the Act;
- (b) The Restated Financial Statements as at and for the years ended 31 March 2018 and 31 March 2017 have been compiled by the Management from the audited financial statements of the Company as at and for the year ended 31 March 2018 and 31 March 2017 which include the comparative Ind AS financial statements as at and for the year ended 31 March 2016 prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, subsequent amendments thereof and other relevant provisions of the Act.
- (c) All amounts have been rounded off to the nearest million with two decimals, unless otherwise indicated.

The Restated Financial Statements have been prepared so as to contain information / disclosures and incorporating adjustments set out below in accordance with the SEBI ICDR Regulations:

- (a) Adjustments for audit qualification requiring corrective adjustment in the restated financial statements, if any;
- (b) Adjustments for the material amounts in respective years to which they relate, if any;
- (c) Adjustments for previous years identified and adjusted in arriving at the profits or losses of the years to which they relate irrespective of the year in which the event triggering, if any;
- (d) Adjustments to the profits or losses of the earlier years and of the year in which the change in the accounting policy has taken place is recomputed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years, if any;
- (e) Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financial statements of the Company for the nine months period ended 31 December 2018 and the requirements of the SEBI ICDR Regulations, if any;

# LALITPUR POWER GENERATION COMPANY LIMITED

Annexure - A V Basis of preparation and Significant Accounting Policies

- (f) The resultant tax impact due to the aforesaid adjustments, if any.

The Company does not have any subsidiary/associate company, thus the standalone and consolidated Financial Statement both are same.

## B. Functional and Presentation Currency

The Functional currency of the Company in Indian Rupees. These restated Financial Information are presented in Indian Rupees. All amounts have been rounded off to the nearest Million and rounded off to two decimals except for Earnings Per Share and where not mentioned otherwise.

## C. Operating Cycle Classification - Current & Non Current

All assets and liabilities are classified as current and non-current as per company's normal operating cycle of 12 months which is based on the nature of business of the Company and other criteria set out in Ind AS 1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013. Current Assets do not include elements which are not expected to be realised within 12 months and Current Liabilities do not include items which are due after 12 months, the period of 12 months being reckoned from the reporting date.

## 3 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in the Restated Financial Information.

### 3.1 Revenue recognition

Revenue from operations comprises of sale of power and by products which is recognised when no significant uncertainty as to the measurability or collectability exists.

Revenue is recognised to the extent that it is probable that economic benefit will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sales of power is accounted for based on tariff rates approved by Uttar Pradesh Electricity Regulatory Commission (UPERC). In case where the tariff rates are yet to be approved by the UPERC in their order, provisional rates are adopted considering the applicable UPERC regulations.

Unbilled revenue represents revenue recognized based on services performed but not billed in accordance with the contract terms.

The interest / surcharge on late payment in respect of sale of energy, is recognized when no significant uncertainty as to measurability or collectability exists. Interest income on financial instruments is accounted for on an accrual basis at effective interest rates applicable on initial recognition. Interest income in respect of fund borrowed for project under construction is netted off from pre-operative expenses under Capital Work-in-progress.

### Contract balances

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs under the contract.

### 3.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Finance lease are capitalised at the inception of the lease at lower of the fair value of the leased assets and the present value of the minimum lease payments. In operating lease, lease rentals paid are charged to the statement of profit and loss on straight line basis over the lease term. Lease rental related to project under construction are recognised as an pre-operative expenses under the head of Capital work-in-progress.

### 3.3 Borrowing costs

Borrowing costs specifically identified to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 3.4 Foreign currency transactions

The functional currency of the Company is Indian Rupee which represents the currency of the primary economic environment in which it operates.

A foreign currency transaction is recorded, on initial recognition ~~in 20~~ in reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency prevailing on the date of transaction.

# LALITPUR POWER GENERATION COMPANY LIMITED

## Annexure - A V Basis of preparation and Significant Accounting Policies

At the balance sheet date, foreign currency monetary items are reported using the closing rate. Gain or loss if any, is recognised in the statement of profit and loss for the year/period.

The gain or loss arising on account of exchange rate differences between the payment date and transaction date is charged to the statement of profit and loss.

### 3.5 Employee Benefits

#### (i) Short term employee benefits

Short term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees rendered the related services) are recognised as expenditure at the undiscounted amount in the statement of profit and loss of the period in which the related service is rendered on accrual basis. The accruals for employee entitlements to benefits such as salaries, bonuses and other benefits represents the amounts which the Company has a present obligation to pay as result of the employee's services and the obligation can be measured reliably.

#### (ii) Post employment benefits

##### a) Defined contribution plans:

A defined contribution plan is a post employment benefit plan under which entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Payment to defined contribution plans, such as provident fund and family pension under Employees Pension Scheme, 1995 are accounted on accrual basis and charged to statement of profit and loss for the period in which services were received. Provident fund contribution are made to the recognised employee provident fund.

##### b) Defined benefit plans:

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

For defined benefit plans, such as gratuity, the cost of providing benefits is determined based on actuarial valuation made by an independent actuary using projected unit credit method as at balance sheet date. The gratuity liability of the Company is unfunded.

Remeasurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and is not reclassified to profit or loss. They are included in retained earnings in the statement of changes in equity.

Past service cost is recognised in profit or loss in the period of a plan amendment. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit and loss.

##### c) Other long term employee benefits

###### Compensated Absence

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment.

Long term compensated absences are provided on the basis of actuarial valuation made by an independent actuary using projected unit credit method as at Balance Sheet date.

### 3.6 Income Taxes

Income tax expense comprises current and deferred tax. Tax expenses are recognised in the statement of profit and loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case the corresponding tax effect is also recognised directly in equity or in other comprehensive income, respectively.

#### (i) Current tax

The current tax is the expected tax payable on the taxable income for the year on the basis of the applicable tax rates and prevailing tax laws and any adjustments to tax payable in previous years. Taxable profit differs from profit as reported in the Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current tax assets and current tax liabilities are offset when there is legally enforceable right to set off the recognized amount and there is an intention to settle the asset and liability on a net basis.

#### (ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the

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corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred taxes are recognised in respect of temporary differences which originate during the tax holiday period but reverse after the tax holiday period. For this purpose, reversal of temporary difference is determined using first in first out method.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax recovery adjustment account is credited/ debited to the extent the deferred tax for the current period which forms part of current tax in the subsequent periods and affects the computation of return on equity (ROE), a component of tariff.

## 3.7 Property, Plant and Equipment ('PPE')

- (i) Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.
- (ii) Payments / liabilities made towards compensation, rehabilitation and other expenses related to land in possession are treated as cost of land.
- (iii) Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized. Other spare parts are carried as inventory and recognized in the statement of profit and loss on consumption.
- (iv) Expenditure incurred on assets under construction (including a project) is carried at cost under Capital Work in Progress (CWIP). CWIP are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.
- (v) Depreciation
  - (a) Depreciation on assets related to electricity generation business is charged on straight line method as per the rates and methodology provided by Appendix III of the amended Regulation dated December 16, 2014 issued by the Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulations, 2014, which is in accordance with Part B of Schedule II of Companies Act, 2013.
  - (b) Enabling assets used for construction of the plant, are having useful life till the date of commencement of commercial operation of the plant and depreciated accordingly.
  - (c) Leasehold Land is amortized over the period of lease.
  - (d) All other assets are depreciated as per the useful life estimated by the management which are in accordance with the schedule II of the Companies Act, 2013.
  - (e) Depreciation on additions/deletions to PPE during the year / period is provided for on a pro-rata basis with reference to the date of additions/deletions except low value items not exceeding Rs 5,000 which are fully depreciated over the period of one year.
- (vi) Profit or loss on sale / retirement of property, plant and equipment (PPE) is recognized in statement of profit and loss.

## 3.8 Intangible assets

- (i) Software which is not an integral part of hardware is classified as intangible assets and is stated at cost of acquisition less accumulated amortisation and impairment losses if any.
- (ii) Intangible assets represented by computer software is being amortised over a period of five years on straight line method.

## 3.9 Impairment of non-financial assets

The carrying amount of assets are reviewed at each balance sheet date for any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the statement of profit and loss in the year / period in which an asset is identified as impaired.

## 3.10 Inventories

Inventory is valued at cost or net realisable value whichever is lower. Cost includes the cost of purchase and other associated cost incurred in bringing the inventories to the present location and condition. Net realisable value is the estimated selling price of ultimate products in the ordinary course of business . Cost is arrived at on weighted average basis.

## 3.11 Provisions, contingent liabilities and contingent assets

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Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed in the restated financial statements unless possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are disclosed in the restated financial statements when an inflow of economic benefits is probable.

### 3.12 Earnings per share

Basic earnings per share are calculated by dividing the profit for the year/period by the weighted average number of equity shares outstanding during the year/period.

For the purpose of calculating diluted earnings per share, profit for the year/period and the weighted average number of shares outstanding during the period/year are adjusted for the effect of all dilutive potential equity shares.

### 3.13 Statement of cash flow

Statement of cash flow is prepared under indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

### 3.14 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flow comprise cash at banks and on hand net of outstanding book overdrafts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### 3.15 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. Financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

#### (i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Incremental costs directly attributable to the issuance of new ordinary equity shares are recognized as a deduction from equity, net of tax effects.

#### (ii) Financial assets

##### (a) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

##### (b) Financial assets at fair value through other comprehensive income (OCI)

Financial assets are subsequently measured at fair value through Other Comprehensive Income if these financial assets are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest

##### (c) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition.

##### (d) Impairment of financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure.

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ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head ‘other expenses’ in the P&L. In balance sheet, ECL is presented as an allowance, i.e., as an integral part of the measurement of financial assets.

### (d) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received / receivable is recognised in the statement of profit and loss.

### (iii) Financial liabilities

#### (a) Financial liabilities at amortised cost

Financial liabilities are 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. This category applies to borrowings, trade and other payables.

#### (b) Derecognition

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid / payable is recognised in the statement of profit and loss.

#### (iv) Offsetting of financial instruments

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

## 3.16 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

## 3.17 Derivative financial instruments and hedge accounting

The Company uses derivative financial instrument (forward contract and cross currency interest rate swaps) to hedge its foreign currency and 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.

For the purpose of hedge accounting, hedging by cross currency interest rate swap contract is classified as cash flow hedge.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

## 3.18 Significant accounting judgements, estimates and assumptions

The preparation of the restated financial statements are in confirmative with the recognition and measurement of Ind AS which requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. 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.

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The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the restated financial statements are prepared. 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.

#### **(a) Revenue**

The Company records revenue from sale of energy based on tariff rates approved by the UPERC which is subject to being exercised after end of tariff period. However, in cases where final tariff rates are yet to be approved, provisional rates are adopted considering the applicable UPERC Tariff Regulations & Terms & Conditions of Power Purchase Agreement (PPA).

#### **(b) Defined benefit plans (gratuity benefits) and other long term employee benefits**

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

#### **(c) Useful life of property, plant and equipment**

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Useful life of the assets of the electricity generation business is determined by the UPERC Tariff Regulations in accordance with Schedule II of the Companies Act, 2013.

#### **(d) Recoverable amount of property, plant and equipment**

The recoverable amount of plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

#### **(e) Provisions and contingencies**

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has been made on the basis of best judgement by management regarding the probability of exposure to potential outflow of economic resources. Such estimation can change following unforeseeable developments.

#### **(f) Fair value measurement of derivative and other financial instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements in the selection of a method in making assumptions that are mainly based on market conditions existing at the Balance Sheet date and in identifying the most appropriate estimate of fair value when a wide range of fair value measurements are possible.

### **3.19 Application of new Indian Accounting Standards**

#### **Application of new and revised Ind AS**

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the restated financial statements are authorized have been considered in preparing these restated financial statements

**4 Property, plant and equipment**

	Rs. in Million								
	Freehold land	Leasehold land (ii)	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Capital work in progress	Total
<b>Cost</b>									
As at April 1, 2015	925.24	5.14	3.45	306.40	8.86	58.12	17.52	1,13,557.57	1,14,882.30
Additions	75.20	-	1,842.43	47,575.40	20.38	33.05	17.74	35,076.61	84,640.81
Disposals/ adjustments	-	-	-	-	-	0.02	-	49,489.20	49,489.22
<b>As at March 31, 2016</b>	<b>1,000.44</b>	<b>5.14</b>	<b>1,845.88</b>	<b>47,881.80</b>	<b>29.24</b>	<b>91.15</b>	<b>35.26</b>	<b>99,144.98</b>	<b>1,50,033.89</b>
Additions	1.14	-	3,805.35	1,09,931.40	3.17	9.89	-	15,411.71	1,29,162.66
Disposals/ adjustments	-	-	-	-	-	0.14	-	1,14,508.18	1,14,508.32
<b>As at March 31, 2017</b>	<b>1,001.58</b>	<b>5.14</b>	<b>5,651.23</b>	<b>1,57,813.20</b>	<b>32.41</b>	<b>100.90</b>	<b>35.26</b>	<b>48.51</b>	<b>1,64,688.23</b>
Additions	-	-	125.11	1,845.57	2.87	4.23	0.21	2,070.70	4,048.69
Disposals/ adjustments	-	-	-	-	-	-	0.57	1,970.68	1,971.25
<b>As at March 31, 2018</b>	<b>1,001.58</b>	<b>5.14</b>	<b>5,776.34</b>	<b>1,59,658.77</b>	<b>35.28</b>	<b>105.13</b>	<b>34.90</b>	<b>148.53</b>	<b>1,66,765.67</b>
Additions	1.50	-	0.47	34.14	0.12	1.83	0.02	105.85	143.93
Disposals/ adjustments	-	-	-	-	-	-	-	34.61	34.61
<b>As at Dec. 31, 2018</b>	<b>1,003.08</b>	<b>5.14</b>	<b>5,776.81</b>	<b>1,59,692.91</b>	<b>35.40</b>	<b>106.96</b>	<b>34.92</b>	<b>219.77</b>	<b>1,66,874.99</b>
<b>As at April 1, 2017</b>	<b>1,001.58</b>	<b>5.14</b>	<b>5,651.23</b>	<b>1,57,813.20</b>	<b>32.41</b>	<b>100.90</b>	<b>35.26</b>	<b>48.51</b>	<b>1,64,688.23</b>
Additions	-	-	0.98	5.14	2.72	4.21	0.21	1,933.18	1,946.44
Disposals/ adjustments	-	-	-	-	-	-	0.48	6.12	6.60
<b>As at Dec 31, 2017</b>	<b>1,001.58</b>	<b>5.14</b>	<b>5,652.21</b>	<b>1,57,818.34</b>	<b>35.13</b>	<b>105.11</b>	<b>34.99</b>	<b>1,975.57</b>	<b>1,66,628.07</b>
<b>Depreciation</b>									
As at April 1, 2015	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	0.19	16.69	882.79	2.06	9.92	2.55	-	914.20
Disposals	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2016</b>	<b>-</b>	<b>0.19</b>	<b>16.69</b>	<b>882.79</b>	<b>2.06</b>	<b>9.92</b>	<b>2.55</b>	<b>-</b>	<b>914.20</b>
Depreciation charge for the year	-	0.19	106.28	5,160.80	2.70	15.34	3.77	-	5,289.08
Disposals	-	-	-	-	-	0.01	-	-	0.01
<b>As at March 31, 2017</b>	<b>-</b>	<b>0.38</b>	<b>122.97</b>	<b>6,043.59</b>	<b>4.76</b>	<b>25.25</b>	<b>6.32</b>	<b>-</b>	<b>6,203.27</b>
Depreciation charge for the year	-	0.19	191.84	9,184.73	2.38	13.49	3.94	-	9,396.57
Disposals	-	-	-	-	-	-	0.16	-	0.16
<b>As at March 31, 2018</b>	<b>-</b>	<b>0.57</b>	<b>314.81</b>	<b>15,228.32</b>	<b>7.14</b>	<b>38.74</b>	<b>10.10</b>	<b>-</b>	<b>15,599.68</b>
Depreciation charge for the period	-	0.14	145.43	7,000.83	1.84	8.72	2.81	-	7,159.77
Disposals	-	-	-	-	-	-	-	-	-
<b>As at Dec. 31, 2018</b>	<b>-</b>	<b>0.71</b>	<b>460.24</b>	<b>22,229.15</b>	<b>8.98</b>	<b>47.46</b>	<b>12.91</b>	<b>-</b>	<b>22,759.45</b>
<b>As at April 1, 2017</b>	<b>-</b>	<b>0.38</b>	<b>122.97</b>	<b>6,043.59</b>	<b>4.76</b>	<b>25.25</b>	<b>6.32</b>	<b>-</b>	<b>6,203.27</b>
Depreciation charge for the period	-	0.14	142.74	6,919.29	1.76	10.62	2.97	-	7,077.52
Disposals	-	-	-	-	-	-	0.13	-	0.13
<b>As at Dec 31, 2017</b>	<b>-</b>	<b>0.52</b>	<b>265.71</b>	<b>12,962.88</b>	<b>6.52</b>	<b>35.87</b>	<b>9.16</b>	<b>-</b>	<b>13,280.66</b>
<b>Net book value</b>									
As at March 31, 2016	1,000.44	4.95	1,829.19	46,999.01	27.18	81.23	32.71	99,144.98	1,49,119.69
As at March 31, 2017	1,001.58	4.76	5,528.26	1,51,769.61	27.65	75.65	28.94	48.51	1,58,484.96
As at March 31, 2018	1,001.58	4.57	5,461.53	1,44,430.45	28.14	66.39	24.80	148.53	1,51,165.99
As at Dec 31, 2017	1,001.58	4.62	5,386.50	1,44,855.46	28.61	69.24	25.83	1,975.57	1,53,347.41
<b>As at Dec. 31, 2018</b>	<b>1,003.08</b>	<b>4.43</b>	<b>5,316.57</b>	<b>1,37,463.76</b>	<b>26.42</b>	<b>59.50</b>	<b>22.01</b>	<b>219.77</b>	<b>1,44,115.54</b>
<b>Carrying amount</b>									
	Rs. in Million								
	As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016				
Property, plant and equipment	1,43,895.77	1,51,371.84	1,51,017.46	1,58,436.45	49,974.71				
Capital work in progress (Refer note (iv))	219.77	1,975.57	148.53	48.51	99,144.98				
<b>Total</b>	<b>1,44,115.54</b>	<b>1,53,347.41</b>	<b>1,51,165.99</b>	<b>1,58,484.96</b>	<b>1,44,119.69</b>				

**Note**

(i) Refer note 17 for details of all items of property, plant and equipment including intangible assets have been mortgaged / hypothecated in favour of the lenders of the Company.

(ii) The Company has obtained Land under finance lease from Government authority for long term lease period.

(iii) Refer note 34.2 for contractual commitment for the acquisition of property, plant and equipment.

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Annexure A VI - Notes to Restated Summary Financial Information

(iv) Capital work in progress:

	As at April 1, 2015	Additions	Deductions / Capitalised	As at March 31, 2016	Additions	Deductions / Capitalised	As at March 31, 2017	Additions	Deductions / Capitalised	As at March 31, 2018	Additions	Deductions / Capitalised	As at Dec. 31, 2018	Rs. in Million
Plant & machinery / civil work in progress	85,128.59	18,436.06	34,263.22	69,301.43	5,402.37	74,655.29	48.51	2,070.70	1,970.68	148.53	105.85	34.61	219.77	
<b>Pre-operative Expenses</b>														
Manpower cost	1,381.76	753.35	662.09	1,473.02	299.24	1,772.26	-	-	-	-	-	-	-	-
Rent	147.12	43.47	61.85	128.74	16.80	145.54	-	-	-	-	-	-	-	-
Rates & taxes	104.49	3.45	36.15	71.79	1.65	73.44	-	-	-	-	-	-	-	-
Repairs	53.37	19.96	23.64	49.69	5.38	55.07	-	-	-	-	-	-	-	-
Professional charges	599.22	197.98	250.21	546.99	68.04	615.03	-	-	-	-	-	-	-	-
Miscellaneous expenses	1,086.50	319.57	448.77	957.30	285.99	1,243.29	-	-	-	-	-	-	-	-
Interest	22,945.77	12,745.53	11,383.08	24,308.22	7,258.52	31,566.74	-	-	-	-	-	-	-	-
Finance charges	1,737.69	511.96	742.55	1,507.10	502.74	2,009.84	-	-	-	-	-	-	-	-
CSR expenses	186.42	12.39	66.19	132.62	292.19	424.81	-	-	-	-	-	-	-	-
Depreciation / amortisation	237.39	148.93	119.00	267.32	174.03	441.35	-	-	-	-	-	-	-	-
Trial run expenses (Refer note (i))	64.77	2,017.47	1,506.32	575.92	1,104.76	1,680.68	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,13,673.09</b>	<b>35,210.12</b>	<b>49,563.07</b>	<b>99,320.14</b>	<b>15,411.71</b>	<b>1,14,683.34</b>	<b>48.51</b>	<b>2,070.70</b>	<b>1,970.68</b>	<b>148.53</b>	<b>105.85</b>	<b>34.61</b>	<b>219.77</b>	
Less: Interest received / other income	115.52	133.51	73.87	175.16	-	175.16	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,13,557.57</b>	<b>35,076.61</b>	<b>49,489.20</b>	<b>99,144.98</b>	<b>15,411.71</b>	<b>1,14,508.18</b>	<b>48.51</b>	<b>2,070.70</b>	<b>1,970.68</b>	<b>148.53</b>	<b>105.85</b>	<b>34.61</b>	<b>219.77</b>	

	As at March 31, 2017	Additions	Deductions / Capitalised	As at Dec 31, 2017
Plant & machinery / civil work in progress	48.51	1,933.18	6.12	1,975.57
<b>Pre-operative Expenses</b>				
Manpower cost	-	-	-	-
Rent	-	-	-	-
Rates & taxes	-	-	-	-
Repairs	-	-	-	-
Professional charges	-	-	-	-
Miscellaneous expenses	-	-	-	-
Interest	-	-	-	-
Finance charges	-	-	-	-
CSR expenses	-	-	-	-
Depreciation / amortisation	-	-	-	-
Trial run expenses (Refer note (i))	-	-	-	-
<b>TOTAL</b>	<b>48.51</b>	<b>1,933.18</b>	<b>6.12</b>	<b>1,975.57</b>
Less: Interest received / other income	-	-	-	-
<b>Total</b>	<b>48.51</b>	<b>1,933.18</b>	<b>6.12</b>	<b>1,975.57</b>

**Breakup of depreciation and amortisation**

	Rs. in Million				
	Nine months ended	Nine months ended	Year ended	Year ended	Year ended
	Dec. 31, 2018	Dec. 31, 2017	March 31, 2018	March 31, 2017	March 31, 2016
<b>Depreciation</b>					
Charged to statement of profit and loss	7,159.77	7,077.52	9,396.57	5,118.23	770.60
Added to capital work-in-progress	-	-	-	170.85	143.60
	7,159.77	7,077.52	9,396.57	5,289.08	914.20
<b>Amortisation</b>					
Charged to statement of profit and loss	0.21	2.09	2.28	3.95	1.78
Added to capital work-in-progress	-	-	-	3.18	5.34
	0.21	2.09	2.28	7.13	7.12
<b>Total</b>	<b>7,159.98</b>	<b>7,079.61</b>	<b>9,398.85</b>	<b>5,296.21</b>	<b>921.32</b>

(i) Breakup of trial run expenses

	Rs. in Million				
	As at April 1, 2015	Additions	Deductions / Capitalised	As at March 31, 2016	Additions
<b>Trial run expenses</b>					
Cost of raw material consumed	64.77	3,410.94	2,788.74	686.97	1,716.91
Less: Sale of infirm power		(1,393.47)	(1,282.42)	(111.05)	(612.15)
<b>Total</b>	<b>64.77</b>	<b>2,017.47</b>	<b>1,506.32</b>	<b>575.92</b>	<b>1,104.76</b>
					-
					(723.20)

**LALITPUR POWER GENERATION COMPANY LIMITED**  
Annexure A VI - Notes to Restated Summary Financial Information

**5 Intangible assets**

	<b>Rs. in Million</b>				
	<b>Computer software</b>	<b>Total</b>			
<b>Cost</b>					
<b>As at April 1, 2015</b>	<b>16.25</b>	<b>16.25</b>			
Additions	0.21	0.21			
Disposals/ adjustments	-	-			
<b>As at March 31, 2016</b>	<b>16.46</b>	<b>16.46</b>			
Additions	0.76	0.76			
Disposals/ adjustments	-	-			
<b>As at March 31, 2017</b>	<b>17.22</b>	<b>17.22</b>			
Additions	-	-			
Disposals/ adjustments	-	-			
<b>As at March 31, 2018</b>	<b>17.22</b>	<b>17.22</b>			
Additions	0.50	0.50			
Disposals/ adjustments	-	-			
<b>As at Dec. 31, 2018</b>	<b>17.72</b>	<b>17.72</b>			
 <b>As at April 1, 2017</b>	 <b>17.22</b>	 <b>17.22</b>			
Additions	-	-			
Disposals/ adjustments	-	-			
<b>As at Dec 31, 2017</b>	<b>17.22</b>	<b>17.22</b>			
 <b>Amortisation and impairment</b>					
<b>As at April 1, 2015</b>	<b>-</b>	<b>-</b>			
Amortisation charge for the year	7.12	7.12			
Disposals	-	-			
<b>As at March 31, 2016</b>	<b>7.12</b>	<b>7.12</b>			
Amortisation charge for the year	7.13	7.13			
Disposals	-	-			
<b>As at March 31, 2017</b>	<b>14.25</b>	<b>14.25</b>			
Amortisation charge for the year	2.28	2.28			
Disposals	-	-			
<b>As at March 31, 2018</b>	<b>16.53</b>	<b>16.53</b>			
Amortisation charge for the period	0.21	0.21			
Disposals	-	-			
<b>As at Dec. 31, 2018</b>	<b>16.74</b>	<b>16.74</b>			
 <b>As at April 1, 2017</b>	 <b>14.25</b>	 <b>14.25</b>			
Amortisation charge for the period	2.09	2.09			
Disposals	-	-			
<b>As at Dec 31, 2017</b>	<b>16.34</b>	<b>16.34</b>			
 <b>Net book value</b>					
As at March 31, 2016	9.34	9.34			
As at March 31, 2017	2.97	2.97			
As at March 31, 2018	0.69	0.69			
As at Dec 31, 2017	0.88	0.88			
<b>As at Dec. 31, 2018</b>	<b>0.98</b>	<b>0.98</b>			
 <b>Carrying amount</b>					
	<b>As at Dec. 31, 2018</b>	<b>As at Dec 31, 2017</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Intangible assets	0.98	0.88	0.69	2.97	9.34
	<b>0.98</b>	<b>0.88</b>	<b>0.69</b>	<b>2.97</b>	<b>9.34</b>
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	<u>As at Dec. 31, 2018</u>	<u>As at Dec 31, 2017</u>	<u>As at March 31, 2018</u>	<u>As at March 31, 2017</u>	<u>As at March 31, 2016</u>
<b>6 Current Investments</b>					<b>Rs. in Million</b>
<b><u>Investment at fair value through profit or loss (FVTPL)</u></b>					
<b><u>In mutual funds (Quoted)*</u></b>					
(i) Nil (December 31, 2017 - Nil, March 31, 2018 - Nil, March 31, 2017 - Nil and March 31, 2016 - 150,859.926) units of SBI Treasury Advantage Fund (Regular Plan - Growth)	-	-	-	-	253.13
(ii) 272,434.950 (December 31, 2017 - 206,492.931, March 31, 2018 - 169,413.621, March 31, 2017 - 335,116.297, March 31, 2016 - 642,875.708) units of SBI Premier Liquid Fund (Direct Plan - Growth)	783.55	552.90	461.55	855.32	1,530.66
<b>Total</b>	<b><u>783.55</u></b>	<b><u>552.90</u></b>	<b><u>461.55</u></b>	<b><u>855.32</u></b>	<b><u>1,783.79</u></b>
* Refer note 37.4 for determination of their fair value.					
Aggregate book value of quoted investments	783.55	552.90	461.55	855.32	1,783.79
Aggregate market value of quoted investments (refer note 37.4)	783.55	552.90	461.55	855.32	1,783.79
Aggregate amount of impairment in value of investments	-	-	-	-	-
<b>7 Loans</b>					
(Unsecured considered good unless stated otherwise)					
<b>(a) Non current</b>					
Security deposits	-	-	-	-	6.08
<b>Sub Total (A)</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>6.08</u></b>
<b>(b) Current</b>					
Security deposits (i)	19.05	22.91	19.06	136.13	43.49
Loans to Employees	1.60	2.46	2.31	2.04	2.66
<b>Sub Total (B)</b>	<b><u>20.65</u></b>	<b><u>25.37</u></b>	<b><u>21.37</u></b>	<b><u>138.17</u></b>	<b><u>46.15</u></b>
<b>Total (A+B)</b>	<b><u>20.65</u></b>	<b><u>25.37</u></b>	<b><u>21.37</u></b>	<b><u>138.17</u></b>	<b><u>52.23</u></b>

(i) Security deposit includes Rs.10.57 Million (December 31, 2017 Rs.10.57 Million, March 31, 2018 Rs.10.57 Million, March 31, 2017 Rs.10.57 Million, March 31, 2016 Rs.10.57 Million) recoverable from related parties. Refer note 36 for detail.

**LALITPUR POWER GENERATION COMPANY LIMITED**

Annexure A VI - Notes to Restated Summary Financial Information

		As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	Rs. in Million
<b>8 Other financial assets</b> (Unsecured, considered good)							
<b>(a) Non Current</b>							
<b>(i) At fair value through OCI</b>							
Cash flow hedges - Cross currency interest rate swap		746.58	-	-	-	-	219.90
<b>(ii) At amortised cost</b>							
Non current bank balances		-	92.88	103.69	102.73	-	
(kept as margin money deposits maturing after 12 months from the reporting date)							
Miscellaneous claims receivables		119.74	-	-	-	-	
<b>Sub Total (A)</b>		<b>866.32</b>	<b>92.88</b>	<b>103.69</b>	<b>102.73</b>	<b>219.90</b>	
<b>(b) Current</b>							
<b>(i) At fair value through OCI</b>							
Cross currency interest rate swap		62.22	-	-	-	-	
<b>(ii) At fair value through profit or loss</b>							
Derivatives not designated as hedges		-	21.58	32.27	-	-	
<b>(iii) At amortised cost</b>							
Other receivables (refer note 31)		29,485.00	26,089.65	30,236.08	16,498.12	2,999.89	
Miscellaneous claims receivables		92.46	402.69	524.80	32.99	171.06	
Land advances receivables		-	-	-	5.16	12.99	
<b>Sub Total (B)</b>		<b>29,639.68</b>	<b>26,513.92</b>	<b>30,793.15</b>	<b>16,536.27</b>	<b>3,183.94</b>	
<b>Total (A+B)</b>		<b>30,506.00</b>	<b>26,606.80</b>	<b>30,896.84</b>	<b>16,639.00</b>	<b>3,403.84</b>	
<b>(i) Movement in other receivables</b>							
Opening Balance		30,236.08	16,498.12	16,498.12	2,999.89	-	
Addition during the year/period		3,389.14	9,591.53	13,737.96	13,498.23	2,999.89	
Billed / adjusted during the year/period		(4,140.22)	-	-	-	-	
<b>Closing balance</b>		<b>29,485.00</b>	<b>26,089.65</b>	<b>30,236.08</b>	<b>16,498.12</b>	<b>2,999.89</b>	
<b>9 Other current assets</b> (Unsecured, considered good)							
<b>(a) Non current</b>							
Capital advances (i)		11,236.01	10,738.43	10,754.58	11,480.73	13,234.70	
Other recoverable		4.84	89.10	100.56	70.23	46.21	
Deposits with Government authorities							
Excise & Custom authorities (ii)		203.33	884.61	568.18	1,099.64	949.18	
Income tax authorities		11.76	11.76	11.76	11.76	11.76	
<b>Sub Total (A)</b>		<b>11,455.94</b>	<b>11,723.90</b>	<b>11,435.08</b>	<b>12,662.36</b>	<b>14,241.85</b>	
<b>(b) Current</b>							
Advance to suppliers		1,814.95	3,248.47	4,877.47	2,903.19	499.48	
Staff imprest		21.05	9.32	3.62	2.81	5.57	
Prepaid expenses		50.00	84.28	5.61	131.01	44.63	
Deferred expenses		-	-	-	0.43	0.66	
Deposits with Government authorities							
Custom authorities (iii)		0.75	0.75	0.75	15.75	-	
Excise and service tax		0.11	0.11	0.11	0.10	0.13	
<b>Sub total (B)</b>		<b>1,886.86</b>	<b>3,342.93</b>	<b>4,887.56</b>	<b>3,053.29</b>	<b>550.47</b>	
<b>Total (A+B)</b>		<b>13,342.80</b>	<b>15,066.83</b>	<b>16,322.64</b>	<b>15,715.65</b>	<b>14,792.32</b>	

- (i) Includes amount of Rs. 5,105.42 Million (December 31, 2017 - Rs. 4,702.40 Million, March 31, 2018 - Rs. 4,710.55 Million, March 31, 2017 - Rs 5,087.70 Million, March 31, 2016 - Rs. 5,565.20 Million) given to related party against supplies. Refer note 36.
- (ii) Excise & Custom duty paid against supply of project material, which is refundable to Company by the central excise & custom department of Government of India upon receiving of "Mega Power Project Certificate" in accordance with the Mega Power Policy 2009, issued by the Ministry of Power (Government of India).
- (iii) These are paid under protest to Government authorities.

	<b>As at Dec. 31, 2018</b>	<b>As at Dec 31, 2017</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>	<b>Rs. in Million As at March 31, 2016</b>
<b>10 Inventories</b>					
(At lower of cost or net realisable value, unless otherwise stated )					
Raw materials (including in transit) (refer note (i))	222.87	744.55	829.21	745.30	1,999.24
Stores and spares	590.84	429.35	481.79	184.41	64.83
<b>Total</b>	<b>813.71</b>	<b>1,173.90</b>	<b>1,311.00</b>	<b>929.71</b>	<b>2,064.07</b>
(i) Includes stock in transit Rs. 0.70 Million (December 31, 2017 - Rs 5.68 Million, March 31, 2018 - Rs 303.60 Million, March 31, 2017 - Rs 181.58 Million, March 31, 2016 - Rs. 279.44 Million).					
<b>11 Trade receivables</b>					
- Secured, considered good	28,071.44	15,377.19	7,258.16	8,607.97	906.55
- Unsecured, considered good (iv)	3.50	1.42	1.09	0.22	0.06
<b>Total</b>	<b>28,074.94</b>	<b>15,378.61</b>	<b>7,259.25</b>	<b>8,608.19</b>	<b>906.61</b>
(i) Secured trade receivables represents sum receivable from Uttar Pradesh Power Corporation Limited, duly secured as per terms of Power Purchase Agreement ('PPA') executed on Dec 10, 2010 along with supplementary PPA on June 15, 2011.					
(ii) Secured receivables includes unbilled revenues for sale of energy and late payment surcharge bill of Rs. 2,788.37 Million (December 31, 2017 - Rs 3,843.66 Million, March 31, 2018 - Rs 2,874.90 Million, March 31, 2017 - Rs 4,033.29 Million, March 31, 2016 - Rs. 803.28 Million) and Nil (March 31, 2018 - Rs. 121.92 Million, December 31, 2017 - Nil, March 31, 2017 - Nil, March 31, 2016 - Nil) respectively for which the bills have been raised to customers subsequent to the reporting date.					
(iii) Refer note 37.3 for credit risk analysis of trade receivables.					
(iv) Includes amount of Rs. 1.37 Million (December 31, 2017 - Rs. 0.52 Million, March 31, 2018 - Rs. 0.77 Million, March 31, 2017 - Nil, March 31, 2016 - Nil) receivable from related party towards supplies. Refer note 36.					
<b>12 Cash and cash equivalents</b>					
Cash in hand	0.48	1.15	0.60	1.11	1.20
Balances with banks					
- in current accounts	128.55	44.28	2,068.30	160.40	64.43
- in deposit accounts (having original maturity less than 3 months from date of deposit)	3.01	-	-	-	40.05
<b>Total</b>	<b>132.04</b>	<b>45.43</b>	<b>2,068.90</b>	<b>161.51</b>	<b>105.68</b>
<b>13 Other bank balances</b>					
Fixed deposits held as margin money maturing within 12 months from reporting date	12.51	57.22	67.51	56.14	10.90
<b>Total</b>	<b>12.51</b>	<b>57.22</b>	<b>67.51</b>	<b>56.14</b>	<b>10.90</b>
<b>14 Current tax assets and liabilities</b>					
<b>Current tax assets</b>					
Advance income tax (net) (i)	17.28	17.30	17.40	17.30	16.11
<b>Total</b>	<b>17.28</b>	<b>17.30</b>	<b>17.40</b>	<b>17.30</b>	<b>16.11</b>
<b>Current tax liabilities</b>					
Current tax payables (net)	29.25	137.14	9.66	134.04	158.62
<b>Total</b>	<b>29.25</b>	<b>137.14</b>	<b>9.66</b>	<b>134.04</b>	<b>158.62</b>

(i) Includes Rs 1.23 Million (December 31, 2017 - Rs 1.23 Million, March 31, 2018 - Rs 1.23 Million, March 31, 2017 - Rs 1.23 Million, March 31, 2016 - Nil) paid under protest to Income tax Authority for assessment year 2014-15. Refer note 34.3 for detail of contingent liabilities.

		As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	Rs. in Million As at March 31, 2016
<b>15 Share capital</b>						
<b>Authorised share capital</b>						
165,00,00,000 (December 31, 2017 - 165,00,00,000, March 31, 2018 - 165,00,00,000, March 31, 2017 - 165,00,00,000, March 31, 2016 - 165,00,00,000) equity shares of Rs. 10/- each		16,500.00	16,500.00	16,500.00	16,500.00	16,500.00
<b>Issued</b>						
9,20,20,167 (December 31, 2017 - 9,20,20,167, March 31, 2018 - 9,20,20,167, March 31, 2017 - 9,01,55,988, March 31, 2016 - 8,55,83,290) equity shares of Rs. 10/- each		920.20	920.20	920.20	901.56	855.83
<b>subscribed and paid up:</b>						
8,81,85,993 (December 31, 2017 - 8,81,85,993, March 31, 2018 - 8,81,85,993, March 31, 2017 - 8,81,85,993, March 31, 2016 - 8,03,87,434) equity shares of Rs. 10/- each		881.86	881.86	881.86	881.86	803.87
<b>Total</b>		<b>881.86</b>	<b>881.86</b>	<b>881.86</b>	<b>881.86</b>	<b>803.87</b>
<b>Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period</b>						
<b>Particulars</b>				<b>In Nos.</b>		<b>Rs. in Million</b>
As at April 1, 2015				7,36,19,756		736.20
Add: shares allotted during the year 2015-16				67,67,678		67.68
<b>As at March 31, 2016</b>				<b>8,03,87,434</b>		<b>803.87</b>
Add: shares allotted during the year 2016-17				77,98,559		77.99
<b>As at March 31, 2017</b>				<b>8,81,85,993</b>		<b>881.86</b>
Add: shares allotted during the year 2017-18				-		-
<b>As at March 31, 2018</b>				<b>8,81,85,993</b>		<b>881.86</b>
Add: shares allotted during the nine months period				-		-
<b>As at Dec. 31, 2018</b>				<b>8,81,85,993</b>		<b>881.86</b>
<b>As at March 31, 2017</b>				<b>8,81,85,993</b>		<b>881.86</b>
Add: shares allotted during the nine months period				-		-
<b>As at Dec 31, 2017</b>				<b>8,81,85,993</b>		<b>881.86</b>
<b>Terms/rights attached to equity shares</b>						
The Company has only one class of equity share having a face value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to the capital paid up at the commencement of winding up.						
<b>Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates</b>						
		As at Dec. 31, 2018 In Nos.	As at Dec 31, 2017 In Nos.	As at March 31, 2018 In Nos.	As at March 31, 2017 In Nos.	As at March 31, 2016 In Nos.
Bajaj Power Ventures Private Limited (Holding company)		5,44,97,000	5,44,97,000	5,44,97,000	5,44,97,000	5,21,52,987
Bajaj Energy Limited (Fellow subsidiary company)		1,82,49,093	1,82,49,093	1,82,49,093	1,82,49,093	1,27,94,547
<b>The details of shareholders holding more than 5% shares</b>						
		As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Bajaj Power Ventures Private Limited	Nos. %	5,44,97,000 61.80%	5,44,97,000 61.80%	5,44,97,000 61.80%	5,44,97,000 61.80%	5,21,52,987 64.88%
Bajaj Energy Limited <i>(Formerly known as Bajaj Energy Pvt Ltd)</i>	Nos. %	1,82,49,093 20.69%	1,82,49,093 20.69%	1,82,49,093 20.69%	1,82,49,093 20.69%	1,27,94,547 15.91%
Bajaj Hindusthan Sugar Limited * <i>(Formerly known as Bajaj Hindusthan Ltd)</i>	Nos. %	1,54,39,900 17.51%	1,54,39,900 17.51%	1,54,39,900 17.51%	1,54,39,900 17.51%	1,54,39,900 19.21%
* Includes five shares held by nominee share holders.						
<b>16 Other equity</b>						
Share application money pending allotment		-	-	-	-	700.18
<b>Reserve &amp; Surplus</b>						
Security premium		42,982.00	42,982.00	42,982.00	42,982.00	39,199.70
Cash flow hedge reserve (Refer note 30)		(236.52)	(651.74)	(488.17)	(521.20)	(409.88)
Retained earning		1,812.59	2,140.16	1,640.89	3,832.07	430.35
<b>Total</b>		<b>44,558.07</b>	<b>44,470.42</b>	<b>44,134.72</b>	<b>46,292.87</b>	<b>39,920.35</b>

Securities Premium is used to record the premium received on issue shares. It is utilised in accordance with the provisions of Companies Act 2013. Refer statement of change in equity for movement in other equity.

						Rs. in Million
		As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>17</b>	<b>Borrowings</b>					
<b>17.1</b>	<b>Non current borrowings</b>					
	<b>Secured</b>					
	<b>Rupee term loan</b>					
	From banks	1,06,679.95	1,11,118.53	1,10,525.63	1,05,643.20	1,02,012.09
	From others	10,473.12	10,909.75	10,852.10	11,082.10	8,116.90
	<b>Foreign currency term loan</b>					
	From others	9,773.71	9,288.00	9,401.47	9,531.90	9,949.94
	<b>Total</b>	<b>1,26,926.78</b>	<b>1,31,316.28</b>	<b>1,30,779.20</b>	<b>1,26,257.20</b>	<b>1,20,078.93</b>

**Terms of secured loans is set out below**

(i) **Interest rate :**

Rate of interest for above mentioned facilities (except ECB Loan of USD 150 million) is bank Base Rate (BR) / Marginal Cost of Fund based Lending Rate (MCLR) as the case may be for respective facility, plus / minus applicable spread payable on monthly rest. Applicable spread to be reset periodically.

In case of ECB loan of USD 150 million, rate of interest is 6 months USD LIBOR plus the applicable spread. Further USD-INR swap contract has been entered for hedging the interest as well as repayment obligations of the said facility.

(ii) **Maturity :**

The maturity profile of above mentioned facilities including current maturities is as follows:-

Particulars	Rs. in Million				
	As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Current maturities (refer note 18) (b) (iii)	5,320.37	1,794.96	1,474.24	8,150.89	-
Long term maturities	1,26,926.78	1,31,316.28	1,30,779.20	1,26,257.20	1,20,078.93
<b>Total secured loan</b>	<b>1,32,247.15</b>	<b>1,33,111.24</b>	<b>1,32,253.44</b>	<b>1,34,408.09</b>	<b>1,20,078.93</b>

(iii) **Repayment :**

The repayment schedule of above mentioned facilities is as follows:-

Particulars	Rs. in Million				
	As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
(a) Rupee Term Loan (RTL) facility (sanctioned Rs 79,570 Million) - Repayable in structured quarterly instalments starting from June 2017 with last instalment due on March, 2037.	77,623.27	78,420.83	77,768.28	79,569.80	79,569.80
(December 31, 2017 - sanctioned Rs 79,570 Million - Repayable in structured quarterly instalments starting from June 2017 with last instalment due on March, 2037.)					
(March 31, 2018 - sanctioned Rs 79,570 Million and Repayable in structured quarterly instalments starting from June 2017 with last instalment due on March, 2037.)					
(March 31, 2017 - sanctioned Rs 79,570 Million and Repayable in equal quarterly instalments starting from June 2017 with last instalment due on March, 2027.)					
(March 31, 2016 - sanctioned Rs 79,570 Million and Repayable in equal quarterly instalments starting from June 2017 with last instalment due on March, 2027.)					
(b) External Commercial Borrowing (ECB) facilities amounting to (sanctioned - USD 150 Million and outstanding - USD 146.04 Million) - Repayable in structured quarterly instalments starting from June 2017 with last instalment due in March 2027 which is subject to refinance at later date.	9,074.09	9,205.52	9,167.30	9,320.16	9,320.16

(December 31, 2017 - sanctioned - USD 150 Million and outstanding - USD 148.16 Million) - Repayable in structured quarterly instalments starting from June 2017 with last instalment due in March 2027 which is subject to refinance at later date.)

(March 31, 2018 - sanctioned USD 150 Million and outstanding - USD 147.54 Million and Repayable in structured quarterly instalments starting from June 2017 with last instalment due in March 2027 which is subject to refinance at later date.)

(March 31, 2017 - sanctioned and outstanding - USD 150 Million and Repayable in structured quarterly instalments starting from June 2017 with last instalment due in March 2029.)

(March 31, 2016 - sanctioned and outstanding - USD 150 Million and Repayable in structured quarterly instalments starting from June 2017 with last instalment due in March 2029.)

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Particulars	As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	Rs. in Million
(c) Additional Rupee Term Loan (ARTL) facilities (sanctioned Rs 30,220 Million) - Repayable in structured quarterly instalments starting from June 2018 with last instalment due in March 2037.)	29,917.40	30,219.80	30,219.80	30,219.80	30,219.80	22,442.29
(December 31, 2017 - sanctioned Rs 30,220 Million) - Repayable in structured quarterly instalments starting from June 2018 with last instalment due in March 2037.)						
(March 31, 2018 - sanctioned Rs 30,220 Million and Repayable in structured quarterly instalments starting from June 2018 with last instalment due in March 2037.)						
(March 31, 2017 - sanctioned Rs 30,220 Million and Repayable in equal quarterly instalments starting from June 2018 with last instalment due in March 2029.)						
(March 31, 2016 - sanctioned Rs 30,220 Million and Repayable in equal quarterly instalments starting from June 2018 with last instalment due in March 2029.)						
(d) Additional Rupee Term Loan (ARTL) facilities (sanctioned - Rs 10,640 Million) - Repayable in structured quarterly instalments starting from June 2018 with last instalment due in March 2037.)	10,533.60	10,640.00	10,640.00	10,640.00	10,640.00	8,116.90
(December 31, 2017 - sanctioned - Rs 10,640 Million) - Repayable in structured quarterly instalments starting from June 2018 with last instalment due in March 2037.)						
(March 31, 2018 - sanctioned - Rs 10,640 Million and Repayable in structured quarterly instalments starting from June 2018 with last instalment due in March 2037.)						
(March 31, 2017 - sanctioned - Rs 10,640 Million and Repayable in structured quarterly instalments starting from June 2018 with last instalment due in June 2030.)						
(March 31, 2016 - sanctioned - Rs 10,640 Million and Repayable in structured quarterly instalments starting from June 2018 with last instalment due in June 2030.)						
(e) Additional Rupee Term Loan (ARTL) facilities (sanctioned - Rs 8,895.5 Million) - Repayable in structured quarterly instalments starting from June 2018 with last instalment due in March 2037.)	4,470.70	4,558.80	4,558.80	4,252.70		-
(December 31, 2017 - sanctioned - Rs 8,895.5 Million - Repayable in structured quarterly instalments starting from June 2018 with last instalment due in March 2037.)						
(March 31, 2018 - sanctioned - Rs 8,895.5 Million and Repayable in structured quarterly instalments starting from June 2018 with last instalment due in March 2037.)						
(March 31, 2017 - sanctioned - Rs 8,895.5 Million and Repayable in structured quarterly instalments starting from June 2018 with last instalment due in March 2030.)						
<b>Total</b>	<b>1,31,619.06</b>	<b>1,33,044.95</b>	<b>1,32,354.18</b>	<b>1,34,002.46</b>	<b>1,19,449.15</b>	
Mark to market of foreign currency loan	1,118.37	265.63	429.30	405.63	629.78	
EIR interest adjustment as per Ind AS 109	(490.28)	(199.34)	(530.04)	-	-	
<b>Total</b>	<b>1,32,247.15</b>	<b>1,33,111.24</b>	<b>1,32,253.44</b>	<b>1,34,408.09</b>	<b>1,20,078.93</b>	

(iv) **Security :**

Term loans from lenders are secured on first pari-passu charge basis along with working capital lenders, by way of hypothecation and/or mortgage and / or pledge, as the case may be, on the entire present and future, movable and immovable assets and properties, all current assets and 71% of equity shares of the Company. Term loans from lenders are further secured on first pari-passu charge through assignment by way of security of all rights, title, interests and benefits of the Company therefrom into and under all project documents, insurance contracts, clearances etc. Term loans from lenders are also further secured for Revenue support by way of corporate guarantee by the holding company till the approval of full tariff for the project.

Apart from above security, the additional security is also provided for ARTL 2 and ARTL 3 and will continue till DSRA creation as below.

First charge by way of mortgage of land admeasuring around 13,668 sq.meter located at sector 153 Noida and plot admeasuring 2,408 sq m located at sector 3 Noida along with office premises belonging to group company Abhitech Developers Private Limited.

(v) The Company is generally regular in payment of interest and repayment of principal due to the lenders except for slight delay in few cases during the year/period.

(vi) The Company has applied with lenders for waiver of delay in repayment of principal and interest and non-compliance with other terms of borrowings. Pending the confirmation from lenders, the company consideres these accounts as standard and regular.

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		As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	Rs. in Million
<b>17.2 Current borrowings</b>							
<b>Secured</b>							
From banks- (refer note (i))							
- Working capital facilities		23,404.41	18,169.02	20,052.93	9,661.46	2,597.62	
<b>Unsecured</b>							
From related party- (refer note no.36)		2,000.00	-	-	-	-	
<b>Total</b>		<b>25,404.41</b>	<b>18,169.02</b>	<b>20,052.93</b>	<b>9,661.46</b>	<b>2,597.62</b>	
(i) Working capital facilities from lenders are secured, on first pari-passu charge basis along with Term Loan Lenders, by way of hypothecation and/or mortgage and / or pledge, as the case may be, on the entire present and future, movable and immovable assets and properties and all current assets and 71% of equity shares of the Company and further revenue support by way of corporate guarantee by holding company.							
<b>18 Other financial liabilities</b>							
<b>(a) Non current</b>							
(i) At fair value through OCI							
Cash flow hedges							
Cross currency interest rate swap		-	379.57	74.58	127.73	-	
(ii) At fair value through profit or loss							
Derivatives not designated as hedges		12.48	12.11	9.00	219.39	10.13	
<b>Sub Total (A)</b>		<b>12.48</b>	<b>391.68</b>	<b>83.58</b>	<b>347.12</b>	<b>10.13</b>	
<b>(b) Current</b>							
(i) At fair value through OCI							
Cross currency interest rate swap		-	16.68	3.31	5.43	-	
(ii) At fair value through profit or loss							
Derivatives not designated as hedges		127.47	43.43	5.03	-	-	
(iii) At amortised cost							
Current maturities of long term borrowings -secured (note 17)		5,320.37	1,794.96	1,474.24	8,150.89	-	
Interest accrued		168.92	84.72	126.72	117.68	178.52	
Interest Payable (refer note (i))		2,521.90	3,707.47	1,223.13	932.43	-	
Payable for capital goods (refer note (ii))		8,214.45	7,896.12	8,048.34	7,268.80	7,615.49	
Other payables		550.83	310.87	168.40	100.77	23.97	
<b>Sub Total (B)</b>		<b>16,903.94</b>	<b>13,854.25</b>	<b>11,049.17</b>	<b>16,576.00</b>	<b>7,817.98</b>	
<b>Total (A+B)</b>		<b>16,916.42</b>	<b>14,245.93</b>	<b>11,132.75</b>	<b>16,923.12</b>	<b>7,828.11</b>	

- (i) Interest payables includes Nil (December 31, 2017 Rs 33.17 Million, March 31, 2018 - Nil, March 31, 2017 Rs 33.17 Million, March 31, 2016 - Nil) payable to related parties. Refer note 36.
- (ii) Payables for capital goods includes Rs. 794.37 Million (December 31, 2017 - 780.10 Million, March 31, 2018 - 780.10 Million, March 31, 2017 - Rs 823.40 Million, March 31, 2016 - 790.62 Million) payable to related parties. Refer note 36.

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	As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	Rs. in Million
<b>19 Trade payables</b>						
Micro and small enterprises (refer note (i) below)	-	-	-	-	-	-
Others	2,737.94	2,820.92	2,210.46	1,145.67	735.74	
<b>Total</b>	<b>2,737.94</b>	<b>2,820.92</b>	<b>2,210.46</b>	<b>1,145.67</b>	<b>735.74</b>	
(i) Based on information available with the Company, there are no outstanding dues to the suppliers registered as micro and small enterprise under the "The Micro, Small and Medium Enterprises Development Act, 2006" as at December 31, 2018, December 31, 2017, March 31, 2018, March 31, 2017 and March 31, 2016 and no overdue beyond the prescribed time limit and hence disclosure, if any, relating to amount unpaid at year end together with interest paid / payable as required under the said Act has not been given.						
(ii) Trade payables includes Rs. 86.36 Million (December 31, 2017 - Rs 53.31 Million, March 31, 2018 - Rs 57.64 Million, March 31, 2017 Rs. 53.62 Million, March 31, 2016 - 19.16 Million) payable to related parties. Refer note 36.						
<b>20 Provisions</b>						
<b>Non current</b>						
Provisions for employee benefits						
- Gratuity (refer note 33)	49.07	38.94	43.10	26.45	21.44	
- Compensated absences	88.99	49.69	54.28	35.92	23.83	
<b>Total Non current provisions</b>	<b>138.06</b>	<b>88.63</b>	<b>97.38</b>	<b>62.37</b>	<b>45.27</b>	
<b>Current</b>						
Provisions for employee benefits						
- Gratuity (refer note 33)	22.98	16.37	19.36	7.39	7.93	
- Compensated absences	61.37	29.77	32.60	21.29	11.47	
Other provisions	90.45	29.17	135.17	133.61	6.14	
<b>Total current provisions</b>	<b>174.80</b>	<b>75.31</b>	<b>187.13</b>	<b>162.29</b>	<b>25.54</b>	
<b>Total</b>	<b>312.86</b>	<b>163.94</b>	<b>284.51</b>	<b>224.66</b>	<b>70.81</b>	
<b>Movement in other provisions</b>	<b>Rs. in Million</b>					
As at April 1, 2015	-					
Additional provisions made during the year	6.14					
<u>Utilised during the year</u>	-					
<b>As at March 31, 2016</b>	<b>6.14</b>					
Additional provisions made during the year	154.87					
<u>Utilised during the year</u>	27.40					
<b>As at March 31, 2017</b>	<b>133.61</b>					
Additional provisions made during the year	85.06					
<u>Utilised during the year</u>	83.50					
<b>As at March 31, 2018</b>	<b>135.17</b>					
Additional provisions made during the period	81.12					
<u>Utilised during the period</u>	125.84					
<b>As at December 31, 2018</b>	<b>90.45</b>					
<b>As at March 31, 2017</b>	<b>133.61</b>					
Additional provisions made during the period	63.36					
<u>Utilised during the period</u>	167.80					
<b>As at Dec 31, 2017</b>	<b>29.17</b>					
<b>21 Other current liabilities</b>						
Advances from customers	4.37	3.06	3.96	1.35	-	
Statutory dues	48.04	64.08	103.09	86.69	70.53	
<b>Total</b>	<b>52.41</b>	<b>67.14</b>	<b>107.05</b>	<b>88.04</b>	<b>70.53</b>	

**22 Income tax**

**22.1 Income tax recognised in statement of profit and loss and other comprehensive income**

	Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
Income tax recognised in statement of profit and loss					
<b>Current tax</b>					
In respect of the current year/period	48.60	5.87	16.41	307.54	146.06
In respect of earlier years/period	0.12	-	(0.17)	-	-
	<b>48.72</b>	<b>5.87</b>	<b>16.24</b>	<b>307.54</b>	<b>146.06</b>
<b>Deferred tax</b>					
In respect of the current year/period	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total tax expenses recognised in statement of profit and loss</b>	<b>48.72</b>	<b>5.87</b>	<b>16.24</b>	<b>307.54</b>	<b>146.06</b>
<b>Income tax recognised in other comprehensive income (OCI)</b>					
Deferred tax on remeasurement of defined benefit obligation	(0.95)	(2.40)	(3.19)	-	-
Deferred tax on cash flow hedge reserve	-	-	-	-	-
<b>Total tax expenses recognised in OCI</b>	<b>(0.95)</b>	<b>(2.40)</b>	<b>(3.19)</b>	<b>-</b>	<b>-</b>

**22.2 A reconciliation of the income tax to the amount computed by applying the statutory income tax rate to the profit before tax is summarised below:**

	Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
Accounting profit before tax					
Add: Interest u/s 234B/C	223.89	(1,676.69)	(2,162.46)	3,706.87	623.04
Add: Restatement Adjustment	0.76	0.75	16.04	13.62	15.78
Add: Remeasurement (loss) / gain included in OCI	-	1,703.76	2,225.64	(2,283.12)	57.48
Adjusted accounting profit before tax	(4.42)	(11.75)	(15.67)	2.39	(7.48)
	<b>220.23</b>	<b>16.07</b>	<b>63.55</b>	<b>1,439.76</b>	<b>688.82</b>
Income tax expense at applicable rates for respective year / period					
Effect on income tax due to change in income tax rates	76.96	5.56	21.99	498.27	238.39
Adjustment of deferred tax liability derecognition due to 80IA	47.45	3.28	12.96	307.27	147.00
Effect of Ind AS transition (tax on 1/5 of the transition amount)	-	-	-	-	(0.94)
Net current tax expenses (for current year / period)	0.20	0.19	0.26	0.27	-
Add: Current tax liability related to previous periods	47.65	3.47	13.22	307.54	146.06
<b>Total income tax expense</b>	<b>47.77</b>	<b>3.47</b>	<b>13.05</b>	<b>307.54</b>	<b>146.06</b>
<b>Income tax expense reported in the statement of profit and loss</b>					
<b>Income tax expense reported in OCI</b>	<b>48.72</b>	<b>5.87</b>	<b>16.24</b>	<b>307.54</b>	<b>146.06</b>

**22.3 Deferred tax**

The components that gave rise to deferred tax assets and liabilities are as follows:

	Balance sheet				
	As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Accelerated depreciation for tax purpose	(11,475.01)	(8,343.79)	(10,205.72)	(3,113.65)	-
Gratuity and leave provisions	55.12	24.81	29.58	9.13	-
Restatement Adjustment	-	(182.37)	-	(777.73)	-
Differential interest as per EIR	(171.32)	(69.66)	(185.22)	-	-
Unabsorbed depreciation	11,591.21	8,571.01	10,361.36	3,882.25	-
<b>Deferred tax (expenses) / income</b>					
<b>Net Deferred tax assets / (liabilities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Reflected in the balance sheet as follows:

	As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Deferred tax liabilities					
Deferred tax assets					
<b>Deferred tax liabilities (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<u>Reconciliation of deferred tax liability (net) as follows</u>					
Opening balance					
Tax expense/(income) during the year recognized in profit or loss					
Tax expense/(income) during the year recognised in OCI					
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Company's activity falls within tax holiday period and eligible to claim exemption under section 80IA of the Income Tax Act, 1961. Accordingly no deferred tax liabilities are recognised in respect of those temporary differences which will be reversed in tax holiday period.

Deferred tax asset on the unabsorbed depreciation has been recognised to the extent of deferred tax liability. Deferred tax assets is not recognised on balance unabsorbed depreciation Rs 20,722.68 Million (December 31, 2017 - Rs. 21,221.96 Million, March 31, 2018 - Rs. Rs. 21,565.41 Million, March 31, 2017 - Rs 20,859.49 Million, March 31, 2016 - Nil) on conservative basis.

Rs. in Million				
Statement of profit and loss				
Nine months ended <b>Dec. 31, 2018</b>	Nine months ended <b>Dec. 31, 2017</b>	Year ended <b>March 31, 2018</b>	Year ended <b>March 31, 2017</b>	Year ended <b>March 31, 2016</b>
(1,269.29)	(5,230.14)	(7,092.07)	(3,113.65)	-
25.54	15.68	20.45	9.13	-
-	595.36	777.73	(777.73)	-
13.90	(69.66)	(185.22)	-	-
1,229.85	4,688.76	6,479.11	3,882.25	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

Rs. in Million				
As at Dec. 31, <b>2018</b>	As at Dec 31, <b>2017</b>	As at March 31, <b>2018</b>	As at March 31, <b>2017</b>	As at March 31, <b>2016</b>
11,646.33	8,595.82	10,390.94	3,891.38	-
11,646.33	8,595.82	10,390.94	3,891.38	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

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					Rs. in Million	
		Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
<b>23</b>	<b>Revenue from operations</b>					
	Revenue from sale of power					
	Sale of power generated *	40,823.75	41,363.68	53,273.46	31,171.88	3,129.03
	Less- UI charges	(81.12)	(63.36)	(85.06)	(154.87)	(6.14)
	Net sales of power	<u>40,742.63</u>	<u>41,300.32</u>	<u>53,188.40</u>	<u>31,017.01</u>	<u>3,122.89</u>
	Revenue from by products	0.12	0.10	0.14	0.03	-
	<b>Total</b>	<b><u>40,742.75</u></b>	<b><u>41,300.42</u></b>	<b><u>53,188.54</u></b>	<b><u>31,017.04</u></b>	<b><u>3,122.89</u></b>
	* The Company is having a long term Power Purchase contracts with Uttar Pradesh Power Corporation Limited ('UPPCL') for 25 years for the sale of power. The revenue from this PPA will be recognized over the contract period based on the units sold at the tariff rates approved by Uttar Pradesh Electricity Regulatory Commission ('UPERC').					
<b>24</b>	<b>Other income</b>					
	Interest income on financial assets measured at amortised cost					
	- on bank deposits	3.56	4.45	7.16	3.96	-
	- others	<u>455.59</u>	<u>196.23</u>	<u>294.30</u>	<u>138.36</u>	<u>0.14</u>
	Net gain on sale of current investments	36.02	27.85	43.29	50.60	-
	Sale of scrap	65.38	13.71	33.92	6.42	-
	Fair value gain on financial instruments at FVTPL (i)	2.25	5.73	1.48	0.62	4.41
	Insurance claim	8.23	-	-	-	-
	Other miscellaneous income	4.64	2.17	4.55	12.64	-
	<b>Total</b>	<b><u>575.67</u></b>	<b><u>250.14</u></b>	<b><u>384.70</u></b>	<b><u>212.60</u></b>	<b><u>4.55</u></b>
	(i) Fair value gain on financial instruments at FVTPL relates to investments in mutual funds.					
<b>25</b>	<b>Cost of materials consumed</b>					
	Opening stock	829.21	745.30	745.30	1,999.24	-
	Purchases	<u>16,094.75</u>	<u>19,981.12</u>	<u>24,761.85</u>	<u>9,877.19</u>	<u>2,118.64</u>
	Less: Closing stock	16,923.96	20,726.42	25,507.15	11,876.43	2,118.64
	<b>Cost of raw material consumed</b>	<b><u>222.87</u></b>	<b><u>744.55</u></b>	<b><u>829.21</u></b>	<b><u>745.30</u></b>	<b><u>1,999.24</u></b>
		<b><u>16,701.09</u></b>	<b><u>19,981.87</u></b>	<b><u>24,677.94</u></b>	<b><u>11,131.13</u></b>	<b><u>119.40</u></b>
<b>26</b>	<b>Employee benefits expenses</b>					
	Salaries and wages	958.92	829.84	1,156.25	433.74	53.27
	Contributions to provident and other funds (refer note 33.1 and (i) below)	44.24	33.07	44.76	17.10	2.41
	Employee's welfare expenses	7.33	10.80	14.85	5.89	0.89
	<b>Total</b>	<b><u>1,010.49</u></b>	<b><u>873.71</u></b>	<b><u>1,215.86</u></b>	<b><u>456.73</u></b>	<b><u>56.57</u></b>
	(i) Include Rs 1.67 Million (December 31, 2017 - Rs 1.69 Million, March 31, 2018 - Rs. 2.28 Million, March 31, 2017 - Rs 1.12 Million, March 31, 2016 - Rs. 0.16 Million) towards administrative charges of provident fund.					
<b>27</b>	<b>Finance costs</b>					
	Interest expenses on borrowings	14,489.32	13,627.69	18,252.07	9,655.36	1,373.23
	Other interest and borrowing costs	<u>311.62</u>	<u>207.71</u>	<u>276.61</u>	<u>190.40</u>	<u>32.99</u>
	<b>Total</b>	<b><u>14,800.94</u></b>	<b><u>13,835.40</u></b>	<b><u>18,528.68</u></b>	<b><u>9,845.76</u></b>	<b><u>1,406.22</u></b>
<b>28</b>	<b>Depreciation and amortization expense</b>					
	Depreciation of property, plant and equipment (note 4)	7,159.77	7,077.52	9,396.57	5,118.23	770.60
	Amortisation of intangible assets (note 5)	0.21	2.09	2.29	3.95	1.78
	<b>Total</b>	<b><u>7,159.98</u></b>	<b><u>7,079.61</u></b>	<b><u>9,398.86</u></b>	<b><u>5,122.18</u></b>	<b><u>772.38</u></b>

Rs. in Million

		Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
<b>29</b>	<b>Other expenses</b>					
	Coal handling expenses	18.93	33.08	48.21	51.09	-
	Stores and spares consumed	168.41	289.38	329.66	83.51	13.04
	Power and fuel	29.77	22.03	32.95	25.28	-
	Rent (refer note 34.1)	25.34	29.12	37.84	21.47	3.41
	Rates and taxes	25.15	18.22	36.66	0.60	0.32
	Repairs and maintenance					
	- Building	1.18	1.66	1.79	0.21	0.08
	- Plant & Machinery	24.98	21.59	31.80	17.31	2.25
	- Others	243.91	230.18	142.55	66.22	0.17
	Payment to auditors (refer note 29.1)	3.07	1.36	2.17	2.13	1.59
	CSR expenditure (refer note 29.2)	10.71	10.44	13.92	4.34	-
	Insurance expenses	142.80	190.35	266.03	138.74	27.64
	Travelling expenses	12.18	49.83	60.36	121.73	23.59
	Legal and professional expenses	142.23	87.44	139.97	65.75	11.26
	Contractor expenses	184.14	201.57	335.59	230.89	47.60
	Foreign exchange fluctuation loss	173.03	119.18	161.18	39.82	-
	Loss on sale / discard of assets	-	0.20	0.25	0.09	0.02
	Miscellaneous expenses	216.20	151.03	273.43	97.79	18.86
	<b>Total</b>	<b>1,422.03</b>	<b>1,456.66</b>	<b>1,914.36</b>	<b>966.97</b>	<b>149.83</b>
<b>29.1</b>	<b>Payment to auditors</b>					
	<u>As auditor</u>					
	Statutory audit fees	3.00	1.29	1.82	1.73	1.38
	Tax audit fees	-	0.02	0.12	0.11	0.08
	Certification fees	-	-	0.19	0.20	0.13
	Reimbursement of expenses	0.07	0.05	0.04	0.09	-
	<b>Total</b>	<b>3.07</b>	<b>1.36</b>	<b>2.17</b>	<b>2.13</b>	<b>1.59</b>
<b>29.2</b>	<b>Details of CSR expenditure</b>					
a)	Gross amount required to be spent by the company during the year/period	10.71	10.44	13.92	4.34	-
b)	Amount spent during the year/period					
i)	Construction/acquisition of any asset	-	-	-	-	-
ii)	On purposes other than (i) above	10.71	10.44	13.92	4.34	-
	The CSR activities of the company is taken by Kamal Nayan Bajaj Foundation. The said trust carries out CSR activities as specified in Schedule VII of the Act on behalf of the company. (Refer note 36)					
<b>30</b>	<b>Components of Other Comprehensive Income (OCI)</b>					
	The disaggregation of changes to OCI by each type of reserve in equity is shown below:					
(i)	<b><u>Cash flow hedge reserves</u></b>					
	Balance at the beginning of the year/period	(488.17)	(521.20)	(521.20)	(409.88)	(512.83)
	Fair value gain / (loss) on designated portion of					
	Cross currency interest rate swap	886.69	(263.09)	55.26	(353.06)	667.80
	Less: Reclassified to statement of Profit and loss	(635.04)	132.55	(22.23)	241.74	(564.85)
		251.65	(130.54)	33.03	(111.32)	102.95
	Tax impact on above	-	-	-	-	-
	Net movement during the year/period	(A)	251.65	(130.54)	33.03	(111.32)
	Balance at the end of the year/period		(236.52)	(651.74)	(488.17)	(521.20)
(ii)	<b><u>Retained Earnings</u></b>					
	Re-measurement gains / (losses) on defined benefit plans	(4.42)	(11.75)	(15.67)	2.39	(7.48)
	Tax impact on above	0.95	2.40	3.19	-	
	(B)	(3.47)	(9.35)	(12.48)	2.39	(7.48)
	<b>Total OCI during the year/period</b>	<b>(A+B)</b>	<b>248.18</b>	<b>(139.89)</b>	<b>20.55</b>	<b>(108.93)</b>
						<b>95.47</b>
<b>31.1</b>	The Final tariff order is yet to be approved from Hon'ble UPERC. In the interim, the Company as per its accounting policy has recognised its revenue on provisional basis in respect of capacity charges based on project cost actually incurred as of reporting date during respective financial year/period.					
<b>31.2</b>	The Company had earlier received a tariff order passed by Hon'ble Uttar Pradesh Electricity Regulatory Commission (UPERC) dated 27th November'2015 which allows for recovery of capacity charges @ Rs. 1.88/kWh and energy charges @ Rs. 2.95/kWh on provisional basis. On the basis of revised tariff petition filed by the Company, based on project cost incurred upto 30th September'2015, UPERC vide its order dated 07th March'2018 upward revised the recovery of capacity charges from Rs. 1.88/kWh to Rs. 2.24/kWh on provisional basis with retrospective effect from the date of COD of Unit#2 i.e. 14th October'2016. The Company is raising monthly sale invoices in respect of capacity charges on M/s Uttar Pradesh Power Corporation Limited (UPPCL) accordingly.					
<b>31.3</b>	During the period, in line with its accounting policy, the Company has recognised given below revenue in respect of following items in its books which is yet to be billed as per terms of agreement, as explained below:					
a.	As per the UPERC regulations, recovery of capacity charges is calculated based on the project cost incurred. As per its accounting policy, the Company has been recognising its revenue in respect of capacity charges equivalent to 95% of tariff as calculated based on prevalent UPERC regulations. However, the Company has billed the capacity charges @ 2.24/kWh which is provisionally approved tariff decided based on project cost incurred till 30th September,2015. In line with the accounting policy, the Company has recognised additional revenue during the period ended December 31, 2018 - Rs. 802.67 Million, December 31, 2017 - Rs. 3,359.73 Million, March 31, 2018 - Rs. 4,171.83 Million, March 31, 2017 - Rs. 2,343.19 Million, March 31, 2016 - Rs. 11.59 Million and total of such amounts has been shown as other receivables in note 8 "Other financial assets".					

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- b. During the Year 2017-18, there had been instances of abnormal delays in collection from UPPCL which led to severe liquidity crisis. LPGCL is required to make advance payment for coal purchases against its committed quantities. However in absence of adequate cash flows of receivables from UPPCL, it had cascading effect and LPGCL could not procure required quantities of fuel though the plant was continually available for generation and supply of electricity to UPPCL. Non-availability of coal led to declaration of plant capacity at reduced levels resulting into under recovery of capacity charges. The said under recovery is against the basic premise of recovery of fixed charges by way of declaration of plant availability. Further, there is a specific guidance under Electricity Act 2003 granting regulatory powers to the commission to put in place a mechanism for timely recovery of outstanding bills, due to default on part of the procurer.

Since the said under recovery is against the policy of two part tariff as intended under Availability Based Tariff (ABT) mechanism as specified under both UPERC regulation as well as terms & conditions of PPA.

Accordingly in FY 2017-18, the Company had recognised revenue to the extent of Rs. 7,538.02 Million (Rs 4,772.51 Million during the nine months period ended December 31, 2017) towards loss of plant availability due to non-payment by UPPCL.

In continuation to matter highlighted above, LPGCL has now filed petition before UPERC for recovery of availability loss (because of non-availability of coal) from UPPCL. In addition, there has been a past precedent where the Regulatory Commission has relaxed the norms of PAF in case of non-availability of fuel due to reasons beyond control of the seller. The Company has been legally advised that it has a valid claim against the UPPCL which has now been submitted before UPERC and has been admitted for hearing.

- c. In the year 2010, the Company i.e. LPGCL had entered into a long term Power Purchase Agreement (PPA) with Uttar Pradesh Power Corporation Limited (UPPCL) for supply of 100% of its Power Generation capacity of 1980 MW. As per terms of PPA and applicable regulatory provisions from time to time, LPGCL is allowed recovery of tariff in two parts under Availability Based Tariff (ABT) mechanism i.e. Variable Charges towards cost of coal and oil which is paid on basis of actual generation i.e. Plant Loan Factor (PLF) and Fixed Charges comprising of operation & maintenance expenses, depreciation, interest on term loan, interest on working capital loan and return on equity which is based on availability of its plant i.e. Plant Availability Factor (PAF) and not on Plant Load Factor (Actual Generation). The basic premise of the PPA which is executed between UPPCL and LPGCL is recovery of entire fixed charges based on Plant Availability Factor (PAF).

As per the terms of the said PPA, for power evacuation, providing transmission line was the responsibility of the UPPCL, once the power generating units were ready to be declared for commercially in operation. Although the power generating units were successfully commissioned by the LPGCL, evacuation of total power generated by said Unit was not possible, as transmission line was not ready by UPPCL.

Due to limitation of evacuation capacity of UPPCL, UPPCL was reluctant to consent for recovery of entire eligible fixed charges in respect to LPGCL power generating units once it gets commissioned and under duress asked LPGCL to enter into a bilateral agreement (referred to as 'Bilateral Agreement') dated 04 November 2015. As per terms of this agreement for intermittent period till commissioning of 765 kV Transmission system, UPPCL will pay for Fixed Charges based on the PLF as scheduled by State Load Dispatch Centre instead of PAF.

Accordingly in earlier years, the Company had recognised revenue to the extent of Rs. 12,714.64 Million in respect of capacity charges on ABT mechanism till the commissioning of Transmission system. The Company had recognised revenue to the extent of Rs 9,872.40 Million and Rs. 2,842.24 Million in respect of capacity charges on Availability Based Tariff (ABT) mechanism for year ended March 31, 2017 and March 31, 2016 respectively.

Against the above mentioned Bilateral Agreement LPGCL had filed petition before the Uttar Pradesh Electricity Regulatory Commission (UPERC) to claim fixed charges as per ABT mechanism specified in PPA, for the period in which 765 kV transmission system for evacuation of power was not available and to treat the Bilateral Agreement as null and void as it is against both the provisions of PPA and UPERC regulation. This claim has not been allowed as per UPERC order dated 21 September 2016 and subsequently UPERC vide its order dated 17 October 2018 has reconfirmed the earlier order.

In continuation to matter highlighted in paragraph above, LPGCL had preferred an appeal before Appellate Tribunal for Electricity (APTEL) against the mentioned orders of UPERC. Basis the submission of all facts by the Company, APTEL had directed UPERC and UPPCL not to precipitate the Company to sign Supplementary Agreement (to give effect to Bilateral Agreement) as specified in the UPERC orders until further orders. Further, the Company has been legally advised that this Bilateral Agreement be considered as null and void, in view of it being in the violation of provision of article 18.1 of the PPA which clearly provides that the PPA can only be amended or supplemented by written agreement between the parties (i.e. the LPGCL and UPPCL) and after obtaining the approval of UPERC wherever necessary. However, no such approval of UPERC was obtained in respect of said Bilateral Agreement.

- d. As per terms of PPA, the Company was required to secure coal linkage which was finally secured by the Company in Q4 of FY 2017-18. UPERC vide order dated 21 September 2016 and further confirmed by its order dated 17 October 2018 restricted LPGCL in claiming Return on Equity (RoE) as part of its tariff component from the date of UPERC order (i.e. 18 January 2017) till award of coal linkage by Government of India. The Company had represented before UPERC that award of coal linkage by Government is not in its control and further LPGCL had offered to charge coal cost as per notified rates of Coal India only, irrespective of its actual cost, till award of Coal Linkage. During Q4 FY 2017-18, Coal Linkage was finally awarded to the Company.

In continuation to matter highlighted in paragraph above, LPGCL had preferred an appeal before Appellate Tribunal for Electricity (APTEL) against the mentioned orders of UPERC. LPGCL has been legally advised that the claims are tenable, considering the fact that award of Coal Linkage was not in its control and especially given the fact that the Company had offered to charge coal cost as per notified rates of Coal India only, irrespective of its actual cost, till award of Coal Linkage. Further since PPA / regulations doesn't contain any clause which restricts the Company in claiming RoE as a component to Fixed Charges and order as given by UPERC is not as per the provisions of PPA / regulatory provisions in place. Considering the fact that legal recourse is available to the Company and appeal has been filed before APTEL where all pleadings have been filed and now the matter is pending for further hearing.

Accordingly, the Company has recognised revenue of Rs Nil (December 31, 2017 Rs 3,173.16 Million, March 31, 2018 Rs 3,758.05 Million, March 31, 2017 Rs 950.07 Million and March 31, 2016 Rs Nil) towards RoE claim and disclosed the said recovery of Rs 3,949.03 Million (December 31, 2017 Rs 3,459.59 Million, March 31, 2018 Rs 3,949.03 Million, March 31, 2017 Rs 804.30 Million and March 31, 2016 Rs Nil) in note 11 "Trade Receivable". The Company has disclosed the recovery of Rs. 759.10 Million (December 31, 2017 Rs 663.64 Million, March 31, 2018 Rs 759.10 Million, March 31, 2017 Rs 145.80 Million and March 31, 2016 Rs Nil) in note 8 "Other financial assets" as Other receivables the said recovery amount has been included in above note no. 31.3 (a).

- e. As per the regulatory provisions / terms & conditions of PPA, income tax paid on income generated from its core business i.e. generation of electricity shall be permitted to be recovered from beneficiaries. Further regulatory provisions / terms & conditions of PPA also provides for reimbursement of expense towards regulatory fee, payment to pollution control board, cost of water and water cess shall be paid additionally at actuals. Accordingly during period ended December 31, 2018 - Rs. 71.34 Million, December 31, 2017 - Rs. 3.47 Million, March 31, 2018 - Rs. 51.33 Million, March 31, 2017 - Rs. 307.54 Million, March 31, 2016 - 146.10 Million has been recognised as part of revenue and correspondingly been shown in note 8 "Other financial assets".

- 31.4 During the financial year 2017-18 there had been turbine break down due to blade failure. The Company has already lodged its claim before the insurance company for a total value of Rs. 1,995.65 Million towards loss of profit as per insurance policy in place and on account of material damage. Said claim is under process by the insurance company. Compensation from the insurance company for the loss of profit and plant & equipment will be included in the statement of Profit and Loss in subsequent years when no significant uncertainty of ultimate collection exists.

**32 Segment Reporting**

The Company has "electricity generation" as single reportable segment and there are no other reportable segments in accordance with Ind AS 108 on "Operating Segment".

**33 Benefits to Employees**

The following table sets out the disclosure under Ind AS-19 on 'Employee Benefits':

**33.1 Defined contribution plan**

	Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Rs. in Million Year ended March 31, 2016
Contribution to provident fund	38.43	26.95	36.54	13.31	1.83
Contribution to pension fund	4.14	4.43	5.94	2.67	0.42

**33.2 Defined benefit plan**

The Company has defined benefit gratuity plan (unfunded) which is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to gratuity benefit. Liability for employee benefits has been determined by an independent actuary, appointed for the purpose, in conformity with the principles set out in the Ind AS-19.

These plans typically expose the Group to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest risk	A decrease in the bond interest rate will increase the plan liability
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Particulars of defined benefit plan	Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Rs. in Million Year ended March 31, 2016
<b>(a) Expenses recognised during the year/period</b>					
<b>Gratuity cost charged to profit or loss</b>					
Current service cost	4.09	11.23	14.97	6.96	4.76
Interest cost	1.24	1.84	2.45	2.35	1.42
<b>Total expenditure included in</b>					
Employee benefit expenses in statement of profit and loss (note 26)	<b>5.33</b>	<b>13.07</b>	<b>17.42</b>	<b>8.08</b>	<b>(6.52)</b>
Capital work in progress (note 4)	-	-	-	<b>1.22</b>	<b>12.70</b>
<b>Remeasurement gain / loss charged to OCI</b>					
Expected return on plan assets	-	-	-	-	-
Remeasurement - due to demographic assumptions	-	-	-	-	-
Remeasurement - due to financial assumptions	(1.04)	2.12	2.83	1.27	1.91
Experience adjustments	5.46	9.63	12.84	(3.66)	5.57
<b>Total remeasurement included in OCI (note 30)</b>	<b>4.42</b>	<b>11.75</b>	<b>15.67</b>	<b>(2.39)</b>	<b>7.48</b>
<b>(b) Change in present value of Define benefit obligation</b>					
Present value of defined benefit obligation as at beginning	62.46	33.84	33.84	29.37	17.73
Current service cost	4.09	11.23	14.97	6.96	4.76
Interest cost	1.24	1.84	2.45	2.35	1.42
Net actuarial losses / (Gain) included in OCI	4.42	11.75	15.67	(2.39)	7.48
Benefits paid	(0.16)	(3.35)	(4.47)	(2.45)	(2.02)
<b>Present value of defined benefit obligation as at year/period end</b>	<b>72.05</b>	<b>55.31</b>	<b>62.46</b>	<b>33.84</b>	<b>29.37</b>
<b>Current obligation</b>	<b>22.98</b>	<b>16.37</b>	<b>19.36</b>	<b>7.39</b>	<b>7.93</b>
<b>Non current obligation</b>	<b>49.07</b>	<b>38.94</b>	<b>43.10</b>	<b>26.45</b>	<b>21.44</b>
<b>(c) Change in fair value of plan Assets</b>					
Fair value of plan Assets as at beginning	-	-	-	-	-
Expected return on plan Assets	-	-	-	-	-
Net actuarial gain / ( losses)	-	-	-	-	-
Contributions	0.16	3.35	4.47	2.45	2.02
Benefits paid	(0.16)	(3.35)	(4.47)	(2.45)	(2.02)
<b>Fair value of plan assets as at year/period end</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(d) Liability to be recognised in Balance Sheet as at year/period end</b>					
Present value of defined benefit obligations	72.05	55.31	62.46	33.84	29.37
Fair value of plan Assets	-	-	-	-	-
<b>Net Liability / (Asset) (refer note 20)</b>	<b>72.05</b>	<b>55.31</b>	<b>62.46</b>	<b>33.84</b>	<b>29.37</b>
<b>(e) Financial &amp; Demographic Assumptions</b>					
Discount rate (per annum)	8.00%	7.75%	7.75%	7.50%	8.00%
Expected rate of return on assets (per annum)	0.00%	0.00%	0.00%	0.00%	0.00%
Salary escalation rate (per annum)	6.00%	6.00%	6.00%	6.00%	6.00%
Withdrawal rate	1% to 8%	1% to 8%	1% to 8%	1% to 8%	1% to 8%
Mortality table				Indian Assured Lives Mortality (2006-2008) Ult.	

**LALITPUR POWER GENERATION COMPANY LIMITED**

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(f) **Sensitivity analysis of actuarial assumptions**

Impact on defined benefit obligation

Discount rate	1% increase 1% Decrease	67.93 76.75	58.85 66.57	58.85 66.57	31.62 36.38	27.51 31.51
Future salary increase	1% increase 1% Decrease	76.73 67.91	66.57 58.83	66.56 58.83	36.44 31.54	31.53 27.46
Withdrawal rate	1% increase 1% Decrease	72.18 71.85	62.48 62.40	62.48 62.39	33.86 33.80	29.70 29.11

(g) **Maturity profile of defined benefit obligation**

Within the next 12 months	22.98	19.36	19.36	1.23	7.43
Between 2 and 5 years	15.99	15.26	15.26	18.63	7.81
Beyond 5 years	80.01	68.67	68.67	13.98	14.14

- (h) The average duration of the defined benefit plan obligation at the end of the reporting period is at December 31, 2018 - 4.78 years, at December 2017 - 4.59 years, at March 31, 2018 - 4.59 years, at March 31, 2017 - 3.44 years and March 31, 2016 - 2.83 years.
- (i) Expected contribution in respect of Gratuity for next year will be Rs 28.63 Million (December 31, 2017 - Rs 37.83 Million, March 31, 2018 - Rs 37.83 Million, March 31, 2017 - Rs 17.26 Million, March 31, 2016 - Rs. 14.48 Million).

Note:

- (i) Discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligation.
- (ii) The estimates of future salary increases, considered in actuarial valuation, take account of the inflation, seniority, promotion and other relevant factors.
- (iii) The sensitivity analyses shown above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.
- (iv) The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.
- (v) There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.
- (vi) The gratuity valuation for the period ended December 31, 2018 has done based on the interim period employees and salary data as on June 30, 2018. Similarly gratuity valuation for the period ended December 31, 2017 has done on prorata period basis of actuarial valuation report for the year ended March 31, 2018

**34 Commitment and contingencies**

**34.1 Operating lease commitments - Company as lessee**

The Company's significant leasing arrangements are in respect of operating leases for office premises. These leasing arrangements are cancellable and for the period 11 months to three year, and are renewable by mutual consent on mutually agreeable terms. The aggregated lease rental paid is charged as rent in the statement of profit and loss. (Refer note no 29)

**34.2 Commitments**

	<b>Rs. in Million</b>				
	<b>As at Dec. 31, 2018</b>	<b>As at Dec 31, 2017</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,181.92	2,323.84	2,310.77	3,035.02	14,206.53

**34.3 Contingent liabilities**

In respect of Disputed demands/claim against the Company not acknowledged as debts:

(i) Land matters	135.69	135.69	135.69	135.69	135.69
(ii) Income tax matters	135.25	114.87	114.87	115.04	106.82
(iii) Custom duty matters	-	-	-	-	210.00
(iv) Others claims	35.71	11.47	11.47	4.13	3.55

- 35 The 1980 MW thermal power project being set-up by the Company is eligible for the benefits in accordance with the Mega Power Policy 2009 issued by Government of India. Accordingly, the Company has filed an application for final mega power project certificate but the same is under process as at the reporting date. However a 'Provisional Mega Certificate' has been granted by the Ministry of Power (Government of India) to the Company vide letter no. C-5/2011-IPC dated 28.10.2011. As per the terms of provisional mega certificate, the Company has issued bank guarantees equal to the amount of 'Excise and Custom duty' exemption availed, which amounts to Rs. 4,726.43 Million (December 31, 2017 - Rs. 6,461.96 Million, March 31, 2018 - Rs. 6,468.75 Million, March 31, 2017 - 6,414.68 Million, March 31, 2016 - Rs. 6,355.91 Million) as at reporting date, endorsed in favour of "The President of India" and accepted on his behalf by the jurisdictional Assistant/Deputy Commissioner of Central Excise department towards security against procurement of excisable goods without charging any excise/custom duty (as the case may be) as is required vide Notification no. 12/2012- C.E. dated 17.03.2012 (as amended further).

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**36 Related party transactions**

**36.1 Related parties and relationships**

<u>Related party</u>	<u>Relationship</u>
<b>A A person or a close member of that person's family has control or joint control of the reporting entity</b>	
i Mr. Shishir Bajaj	Person having control over reporting entity
ii Mr. Kushagra Bajaj	Son of Mr. Shishir Bajaj
<b>B A person or a close member of that person's family is a member of the key management personnel of the reporting entity or of a parent of the reporting entity:</b>	
i Mr. Ram Sharan Sharma	Managing Director
ii Mr. Surat Narayan Mani Tripathi	Whole Time Director
iii Mr. Tara Chand Upreti	Director (Upto March 15, 2018)
iv Mr. Praveen Bansal	Director of Holding Company
v Mr. K J Varkey	Chief Executive Officer (Upto April 8, 2016)
vi Mr. Subodh Garg	Chief Financial Officer (Upto November 30, 2016)
vii Mr. Govind Maheshwari	Chief Financial Officer (w.e.f. June 1, 2017)
viii Mr. Sanjeev Pathak	Company Secretary
<b>C The entity and the reporting entity are members of the same group</b>	
i Bajaj Power Ventures Private Limited	Holding Company
ii Bajaj Energy Limited	Fellow Subsidiary / Investing entity (wef 20th Dec 2016)
<b>D Investing entity as per Para 9(b)(ii)</b>	
i Bajaj Hindusthan Sugar Limited	Investing entity (upto 2nd March 2016)
<b>E A person identified in 'A' above has significant influence over the entity or is a member of the key management personnel of the entity</b>	
i Bajaj Infrastructure Development Company Limited	Other entities
ii Carbery Infrastructure Pte. Limited	Other entities
iii Bajaj Aviation Private Limited	Other entities
iv Bajaj Hindusthan Sugar Limited	Other entities (wef 3rd March 2016)
v Abhitech Developers Private Limited	Other entities
vi Kamalnayan Jamnalal Bajaj Foundation	Other entities
vii Bajaj Resources Limited	Other entities
viii Bajaj Capital Ventures Private Limited	Other entities
ix Global World Power Projects Private Limited (merged into Lambdar Projects Private Limited w.e.f. 29.01.2016)	Other entities

**36.2 Details of related parties transactions during the reporting period**

Rs. in Million

Transactions		Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	
<b>I. Transactions with key management personnel</b>							
<b>Particulars</b>							
<b>Remuneration paid (Refer note (iii))</b>							
Short term employee benefits		66.24	36.48	49.25	41.47	59.11	
Contribution to provident fund		1.96	1.76	2.39	1.90	2.70	
Advisory fee		-	20.41	40.04	26.66	23.09	
<b>II. Transactions with Holding Company and fellow subsidiaries</b>							
<b>Name of related party</b>	<b>Nature of transaction</b>						
<b>Equity share capital issued</b>							
Bajaj Power Ventures Private Limited	Equity capital issued (including premium)	-	-	-	1,160.29	506.70	
	Share application money / advance	-	-	-	460.11	1,206.88	
	against share application money received	-	-	-			
<b>Bajaj Energy Limited</b>							
	Equity capital issued (including premium)	-	-	-	2,700.00	2,843.30	
	Share application money / advance	-	-	-	700.00	2,843.30	
	against share application money received	-	-	-			
<b>Guarantees taken</b>							
Bajaj Power Ventures Private Limited	Guarantees taken	(741.05)	18,361.20	17,666.85	11,105.50	1,38,890.00	
<b>Inter Corporate Deposit taken</b>							
Bajaj Power Ventures Private Limited	9% Inter Corporate Deposit	2,000.00	-	-			
<b>Interest expense</b>							
Bajaj Power Ventures Private Limited	Interest on Inter Corporate Deposit	82.36	-	-			
<b>Interest expense</b>							
Bajaj Energy Limited	Interest on debentures	-	-	-	368.55	-	
<b>Debentures allotted</b>							
Bajaj Power Ventures Private Limited	Zero coupon optionally convertible debenture	-	-	-			
Bajaj Energy Limited	Optionally convertible debentures	-	-	-	20,000.00	-	
(Optionally convertible debentures are converted into equity shares)							
<b>III. Transactions with investing party as per D above</b>							
<b>Name of related party</b>	<b>Nature of transaction</b>						
<b>Purchased of Capital Goods</b>							
Bajaj Hindusthan Sugar Limited	Purchased of Capital Goods	244	-	-	-	0.62	

Rs. in Million

Transactions		Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
<b>IV. Transactions with other entities over which person identified in A. above have significant influence</b>						
<b>Name of related party</b>	<b>Nature of transaction</b>					
<b>Purchase of capital goods and services</b>						
Bajaj Infrastructure Development Company Limited	Purchase of capital goods and services	27.06	392.50	393.78	1,424.73	3,733.65
Carbery Infrastructure Pte Limited	Purchase of capital goods and services	-	528.08	528.08	303.11	914.82
<b>Business support service</b>						
Bajaj Infrastructure Development Company Limited	Other support services Given	0.61	0.52	0.77	-	-
<b>Travelling expenses</b>						
Bajaj Aviation Private Limited	Air travel expenses	-	31.42	31.42	177.23	126.63
<b>Lease rent / Power &amp; Fuel expenses</b>						
Abhitech Developers Private Limited	Business process service IT and office rent	23.45	24.53	34.95	36.18	35.87
Bajaj Hindusthan Sugar Limited	Lease rent / Power & Fuel expenses	1.99	2.11	2.90	2.07	0.51
<b>CSR expenses</b>						
Kamalnayan Jamnalal Bajaj Foundation	CSR expenses	10.71	10.44	13.92	37.12	1.13
<b>Debentures allotted</b>						
Bajaj Resources Limited	Debentures allotted	-	-	-	-	165.00
Bajaj Capital Ventures Private Limited	Debentures allotted	-	-	-	-	214.50
Global World Power Projects Private Limited	Debentures allotted	-	-	-	-	412.50
<b>Debentures redeemed</b>						
Bajaj Resources Limited	Debentures redeemed	-	-	-	-	500.00
Bajaj Capital Ventures Private Limited	Debentures redeemed	-	-	-	-	650.00
Global World Power Projects Private Limited	Debentures redeemed	-	-	-	-	1,250.00

**36.3 Outstanding balances at year/period end**

Rs. in Million

Transactions		As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Name of related party</b>						
Bajaj Power Ventures Private Limited	Guarantees taken	1,78,921.30	1,80,356.70	1,79,662.35	1,61,995.50	1,50,890.00
Bajaj Hindusthan Sugar Limited	Guarantees taken	-	990.00	990.00	990.00	990.00
Bajaj Power Ventures Private Limited	Inter Corporate Deposit	2,000.00	-	-	-	-
Bajaj Energy Limited	Interest/Other payable	33.17	33.17	-	33.17	-
Bajaj Power Ventures Private Limited	Interest payable	82.36	-	-	-	-
Bajaj Infrastructure Development Company Limited	Advance for project	5,105.42	4,702.40	4,710.55	5,087.69	5,565.19
Bajaj Infrastructure Development Company Limited	Recoverable towards other services	1.37	0.52	0.77	-	-
Carbery Infrastructure Pte Limited	Payable for project services	720.24	720.24	720.24	763.54	763.54
Abhitech Developers Private Limited	Rent payable	2.39	2.83	7.15	-	19.16
Bajaj Hindusthan Sugar Limited	Rent payable	0.42	0.10	0.10	-	-
Kamalnayan Jamnalal Bajaj Foundation	CSR payable	74.12	59.86	59.86	59.86	27.07
Bajaj Aviation Private Limited	Travelling expenses payable	50.38	50.38	50.38	53.62	-
Bajaj Aviation Private Limited	Security deposit given	7.50	7.50	7.50	7.50	7.50
Abhitech Developers Private Limited	Security deposit given	3.07	3.07	3.07	3.07	3.07

Note:

- (i) Related party relationship is as identified by the management based on the available information and relied upon by the auditors.
- (ii) No amount has been written off or written back during the year/period in respect of debts due from or to related parties.
- (iii) Managerial Remuneration excludes provision for gratuity and compensated absences, since these are provided on the basis of an actuarial valuation for the company, as a whole.

**LALITPUR POWER GENERATION COMPANY LIMITED**  
Annexure A VI - Notes to Restated Summary Financial Information

**37 Financial Instrument**

**37.1 Capital management**

The Company's objective when managing capital is to:

- Safeguard its ability to continue as going concern so that the Company is able to provide sustainable return to stakeholders and benefits for other stakeholders; and
- Maintain an optimal capital structure of debt and equity balance

The Company manages its financial framework to support the pursuit of value growth for shareholders, while ensuring a secure financial base. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment, return capital to shareholders, issue new shares or sell surplus assets to reduce debt.

The capital structure of the Company consists of net debt (total borrowings offset by cash and bank balances and liquid investments in mutual fund) and total equity of the Company.

The Company's management reviews the capital structure of the Company on regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

**Gearing Ratio**

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

					Rs. in Million	
		As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
(i)	Term Debt (Refer note 17)	1,32,247.15	1,33,111.24	1,32,253.44	1,34,408.09	1,20,078.93
(ii)	(Less)- Cash and bank balances	(132.04)	(45.43)	(2,068.90)	(161.51)	(105.68)
(iii)	(Less)- Current investments	(783.55)	(552.90)	(461.55)	(855.32)	(1,783.79)
(iv)	<b>Net Debt</b>	<b>1,31,331.56</b>	<b>1,32,512.91</b>	<b>1,29,722.99</b>	<b>1,33,391.26</b>	<b>1,18,189.46</b>
(v)	Equity share capital	881.86	881.86	881.86	881.86	803.87
(vi)	Other equity	44,558.07	44,470.42	44,134.72	46,292.87	39,920.35
(vii)	<b>Total equity</b>	<b>45,439.93</b>	<b>45,352.28</b>	<b>45,016.58</b>	<b>47,174.73</b>	<b>40,724.22</b>
(viii)	<b>Net gearing ratio</b>	<b>2.89</b>	<b>2.92</b>	<b>2.88</b>	<b>2.83</b>	<b>2.90</b>

**37.2 Categories of financial instruments**

		As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Financial assets</b>						
<b>Measured at fair value through profit or loss</b>						
Investments at fair value through profit or loss (refer note 6)		783.55	552.90	461.55	855.32	1,783.79
Derivatives not designated as hedges (Refer note 8)		-	21.58	32.27	-	-
Cash flow hedges - Cross currency interest rate swap (Refer note 8)		808.80	-	-	-	219.90
<b>Total financial assets</b>		<b>59,529.69</b>	<b>42,666.33</b>	<b>40,775.42</b>	<b>26,458.33</b>	<b>6,263.05</b>

		As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Financial liabilities</b>						
<b>Measured at fair value through OCI</b>						
Cash flow hedges - Cross currency interest rate swap (Refer note 18)		-	396.25	77.89	133.16	-
<b>Measured at fair value through profit or loss</b>						
Derivatives not designated as hedges (Refer note 18)		139.95	55.54	14.03	219.39	10.13
<b>Measured at amortised cost</b>						
Borrowings (Refer note 17)		1,57,651.56	1,51,280.26	1,52,306.37	1,44,069.55	1,22,676.55
Trade payables (Refer note 19)		2,737.94	2,820.92	2,210.46	1,145.67	735.74
Other financial liability (Refer note 18)		11,456.10	11,999.18	9,566.59	8,419.68	7,817.98
<b>Total financial liabilities</b>		<b>1,71,985.55</b>	<b>1,66,552.15</b>	<b>1,64,175.34</b>	<b>1,53,987.45</b>	<b>1,31,240.40</b>

**37.3 Financial risk management objectives and policies**

While ensuring liquidity is sufficient to meet Company's operational requirements, the Company's risk management committee also monitors and manages key financial risks relating to the operations of the Company by analyzing exposures by degree and magnitude of risks. These risks include market risk (including currency risk and price risk), credit risk and liquidity risk.

**(a) Market risk**

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The major components of market risk are interest rate risk, foreign currency exchange risk and commodity price risk.

**(i) Interest rate risk**

The Company is exposed to interest rate risk because the Company has borrowed funds at floating interest rates. The risk is managed by the Company through pricing of sale of power as being a power generating company and power tariff governed under UPERC Regulation where cost is passed through to power purchaser as per the PPA. Tariff of power sale is administered under cost plus profit through UPERC Regulation.

**Exposure to interest rate risk**

	As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	Rs. in Million As at March 31, 2017
Borrowing bearing floating rate of interest	1,55,651.56	1,51,280.26	1,52,306.37	1,44,069.55	1,22,676.55

\* The above value includes EIR amount Rs. 490.28 Million, (December 31, 2017 - Rs. 199.34 Million, March 31, 2018 - Rs. 530.04 Million, March 31, 2017 - Nil, March 31, 2016 - Nil).

**(ii) Foreign currency risk**

The Company has foreign currency loan and other payables which are hedged through cross currency interest rate swap contract and forward contracts respectively. Beside this, there are low value foreign currency transactions with no outstanding exposure at the end of the reporting period. Consequently, exposure to foreign currency risk is very insignificant.

The Company has entered into cross currency interest rate swap contract with maximum tenure of ten years and notional value of USD 136.5 Million (December 31, 2017 - USD 142.5 Million, March 31, 2018 - USD 141 Million, March 31, 2017 - USD 147 Million, March 31, 2016 - USD 150 Million) whereby the Company will receive variable rate interest of 6 month LIBOR + spread and pay fix interest on Rupee notional amount. The swap is being used to hedge the exposure to change in foreign currency rate and interest rate risk of foreign currency borrowing of USD 146.04 Million (December 31, 2017 - USD 148.16 Million, March 31, 2018 - USD 147.54 Million, March 31, 2017 - USD 150 Million, March 31, 2016 - USD 150 Million). This swap contract is designated as cash flow hedge in order to reduce the Company's cash flow exposure. The counterparty for this contract is a bank.

In the financial year 2017-18 there was change in the repayment structure of foreign currency loan on account of a) implementation of 5/25 scheme for loan repayment b) delay in project commissioning by average 11.5 month which have resulted into disparity in interest and principal repayment cycle of swap contract (hedge instrument) and foreign currency loan (hedged item). Further part loan of USD 9.54 Million (December 31, 2017 - USD 5.65 Million, March 31, 2018 - USD 6.54 Million, March 31, 2017 - USD 3 Million, March 31, 2016 - Nil) remains unhedged which has been subsequently covered through open market forward contracts. Cash flow hedge accounting is applied in respect of hedged portion of foreign currency loan. The ineffectiveness arised for balance loan of USD 9.54 Million (December 31, 2017 - USD 5.65 Million, March 31, 2018 - USD 6.54 Million, March 31, 2017 - USD 3 Million, March 31, 2016 - Nil) is recognised in profit or loss.

The fair value of interest rate swap at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract. Fair value at the end of reporting period Rs 808.79 Million, December 31, 2017 - Rs. (396.25) Million, (March 31, 2018 - Rs. (77.89) Million, March 31, 2017 Rs (133.16) Million, March 31, 2016 - Rs. 219.90 Million).

The floating rate interest is changed on half yearly basis. The Company settles the monthly interest payout of swap with interest on foreign currency loan and pay only fixed rate interest on Rupee outstanding notional amount. The above hedging instrument is disclosed in note 8 'Other financial assets' and note 18 'Other financial liabilities'. The balance in cash flow hedge reserve is Rs (236.52) Million (December 31, 2017 - Rs. (651.74) Million, March 31, 2018 - Rs. (488.17) Million, March 31, 2017 Rs (521.20) Million, March 31, 2016 - Rs. (409.88) Million). Net hedging gain recognised in OCI is Rs 251.65 Million (December 31, 2017 - Rs. (130.54) Million, March 31, 2018 - Rs. 33.03 Million, March 31, 2017 - Rs (111.32) Million, March 31, 2016 - Rs. 102.95 Million).

The Company uses foreign exchange forward contracts to manage its foreign currency payables. The foreign exchange forward contracts are entered into for the amount and period consistent with underlying foreign currency payables and designated as financial instruments at fair value through profit or loss. Mark to market gain / loss is recognised in statement of profit and loss with corresponding assets or liability in balance sheet.

Fair value of these forward contracts are disclosed in note 18 'Other financial liabilities' and note 8 'Other financial assets'

**(iii) Commodity price risk**

The Company is affected by the price volatility of commodities like coal and furnace oil. Its operating activities require the ongoing purchase of coal for power generation therefore require continuous supply of coal. This risk is managed by the Company through pricing of sale of power as being a power generating company and power tariff governed under UPERC Regulation where such cost is passed through to power purchaser. Tariff of power sale is administered under Cost Plus ROE as per UPERC Regulation.

**(b) Credit risk**

Credit risk arises from trade receivables, loans, cash and cash equivalents and deposits with banks. Credit risk management considers available reasonable and supportive forward-looking information including indicators like external credit rating (as far as available), macro-economic information (such as regulatory changes, government directives, market interest rate).

The Company sold all generated electricity to Uttar Pradesh Power Corporation Limited (UPPCL) as per the Power Purchase Agreement (PPA). UPPCL is a Government undertaking and indirectly enjoying sovereign rating of state carrying a marginal risk only. Further delayed receipt from UPPCL beyond normal credit period of 60 days is subject to interest @ 1.25% per month.

There are very few customers for sale of scrap and ash having insignificant value. Refer note no. 11 for outstanding balance as at balance sheet date.

<u>Ageing analysis of trade receivables (FIFO basis)</u>	As at Dec. 31, 2018	As at Dec 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	Rs. in Million
Within credit period	11,176.30	10,716.63	7,259.25	8,608.19	906.61	
1-30 days past due	8,748.31	3,479.60	-	-	-	
31-60 days past due	3,809.89	1,182.38	-	-	-	
61-90 days past due	3,675.35	-	-	-	-	
More than 90 days past due	665.09	-	-	-	-	
<b>Total</b>	<b>28,074.94</b>	<b>15,378.61</b>	<b>7,259.25</b>	<b>8,608.19</b>	<b>906.61</b>	

For investment of surplus funds, credit exposure is managed by counterparty limits which is reviewed by the Management. Investments in liquid plan / schemes are with public sector Asset Management Companies having highest rating. For banks, only high rated banks are considered for placement of deposits. Generally the deposits are maintained in banks with which the Company has also availed borrowings. Refer note no. 6 for investment detail as at Balance Sheet date.

Cash & Bank balances are held with a reputed and creditworthy nationalised banks. Refer note no. 12 and note no. 13 for cash and cash equivalent & other bank balances.

**(c) Liquidity risk**

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents including bank deposits and availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets and liabilities and monitoring balance sheet liquidity ratios.

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

Rs. in Million

	As at Dec 31, 2018					
	On demand	less than 6 months	6 to 12 months	1 to 3 years	> 3 years	Total
Non current Borrowings*	-	-	-	16,877.92	1,10,048.86	1,26,926.78
Current maturity	-	2,268.54	3,051.83	-	-	5,320.37
Current borrowings**	25,404.41	-	-	-	-	25,404.41
Trade payables	2,737.94	-	-	-	-	2,737.94
Interest payable	2,690.82	-	-	-	-	2,690.82
Payable for capital goods	8,214.43	-	-	-	-	8,214.43
Other payables	550.83	-	-	-	-	550.83

Rs. in Million

	As at Dec 31, 2017					
	On demand	less than 6 months	6 to 12 months	1 to 3 years	> 3 years	Total
Non current Borrowings*	-	-	-	12,869.78	1,18,446.50	1,31,316.28
Current maturity	-	1,059.51	735.44	-	-	1,794.96
Current borrowings**	18,169.02	-	-	-	-	18,169.02
Trade payables	2,820.92	-	-	-	-	2,820.92
Interest payable	3,792.19	-	-	-	-	3,792.19
Payable for capital goods	7,896.12	-	-	-	-	7,896.12
Other payables	310.87	-	-	-	-	310.87

Rs. in Million

	As at March 31, 2018					
	On demand	less than 6 months	6 to 12 months	1 to 3 years	> 3 years	Total
Non current Borrowings*	-	-	-	14,665.02	1,16,114.19	1,30,779.20
Current maturity	-	737.12	737.12	-	-	1,474.24
Current borrowings**	20,052.93	-	-	-	-	20,052.93
Trade payables	2,210.46	-	-	-	-	2,210.46
Interest payable	1,349.85	-	-	-	-	1,349.85
Payable for capital goods	8,048.34	-	-	-	-	8,048.34
Other payables	168.40	-	-	-	-	168.40

Rs. in Million

	As at March 31, 2017					
	On demand	less than 6 months	6 to 12 months	1 to 3 years	> 3 years	Total
Non current Borrowings*	-	-	-	35,523.40	90,733.81	1,26,257.20
Current maturity	-	4,075.44	4,075.44	-	-	8,150.89
Current borrowings**	9,661.46	-	-	-	-	9,661.46
Trade payables	1,145.67	-	-	-	-	1,145.67
Interest payable	1,050.11	-	-	-	-	1,050.11
Payable for capital goods	7,268.80	-	-	-	-	7,268.80
Other payables	100.77	-	-	-	-	100.77

Rs. in Million

	As at March 31, 2016					
	On demand	less than 6 months	6 to 12 months	1 to 3 years	> 3 years	Total
Non current Borrowings*	-	-	-	31,396.85	88,682.08	1,20,078.93
Current borrowings**	2,597.62	-	-	-	-	2,597.62
Trade payables	735.74	-	-	-	-	735.74
Interest payable	178.52	-	-	-	-	178.52
Payable for capital goods	7,615.49	-	-	-	-	7,615.49
Other payables	23.97	-	-	-	-	23.97

\* Non-current Borrowing including EIR and MTM value.

\*\* Working capital limit availed against the sanction limit as on December 31, 2018 - Rs. 28,387.00 Million, December 31, 2017 - Rs. 27,467.00 million, March 31, 2018 - Rs. 28,387.00 Million, March 31, 2017 - Rs. 10,000.00 Million, March 31, 2016 - Rs. 4,235.00 Million.

#### 37.4 Fair value measurement

The management assessed that fair value of loans, cash and cash equivalents, trade receivables, trade payables and other liabilities approximate to their carrying amounts and as such, the company has not disclosed fair value for these financial instruments.

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. The following methods and assumptions were used to estimate the fair values.

(i) The fair values of the quoted investments are based on price quotations at the reporting date.

(ii) The fair value of loans from banks and other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities which is approximate to their carrying amount.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 as described below:

	Total	Level 1	Level 2	Rs. in Million Level 3
<b>December 31, 2018</b>				
Current Investments (Refer note 6)	783.55	783.55	-	-
Derivatives not designated as hedges (Refer note 18)	(139.95)	-	(139.95)	-
Cash flow hedge - Cross currency interest rate swap (Refer note 8)	808.80	-	808.80	-
<b>December 31, 2017</b>				
Current Investments (Refer note 6)	552.90	552.90	-	-
Derivatives not designated as hedges (Refer note 8)	21.58	-	21.58	-
Cash flow hedge - Cross currency interest rate swap (Refer note 18)	(396.25)	-	(396.25)	-
Derivatives not designated as hedges (Refer note 18)	(55.54)	-	(55.54)	-
<b>March 31, 2018</b>				
Current Investments (Refer note 6)	461.55	461.55	-	-
Derivatives not designated as hedges (Refer note 8)	32.27	-	32.27	-
Cash flow hedge - Cross currency interest rate swap (Refer note 18)	(77.89)	-	(77.89)	-
Derivatives not designated as hedges (Refer note 18)	(14.03)	-	(14.03)	-
<b>March 31, 2017</b>				
Current Investments (Refer note 6)	855.32	855.32	-	-
Cash flow hedge - Cross currency interest rate swap (Refer note 18)	(133.16)	-	(133.16)	-
Derivatives not designated as hedges (Refer note 18)	(219.39)	-	(219.39)	-
<b>March 31, 2016</b>				
Current Investments (Refer note 6)	1,783.79	1,783.79	-	-
Cash flow hedge - Cross currency interest rate swap (Refer note 8)	219.90	-	219.90	-
Derivatives not designated as hedges (Refer note 18)	(10.13)	-	(10.13)	-

**For valuation of cross currency interest rate swap**

Valuation technique : - Discounted cash flow.  
 Key inputs : - Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contractual interest rates, discounted at a rate that reflects the credit risks of counter party.

**For valuation of current investments**

Valuation technique : - Observable market inputs  
 Key inputs : - The mutual funds are valued using the closing Net Assets Value (NAV). NAV represents the price at which the issuer will issue these units and will redeem such units of mutual fund to and from the investor.

Inter level transfer : - There are no transfer between level 1 and level 2 and also between level 2 and level 3 during the period presented.

**Approval of restated financial statements**

**38** The restated financial statements were approved for issue by the board of directors on March 22, 2019

As per our examination report of even date

For and on behalf of the Board

**For R. S. Dani & Co.**  
Chartered Accountants  
Firm Registration No. 000243C

**For L. B. Jha & Co.**  
Chartered Accountants  
Firm Registration No. 301088E

**For B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W-100022

**R.S.Sharma**  
Managing Director  
DIN - 00012452

**C. P. Kothari**  
Partner  
Membership No. 072229

**Radhika Singhal**  
Partner  
Membership No.533240

**Vijay Bhatt**  
Partner  
Membership No. 036647

**Alok Krishna Agarwal**  
Director  
DIN - 00127273

**Govind Maheshwari**  
Chief Financial Officer

**Sanjeev Pathak**  
Company Secretary  
Membership No. 19107

**LALITPUR POWER GENERATION COMPANY LIMITED**

Annexure - A VII Statement of Adjustments to Audited Financial Statements

(A) Summarised below are the re-statement adjustment made to the net profit of the audited financial statement of the Company for the period ended 31 December 2018, 31 December 2017, 31 March 2018, 31 March 2017 and 31 March 2016.

	Note No.	Nine Months Ended Dec. 31, 2018	Nine Months Ended Dec. 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Rs. in Million Year ended March 31, 2016
<b>Net profit after tax as per audited financial statements under IGAAP</b>						522.56
<b>Impact on account of adjustment arising for transition to Ind AS:-</b>						
Fair value gain on financial instruments at FVTPL						4.41
Virtual Interest income on employees loan						0.14
Remeasurement gain / loss on defined benefit plan						7.34
Net profit after tax as per audited financial statements under Ind AS		175.12	21.23	46.94	1,116.23	534.45
Material adjustments on account of restatement:						
Adjustments to Revenue	(a)	-	(1,565.63)	(2,087.51)	2,144.99	(57.48)
Adjustments to Other Income	(b)	-	(138.13)	(138.13)	138.13	-
Modification in auditors report in matters relating to						
- Availability Based Tariff	(c)	-	-	(850.36)	(8,965.79)	(2,898.49)
- Return On Equity	(d)	-	-	(3,903.91)	(804.30)	-
- Declared Capacity (Loss of Profit)	(e)	-	-	(7,538.02)	-	-
Emphasis of matter paragraph in auditors report in matters relating to						
- Availability Based Tariff	(f)	-	-	850.36	8,965.79	2,898.49
- Return On Equity	(g)	-	-	3,903.91	804.30	-
- Declared Capacity (Loss of Profit)	(h)	-	-	7,538.02	-	-
Total adjustments on Statement of Profit and Loss		-	(1,703.76)	(2,225.64)	2,283.12	(57.48)
<b>Restated profit/(loss) after tax</b>		<b>175.12</b>	<b>(1,682.53)</b>	<b>(2,178.70)</b>	<b>3,399.35</b>	<b>476.97</b>

Notes:

- (i) Figures in the bracket indicates reduction and figures without brackets indicates increase in the respective restated numbers.  
(ii) There has been no adjustment/impact in 'Other Comprehensive Income' ('OCI') to the audited OCI for the respective years / period.

(B) Summarised below are the restatement adjustments made to audited Equity of the Company as at December 31, 2018, December 31, 2017, March 31, 2018, March 31, 2017 and March 31, 2016.

	Note No.	As at 31 December 2018 #	As at 31 December 2017 #	As at 31 March 2018 #	As at 31 March 2017 #	As at 31 March 2016 #
Total reported other equity as per audited financial statements as per Ind AS		44,558.07	43,948.54	44,134.72	44,067.23	39,977.83
Opening Adjustment		-	2,225.64	2,225.64	-57.48	-
<b>Material adjustments on account of restatement:</b>						
Adjustments to Revenue	(a)	-	(1,565.63)	(2,087.51)	2,144.99	(57.48)
Adjustments to Other Income	(b)	-	(138.13)	(138.13)	138.13	-
Modification in auditors report in matters relating to						
- Availability Based Tariff	(c)	-	-	(850.36)	(8,965.79)	(2,898.49)
- Return On Equity	(d)	-	-	(3,903.91)	(804.30)	-
- Declared Capacity (Loss of Profit)	(e)	-	-	(7,538.02)	-	-
Emphasis of matter paragraph in auditors report in matters relating to						
- Availability Based Tariff	(f)	-	-	850.36	8,965.79	2,898.49
- Return On Equity	(g)	-	-	3,903.91	804.30	-
- Declared Capacity (Loss of Profit)	(h)	-	-	7,538.02	-	-
Total adjustments, net		-	521.88	-	2,225.64	(57.48)
<b>Restated other equity</b>		<b>44,558.07</b>	<b>44,470.42</b>	<b>44,134.72</b>	<b>46,292.87</b>	<b>39,920.35</b>

Notes:

- (i) Figures in the bracket indicates reduction and figures without brackets indicates increase in the respective restated numbers.  
(ii) There has been no adjustment/impact in 'Other Comprehensive Income' ('OCI') to the audited OCI for the respective years / period.

**Explanatory notes for the restatement adjustment**

- (a) UPERC Order dated 07th March'2018 allows for recovery of capacity charges @ Rs. 2.24/kWh on provisional basis based on project cost incurred upto 30th September'2015. Further project cost has been incurred even after 30th Spetember'2015. For re-statement purpose, the Company has recognised its revenue in respect of capacity charges equivalent to 95% of tariff as calculated based on prevalent UPERC regulations.
- (b) Other income is classified on accrual basis in respective year / period.

(c) In the year 2010, the Company i.e. LPGCL had entered into a long term Power Purchase Agreement (PPA) with Uttar Pradesh Power Corporation Limited (UPPCL) for supply of 100% of its Power Generation capacity of 1980 MW. As per terms of PPA and applicable regulatory provisions from time to time, LPGCL is allowed recovery of tariff in two parts under Availability Based Tariff (ABT) mechanism i.e. Variable Charges towards cost of coal and oil which is paid on basis of actual generation i.e. Plant Load Factor (PLF) and Fixed Charges comprising of operation & maintenance expenses, depreciation, interest on term loan, interest on working capital loan and return on equity which is based on availability of its plant i.e. Plant Availability Factor (PAF) and not on Plant Load Factor (Actual Generation). The basic premise of the PPA which is executed between UPPCL and LPGCL is recovery of entire fixed charges based on Plant Availability Factor (PAF).

As per the terms of the said PPA, for power evacuation, providing transmission line was the responsibility of the UPPCL, once the power generating units were ready to be declared for commercially in operation. Although the power generating units were successfully commissioned by the LPGCL, evacuation of total power generated by said Unit was not possible, as transmission line was not ready by UPPCL.

Due to limitation of evacuation capacity of UPPCL, UPPCL was reluctant to consent for recovery of entire eligible fixed charges in respect to LPGCL power generating units once it gets commissioned and under duress asked LPGCL to enter into a bilateral agreement (referred to as 'Bilateral Agreement') dated 04 November 2015. As per terms of this agreement for intermittent period till commissioning of 765 kV Transmission system, UPPCL will pay for Fixed Charges based on the PLF as scheduled by State Load Dispatch Centre instead of PAF.

A sum of Rs. 850.36 Million, Rs. 8,965.79 Million, Rs 2,898.49 Million for the year ended 31 March 2018, 31 March 2017 and 31 March 2016 respectively were recognized as revenue based on principles as laid down under ABT mechanism i.e. recovery of fixed charges on PAF basis which is basic premise of PPA rather than on actual power generation from the commercial operations date of each plant.

Against the above mentioned Bilateral Agreement LPGCL had filed petition before the Uttar Pradesh Electricity Regulatory Commission (UPERC) to claim fixed charges as per ABT mechanism specified in PPA, for the period in which 765 kV transmission system for evacuation of power was not available and to treat the Bilateral Agreement as null and void as it is against both the provisions of PPA and UPERC regulation. This claim has not been allowed as per UPERC order dated 21 September 2016 and subsequently UPERC vide its order dated 17 October 2018 has reconfirmed the earlier order.

Given that these claims were rejected twice by UPERC and further no future legal recourse in the matter was clear at the time of adoption of accounts which is just a day after the outcome of UPERC order of 17th October' 2018, the auditor's in their audit opinion for the year ended 31 March 2018 had given a qualified opinion on such revenue recognition. Accordingly as required under the ICDR regulations, a sum of Rs 850.36 Million, Rs. 8,965.79 Million and Rs. 2,898.49 Million for the year ended 31 March 2018, 31 March 2017 and 31 March 2016 respectively, has been adjusted in revenue in the corresponding financial

(d) As per terms of PPA, the Company was required to secure coal linkage which was finally secured by the Company in Q4 FY 2017-18. UPERC vide order dated 21 September 2016 and further confirmed by its order dated 17 October 2018 restricted LPGCL in claiming Return on Equity (RoE) as part of its tariff component from the date of UPERC order (i.e. 18 January 2017) till award of coal linkage by Government of India. Company had represented before UPERC that award of coal linkage by Government is not in its control and further LPGCL had offered to charge coal cost as per notified rates of Coal India only, irrespective of its actual cost, till award of Coal Linkage.

A sum of Rs. 3,903.91 Million and Rs. 804.30 Million for the year ended 31 March 2018 and 31 March 2017 respectively was recognized as revenue based on principles as laid down under PPA / regulations which clearly contains no provision related to deduction of RoE.

Given that these claims were rejected twice by UPERC and further no future legal recourse in the matter was clear at the time of adoption of accounts which is just a day after the outcome of UPERC order of 17th October' 2018, the auditor's in their audit opinion for year ended 31 March 2018 had given a qualified opinion on such revenue recognition. Accordingly as required under the ICDR regulations, a sum of Rs. 3,903.91 Million and Rs. 804.30 Million for the year ended 31 March 2018 and 31 March 2017 respectively, has been adjusted in revenue in the corresponding financial year to which it relates.

(e) During the Year 2017-18, there had been instances of abnormal delays in collection from UPPCL which led to severe liquidity crisis. LPGCL is required to make advance payment for coal purchases against its committed quantities. However in absence of adequate cash flows from UPPCL, it had cascading effect and LPGCL could not procure required quantities of fuel though the plant was continually available for generation and supply of electricity to UPPCL. Non-availability of coal led to declaration of plant capacity at reduced levels resulting into under recovery of capacity charges. The said under recovery is against the basic premise of recovery of fixed charges by way of declaration of plant availability. Further, there is a specific guidance under Electricity Act 2003 granting regulatory powers to the commission to put in place a mechanism for timely recovery of outstanding bills, due to default on part of the procurer.

A sum of Rs. 7,538.02 Million was recognised as revenue in the financial statement for the year ended 31 March 2018 respectively in line with above.

Pending the filing of petition and its admission before UPERC, the auditor's in their audit opinion for the year ended 31 March 2018 had given a qualified opinion on such revenue recognition. Accordingly as required under the ICDR regulations, a sum of Rs. 7,538.02 Million was recognised as revenue in the financial statements for the year ended March 2018, has been adjusted in revenue in the corresponding financial year to which it relates.

(f) In continuation to matter highlighted in paragraph "c" above, LPGCL had preferred an appeal before Appellate Tribunal for Electricity (APTEL) against the mentioned orders of UPERC. Basis the submission of all facts by the Company, APTEL had directed UPERC and UPPCL not to precipitate the Company to sign Supplementary Agreement (to give effect to Bilateral Agreement) as specified in the UPERC orders until further orders. Further, the Company has been legally advised that this Bilateral Agreement be considered as null and void, in view of it being in the violation of provision of article 18.1 of the PPA which clearly provides that the PPA can only be amended or supplemented by written agreement between the parties (i.e. the LPGCL and UPPCL) and after obtaining the approval of the UPERC wherever necessary. However, no such approval of UPERC was obtained in respect of said Bilateral Agreement. Considering the legal recourse available to the Company, and the fact that matter in APTEL is pending for further hearing, auditors have now highlighted this matter as Emphasis of Matter in their report for interim Ind AS financial statements for the nine months period ended 31 December 2018 and have removed qualifications as given earlier. Accordingly as required under the ICDR regulations, a sum of Rs 850.36 Million, Rs. 8,965.79 Million and Rs. 2,898.49 Million for the year ended 31 March 2018, 31 March 2017 and 31 March 2016 respectively, has been adjusted in revenue in the corresponding financial year to which it relates.

(g) In continuation to matter highlighted in paragraph "d" above, LPGCL had preferred an appeal before Appellate Tribunal for Electricity (APTEL) against the mentioned orders of UPERC. LPGCL has been legally advised that the claims are tenable, considering the fact that award of Coal Linkage was not in its control and especially given the fact that the Company had offered to charge coal cost as per notified rates of Coal India only, irrespective of its actual cost, till award of Coal Linkage. Further since PPA / regulations doesn't contain any clause which restricts the Company in claiming RoE as a component to Fixed Charges and order as given by UPERC is not as per the provisions of PPA / regulatory provisions in place. Considering the fact that legal recourse is available to the Company and appeal has been filed before APTEL where all pleadings have been filed and now the matter is pending for further hearing. Further considering the fact that APTEL has directed UPERC and UPPCL not to precipitate the Company to sign any supplementary agreement which is against the provisions of PPA/regulations, auditors have now highlighted this matter as Emphasis of Matter in their report for interim Ind AS financial statements for the nine months period ended 31 December 2018 and have removed qualifications as given earlier. Accordingly as required under the ICDR regulations, a sum of Rs. 3,903.91 Million and Rs. 804.30 Million for the year ended 31 March 2018 and 31 March 2017 respectively, has been adjusted in revenue in the corresponding financial year to which it relates.

(h) In continuation to matter highlighted in paragraph "e" above, LPGCL has now filed petition before UPERC for recovery of availability loss (because of non-availability of coal) from UPPCL. In addition, there has been a past precedent where the Regulatory Commission has relaxed the norms of PAF in case of non-availability of fuel due to reasons beyond control of the seller. The Company has been legally advised that it has a valid claim against the UPPCL which has now been submitted before UPERC and has been admitted for hearing, auditors have now highlighted this matter as Emphasis of Matter in their report for interim Ind AS financial statements for the nine months period ended 31 December 2018 and have removed qualifications as given earlier. Accordingly as required under the ICDR regulations, a sum of Rs. 7,538.02 Million was recognised as revenue in the financial statements for the year ended 31 March 2018 respectively, has been adjusted in revenue in the corresponding financial year to which it relates.

**LALITPUR POWER GENERATION COMPANY LIMITED**

**Annexure A VIII - Restated Summary Statement of Accounting Ratios**

Particulars		Nine Months Ended Dec. 31, 2018	Nine Months Ended Dec. 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
<b>Basic and Diluted Earnings Per Share (Rs.)</b>	A					
<b>Basic Earnings Per Share (Basic EPS)</b>		175.17 8,81,85,993	(1,682.56) 8,81,85,993	(2,178.70) 8,81,85,993	3,399.33 8,45,69,938	476.98 7,41,55,953
Profit/(Loss) after tax (Rs. in Million) (A)						
Weighted average number of Equity shares outstanding considered for calculating basic EPS (B)						
<b>Earnings Per Share - Basic (A/B)</b>		1.99 10.00	(19.08) 10.00	(24.71) 10.00	40.20 10.00	6.43 10.00
Nominal value per share (Rs.)						
<b>Diluted earnings per share (Diluted EPS)</b>						
Profit/(Loss) after tax (Rs. in Million) (A)						
Weighted average number of Equity shares outstanding considered for calculating Diluted EPS (C)						
<b>Earnings Per Share - Diluted (A/C)</b>		175.17 8,81,85,993	(1,682.56) 8,81,85,993	(2,178.70) 8,81,85,993	3,399.33 8,45,69,938	476.98 7,41,59,858
Nominal value per share (Rs.)						
<b>Net Assets Value per Equity share (Rs.)</b>	B					
Net Worth, as restated (Rs. in Million) (D)		45,676.45 8,81,85,993	46,004.02 8,81,85,993	45,504.75 8,81,85,993	47,695.93 8,45,69,938	40,433.92 7,41,55,953
Number of equity shares outstanding at the end of the year (E)		518	522	516	564	545
Net Assets Value per Equity share (Rs.) (F=D/E)						
<b>Return on Net worth</b>	C					
Net Profit/(Loss) after tax as restated (Rs. in Million) (G)		175.17 45,676.45 0.38%	(1,682.56) 46,004.02 -3.66%	(2,178.70) 45,504.75 -4.79%	3,399.33 47,695.93 7.13%	476.98 40,433.92 1.18%
Net Worth, as restated (Rs. in Million) (H)						
Return on Net Worth % (I=G/H)						
<b>Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)</b>		22,184.81	19,238.32	25,765.08	18,674.81	2,801.64

1. The figures disclosed above are based on the restated Summary Financial information of the Company.

2. The above annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure A V, Notes to the Restated Summary of Financial Information appearing in Annexure A VI and Statement of Adjustments to the Audited Financial Statements appearing in Annexure A VII.

3. The ratio has been computed as per the following formula:

(i) Earnings per share:

$$\frac{\text{Restated Net profit available to equity share holder for the year / period}}{\text{Weighted average number of equity shares outstanding during the year / period}}$$

(ii) Net Assets Value per equity shares:

$$\frac{\text{Restated Net worth excluding cash flow hedge reserve as at the end of the year / period}}{\text{Weighted Number of equity shares outstanding at the end of the year / period}}$$

(iii) Return on net worth (%):

$$\frac{\text{Restated Net profit after tax for the year / period}}{\text{Restated Net worth excluding cash flow hedge reserves as at the end of the year / period}}$$

4. Earnings before Interest, Tax, Depreciation and amortisation (EBITDA) has been arrived at adding back depreciation and amortisation, interest & financial charges to the restated Profit before tax appearing in Annexure A II - Restated Statement of Summary Profit and Loss.

5. Weighted average number of equity shares is the number of equity shares outstanding as the beginning of the year adjusted by a number of equity shares issued during year / period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year / period.

6. Net worth for ratio mentioned in above note represents the aggregate of the paid up share capital, reserves & surplus (Excluding revaluation reserve and Cash Flow Hedge Reserve) and money received against share warrants as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of statement of profit and loss.

7. Earnings per share calculations are in accordance with Ind AS 33 on "Earnings per Share" notified under section 133 of the Companies Act 2013.

**LALITPUR POWER GENERATION COMPANY LIMITED**

**Annexure IX: Restated Summary Statement of Capitalisation**

Particulars	<b>Nine Months Ended Dec. 31, 2018</b>	<b>Rs. in Million</b>
Short Term Debt* (Working Capital Facility/Inter Corporate Deposit)(A)	25,404.41	[.]
Long Term Debt**(B)	1,26,926.78	[.]
Add: Current maturities of long term borrowings (C)	5,320.37	[.]
<b>Total Debt (D= A+B+C)</b>	<b>1,57,651.56</b>	[.]
<b>Shareholder's fund</b>		
Share Capital (E)	881.86	[.]
Reserve & Surplus (Including Share Premium, Cash Flow Hedge Reserve & Retained earnings) (F)	44,558.07	[.]
<b>Total Shareholder's fund (G=E+F)</b>	<b>45,439.93</b>	[.]
Long Term Debt**/Shareholder's Funds (H=(B+C)/G)	2.91	[.]
Total Debt/Shareholder's Funds (I=D/G)	3.47	[.]

\* Short term debt represent borrowing having repayment tenure of 12 months or less.

\*\* Long term debt include current portion of long-term borrowing repayable over the next twelve months.

**Note:**

(i) The above statement Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Summary of Financial Information appearing in Annexure VI and Statement of Adjustments to the Audited Financial Statements appearing in Annexure VII.

(ii) The corresponding figures (As Adjusted for issue) are not determinable at this stage pending the completion of the book building process and hence have not been furnished.

## OTHER FINANCIAL INFORMATION

The standalone financial statements of our Company as at and for the year ended March 31, 2018, March 31, 2017, and March 31, 2016 and the reports thereon dated June 19, 2018, July 10, 2017 and June 9, 2016, respectively (“**Standalone Financial Statements**”) are available at [http://www.bajajenergy.com/index\\_inner.php?pid=80](http://www.bajajenergy.com/index_inner.php?pid=80). Our Company is providing a link to this website solely to comply with the requirements specified in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018. The Standalone Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018, or any other applicable law in India or elsewhere in the world. The Standalone Financial Statements should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the “**Group**”) and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor any Lead Managers or the Promoter Selling Shareholder, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Standalone Financial Statements, or the opinions expressed therein.

For details of accounting ratios, please see the section entitled “*Restated Consolidated Financial Information – Annexure VIII: Restated Consolidated Summary Statement of Accounting Ratios*” on page 206.

## CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at December 31, 2018, on the basis of our Restated Consolidated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Restated Consolidated Financial Information" and "Risk Factors" on pages 259, 161 and 21, respectively.

<b>Particulars</b>	<b>As at December 31, 2018</b>	<b>As adjusted for issue (refer note (ii) below)</b>
<b>Borrowings</b>		
Short Term Debts:*(Working Capital Facility) (A)	5,003.06	[•]
Long Term Debts:** (B)	11,864.33	[•]
Add: Current maturities of long term borrowings, included in other financial liabilities (C)	2,396.12	[•]
<b>Total Debt (D=A+B+C)</b>	<b>19,263.51</b>	[•]
<b>Shareholder's fund</b>		
Share Capital (E)	411.75	[•]
Reserve & Surplus (Including Share Premium, Cash Flow Hedge Reserve & Retained earnings) (F)	13,098.35	[•]
<b>Total Shareholder's fund (G=E+F)</b>	<b>13,510.10</b>	[•]
<b>Long Term Debt**/Shareholder's Funds (H=(B+C)/G)</b>	<b>1.06</b>	[•]
<b>Total Debt/Shareholder's Funds (I=D/G)</b>	<b>1.43</b>	[•]

\* Short term debt represent borrowing having repayment tenure of 12 months or less.

\*\* Long term debt include current portion of long-term borrowing repayable over the next twelve months.

In the extra ordinary general meeting held on 28<sup>th</sup> January 2019, the members of the Company have approved for issuance of 411,750,000 Zero Coupon Compulsorily Convertible Preference Shares (CCPS) of Rs 10 each as fully paid-up bonus shares in the proportion of 10 CCPS for each one equity share held out of the available surplus with the Company. These CCPS will carry the voting powers as prescribed under the Companies Act 2013. The above specified CCPS are been converted into 411,750,000 equity shares of ₹ 10/- each fully paid up as on March 20, 2019.

*Note:*

- (i) The above statement Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Summary of Financial Information appearing in Annexure VI and Statement of Adjustments to the Audited Consolidated Financial Statements appearing in Annexure VII.
- (ii) The corresponding figures (As Adjusted for issue) are not determinable at this stage pending the completion of the book building process and hence have not been furnished.

## FINANCIAL INDEBTEDNESS

As on February 28, 2019, the outstanding amounts under the borrowings of our Company were ₹ 18,802.25 million.

Our Company avails loans in the ordinary course of business for the purposes of capital expenditure requirements and purchase of raw materials and assets, including but not limited to the purchase of plant and machinery or other capital goods for running of various thermal power projects set up by our Company and its Associate, amongst other things.

As on February 28, 2019, the aggregate outstanding borrowings of our Company are as follows:

Category of borrowing	Sanctioned amount (in ₹ million)	Outstanding amount (in ₹ million)
<b>Banks</b>		
<b>Fund Based<sup>(1)</sup></b>		
Term Loans	22,290.00	13,549.38
Working Capital Facilities	9,500.00	5,002.87
<b>Total Secured Loans</b>	<b>31,790.00</b>	<b>18,552.25</b>
<b>Inter Corporate Deposits - Unsecured</b>		
Bajaj Power Ventures Private Limited	250.00	250.00
<b>Total Unsecured Loans</b>	<b>250.00</b>	<b>250.00</b>
<b>Total (Fund Based)</b>	<b>32,040.00</b>	<b>18,802.25</b>
<b>Non Fund Based<sup>(1)</sup></b>		
Bank Guarantees <sup>(2)</sup>	200.00	-
Letter of Credit <sup>(2)</sup>	360.00	66.90
Derivatives	10.00	-
<b>Total (Non Fund Based)</b>	<b>570.00</b>	<b>66.90</b>
<b>Total</b>	<b>32,610.00</b>	<b>18,869.15</b>

(1) All fund and non-fund based borrowings of our Company are secured. For details relating to security, please refer to point 3 below.

(2) Bank Guarantees and Letter of Credit are interchangeable to the extent of 50%.

For details of the outstanding indebtedness obligations of our Company for the last three Fiscals and the nine months ended December 31, 2018, please see the section entitled “Restated Consolidated Financial Information” on page 161.

### Principal terms of the borrowings availed by our Company:

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by us.

1. **Interest:** In terms of the term loans and working capital facilities availed by us, the interest rate typically ranges from 10.50% to 13.00% per annum
2. **Tenor:** The remaining tenor of the long-term facilities availed by us ranges from 3.5 to 16.5 years and the working capital facilities typically have a tenor of one year, with an option of renewal every year.
3. **Security:** In terms of our borrowings where security needs to be created, we are typically required to:
  - (a). Create a first charge over all immoveable assets of our Company, both present and future, including mortgage over any leasehold property of our Company;
  - (b). Create a first *pari passu* charge or first charge on both present and future current assets, book debts, stocks and receivables under the financing activity, including all benefits and rights incidental thereto;
  - (c). Create a first *pari passu* charge or first charge on both the present and future fixed assets including all moveable assets of our Company;
  - (d). Create a first *pari passu* charge or first charge by way of hypothecation or otherwise over all the bank accounts including accounts of our Company;

- (e). Create a *pari passu* pledge over the fully paid up equity shares of our Company;
  - (f). Provide counter guarantees or indemnities in relation to the letter of credit facilities and bank guarantees availed by our Company; and
  - (g). Guarantees by our Promoters.
4. ***Repayment:*** The remaining repayment period for the term loans ranges from 3.5 to 16.5 years. The lenders are entitled to recalculate the installments schedules if the lender varies the interest rate or upon the occurrence of any event, or both, which in the opinion of the lender necessitates a recalculation of the same.
- Our working capital facilities are repayable on demand in accordance with the terms of the loan arrangements.
5. ***Pre-payment:*** Pre-payment of our term loans and working capital facilities is permitted with prior approval of or prior intimation to the respective lenders and unless such pre-payment is from internal accruals, it is typically subject to pre-payment penalties.

#### 6. ***Key Covenants:***

In terms of our facility agreements, certain corporate actions by our Company which require prior written consent of the lenders include:

- (a). change in the purpose for which the facility was obtained;
- (b). change in capital structure of our Company;
- (c). to effect any scheme of amalgamation or reconstitution;
- (d). any investment by way of share capital;
- (e). to approach the capital markets for any additional resources;
- (f). to create or maintain any indebtedness except as provided under the facility agreements;
- (g). amendment to the constitutional documents of our Company;
- (h). to effect any material change in the management or the business of our Company;
- (i). change in control of our Company;
- (j). dilution of cumulative shareholding of our Promoters in our Company to below 51%;
- (k). declaration of dividends;
- (l). modifications or amendments carried out in the constitution and ownership of our Company; and
- (m). disposing of its assets or compromise with any of its creditors.

Further, the facility agreements include the following key covenants and terms:

- (a). maintaining and complying with the terms of authorization of our Company for entering into the facility agreements;
- (b). intimation for change in shareholding pattern of our Company;
- (c). maintaining certain financial ratios as specified in the respective facility documents;
- (d). ensuring that the net working capital does not fall below the minimum amounts stipulated by the lenders;
- (e). ensuring that any intra-group transactions are not prejudicial to the rights of the lenders;
- (f). unconditional right of the lenders to cancel or suspend our Company's outstanding undrawn commitment without prior intimation or on deterioration of creditworthiness; and

- (g). right of the lender to appoint a nominee director, in case of default.

7. ***Events of Default:***

In terms of our facility agreements, the following, among others, constitute as events of default:

- (a). our Company does not pay on the due date any amount payable;
- (b). the security ceases to have effect or if any of the transaction documents become illegal, invalid or cease to have effect;
- (c). breach of any representation, warranty, declaration or confirmation provided by our Company under the facility agreements;
- (d). upon happening of any substantial change in the constitution or management or shareholding of our Company;
- (e). our Company becoming subject of proceedings under any insolvency or bankruptcy law;
- (f). upon occurrence of a cross default;
- (g). change in control of our Company; and
- (h). any governmental action that deprives our Company from conducting its business or of the use of any of its assets or for revocation of any authorization in connection with the business of our Company which could have a material adverse effect.

8. Additionally, our Company is required to ensure that the aforementioned events of default and other events of default, as specified under the various loan documentation entered into by our Company for the purpose of availing of loans is not triggered.

9. ***Consequences of occurrence of events of default:***

In terms of our facility agreements, the following, among others, are the consequences of occurrence of events of default i.e., our lenders may:

- (a). withdraw or cancel the sanctioned facilities;
- (b). convert any outstanding commitments of our Company to fully paid-up equity shares of our Company;
- (c). seek immediate repayment of all or part of the outstanding amounts under the respective facilities; and
- (d). enforce their security interest which includes, among others, taking possession of charged assets and transfer of the secured assets to such other third parties by way of lease, leave and licence, sale or otherwise.

The details provided above are indicative and there may be additional terms, conditions and requirements under the specific borrowing arrangements entered into by us.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*In the following section, we discuss and analyze our consolidated historical financial results and LPGCL's standalone historical financial results for the nine months ended December 31, 2018 and the fiscal years ended March 31, 2018, 2017 and 2016. You should read the following discussion and analysis together with our Company's Restated Consolidated Financial Information and the LPGCL Restated Financial Information, including the notes thereto and reports thereon, each included in this Draft Red Herring Prospectus.*

*Our Restated Consolidated Financial Information is prepared and presented in accordance with Ind AS, and restated in accordance with the requirements provided under the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI and the LPGCL Restated Financial Information is prepared and presented in accordance with Ind AS, in accordance with the requirements provided under the SEBI ICDR Regulations, which may differ in certain significant respects from generally accepted accounting principles in other countries, including the United States.*

*This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance, which are subject to numerous risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements. As such, you should also read the sections entitled "Risk Factors" and "Forward Looking Statements" on pages 21 and 15, respectively, which discuss certain factors and contingencies that could affect our financial condition and results of operations.*

*Our Company's and LPGCL's fiscal year ends on 31 March of each year. Accordingly, all references to a "fiscal year", or "FY", are to the 12 months ended 31 March of that year.*

### **Overview**

Our Company, along with LPGCL, is one of the largest private sector thermal generation companies in Uttar Pradesh (**Source: CRISIL Research**). We have a track record of developing, financing and operating thermal power plants in India. We have a total gross installed capacity of 2,430 MW, comprising 450 MW from five operational plants of 90 MW each, owned and managed by BEL (the "**BEL Power Plants**") and 1,980 MW from the power plant owned and managed by LPGCL (the "**LPGCL Power Plant**"), which we intend to wholly acquire from the proceeds of the Offer (the "**LPGCL Acquisition**"). For further details, please see the sections entitled "*Objects of the Offer*", "*Risk Factors*", "*Unaudited Restated Proforma Financial Information*" and "*Material Contracts and Documents for Inspection*" on pages 69, 21, 298 and 367, respectively.

The aggregate installed capacity of 2,430 MW for the BEL Power Plants and the LPGCL Power Plant is fully contracted for under the long-term power purchase agreements ("**PPA**") entered into with certain state government-owned procurers through UPPCL. As at the financial year ended March 31, 2019, the PPAs of the BEL Power Plants and the LPGCL Power Plant have a remaining average term of 18<sup>2</sup> years and 23<sup>2</sup> years, respectively.

BEL and LPGCL has each entered into long-term fuel supply agreements with Central Coal Fields Limited, a subsidiary of Coal India Limited, for the supply of coal to the BEL Power Plants and the LPGCL Power Plant. Additionally, LPGCL has also entered into fuel supply agreements with other subsidiaries of Coal India Limited for the supply of coal.

The BEL Power Plants have been fully operational since 2012 and possess an operational track record of more than six years. For the years ended March 31, 2016, 2017 and 2018, the average plant availability factor percentage (which is a measure of the frequency at which a power plant is available to generate power) of the BEL Power Plants was approximately 85.52%, 85.48% and 87.12%, respectively. For the nine-month period ended December 31, 2018 and the years ended March 31, 2016, 2017 and 2018, BEL on a consolidated basis generated a total income of ₹ 7,220.51 million, ₹ 14,070.99 million, ₹ 14,058.76 million and ₹ 8,976.25 million, respectively, and a profit/(loss) of ₹ 395.64 million, ₹ 1,028.35 million, ₹ 1,077.12 million and ₹ (33.95) million, respectively.

The LPGCL Power Plant has been fully operational since December 2016. For the years ended March 31, 2017 and 2018, the average plant availability factor of the LPGCL Power Plant was approximately 86.69% and 54.79%, respectively. For the nine-month period ended December 31, 2018 and the years ended March 31, 2016, 2017 and 2018, LPGCL generated

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<sup>2</sup> The average remaining term of the PPAs of the BEL Power Plants is calculated by taking the average of the remaining terms of all the power plant units of the BEL Power Plants. The remaining term of each power plant unit is the remaining tenure of the relevant PPA from the date of the COD of the power station to the 25<sup>th</sup> anniversary of COD of such power plant unit. The average remaining term of the PPAs of the LPGCL Power Plant is calculated on the same basis.

a total income of ₹ 41,318.42 million, ₹ 3,127.44 million, ₹ 31,229.64 million and ₹ 53,573.24 million, respectively, and a profit/(loss) after tax of ₹ 175.17 million, ₹ 476.98 million, ₹ 3,399.33 million and ₹ (2,178.70) million, respectively.

### **Basis of Presentation**

As of the date of this Draft Red Herring Prospectus, our Company holds 20.69% of the paid-up equity share capital of LPGCL, which our Company acquired with effect from December 20, 2016. Using the proceeds of the Offer, our Company intends to complete the LPGCL Acquisition, through which our Company will acquire the remaining 79.31% of the paid-up equity share capital of LPGCL (61.80% from BPVPL and 17.51% from BHSL). For further details, please see the sections entitled "*Objects of the Offer*", "*Risk Factors*", "*Unaudited Restated Proforma Financial Information*" and "*Material Contracts and Documents for Inspection*" on pages 69, 21, 298 and 367, respectively.

As our Company holds 20.69% of the paid-up equity share capital of LPGCL, our Company has historically accounted for its investment in LPGCL using the equity method as per principles described under Ind AS 28 – Investments in Associates and Joint Venture. Under the equity method of accounting, our investment in LPGCL was initially recognized at cost and adjusted thereafter to recognize our share of post-acquisition profits or losses of LPGCL in our Company's Consolidated statement of Profit and Loss, and our share of Other Comprehensive Income of LPGCL in Other Comprehensive Income. Dividends received or receivables from LPGCL are recognized as a reduction in the carrying amount of our Company's investment in LPGCL. The carrying amount of our investment in LPGCL is tested for impairment annually.

Upon completion of the LPGCL Acquisition, we will account for our stake in LPGCL as a subsidiary, using line-by-line consolidation as per principles described under Ind AS 110 – Consolidated Financial Statements.

For further information regarding our Company's and LPGCL's financial performance on a pro forma basis as if the LPGCL Acquisition had completed on April 1, 2017, see section entitled "*Unaudited Restated Proforma Financial Information*" on page 298.

### **Significant Factors Affecting our Company's and LPGCL's Results of Operations**

The business, results of operations and financial condition of our Company and LPGCL are affected by a number of factors, including:

#### **Relationship with UPPCL**

Substantially all of our Company's and LPGCL's income is derived from UPPCL, and accordingly the strength of our and LPGCL's continued relationship with UPPCL is fundamental to the success of our business. UPPCL has been our Company's customer since 2012, and LPGCL's customer since 2015. In Fiscal 2016, Fiscal 2017, Fiscal 2018, the nine months ended December 31, 2017 and the nine months ended December 31, 2018, UPPCL accounted for 99.88%, 99.90%, 99.71%, 99.89% and 99.22% of our Company's income, and 100%, 100%, 100%, 100% and 100% of LPGCL's income.

Our Company and LPGCL have in the past had a variety of disagreements with UPPCL, including disagreements relating to the interpretation of our PPA, in particular whether we are entitled pursuant to the terms of our PPA to bill UPPCL for certain amounts. Where we have such disagreements with UPPCL, in the first instance we attempt to resolve the issue through bilateral discussions and negotiations. If we are unable to reach a mutually agreeable solution, we or UPPCL can petition the UPERC to rule on the issue. UPERC's decisions are appealable to APTEL, whose decisions are appealable in the final instance to the Supreme Court. Examples of such disagreements in the past have related, among other things, to:

1. LPGCL's right to charge UPPCL certain amounts for periods prior to the commissioning of a transmission line to make power offtake available from the LPGCL Power Plant (amounting to income of ₹ 850.36 million in Fiscal 2018, ₹ 8,965.79 million in Fiscal 2017 and ₹ 2,898.49 million in Fiscal 2016);
2. LPGCL's right to charge UPPCL certain amounts for the period prior to the LPGCL Power Plant's coal linkage becoming available (amounting to income of ₹ 3,903.91 million in Fiscal 2018 and ₹ 804.30 million in Fiscal 2017);
3. LPGCL's right to charge UPPCL certain amounts for periods during which LPGCL was unable to procure the required coal volumes under its FSA due to liquidity difficulties caused by UPPCL's late payments, and resulting in LPGCL having to procure coal through non-FSA methods at a higher cost (amounting to income of ₹ 7,538.02 million in Fiscal 2018); and
4. UPPCL's ability to unilaterally terminate our Company's PPAs.

Certain of the disagreements between our Company, LPGCL and UPPCL gave rise to qualifications to the audit opinion issued by our statutory auditors in respect of Fiscal 2018, and emphases of matter in the audit opinion issued by our statutory auditors in respect of the nine months ended December 31, 2018. For further details, see section entitled "— Auditor's Reservations, Qualifications and Adverse Remarks and Comments" on page 269.

In addition, our Company and LPGCL regularly face delays in payments from UPPCL, having experienced delays in each of Fiscal 2016, Fiscal 2017, Fiscal 2018, and the nine-month periods ended December 31, 2017 and 2018. The late payments by UPPCL were particularly pronounced in the nine-month period ended December 31, 2018. When UPPCL makes late payments, pursuant to the terms of our PPAs, our Company and LPGCL are entitled to impose (and have imposed) a late payment surcharge at the rate of 1.25% per month for the total delayed payment period. Notwithstanding the late payment surcharge, UPPCL has nevertheless made late payments.

UPPCL's late payments have at certain times caused significant liquidity difficulties at our Company and LPGCL. For example, due to such liquidity difficulties, LPGCL has made late payments on its borrowings in each of Fiscal 2016, Fiscal 2017, Fiscal 2018 and the nine-month periods ended December 31, 2017 and 2018, and BEL has made late payments on its borrowings in each of Fiscal 2018 and the nine-month periods ended December 31, 2017 and 2018. Moreover, such liquidity difficulties prevented LPGCL from making some advanced payments for coal under its FSA in Fiscal 2017, Fiscal 2018 and the nine-month periods ended December 31, 2017 and 2018, and prevented BEL from making some advanced payments for coal under its FSA in Fiscal 2018 and the nine-month periods ended December 31, 2017 and 2018.

As LPGCL has not historically been able to lift its full coal quantities under the FSA on account of UPPCL's late payments, it has had to source coal from e-auctions to make up the shortfall. E-auction coal is significantly more expensive than FSA coal, causing an increase in LPGCL's fuel costs and generation costs, which LPGCL passes through to UPPCL in the form of increased Variable Tariffs (see the section entitled "— Power purchase agreements and tariffs" on page 262). Given that late payments affect not only LPGCL but ultimately the price that UPPCL pays for power, LPGCL was able to discuss with UPPCL the negative impact that the delayed payments were having on UPPCL itself. Through that discussion process, LPGCL and UPPCL agreed a course of action in December 2018 to reduce late payments by UPPCL over the coming months. As part of the resolution, LPGCL and UPPCL set the Variable Tariff for the LPGCL plant at ₹ 2.85 per kWh, effective from November 1, 2018, subject to adjustment for changes in any component in fuel costs subsequent to October 31, 2018.

Following the agreed course of action with UPPCL to reduce late payments, UPPCL has made substantial payments in January 2019 and February 2019 to our Company and LPGCL collectively. Our Company's and LPGCL's trade receivables also saw a decrease in as at the end of February 2019 compared to end of December 2018. The following table sets forth the collections from UPPCL, trade receivables owed and past-due trade receivables owed to our Company and LPGCL as of and for the periods indicated:

	As of and for the month ended		
	December 31, 2018	January 31, 2019	February 28, 2019
	(₹ in million)		
<b>Our Company</b>			
Collections from UPPCL .....	990.00	310.00	900.00
Trade receivables .....	5,953.98	6,108.32	5,672.99
Past-due trade receivables .....	4,114.89	4,665.67	4,275.84
<b>LPGCL</b>			
Collections from UPPCL .....	3,610.00	3,790.00	4,350.00
Trade receivables .....	28,074.94	27,331.52	25,568.87
Past-due trade receivables .....	16,898.64	18,464.67	17,122.44

For an aging analysis of our Company's and LPGCL's receivables, see the section entitled "— Credit Risk" on page 295.

Although our Company and LPGCL have disagreements with and late payments from UPPCL from time to time, our management views such disagreements and late payments as customary in the industry. Moreover, our management considers that our Company's and LPGCL's respective track records of working with UPPCL to resolve issues has helped us to forge a strong overall relationship with UPPCL, as evidenced by the significant improvement in collection from UPPCL since December 31, 2018. See also section entitled "Risk Factors— LPGCL is currently involved in disputes with UPPCL relating to tariffs" on page 22.

Any deterioration in our Company's or LPGCL's relationship with UPPCL, or any future disagreements with or delay in payment of tariffs by UPPCL may have a material adverse impact on the business, results of operations and financial condition of our Company and LPGCL (as the case may be).

## **Power purchase agreements and tariffs**

All the power generated at the BEL Power Plants and the LPGCL Power Plant is fully contracted for under the long term PPAs entered into with UPPCL (on behalf of certain procuring entities), which will expire after 25 years from the respective commercial operation date of the relevant plants. The tariff rates for the BEL Power Plants and LPGCL Power Plant consist mainly of (i) a fixed tariff, covering fixed costs with respect to the underlying power plant, including interest on loan (including costs associated with hedging loans), interest on working capital, depreciation costs, operation and maintenance expenses, contribution towards renovation and modernization or any compensation allowance and a return on equity at a rate of 16% after tax (the "**Fixed Tariff**") and (ii) a variable tariff, covering fuel costs (the "**Variable Tariff**"). By covering the fixed costs and being structured on a minimum return-on-equity basis, the PPAs are intended to provide us and LPGCL with a stable and predictable stream of income. Our Company and LPGCL are also entitled to an incentive charge (the "**Incentive Charge**") payable at a flat rate of 50 paise per KWh of incremental energy generated after the relevant plant achieves a plant load factor of 85%, though our plants historically have operated significantly below that level.

The BEL Power Plants' and LPGCL Power Plant's actual generation levels are determined based on the generation schedule provided by UPPCL to our respective plants. At peak times, the demand for power in Uttar Pradesh exceeds the state's power generation capacity, as a result of which most of Uttar Pradesh' available power plants generate during peak season and peak periods. At off-peak times, UPPCL gives priority to "must run" plants, such as hydro-electric power plants, with the balance of power requirements met based on merit order despatch, based mainly on those generators that are able to provide UPPCL with power at the lowest variable cost. The most significant determinant of the variable tariff level is the price of coal, including related factors like the cost of transporting coal to a power plant. Therefore, even though our Company's and LPGCL's tariffs are structured to pass fuel costs through to UPPCL, the price at which we can procure coal has a significant effect on our PLF and, consequently, the total tariffs that we generate.

In cases where final tariffs are pending approval by the UPERC, we and LPGCL apply provisional rates considering the applicable UPERC tariff regulations for the purpose of billing the tariff to UPPCL. If the actual tariff approved by UPERC differs from the provisional rate adopted, we recognize the difference as income or loss in the accounting period in which UPERC rules on the tariff application. In particular, UPERC passed a tariff order on May 24, 2017 determining the tariff for the period from commercial operation of the BEL Power Plants to March 2014, and has provided guidelines on determining the multi-year tariff for 2014 to 2019. Our Company recorded the adjustment of the said tariff order in Fiscal 2017, the year in which the tariff order was passed, which resulted in a downward adjustment to income, and a corresponding decrease in receivables, as the tariff rates under the UPERC order were lower than provisional rates that our Company had been applying. LPGCL is still operating under a provisional tariff.

Our Fixed Tariff in respect of any particular plant is calculated by reference to the project costs for the plant as approved by the UPERC at a particular date. Once the final capital cost of a project is approved, that amount forms the basis for approval of the final tariff. Subsequently, based on that approved final capital cost, a multi-year tariff is determined for the coming five years, with the current tariff period for our Company and LPGCL running from Fiscal 2014 to Fiscal 2019. For any additional capital expenditure, incurred from time to time, we and LPGCL can petition UPERC to approve the additional costs and adjust the relevant Fixed Tariffs accordingly, with adjustments being effective retrospectively from the date of additional capitalization. UPERC has discretion to reject the additional costs if the documentary evidence and rationale substantiating such additional costs are not satisfactory or if such costs do not fall within the allowable recoverable costs under the laws and regulations providing for the fixed tariffs, or under the PPA. As of 31 December 2018, the UPERC-approved costs since the COD date of all units of the BEL Power Plant and COD date of Unit 1 of the LPGCL Power Plant were ₹ 24,480 million for BEL and ₹ 142,692 million for LPGCL, as compared to actual capitalization of project costs of ₹ 27,079.93 million for BEL and ₹ 166,909.91 million for LPGCL. A revised tariff petition has been filed by LPGCL with UPERC and our Company intends to apply for UPERC approval of the additional project costs for both the BEL Power Plants, such additional project costs being the difference between the actual capitalization of project costs and the UPERC-approved costs, after incurring substantially all capital expenditures for the project, to maximize the tariff. However, we cannot, at this point, assure you as to the potential timing of making the application, nor can we assure you that UPERC will approve any or all of the additional project costs that we apply for.

In Fiscal 2018, UPPCL unilaterally terminated the PPAs entered into between our Company and UPPCL in respect of all five of the BEL Power Plants. Due to the unilateral termination, all five of the BEL Power Plants were shut for a period of 169 days from July 19, 2017 to January 3, 2018 (both inclusive). Our Company filed petitions before UPERC challenging the unilateral termination of the PPAs by UPPCL, and on January 3, 2018 UPERC issued a ruling in our favor (the "**Order**") stating, amongst others, that the relevant power purchase agreements will be treated to have existed in continuity. The UPERC further directed that UPPCL pay the Fixed Tariff in respect of the BEL Power Plants for the periods during which the PPAs were terminated, amounting to ₹ 2,063.55 million, though the order disallowed our recovery of some components of the Fixed Tariff, namely the return on equity, part of operation and maintenance expenses

and part of interest on working capital for such period. UPPCL subsequently filed an application before the UPERC for partial modification of the Order, but on March 11, 2019, UPERC rejected UPPCL's application. On the basis of the PPA terms, the UPERC order and applicable regulations, our Company recognized such charges as income in Fiscal 2018 and has not made any provisions for such charges. Such charges amounted to ₹ 2,063.55 million in Fiscal 2018.

The following table sets forth the weighted average Fixed Tariff at normative availability of 85% for the BEL Power Plants and the LPGCL Power Plant for each of the periods indicated:

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	FY2018	FY2017	FY2016
	(₹ per KWh)				
BEL Power Plants .....	1.87	1.90	1.90	1.94 <sup>(1)</sup>	1.97 <sup>(1)</sup>
LPGCL Power Plant .....	2.31	2.35	2.35	2.46	2.31

(1) *Initially, our Company had billed Fixed Tariffs to UPPCL based on the provisional average tariff rate of ₹ 2.25 per KWh. Subsequently, on May 24, 2017 UPERC approved final tariffs, applicable retrospectively from the date of commissioning of the plants, with the differential bill for revised Fixed Tariffs being raised in Fiscal 2017. The Fixed Tariffs presented above for Fiscal 2016 and Fiscal 2017 are based on the final Fixed Tariffs as approved by UPERC's order of May 24, 2017.*

The following table sets forth the weighted average Variable Tariff for the BEL Power Plants and the LPGCL Power Plant for each of the periods indicated:

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	FY2018	FY2017	FY2016
	(₹ per KWh)				
BEL Power Plants .....	3.52	4.18	4.01	4.19	4.55
LPGCL Power Plant .....	2.92	2.77	2.78	2.85	2.95

### Availability and efficiency of the power plants

The tariff rates for the BEL Power Plants and LPGCL Power Plant include a variety of components, including the Fixed Tariff, the Variable Tariff and the Incentive Charge. The Fixed Tariff is designed to cover various fixed costs with respect to the underlying power plant and is available in full only when the relevant power plant achieves a plant availability factor ("PAF") of 85% on an average annual basis. Similarly, the BEL Power Plants and LPGCL Power Plant are entitled to charge the Incentive only on energy generated after the relevant plant achieves a PLF of 85%. Hence, the availability and amount of electricity generated by the power plants impacts our Company's and LPGCL's ability to bill the Fixed Tariff and Incentive Charge, respectively, to UPPCL. The availability of the BEL Power Plants and LPGCL Power Plant may be affected by a variety of factors including unscheduled outages, scheduled and unscheduled maintenance and repairs. Any inability of the power plants to generate power may have a negative impact on our Company's and LPGCL's income, cash flows and financial condition.

All the BEL Power Plants have achieved an 85% PAF on an average annual basis for each of the past three fiscal years and the nine months ended December 31, 2018, and as such have been entitled to bill the full Fixed Tariff to UPPCL. However, due to UPPCL's late payments in Fiscal 2018, LPGCL faced liquidity constraints that prevented it from procuring the required coal amounts quantities, which consequently resulted in the LPGCL Power Plant's PAF falling to 54.79% for Fiscal 2018, below the 85% threshold needed to charge the full Fixed Tariff to UPPCL. For a discussion of the delayed payments by UPPCL, see the section entitled "*Risk Factors – LPGCL is currently involved in disputes with UPPCL relating to payment of tariffs*". As a result, LPGCL under-recovered towards Fixed Tariffs of ₹ 11,079.32 million in Fiscal 2018, in respect of which amount LPGCL has filed a petition before UPERC for the recovery of such amount. For further details, see section entitled "*Outstanding Litigation and Material Developments*" on page 309. However, for the nine months ended December 31, 2018, the LPGCL Power Plant achieved a PAF of 88.53%, and therefore was entitled to bill the full Fixed Tariff for such period.

Cost of sales and expenses may also increase due to costs related to replacement or repair of power plant equipment. For example, the LPGCL Power Plant experienced a turbine breakdown in Fiscal 2017 and Fiscal 2018, from March 19, 2017 to June 4, 2017 (both days inclusive). As at December 31, 2018, LPGCL has submitted a claim of ₹ 1,995.65 million to its insurance company, comprising ₹ 120.15 million in repair costs and ₹ 1,875.50 million in lost tariffs.

The following table sets forth the PAF, PLF and electricity generation of our Company's and LPGCL's power plants for the periods indicated:

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	FY2018	FY2017	FY2016
<b>BEL Power Plants</b>					
PAF .....	94.8%	96.07%	87.1%	85.5%	85.5%
PLF .....	27.9%	22.69% <sup>(1)</sup>	23.5% <sup>(1)</sup>	52.3%	43.3%
Total electricity generated (MU).....	829	674	924	2,062	1,711
Electricity sold (MU) .....	750	606	832	1,869	1,541
Auxiliary consumption (MU).....	79	68	92	193	169
<b>LPGCL Power Plant</b>					
PAF .....	88.5%	58.8%	54.8% <sup>(2)</sup>	86.7%	98.3%
PLF .....	39.9%	53.6%	49.4%	38.2% <sup>(3)</sup>	1.8% <sup>(4)</sup>
Total electricity generated (MU).....	5,214	7,006	8,566	3,830	28
Electricity sold (MU) .....	4,915	6,600	8,072	3,560	22
Auxiliary consumption (MU).....	298	406	494	270	6

- (1) *BEL's PLF was low in Fiscal 2018 and the nine months ended December 31, 2017 primarily due to the unilateral termination by UPPCL of the PPAs in respect of all five of the BEL Power Plants. Due to the unilateral termination, all five of the BEL Power Plants were shut from July 19, 2017 to January 3, 2018. Our Company filed petitions before UPERC challenging the unilateral termination of the PPAs by UPPCL, and on January 3, 2018 UPERC issued a ruling in our favor stating, amongst others, that the relevant power purchase agreements will be treated to have existed in continuity.*
- (2) *LPGCL's PAF was low in Fiscal 2018 primarily due to late payments by UPPCL, which led to liquidity constraints at LPGCL that prevented it from procuring the full coal amounts entitled to it under its FSA.*
- (3) *Unit 2 and Unit 3 of the LPGCL Power Plant were commissioned on October 14, 2016 and December 23, 2016, respectively.*
- (4) *Unit 1 of the LPGCL Power Plant was capitalized on December 24, 2015.*

### Availability, cost and consumption of fuel

The ability to source adequate fuel at favorable prices is one of the key components to the success of our power generation business. All of our Company's and LPGCL's power projects are fueled by coal.

Our Company and LPGCL primarily source coal from subsidiaries of Coal India Limited and have each entered into long-term fuel supply agreements ("FSAs") with subsidiaries of Coal India Limited for the supply of coal to the BEL Power Plants and LPGCL Power Plant. Coal may also be procured from alternative sources including on-the-spot purchases, short-term or long-term contracts and e-auctions from domestic and/or international suppliers or traders within or outside India. Our Company and LPGCL have historically sourced substantially all our coal domestically, though we routinely monitor the relative prices of domestic and international coal and would purchase imported coal if cheaper. If our Company and/or LPGCL are unable to obtain sufficient fuel through our coal linkages under our fuel supply agreements, our Company and/or LPGCL would be required to meet any deficits with coal purchased from alternative sources, which may cost more than the rates contracted under the FSAs and, consequently, may have an adverse impact on our working capital and liquidity. Under the PPAs of the BEL Power Plants and the LPGCL Power Plant, the Variable Tariff is intended to cover fuel costs incurred by the power plants. For example, the delay in payments by UPPCL to LPGCL in Fiscal 2019 resulted in LPGCL procuring more e-auction coal, which was more expensive than FSA coal and led to an increase in LPGCL's fuel costs and generation costs. The PPAs for the BEL Power Plants and LPGCL Power Plant are based on fuel cost pass-through mechanisms.

BEL and LPGCL have continually sought to optimise operating parameters and continue to do so. For example, LPGCL has taken active measures to improve the efficiency and the quality of its fuel supply, so as to reduce overall fuel costs. LPGCL has actively engaged with the subsidiaries of Coal India Limited to allot coal from mines located near existing or future rail loading points to minimise fuel transportation costs. Agencies have also been appointed to carry out coal quality checks, which allows LPGCL to negotiate for any price adjustments in the event that the quality of coal received is lower. BEL and LPGCL also have in place certain standard operating procedures as part of our efforts to maintain operational efficiencies. For example, key operational metrics of the power plants are monitored on a regular basis with daily scheduled discussions between the CEO and the operational team on plant performance and any related issues. The optimization measures at the BEL Power Plants in the nine months ended December 31, 2018 led to a reduction in coal costs as compared to the nine months ended December 31, 2017, notwithstanding increased PLF and electricity generation across the BEL Power Plants.

A lack of availability of coal and coal linkages may also affect our ability to generate power and our PAF, which may consequently affect our tariffs, including our ability to charge the full Fixed Tariff, as happened to LPGCL in Fiscal 2018. For further details, see section entitled "*Our Business—Power Offtake Arrangements*" above on page 115 of this Draft

Red Herring Prospectus. See also sections entitled "Risk Factors – LPGCL is currently involved in disputes with UPPCL relating to payment of tariffs" and "Outstanding Litigation and Material Developments" on pages 22 and 309, respectively.

The following table sets forth the quantity of coal purchased for our Company's and LPGCL's power plants for the periods indicated:

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	FY2018	FY2017	FY2016
	(tonnes)				
<b>BEL Power Plants</b>					
FSA <sup>(1)</sup> .....	563,319	289,645	484,035	1,368,251	1,767,155
E-auction.....	-	-	-	-	-
Other <sup>(2)</sup> .....	-	-	-	-	1,109
<b>Total</b> .....	<b>563,319</b>	<b>289,645</b>	<b>484,035</b>	<b>1,368,251</b>	<b>1,768,264</b>
<b>LPGCL Power Plant (total)</b>					
FSA <sup>(1)</sup> .....	1,817,410	-	11,659	-	-
E-auction.....	1,437,076	4,361,539	5,272,571	2,415,352	714,776
Other <sup>(2)</sup> .....	-	-	-	-	-
<b>Total</b> .....	<b>3,254,486</b>	<b>4,361,539</b>	<b>5,284,230</b>	<b>2,415,352</b>	<b>714,716</b>

(1) Includes sources other than pursuant to the FSA and e-auction, such as purchases from the open domestic market.

(2) Includes ad hoc coal purchases which are covered under the coal arrangements in the FSA, and purchased on an as-is-where-is basis where our Company and LPGCL would be required to make their own respective logistical arrangements for the coal, resulting in their incurring of additional transport costs.

The following table sets forth the quantity of coal consumed at our Company's and LPGCL's power plants for the periods indicated:

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	FY2018	FY2017	FY2016
	(tonnes)				
<b>BEL Power Plants</b>					
630,087	513,659	710,583	1,736,617	1,556,979	
<b>LPGCL Power Plant</b>	<b>3,323,752</b>	<b>4,311,184</b>	<b>5,284,854</b>	<b>2,344,571</b>	<b>260,827</b>

The following table sets forth the average landed price of coal per tonne for our Company's and LPGCL's power plants for the periods indicated:

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	FY2018	FY2017	FY2016
	₹)				
<b>BEL Power Plants</b>					
FSA.....	4,419	4,953	4,789	4,513	4,420
E-auction.....	0	0	0	0	0
Other <sup>(1)</sup> .....	0	0	0	0	6,906
<b>Total</b> .....	<b>4,419</b>	<b>4,953</b>	<b>4,789</b>	<b>4,513</b>	<b>4,422</b>
<b>LPGCL Power Plant</b>					
FSA.....	4,737	0	4,260	0	0
E-auction.....	5,354	4,583	4,618	4,616	5,507
Other <sup>(1)</sup> .....	0	0	0	0	0
<b>Total</b> .....	<b>5,009</b>	<b>4,583</b>	<b>4,617</b>	<b>4,616</b>	<b>5,507</b>

(1) Includes sources other than pursuant to the FSA and e-auction, such as purchases from the open domestic market.

#### Ability to borrow funds at competitive rates

Our Company and LPGCL operate in a capital-intensive industry and typically require high levels of debt financing. Our Company's finance costs represented 23.2%, 20.1% and 28.6% of our total expenses in Fiscal 2016, Fiscal 2017, and Fiscal 2018 respectively, and LPGCL's finance costs represented 56.1%, 35.8% and 33.2% of its total expenses in Fiscal 2016, Fiscal 2017, and Fiscal 2018 respectively. As of December 31, 2018, our Company had total non-current borrowings of ₹ 11,864.33 million, current maturities of long term borrowings of ₹ 2,396.12 million and current borrowings of ₹

5,003.06 million, and LPGCL had total non-current borrowings of ₹ 126,926.78 million, current maturities of long term borrowings of ₹ 5,320.37 million and current borrowings of ₹ 25,404.41 million (including promoter loans of ₹ 2,000 million). See also section entitled "*Financial Indebtedness*" on page 256.

Our debt service costs as well as our overall cost of funding depend on many factors, including our credit rating by external ratings agencies, developments in the regional credit markets, prevailing interest rate movements and the existence of adequate liquidity in the debt markets. Our Company's effective interest rate (calculated as the sum of interest paid during the period, divided by weighted average of all term facilities outstanding during the period) was 12.36% for Fiscal 2016, 12.24% for Fiscal 2017, 11.27% for Fiscal 2018 and 11.69% for the nine months ended December 31, 2018, and LPGCL's effective interest rate (calculated as the sum of interest paid during the period, divided by weighted average of all facilities outstanding during the period) was 13.45% for Fiscal 2016, 12.77% for Fiscal 2017, 12.23% for Fiscal 2018 and 12.48%, for the nine months ended December 31, 2018.

Indian credit rating agencies are guided by the SEBI regulations, which treat any delays in debt servicing as a default. Therefore, the credit rating agencies (namely, CARE and India Ratings & Research in the case of our Company, and ICRA Limited, in the case of LPGCL) downgraded our Company's and LPGCL's ratings to a "D" rating upon our respective failures to make timely payment of amounts owed, which resulted largely from delayed payments by UPPCL to us. Notwithstanding our "D" credit ratings, our Company and LPGCL continue to service our debt, although from time to time with some delay. As of the date of this Draft Red Herring Prospectus, our Company and LPGCL continue to face delays in its debt servicing obligations. However, neither our Company's nor LPGCL's lenders have called a default against us.

The following tables sets forth changes to our Company's and LPGCL's credit ratings since Fiscal 2016. Our Company's ratings are as set forth by India Ratings & Research, and LPGCL's ratings are as set forth by ICRA Limited.

#### *Our Company*

	August 2018	November 2017	September 2017	October 2016	August 2015
Term loans .....	IND D	IND D	IND BB-/RWN IND BB-/RWN/IND	IND A/Stable IND A/Stable/IND	IND A/Stable
Working capital facility.....	IND D	IND D	A4+/RWN IND BB-/RWN/IND	A1 IND A/Stable/IND	IND A/Stable
Non-fund-based facility .....	IND D	IND D	BB-/RWN/IND A4+/RWN	A1	IND A/Stable
	February 2019		August 2016	July 2015	
Long Term Facilities.....		CARE D	CARE A	CARE A	
Short Term Facility .....		CARE D	CARE A1	CARE A1	

#### *LPGCL*

	October 2018	November 2017	July 2017	February 2017	May 2016	October 2015
Term loans .....	[ICRA]D	[ICRA]BB- (Negative) ISSUER NOT COOPERATING [ICRA]BB- (Negative)	[ICRA]BB- (Negative)	[ICRA]BBB- (Negative)	[ICRA]BBB- (Stable)	[ICRA]BBB - (Stable)
Non-fund-based limits.....	[ICRA]D	[ICRA]BB- (Negative) ISSUER NOT COOPERATING [ICRA]BB- (Negative)	[ICRA]BB- (Negative)	[ICRA]BBB- (Negative)	[ICRA]BBB- (Stable)	[ICRA]BBB - (Stable)
Cash credit .....	[ICRA]D	ISSUER NOT COOPERATING	[ICRA]BB- (Negative)	[ICRA]BBB- (Negative)	-	-
Unallocated .....		-	-	-	[ICRA]BBB- (Stable)	-

We believe that in the future, the availability of cost-effective funding will be crucial and the non-availability of such funding at favorable terms could affect our business, financial condition and results of operations. If for any reason we are unable to obtain adequate financing in a timely manner and on acceptable terms, or at all, our financial condition and earnings could be adversely affected.

## **Development status of our Company's and LPGCL's power projects and anticipated capital expenditures**

One of the primary factors driving LPGCL's results of operations in recent years has been the commissioning of its units, and corresponding increase in capacity, Fixed Tariff and Variable Tariff. Unit 1 of the LPGCL Power Plant was capitalized in December 2015, while Unit 2 and Unit 3 commenced commercial operations in October 2016 and December 2016, respectively. The commercial operations of Unit 2 and Unit 3 in Fiscal 2017 led to a significant increase in LPGCL's income, as well as associated expenses such as the cost of fuel, finance costs, employee expenses and depreciation, from Fiscal 2016 to Fiscal 2017, and then again from Fiscal 2017 to Fiscal 2018 as Unit 2 and Unit 3 experienced their first full years in operation.

More generally, our strategy includes the continued expansion of our portfolio through both organic and inorganic growth. For details of our strategy, see the section entitled "*Our Business—Business Strategies*" on page 112. To achieve this objective, our Company may acquire operational thermal power plants or pursue new power projects, both of which will require significant expenditures. This in turn may result in increased borrowings and finance costs to finance such acquisitions or power projects.

## **Critical Accounting Policies**

The preparation of our Company's and LPGCL's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. 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.

### ***Judgments***

In the process of applying the accounting policies, our Company's management has made the following judgement, which has the most significant effect on the amounts recognized in the consolidated financial statements:

#### *Operating lease commitment - Company as lessee*

Our Company has entered into lease agreements for lease of land for 29 years. Our Company has determined, based on an evaluation of the terms and conditions of the arrangements and considering the fact that land has indefinite economic life, that the lessor retains all the significant risks and rewards of ownership of land, hence our Company has accounted for the arrangement as an operating lease.

### ***Estimates and assumptions***

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Our Company and LPGCL have based its assumptions and estimates on parameters available when the consolidated financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of our Company and LPGCL. Such changes are reflected in the assumptions when they occur.

### ***Income***

BEL and LPGCL recognise income to the extent that it is probable that economic benefits will flow to them and that the income can be reliably measured. Income is measured at the fair value of the consideration received or receivable.

Income from operations comprises of sale of power and by products, which is recognised when no significant uncertainty as to the measurability and collectability exists. Income from the sales of power is accounted for based on tariff rates approved by UPERC, which is subject to being reviewed after the end of tariff period. In cases where the tariff rates are yet to be approved by the UPERC in their order, provisional rates are adopted considering the applicable UPERC regulations, based on the project costs actually incurred.

In respect of Fiscal 2018, LPGCL had disagreements with its statutory auditors as to whether any significant uncertainty existed as to the measurability and collectability of certain portions of income. The income in question related to three separate amounts that LPGCL considered it was entitled to book as income, but which had not been approved by UPERC and which UPPCL was disputing. Because LPGCL's board of directors and management considered the amounts measurable and collectable, LPGCL recognized them as income for Fiscal 2018. However, LPGCL's statutory auditors were of the view that significant uncertainty existed as to the collectability of the amounts, and hence the audit report

issued on LPGCL's audited financial statements for Fiscal 2018 contained three qualifications to indicate that LPGCL recognized certain amounts as income in its books of account that were not in accordance with Ind AS 18 "Revenue".

Since the signing of LPGCL's financial statements for Fiscal 2018, LPGCL has (i) filed an appeal before APTEL in respect of two of the qualifications, namely, the recovery of fixed tariff charged as per availability based tariff for the period in which a transmission line was not made available, and the approval in respect of the return on equity payments during the period when coal linkage was not available and (ii) petitioned UPERC for the approval in respect of availability loss of fixed tariff charges due to non-availability of coal. On the basis of the appeal and the petition, as well as certain other developments (as discussed below under "*Auditor's Reservations, Qualifications and Adverse Remarks and Comments*" on page 269), LPGCL's statutory auditors were of the view that significant uncertainty as to the collectability of the amounts in question no longer existed, and therefore removed these matters as qualifications in the audit opinion issued in respect of LPGCL's financial statements as of and for the nine months ended December 31, 2018. However, because the matters remain pending before APTEL and UPERC, and have not been conclusively resolved, the statutory auditors considered that these three amounts warrant mention as emphases of matter in the audit opinion as of and for the nine months ended December 31, 2018. For further details regarding the qualified audit opinion, see the section entitled "*Auditor's Reservations, Qualifications and Adverse Remarks and Comments*" on page 269, and for details on the risks associated with the income that gave rise to the qualified audit opinion, see section entitled "*Risk Factors— There are qualifications in the audit report of LPGCL's financial statements for Fiscal 2018 and consolidated financial statements of the Company for Fiscal 2018, and there are emphasis of matter in the audit reports for each of LPGCL and consolidated financial statements for BEL for the nine months ended December 31, 2018, LPGCL Restated Financial Information and the Restated Consolidated Financial Information and the Unaudited Restated Proforma Financial Information for nine months ended December 31, 2018 in respect of LPGCL's ongoing dispute with UPPCL and we will be required to take a write-off in our books of accounts should the matter eventually be decided adversely to us.*" on page 24. It is possible that the actual amount of income that our Company or LPGCL collect regarding these three amounts will differ from the amounts that we have recognized in our financial statements. Moreover, it is possible that similar disagreements may occur in the future between our Company and/or LPGCL on the one hand, and our respective statutory auditors on the other hand, which could give rise to qualified opinions and/or emphases of matter in any audit opinion or review report issued on our and/or LPGCL's financial statements in the future.

#### *Defined benefit plans (gratuity benefits) and other long-term employee benefits*

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. Our Company and LPGCL consider that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

#### *Useful life of property, plant and equipment*

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The useful life of the assets of the power generation business is determined by the UPERC Tariff Regulations in accordance with Schedule II of the Companies Act, 2013.

#### *Recoverable amount of property, plant and equipment*

The recoverable amount of plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

#### *Provisions and contingencies*

Our Company and/or LPGCL recognize provisions when we have a present obligation (legal or constructive) as a result of a past event it is probable that we will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed in the consolidated financial statements unless possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has

been made on the basis of best judgement by management regarding the probability of exposure to potential outflow of economic resources. Such estimation can change following unforeseeable developments.

#### *Fair value measurement of derivative and other financial instruments*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements in the selection of a method in making assumptions that are mainly based on market conditions existing at the Balance Sheet date and in identifying the most appropriate estimate of fair value when a wide range of fair value measurements are possible.

#### **Auditor's Reservations, Qualifications and Adverse Remarks and Comments**

The audit report issued on LPGCL's audited financial statements for Fiscal 2018 contained three qualifications to indicate that LPGCL recognized certain amounts as income in its books of account that were not in accordance with the income recognition criteria set forth by Ind AS 18, and consequently that LPGCL's total income from operations, income tax, profit for the year and total equity would have been reduced had such amounts not been recognized in the books of account for Fiscal 2018. Since the signing of LPGCL's financial statements for Fiscal 2018, LPGCL has (i) filed an appeal before APTEL in respect of two of the qualifications, namely, the recovery of fixed tariff charged as per availability based tariff for the period in which a transmission line was not made available, and the approval in respect of the return on equity payments during the period when coal linkage was not available and (ii) petitioned UPERC for the approval in respect of availability loss of fixed tariff charges due to non-availability of coal. On the basis of the appeal and the petition, as well as certain other developments as discussed below, LPGCL's statutory auditors were of the view that significant uncertainty as to the collectability of the amounts in question no longer existed, and therefore removed these matters as qualifications in the audit opinion issued in respect of LPGCL's financial statements as of and for the nine months ended December 31, 2018. However, because the matters remain pending before APTEL and UPERC, and have not been conclusively resolved, the statutory auditors considered that these three amounts warrant mention as emphases of matter in the audit opinion as of and for the nine months ended December 31, 2018.

The following paragraphs provide additional details regarding the qualified opinion and emphasis of matter. Cumulatively, had the income in respect of the emphases of matter not been recognized in LPGCL's books of account for Fiscal 2018, Fiscal 2017 and Fiscal 2016, or had LPGCL recognized a provision in Fiscal 2018 in respect of the amounts recognized in Fiscal 2018, Fiscal 2017 and Fiscal 2016, LPGCL's profit for Fiscal 2018 would have been reduced by ₹ 24,960.87 million.

See also sections entitled “—*Critical Accounting Policies*”, “—*Significant Factors Affecting Our Company's and LPGCL's Results of Operations—Relationship with UPPCL*” and “*Risk Factors—There are qualifications in the audit report of LPGCL's financial statements for Fiscal 2018 and consolidated financial statements of the Company for Fiscal 2018, and there are emphasis of matter in the audit reports for each of LPGCL and consolidated financial statements for BEL for the nine months ended December 31, 2018, LPGCL Restated Financial Information and the Restated Consolidated Financial Information and the Unaudited Restated Proforma Financial Information for nine months ended December 31, 2018 in respect of LPGCL's ongoing dispute with UPPCL and we will be required to take a write-off in our books of accounts should the matter eventually be decided adversely to us.*” on pages 267, 260 and 24, respectively, for further details.

#### ***Availability loss of fixed tariff charges due to non-availability of coal***

Pursuant to the terms of its FSA, LPGCL is required to make advance payment for coal purchases against its committed quantities. However, during Fiscal 2017 and Fiscal 2018, LPGCL faced significant instances of delayed payment from UPPCL, which led to a severe liquidity crisis at LPGCL. In absence of adequate cash flows from UPPCL, LPGCL could not make advance payment for sufficient coal quantities to ensure that the LPGCL Power Plant was continually available for production and the supply of electricity to UPPCL. Under the FSA and UPERC Regulations, full Fixed Tariff is recoverable if the plant availability factor is above 85%. If the plant availability factor is below 85% the amount of recoverable fixed tariff reduces proportionately. During Fiscal 2018, non-availability of coal led to declaration of the PAF of the LPGCL Power Plant at levels below the 85% threshold needed for LPGCL to charge the full Fixed Tariff to UPPCL, leading to non-recoverability of such full Fixed Tariffs from UPPCL in accordance with the terms of the PPA.

As of the date of the audit report in respect of LPGCL's Fiscal 2018 financial statements, LPGCL had not petitioned UPERC for recovery of the disputed Fixed Tariffs, though LPGCL intended to do so on the grounds that under-recovery is against the policy of the two-part tariff as intended under the Availability-Based Tariff (“**ABT**”) mechanism specified under UPERC regulations and the terms and conditions of the PPA. As LPGCL intended to petition UPERC for recovery

of the disputed Fixed Tariffs, LPGCL recognized income amounting to ₹ 7,538.02 million in respect of the disputed Fixed Tariffs.

The audit report dated October 18, 2018 in respect of LPGCL's Fiscal 2018 financial statements included a qualification to the effect that LPGCL's recognition of the ₹ 7,538.02 million in income for Fiscal 2018 was not in accordance with Ind AS 18, as the auditors were of the view that significant uncertainty existed as to the collectability of the income. Had this income not been recognized in the books of account for Fiscal 2018, LPGCL's total income from operation, income tax, profit for the year and total equity would have been reduced by ₹ 7,551.23 million, ₹ 13.21 million, ₹ 7,538.02 million and ₹ 7,538.02 million, respectively.

On December 28, 2018, LPGCL filed a petition with UPERC towards, amongst others, recovery of such unpaid Fixed Tariffs. As of the date of the audit report issued in respect of LPGCL's financial statements for the nine months ended December 31, 2018, the matter was pending before UPERC, considering which the audit report drew attention to the matter as an emphasis of matter, rather than as a qualification.

As of the date of this Draft Red Herring Prospectus, this matter remains pending before UPERC. We cannot guarantee that UPERC, nor any subsequent appellate court or tribunal, will decide this matter in our favor. If this matter is eventually decided adversely against LPGCL, LPGCL will be required to write-off ₹ 7,538.02 million in its books of accounts, such amount being the cumulative amount of income recognized in prior years in respect of this matter. See also section entitled "*Risk Factors—LPGCL is currently involved in disputes with UPPCL relating to payment of tariffs*" on page 22.

For further details regarding the litigation to recover the loss in Fixed Tariffs, see section entitled "*Outstanding Litigation and Material Developments*" on page 309.

#### ***Return on equity payments during the period when coal linkage was not available***

As per the terms and conditions of the PPA between LPGCL and UPPCL, and prevailing regulations, the cost of coal recoverable by LPGCL from UPPCL as part of the Variable Tariff should include the cost of transporting the coal to the LPGCL Power Plant by rail, road, or other means. Further, as per the terms and conditions of the PPA, LPGCL should have obtained long-term coal linkage from the Government of India. However, LPGCL's receipt of coal linkage from the Government of India was delayed, as very few coal linkages were awarded by the Government of India after the date of LPGCL's PPA. In absence of the receipt of long-term coal linkage by LPGCL, UPERC issued an order on September 21, 2016 allowing, as an interim arrangement, LPGCL to recover from UPPCL energy charges incurred, but excluding any road transportation costs, until the award of coal linkage to LPGCL. In Fiscal 2018, LPGCL received coal linkage following which LPGCL claimed for road transportation costs from UPPCL. Pursuant to the order dated October 17, 2018, UPERC: (i) disallowed the return of equity until prior to obtaining long-term coal linkage; (ii) allowed the transportation charges from mine-head to rail-head, but disallowed any other road transportation

The UPERC order dated September 21, 2016 which was re-confirmed by UPERC in its order dated October 17, 2018 restricts LPGCL in claiming a return on equity as part of its tariff component from January 18, 2017 until the award of coal linkage to LPGCL. As LPGCL intended to file an appeal of the UPERC order before APTEL, LPGCL recognized income amounting to ₹ 3,903.91 million in Fiscal 2018 (₹ 804.30 million in Fiscal 2017) in respect of return on equity payments that had been disallowed by UPERC.

The audit report dated October 18, 2018 in respect of LPGCL's Fiscal 2018 financial statements included a qualification to the effect that LPGCL's recognition of the ₹ 3,903.91 million in income for Fiscal 2018 was not in accordance with Ind AS 18, as the auditors were of the view that significant uncertainty existed as to the collectability of the income. Moreover, given UPERC's confirmation of its original order, LPGCL should have made a provision in Fiscal 2018 to offset the ₹ 804.30 million in income that LPGCL had recognized in Fiscal 2017, which sat in LPGCL's books of account as an "other receivable" as of March 31, 2018. Had this income not been recognized in LPGCL's books of account for Fiscal 2018, and had LPGCL made a provision for the income it recognized in its books of account for Fiscal 2017, LPGCL's total income from operations, income tax, profit for the year and total equity as of and for Fiscal 2018 would have been reduced by ₹ 3,917.12 million, ₹ 13.21 million, ₹ 4,708.21 million and ₹ 4,708.21 million, respectively.

On November 13, 2018, LPGCL filed the appeal before APTEL towards recovery of the return on equity which has been admitted by APTEL, and on December 12, 2018, the Appellate Tribunal issued an order directing the UPERC to not precipitate LPGCL to sign a supplementary power purchase agreement. As of the date of the audit report issued in respect of LPGCL's financial statements for the nine months ended December 31, 2018, the matter was pending before APTEL, considering which the audit report drew attention to the matter as an emphasis of matter, rather than as a qualification.

As of the date of this Draft Red Herring Prospectus, this matter remains pending before APTEL. We cannot guarantee that APTEL, nor any subsequent appellate court, will decide this matter in LPGCL's favor. If this matter is eventually decided

adversely against LPGCL, LPGCL will be required to write-off ₹ 4,708.21 million in its books of accounts, such amount being the cumulative amount of income recognized in prior years in respect of this matter. See also section entitled "*Risk Factors—LPGCL is currently involved in disputes with UPPCL relating to tariffs*" on page 22.

For further details regarding the litigation to recover the return on equity payments, see section entitled "*Outstanding Litigation and Material Developments*" on page 309.

#### ***Recovery of fixed tariff charged for the period in which a transmission line was not made available***

Up till April 16, 2017, LPGCL had been billing UPPCL towards recovery of fixed tariff charges calculated based on schedule generation, rather than based on the ABT mechanism. UPERC, per an order dated September 21, 2016, disallowed LPGCL's recovery of capacity charges on the ABT mechanism prior to the commissioning of the transmission system. Despite the UPERC order, LPGCL recognized income of ₹ 8,965.79 million for Fiscal 2017 and ₹ 2,898.49 million for Fiscal 2016 in respect of capacity charges on the ABT mechanism, even though the transmission system had not yet been commissioned. On October 17, 2018, UPERC confirmed its original order disallowed recovery of capacity charges based on the ABT mechanism prior to the commissioning of the transmission system. As LPGCL intended to file an appeal of the UPERC order before APTEL, LPGCL recognized a further ₹ 850.36 million in income in respect of capacity charges based on the ABT mechanism for Fiscal 2018 notwithstanding the UPERC orders dated September 21, 2016 and October 17, 2018, disallowing such charges.

The audit report dated October 18, 2018 in respect of LPGCL's Fiscal 2018 financial statements included a qualification to the effect that LPGCL's recognition of the ₹ 850.36 million in income for Fiscal 2018 was not in accordance with Ind AS 18, as the auditors were of the view that significant uncertainty existed as to the collectability of the income. Moreover, given UPERC's confirmation of its original order, LPGCL should have made a provision in Fiscal 2018 to offset the ₹ 11,864.28 million in income that LPGCL had recognized in Fiscal 2017, which sat in LPGCL's books of account as an "other receivable" as of March 31, 2018. Had this income not been recognized in LPGCL's books of account for Fiscal 2018, and had LPGCL made a provision for the income it recognized in its books of account for Fiscal 2017, LPGCL's total income from operations, income tax, profit for the year and total equity as of and for Fiscal 2018 would have been reduced by ₹ 863.57 million, ₹ 13.21 million, ₹ 12,714.64 million and ₹ 12,714.64 million, respectively.

On November 13, 2018, LPGCL filed the appeal before APTEL towards recovery of the capacity charges based on the ABT mechanism for the period in which the transmission line was not made available and on December 12, 2018, APTEL issued an order directing the UPERC to not precipitate LPGCL to sign a supplementary power purchase agreement. Such supplementary purchase agreement included, amongst others, terms that may restrict LPGCL from claiming capacity charges based on the ABT mechanism. As of the date of the audit report issued in respect of LPGCL's financial statements for the nine months ended December 31, 2018, the matter was pending before APTEL, considering which the audit report drew attention to the matter as an emphasis of matter, rather than as a qualification.

As of the date of this Draft Red Herring Prospectus, this matter remains pending before APTEL. We cannot guarantee that APTEL, nor any subsequent appellate court, will decide this matter in our favor. If this matter is eventually decided adversely against LPGCL, LPGCL will be required write-off ₹ 12,714.64 million in its books of accounts, such amount being the cumulative amount of income recognized in prior years in respect of this matter. See also sections entitled "*Risk Factors—LPGCL is currently involved in disputes with UPPCL relating to tariffs*" and "*Our Group Companies- Lalitpur Power Generation Company- Financial Performance*" on page 22 and 322.

For further details regarding the litigation to recover the capacity charges based on the ABT mechanism for the period in which the transmission line was not made available, see section entitled "*Outstanding Litigation and Material Developments*" on page 309.

#### **Description of Line Items**

##### ***Income from operations***

Our Company's income from operations comprises (i) income from the sale of power generated, net of unscheduled interchange charges payable or receivables (which reflect the difference between the actual energy supplied by our Company and the energy scheduled by UPPCL), and as adjusted for tariff orders, and (ii) income from the sale of by-products such as fly ash. In particular, UPERC passed a tariff order on May 24, 2017 determining the tariff for the period from commercial operation of the BEL Power Plants to March 2014, and has provided guidelines on determining the multi-year tariff for 2014 to 2019. Our Company recorded the adjustment of the said tariff order in Fiscal 2017, the year in which the tariff order was passed.

LPGCL's income from operations comprises (i) income from the sale of power generated, net of unscheduled interchange charges payable or receivables (which reflect the difference between the actual energy supplied by LPGCL and the energy scheduled by UPPCL), and (ii) income from the sale of by-products such as fly ash.

#### ***Other income***

Our Company's and LPGCL's other income comprises (i) interest income on bank deposits and late payment surcharges from UPPCL, (ii) net gains on the sale of current investments, such as through the sale of units in mutual funds, (iii) fair value gains on financial instruments at profit or loss at fair value, relating to investments in mutual funds, (iv) sales of scrap and (v) other miscellaneous income.

#### ***Cost of materials consumed***

Our Company's and LPGCL's cost of materials consumed primarily relates to the use of coal to run the BEL Power Plants and the LPGCL Power Plant, as well as secondary fuels such as light diesel oil.

#### ***Employee benefits expenses***

Our Company's and LPGCL's employee benefits expenses comprises (i) salaries and wages paid to employees, (ii) contributions to provident and other funds and (iii) employee welfare expenses.

#### ***Finance costs***

Our Company's and LPGCL's finance costs comprises (i) interest expenses on borrowings and (ii) other interest and borrowing costs. Other interest relates to interest on borrowings, and borrowing costs comprise bank charges and fees.

#### ***Depreciation and amortization expenses***

Our Company's and LPGCL's depreciation and amortization expenses comprises (i) depreciation of property, plant and equipment, relating primarily to building, plant and machinery at our Company's and LPGCL's plants, as well as office equipment, computers, furniture and fixtures and vehicles, and (ii) amortization of intangible assets, relating to computer software.

#### ***Other expenses***

Our Company's other expenses primarily comprise: (i) coal handling expenses, relating to the handling of coal at plants (ii) legal and professional fees, (iii) stores and spares consumed, (iv) insurance expenses, (v) rent, including but not limited to office space and residential buildings at plant sites, (vi) repairs and maintenance, (vii) corporate social responsibility expenses and (viii) miscellaneous other expenses.

LPGCL's other expenses primarily comprise: (i) repairs and maintenance, (ii) contractor expenses, (iii) foreign exchange fluctuations, (iv) stores and spares consumed, (v) insurance expenses, (vi) legal and professional fees, and miscellaneous other expenses.

At the BEL Power Plants, coal handling is done semi-automatically, whereas at the LPGCL Power Plant coal handling is done primarily by machine. Accordingly, coal handling expenses, while a significant portion of our Company's other expenses, are a relatively small component of LPGCL's other expenses.

#### ***Share in profit of associate (net)***

Our Company's share in profit of associate (net) reflects its pro rata share in the net profit of LPGCL. Our Company acquired significant influence in LPGCL with effect from December 20, 2016, at which point it began accounting for its interest in LPGCL using the equity method as per principles prescribed under Ind AS 28.

## Results of Operations of our Company

The following table sets certain data from our Company's Restated Consolidated Statement of Profit and Loss, for the periods indicated:

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	FY2018	FY2017	FY2016
	(₹ in million)				
<b>Income from operations</b>					
Net sales of power.....	6,886.04	6,193.63	8,527.24	13,695.39	13,295.61
Income from sale of by-products.....	53.96	6.67	24.73	14.04	15.64
Total income from operations.....	6,940.00	6,200.30	8,551.97	13,709.43	13,311.25
Other income .....	280.51	342.16	424.28	349.33	759.74
<b>Total income</b> .....	<b>7,220.51</b>	<b>6,542.46</b>	<b>8,976.25</b>	<b>14,058.76</b>	<b>14,070.99</b>
<b>Expenses</b>					
Cost of materials consumed.....	2,701.35	2,598.22	3,560.24	7,832.16	7,120.24
Employee benefits expenses .....	355.66	280.57	381.48	472.41	443.82
Finance costs .....	1,788.88	1,744.61	2,431.87	2,663.24	2,921.09
Depreciation and amortization expenses.....	1,127.66	1,129.62	1,498.94	1,507.94	1,512.39
Other expenses .....	792.09	489.92	620.64	772.11	570.70
<b>Total expenses</b> .....	<b>6,765.64</b>	<b>6,242.94</b>	<b>8,493.17</b>	<b>13,247.86</b>	<b>12,568.24</b>
<b>Profit before tax</b> .....	454.87	299.52	483.08	810.90	1,502.75
<b>Tax expenses</b>					
Current tax.....	101.10	84.55	125.95	138.62	358.56
Tax adjustment of earlier year / period .....	-	-	-	-	(10.47)
Deferred tax.....	111.63	69.77	107.98	261.61	126.31
Less: Deferred assets for deferred tax liability	(117.26)	(126.24)	(167.67)	(471.83)	-
<b>Total tax expenses/(benefit)</b> .....	<b>95.47</b>	<b>28.08</b>	<b>66.26</b>	<b>(71.60)</b>	<b>474.40</b>
<b>Profit after tax</b> .....	<b>359.40</b>	<b>271.44</b>	<b>416.82</b>	<b>882.50</b>	<b>1,028.35</b>
Share in profit/(loss) of associate (net) .....	36.24	(348.12)	(450.77)	194.62	-
<b>Profit/(loss) for the year / period</b> .....	<b>395.64</b>	<b>(76.68)</b>	<b>(33.95)</b>	<b>1,077.12</b>	<b>1,028.35</b>

### *Nine months ended December 31, 2018 compared to nine months ended December 31, 2017*

#### *Income from operations*

Our Company's income from operations increased by 11.9%, to ₹ 6,940.00 million in the nine months ended December 31, 2018 from ₹ 6,200.30 million in the nine months ended December 31, 2017, primarily due to the higher sale of power to UPPCL under the long-term PPAs due to an increase in BEL's average PLF across all five of the BEL Power Plants to 27.92% from 22.69%. BEL sold 750 MU of electricity in the nine months ended December 31, 2018, as compared to 606 MU in the nine months ended December 31, 2017. Partially offsetting our Company's increase in income from operations were lower Fixed Tariffs following the UPERC order dated January 3, 2018. Although the order allowed us to charge Fixed Tariffs for the period during which UPPCL had unilaterally terminated its PPAs with us, the order disallowed the recovery of return on equity charges, part of operation and maintenance expenses and part of interest on working capital for such period.

Our Company's income from the sale of by-products increased by 709.00%, from ₹ 6.67 million for the nine months ended December 31, 2017 to ₹ 53.96 million for the nine months ended December 31, 2018, primarily due to a significant increase in the price of fly ash.

#### *Other income*

Our Company's other income decreased by 18.0%, to ₹ 280.51 million in the nine months ended December 31, 2018 from ₹ 342.16 million in the nine months ended December 31, 2017, primarily due to a ₹ 27.07 million net gain on the sale of investments in the nine months ended December 31, 2017 as compared to nil in the nine months ended December 31, 2018, and a 7.47% decrease in interest income on "others" to ₹ 274.98 million in the nine months ended December 31, 2018 from ₹ 297.17 million in the nine months ended December 31, 2017, relating to late payment surcharges.

#### *Cost of materials consumed*

Our Company's cost of materials consumed increased by 4.0%, to ₹ 2,701.35 million in the nine months ended December 31, 2018 from ₹ 2,598.22 million in the nine months ended December 31, 2017, primarily due to an increase in BEL's average PLF across all five of the BEL Power Plants to 27.92% from 22.69%, which was partially offset by a reduction in coal costs due to optimization measures that we carried out at our plants, especially related to reducing transportation costs and the strategy of optimizing the quality of coal used. Coal consumption increased by 116,428 tonnes to 630,087 tonnes, and the average landed price of coal decreased to ₹ 4,419 per tonne to ₹ 4,953 per tonne.

#### *Employee benefits expenses*

Our Company's employee benefits expense increased by 26.8%, to ₹ 355.66 million in the nine months ended December 31, 2018 from ₹ 280.57 million in the nine months ended December 31, 2017, primarily due to an increase in salaries and wages arising from annual increments.

#### *Finance costs*

Our Company's finance costs increased by 2.5%, to ₹ 1,788.88 million in the nine months ended December 31, 2018 from ₹ 1,744.61 million in the nine months ended December 31, 2017, primarily due to increased interest rates on term loans and working capital loans, resulting from increases in the marginal cost of funds-based lending rates by our Company's consortium banks, as well as a downgrade in our Company's external credit ratings (for details of our Company's external credit ratings, see section entitled "*Significant Factors Affecting our Company's and LPGCL's Financial Condition and Results of Operations—Ability to borrow funds at competitive rates*" on page 265. Our Company's external credit rating was downgraded largely due to a delay in servicing its debt obligations caused by a delay in collecting funds from UPPCL, especially relating to UPPCL's unilateral termination of the PPAs in respect of all five of the BEL Power Plants. In addition, our Company had to pay additional interest due to the delayed debt servicing.

#### *Depreciation and amortization expenses*

Our Company's depreciation and amortization expense in the nine months ended December 31, 2018 was largely in line with the nine months ended December 31, 2017, decreasing by 0.17%, to ₹ 1,127.66 million in the nine months ended December 31, 2018 from ₹ 1,129.62 million in the nine months ended December 31, 2017.

#### *Other expenses*

Our Company's other expenses increased by 61.67%, to ₹ 792.09 million in the nine months ended December 31, 2018 from ₹ 489.92 million in the nine months ended December 31, 2017, primarily due to (i) an increase in repairs and maintenance expenses for machinery and others of ₹ 140.98 million because the BEL Power Plants were not in operation for a substantial period during the nine months ended December 31, 2017 due to the unilateral termination of the PPAs by UPPCL, which was later set aside by UPERC, and (ii) an increase in coal handling expenses of ₹ 139.77 million due to an increase in the volumes of coal handled, given the temporary shutdown of the plants in the nine months ended December 31, 2017.

#### *Tax expenses*

Our Company's total tax expenses increased by 240.0% to ₹ 95.47 million in the nine months ended December 31, 2018 from ₹ 28.08 million in the nine months ended December 31, 2017, and our Company's effective tax rate (calculated as total tax expenses divided by profit before tax) increased to 21.0% in the nine months ended December 31, 2018 from 9.4% in the nine months ended December 31, 2017. These increases were primarily due to reversal of deferred tax that was previously created relating to deferred tax on the fair value changes in mutual funds and effective interest rate adjustments of loans.

#### *Profit after tax*

Primarily for the reasons stated above, our Company's profit after tax increased by 32.4%, to ₹ 359.40 million in the nine months ended December 31, 2018 from ₹ 271.44 million in the nine months ended December 31, 2017.

#### *Share in profit of associate (net)*

Our Company's share in profit of associate (net) increased to a profit of ₹ 36.24 million in the nine months ended December 31, 2018 from a loss of ₹ 348.12 million in the nine months ended December 31, 2017, due to the performance of LPGCL.

For a discussion of LPGCL's results of operations in the nine months ended December 31, 2018 and the nine months ended December 31, 2017, see section entitled "*—Results of Operations of LPGCL—Fiscal 2018 compared to Fiscal 2017*".

#### *Profit for the period*

Primarily for the reasons stated above, our Company's profit for the period increased to a profit of ₹ 395.64 million in the nine months ended December 31, 2018 from a loss of ₹ 76.68 million in the nine months ended December 31, 2017.

#### **Fiscal 2018 compared to Fiscal 2017**

##### *Income from operations*

Our Company's income from operations decreased by 37.6%, to ₹ 8,551.97 million in Fiscal 2018 from ₹ 13,709.43 million in Fiscal 2017, primarily due to the unilateral termination by UPPCL of the PPAs in respect of all five of the BEL Power Plants, which resulted in the BEL Power Plants being shut for a period of 169 days from July 19, 2017 to January 3, 2018 (both inclusive). Although we successfully challenged the unilateral termination of the PPAs by UPPCL, with UPERC ruling in our favor and determining that the PPAs should be treated to have existed in continuity, the temporary closure of the BEL Power Plants nevertheless led to a significant decline in the PLF of the plants and the units of electricity sold to UPPCL. The number of units sold decreased by 55.5% from 1,869 MU for Fiscal 2017 to 832 for Fiscal 2018, and the PLF of the BEL Power Plants declined from 52.3% to 23.5%. Although UPERC allowed us to charge Fixed Tariffs for the period during which UPPCL had unilaterally terminated its PPAs with us, UPERC disallowed the recovery of return on equity charges, part of operation and maintenance expenses and part of interest on working capital for such period, which contributed to the decrease in income from Fiscal 2017 to Fiscal 2018.

Our Company's income from the sale of by-products increased by 76.1%, from ₹ 14.04 million for Fiscal 2017 to ₹ 24.73 million for Fiscal 2018. Although the amount of fly ash sold by our Company decreased to 0.201 million tonnes in Fiscal 2018 from 0.426 million tonnes in Fiscal 2017, increased demand for fly ash from local customers helped drive a significant increase in the price of fly ash, more than offsetting the decrease in production. The amount of fly ash sold by our Company decreased largely due to the shutdown of the BEL Power Plants resulting from UPPCL's unilateral termination of the PPA.

##### *Other income*

Our Company's other income increased by 21.5%, to ₹ 424.28 million in Fiscal 2018 from ₹ 349.33 million in Fiscal 2017, primarily due to a 39.9% increase in interest income from late payment surcharges from UPPCL, to ₹ 377.75 million in Fiscal 2018 from ₹ 269.93 million in Fiscal 2017, due to slower payment cycles by UPPCL. In addition, our Company's net gain on the sale of current investments increased by 51.8%, to ₹ 32.23 million in Fiscal 2018 from ₹ 21.23 million in Fiscal 2017, resulting from net gains on the sale of mutual funds.

##### *Cost of materials consumed*

Our Company's cost of materials consumed decreased by 54.5%, to ₹ 3,560.24 million in Fiscal 2018 from ₹ 7,832.16 million in Fiscal 2017, in line with the decrease in PLF from 52.3% to 23.5% due to UPPCL's unilateral termination of BEL's PPAs. Coal consumption decreased by 59.1%, but was partially offset by a 6.1% increase the average landed price of coal per tonne.

##### *Employee benefits expenses*

Our Company's employee benefits expense decreased by 19.2%, to ₹ 381.48 million in Fiscal 2018 from ₹ 472.41 million in Fiscal 2017, primarily due to a decrease in the number of employees from 510 in Fiscal 2017 to 474 in Fiscal 2018, largely resulting from the unilateral termination of the PPA by UPPCL.

##### *Finance costs*

Our Company's finance costs decreased by 8.7%, to ₹ 2,431.87 million in Fiscal 2018 from ₹ 2,663.24 million in Fiscal 2017, primarily due to the reduction in the outstanding principal sums under our financing agreement and the term loan after relevant repayments made by our Company, resulting in a reduction of interest expenses recognized in Fiscal 2018.

##### *Depreciation and amortization expenses*

Our Company's depreciation and amortization expense in Fiscal 2018 was largely in line with Fiscal 2017, decreasing by 0.6%, to ₹ 1,498.94 million in Fiscal 2018 from ₹ 1,507.94 million in Fiscal 2017.

#### *Other expenses*

Our Company's other expenses decreased by 19.6%, to ₹ 620.64 million in Fiscal 2018 from ₹ 772.11 million in Fiscal 2017, primarily due to a reduction in repairs and maintenance expenses for machinery and others by ₹ 98.94 million, a reduction in stores and spares consumed by ₹ 61.97 million, and a reduction in coal handling expenses by ₹ 47.79 million, each of which were primarily due to the unilateral termination of the PPAs by UPPCL. Partially offsetting these decreases was an increase in legal and professional expenses by ₹ 76.3 million, primarily for professional advice that we sought in order to challenge the unilateral termination of the PPAs by UPPCL.

#### *Tax expenses*

Our Company's total tax expenses increased to an expense of ₹ 66.26 million in Fiscal 2018 from a credit of ₹ 71.60 million in Fiscal 2017, primarily due to a reversal of deferred tax liability in Fiscal 2017, which was created in prior years relating to timing differences in depreciation. Deferred tax liability was reversed in Fiscal 2017 due to our Company adopting prevailing industry accounting practices, which determined that no deferred tax liability is required for timing differences of depreciation, as the same is fully recoverable under the terms of our Company's PPA.

#### *Profit after tax*

Primarily for the reasons stated above, our Company's profit after tax decreased by 52.8%, to ₹ 416.82 million in Fiscal 2018 from ₹ 882.50 million in Fiscal 2017.

#### *Share in profit of associate (net)*

Our Company's share in profit of associate (net) decreased to a loss of ₹ 450.77 million in Fiscal 2018 from a profit of ₹ 194.62 million in Fiscal 2017, due to the performance of LPGCL. However, the audit opinion in respect of our associate, LPGCL, for Fiscal 2018 included was qualified to indicate that certain amounts recognized as income were not in accordance with Ind AS 18. For a discussion of LPGCL's results of operations in Fiscal 2018 and Fiscal 2017, see section entitled "*—Results of Operations of LPGCL—Fiscal 2018 compared to Fiscal 2017*", and for a discussion of the qualifications in LPGCL's audit report for Fiscal 2018, see section entitled "*—Auditor's Reservations, Qualifications and Adverse Remarks and Comments*" on page 269.

#### *Profit for the year*

Primarily for the reasons stated above, our Company's profit for the year decreased to a loss of ₹ 33.95 million in Fiscal 2018 from a profit of ₹ 1,077.12 million in Fiscal 2017.

### ***Fiscal 2017 compared to Fiscal 2016***

#### *Income from operations*

Our Company's income from operations increased by 3.0%, to ₹ 13,709.43 million in Fiscal 2017 from ₹ 13,311.25 million in Fiscal 2016, primarily due to an increase in PLF to 52.3% for Fiscal 017 from 43.3% from Fiscal 2016, as we sold 1,869 MU of power to UPPCL in Fiscal 2018 as compared to 1,541 MU in Fiscal 2017. However, partially offsetting the increase in income from our higher PLF was a decrease in tariffs rates, particularly the Variable Tariff, which averaged ₹ 4.19 per KWh in Fiscal 2017 as compared to ₹ 4.55 per KWh in Fiscal 2016. The Variable Tariff decreased mainly as our Company purchased 685,167 tonnes of ad hoc coal under our FSA in Fiscal 2016, due to a shortage in supply of coal linkage, which resulted in a decrease in tariffs. Ad hoc coal is more expensive than linkage coal, and because we purchased no ad hoc coal in Fiscal 2017, our average price of coal decreased, which got passed through to UPPCL through the Variable Tariff.

#### *Other income*

Our Company's other income decreased by 54.0%, to ₹ 349.33 million in Fiscal 2017 from ₹ 759.74 million in Fiscal 2016, primarily due to the reduction of interest income from UPPCL's late payment surcharges and decline in interest income on ICDs from ₹ 666.57 million to ₹ 269.93 million.

#### *Cost of materials consumed*

Our Company's cost of materials consumed increased by 10.0%, to ₹ 7,832.16 million in Fiscal 2017 from ₹ 7,120.24 million in Fiscal 2016, primarily due to the increased PLF at the BEL Power Plants, from 43.3% to 52.3%. Coal consumption increased by 11.54% to 1,736,617 tonnes from 1,556,979 tonnes. The average landed price of coal per tonne remained relatively steady, increasing by 2.1% from ₹ 4,422 to ₹ 4,513.

### *Employee benefits expenses*

Our Company's employee benefits expense increased by 6.4%, to ₹ 472.41 million in Fiscal 2017 from ₹ 443.82 million in Fiscal 2016, primarily due to salary increments for existing employees.

### *Finance costs*

Our Company's finance costs decreased by 8.8%, to ₹ 2,663.24 million in Fiscal 2017 from ₹ 2,921.09 million in Fiscal 2016, primarily due to the reduction in the outstanding principal sum of the financing agreement and the term loan, resulting in a reduction of interest expenses recognized in Fiscal 2017.

### *Depreciation and amortization expenses*

Our Company's depreciation and amortization expense in Fiscal 2017 was largely in line with Fiscal 2016, decreasing by 0.3%, to ₹ 1,507.94 million in Fiscal 2017 from ₹ 1,512.39 million in Fiscal 2016.

### *Other expenses*

Our Company's other expenses increased by 35.3%, to ₹ 772.11 million in Fiscal 2017 from ₹ 570.70 million in Fiscal 2016, primarily due to an increase in coal handling expenses by ₹ 101.88 million, an increase in repairs and maintenance of machinery (and others) by ₹ 77.54 million, and the additional legal and professional expenses of ₹ 9.46 million incurred in Fiscal 2017.

### *Tax expenses*

Our Company's total tax expenses decreased to a credit of ₹ 71.60 million in Fiscal 2017 from an expense of ₹ 474.40 million in Fiscal 2016, primarily due to lower profit before tax and reversal of deferred tax relating to timing differences in depreciation. The deferred tax liability was reversed due to a change in prevailing industry accounting practices, which determined that no deferred tax liability is required for timing differences of depreciation.

### *Profit after tax*

Primarily for the reasons stated above, our Company's profit after tax decreased by 14.2%, to ₹ 882.50 million in Fiscal 2017 from ₹ 1,028.35 million in Fiscal 2016.

### *Share in profit of associate (net)*

Our Company's share in profit of associate (net) was a profit of ₹ 194.62 million in Fiscal 2017, due to the performance of LPGCL. Our Company acquired significant influence in LPGCL in Fiscal 2017, at which point it began accounting for our interest in LPGCL as an associate, and hence it did not recognize its share in LPGCL's net profit prior to Fiscal 2017. For a discussion of LPGCL's results of operations in Fiscal 2017, see section entitled “—*Results of Operations of LPGCL—Fiscal 2018 compared to Fiscal 2017*”.

### *Profit for the year*

Primarily for the reasons stated above, our Company's profit for the year increased by 4.7% to ₹ 1,077.12 million in Fiscal 2017 from ₹ 1,028.35 million in Fiscal 2016.

## **Cash Flows of our Company**

The following table sets forth certain details of our Company's Restated Consolidated Summary statement of cash flow for the periods indicated:

	<b>Nine months ended December 31, 2018</b>	<b>Nine months ended December 31, 2017</b>	<b>FY2018</b>	<b>FY2017</b>	<b>FY2016</b>
	(₹ in million)				
Net cash flow from operating activities .....	1,313.88	1,552.98	3,048.86	6,540.00	6,016.92
Net cash flow from/ (used in) investing activities .....	(5.02)	806.60	949.48	(2,605.47)	597.19
Net cash flow from/ (used in) financing activities .....	(1,370.36)	(2,431.98)	(4,027.84)	(3,854.38)	(6,676.78)

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	FY2018	FY2017	FY2016
	(₹ in million)				
Net increase/ (decrease) in cash and cash equivalents.....	(61.50)	(72.40)	(29.50)	80.15	(62.67)

Our Company's cash and cash equivalents consist of cash at banks, cash on hand and short-term deposits with an original maturity of less than three months.

### **Cash Flows from Operating Activities**

#### *Nine months ended December 31, 2018*

Net cash flow from our Company's operating activities was ₹ 1,313.88 million in the nine months ended December 31, 2018. Our Company's profit before tax was ₹ 454.87 million, which was adjusted for non-cash and other items (primarily finance costs and depreciation and amortization) in a net amount of ₹ 2,910.59 million, resulting in cash generated before working capital changes of ₹ 3,365.46 million.

The following key adjustments were made to our cash generated before working capital changes to arrive at cash flow from operating activities:

- an increase in trade and other payables of ₹ 563.34 million, primarily due to an increase in PLF and lower collection from UPPCL, resulting in delayed payments made to our creditors;
- a decrease in provisions of ₹ 82.64 million, primarily due to crystallization of provisions for employee benefits expenses and unscheduled interchange charges payable to UPPCL;
- an increase in trade receivables and inventories of ₹ 2,814.93 million, primarily due to lower collections from UPPCL, and an increase in PLF, which were partially offset by a decrease in inventories; and
- a decrease in other financial assets and other assets of ₹ 282.76 million, primarily due to a decrease in advances for coal procurement.

The cash generated from our Company's operations was ₹ 1,313.99 million in the nine months ended December 31, 2018, and our Company paid net direct taxes of ₹ 0.11 million, resulting in net cash flow from operating activities of ₹ 1,313.88 million.

#### *Nine months ended December 31, 2017*

Net cash flow from our Company's operating activities was ₹ 1,552.98 million in the nine months ended December 31, 2017. Our Company's profit before tax was ₹ 299.52 million, which was adjusted for non-cash and other items (primarily finance costs, depreciation and amortization and interest income) in a net amount of ₹ 2,835.24 million, resulting in cash generated before working capital changes of ₹ 3,134.76 million.

The following key adjustments were made to our cash generated before working capital changes to arrive at cash flow from operating activities:

- a decrease in trade and other payables of ₹ 667.53 million, primarily due to set-offs arising from the UPERC Order dated 24 May 2017;
- a decrease in trade receivables and inventories of ₹ 1,425.43 million, primarily due to lower power generation due to the temporary closure of the BEL Power Plants following unilateral termination of the PPAs by UPPCL;
- an increase in other financial assets and other assets of ₹ 2,330.03 million, primarily due to an increase in other receivables, arising from sales to UPPCL that had not yet been accepted by UPPCL. Our Company typically bills UPPCL for the sale of power to UPPCL and such amounts are considered as other receivables pending UPPCL's acceptance of the amounts set out in our Company's bills to them.

The cash generated from our Company's operations was ₹ 1,573.95 million in the nine months ended December 31, 2017, and our Company paid net direct taxes of ₹ 20.97 million, resulting in net cash flow from operating activities of ₹ 1,552.98 million.

#### *Fiscal 2018*

Net cash flow from our Company's operating activities was ₹ 3,048.86 million in Fiscal 2018. Our Company's profit before tax was ₹ 483.08 million, which was adjusted for non-cash and other items (primarily finance costs and depreciation and amortization) in a net amount of ₹ 3,890.87 million, resulting in cash generated before working capital changes of ₹ 4,373.95 million.

The following key adjustments were made to our cash generated before working capital changes to arrive at cash flow from operating activities:

- a decrease in trade and other payables of ₹ 623.81 million, primarily due to lower power generation due to the temporary closure of the BEL Power Plants following unilateral termination of the PPAs by UPPCL;
- an increase in provisions of ₹ 104.44 million, primarily due to crystallization of provisions for interest liabilities;
- a decrease in trade receivables and inventories of ₹ 1,318.53 million, primarily due to lower power generation due to the temporary closure of the BEL Power Plants following unilateral termination of the PPAs by UPPCL; and
- an increase in other financial assets and other assets of ₹ 2,103.12 million, primarily due to an increase in other receivables, arising from sales to UPPCL that had not yet been accepted by UPPCL, including receivables that had not yet been acknowledged by UPPCL, receivables that had been accrued by not billed, invoices towards the bill for the period during which the BEL Power Plants were shutdown due to UPPCL's unilateral termination of the PPA, late payment surcharges accrued but not billed, and the tariff order adjustment.

The cash generated from our Company's operations was ₹ 3,069.99 million in Fiscal 2018, and our Company paid net direct taxes of ₹ 21.13 million, resulting in net cash flow from operating activities of ₹ 3,048.86 million.

#### *Fiscal 2017*

Net cash flow from our Company's operating activities was ₹ 6,540.00 million in Fiscal 2017. Our Company's profit before tax was ₹ 810.90 million, which was adjusted for non-cash and other items (primarily finance costs and depreciation and amortization) in a net amount of ₹ 4,031.24 million, resulting in cash generated before working capital changes of ₹ 4,842.14 million.

The following key adjustments were made to our cash generated before working capital changes to arrive at cash flow from operating activities:

- an increase in trade and other payables of ₹ 901.79 million, primarily due to payables on account of the tariff order adjustments, relating to over recovery from UPPCL in earlier periods, which per the UPERC Order dated May 24, 2017 our Company was required to return to UPPCL over a period of time;
- a decrease in trade receivables and inventories of ₹ 989.63 million, primarily due to a decision by management to maintain coal stock at low levels, which was partially offset by an increase in trade receivables largely driven by the increase in PLF; and
- a decrease in other financial assets and other assets of ₹ 130.08 million, primarily due to decrease in other receivables, as the final tariff rates approved by UPERC per its tariff order dated May 24, 2017 were lower than the provisional rates that our Company had been applying, leading to a write-off of receivables from UPPCL.

The cash generated from our Company's operations was ₹ 6,867.66 million in Fiscal 2017, and our Company paid net direct taxes of ₹ 327.66 million, resulting in net cash flow from operating activities of ₹ 6,540.00 million.

#### *Fiscal 2016*

Net cash flow from our Company's operating activities was ₹ 6,016.92 million in Fiscal 2016. Our Company's profit before tax was ₹ 1,502.75 million, which was adjusted for non-cash and other items (primarily finance costs and depreciation and amortization) in a net amount of ₹ 4,630.81 million, resulting in cash generated before working capital changes of ₹ 6,133.56 million.

The following key adjustments were made to our Company's operating profit before working capital changes to arrive at cash flow from operating activities:

- a decrease in trade and other payables of ₹ 1,508.01 million, primarily due to increased payments to our creditors in respect of coal purchases;
- a decrease in provisions of ₹ 169.70 million, primarily due to receipts of bills related to unscheduled interchange charges; and
- a decrease in trade receivables and inventories of ₹ 1,776.58, primarily due to better collections from UPPCL.

The cash generated from our Company's operations was ₹ 6,257.19 million in Fiscal 2016, and our Company paid net direct taxes of ₹ 240.27 million, resulting in net cash flow from operating activities of ₹ 6,016.92 million.

### ***Cash Flows from Investing Activities***

#### *Nine months ended December 31, 2018*

Our Company's net cash used in investing activities was ₹ 5.02 million during the nine months ended December 31, 2018, which primarily related to the investment of ₹ 5.29 million in fixed deposits with original maturity of more than three months.

#### *Nine months ended December 31, 2017*

Our Company's net cash flow from investing activities was ₹ 806.60 million during the nine months ended December 31, 2017, which primarily related to net proceeds on the sale of mutual funds of ₹ 665.49 million, the maturity of ₹ 144.14 million in fixed deposits with original maturity of more than three months, and interest income of ₹ 12.76 million received from the shareholder loan.

#### *Fiscal 2018*

Our Company's net cash flow from investing activities was ₹ 949.48 million during Fiscal 2018, which primarily related to net proceeds on the sale of mutual funds of ₹ 775.65 million and the maturity of ₹ 143.79 million in fixed deposits with original maturity of more than three months.

#### *Fiscal 2017*

Our Company's net cash used in investing activities was ₹ 2,605.47 million during Fiscal 2017, which primarily related to the purchase of non-current investments of ₹ 2,700.00 million relating to our equity investment in LPGCL.

#### *Fiscal 2016*

Our Company's net cash flow from investing activities was ₹ 597.19 million during Fiscal 2016, which primarily related to the purchase of non-current investments of ₹ 2,843.30 million relating to our equity investment in LPGCL, the loan repayment of ₹ 3,429.98 million relating to the refund of inter-corporate deposits placed earlier.

### ***Cash Flows from Financing Activities***

#### *Nine months ended December 31, 2018*

Our Company's net cash used in financing activities was ₹ 1,370.36 million during the nine months ended December 31, 2018, which primarily related to interest paid on borrowings of ₹ 1,606.48 million and net repayments of non-current borrowings on ₹ 966.31 million relating to term debt, which were partially offset by a ₹ 1,202.43 million increase in net current borrowings as our Company increased its utilization of its working capital facilities to help manage the impact of lower collections from UPPCL.

#### *Nine months ended December 31, 2017*

Our Company's net cash used in financing activities was ₹ 2,431.98 million during the nine months ended December 31, 2018, which primarily related to interest paid on borrowings of ₹ 1,509.19 million and net repayments of non-current borrowings on ₹ 940.21 million relating to term debt.

*Fiscal 2018*

Our Company's net cash used in financing activities was ₹ 4,027.84 million during Fiscal 2018, which primarily related to interest paid on borrowings of ₹ 2,381.50 million and net repayments of non-current borrowings of ₹ 1,848.73 million on term loans, which were partially offset by a ₹ 202.39 million increase in net current borrowings relating to working capital borrowings.

*Fiscal 2017*

Our Company's net cash used in financing activities was ₹ 3,854.38 million during Fiscal 2017, which primarily related to interest paid on borrowings of ₹ 2,702.52 million and ₹ 1,693.61 million in net repayments of current borrowings relating to term loans.

*Fiscal 2016*

Our Company's net cash used in financing activities was ₹ 6,676.78 million during Fiscal 2016, which primarily related to interest paid on borrowings of ₹ 2,894.36 million, ₹ 2,363.87 million net repayments of current borrowings relating to term loans, and net repayments of non-current borrowings of 1,418.55 million relating to working capital borrowings.

### Results of Operations of LPGCL

The following table sets certain data from LPGCL's statement of restated profit and loss, for the periods indicated:

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	FY2018	FY2017	FY2016
	(₹ in million)				
Income from operations.....	40,742.75	41,300.42	53,188.54	31,017.04	3,122.89
Other income .....	575.67	250.14	384.70	212.60	4.55
<b>Total income.....</b>	<b>41,318.42</b>	<b>41,550.56</b>	<b>53,573.24</b>	<b>31,229.64</b>	<b>3,127.44</b>
<b>Expenses</b>					
Cost of materials consumed.....	16,701.09	19,981.87	24,677.94	11,131.13	119.40
Employee benefits expenses .....	1,010.49	873.71	1,215.86	456.73	56.57
Finance costs .....	14,800.94	13,835.40	18,528.68	9,845.76	1,406.22
Depreciation and amortization expenses.....	7,159.98	7,079.61	9,398.86	5,122.18	772.38
Other expenses .....	1,422.03	1,456.66	1,914.36	966.97	149.83
<b>Total expenses.....</b>	<b>41,094.53</b>	<b>43,227.25</b>	<b>55,735.70</b>	<b>27,522.77</b>	<b>2,504.40</b>
<b>Profit/(loss) before tax.....</b>	<b>223.89</b>	<b>(1,676.69)</b>	<b>(2,162.46)</b>	<b>3,706.87</b>	<b>623.04</b>
<b>Tax expenses</b>					
Current tax.....	48.60	5.87	16.41	307.54	146.06
Tax adjustment of earlier year / period .....	0.12	-	(0.17)	-	-
<b>Total tax expenses.....</b>	<b>48.72</b>	<b>5.87</b>	<b>16.24</b>	<b>307.54</b>	<b>146.06</b>
<b>Profit/(loss) for the year / period .....</b>	<b>175.17</b>	<b>(1,682.56)</b>	<b>(2,178.70)</b>	<b>3,399.33</b>	<b>476.98</b>

### **Nine months ended December 31, 2018 compared to nine months ended December 31, 2017**

#### *Income from operations*

LPGCL's income from operations decreased by 1.4% to ₹ 40,742.75 million in the nine months ended December 31, 2018 from ₹ 41,300.42 million in the nine months ended December 31, 2017, primarily due to a decrease in PLF from 53.6% to 39.9% due to lower generation schedules given by UPPCL, resulting in lower Variable Tariffs. LPGCL received lower generation schedules partly as a result of UPPCL's delayed payments, which prevented LPGCL from making advanced payment for coal under its FSA, necessitating LPGCL to source coal from the more expensive e-auction route. The increased use of e-auction coal drove up LPGCL's Variable Tariff rate, making it more expensive for UPPCL to procure power from LPGCL and lowering LPGCL's merit order despatch priority.

LPGCL sold 4,915 MU of power in the nine months ended December 31, 2018, compared to 6,600 MU in the nine months ended December 31, 2017.

#### *Other income*

LPGCL's other income increased by 130.1% to ₹ 575.67 million in the nine months ended December 31, 2018 from ₹ 250.14 million in the nine months ended December 31, 2017, primarily arising from a 134.3% increase in interest income from late purchase surcharges to ₹ 455.45 million in the nine months ended December 31, 2018 from ₹ 194.43 million in the nine months ended December 31, 2017 due to a significant increase in delayed payments by UPPCL. In addition, income from the sale of scrap increased by 376.9% to ₹ 65.38 million in the nine months ended December 31, 2018 from ₹ 13.71 million in the nine months ended December 31, 2017 due to clearance of the plant site.

#### *Cost of materials consumed*

LPGCL's cost of materials consumed decreased by 16.4% to ₹ 16,701.09 million in the nine months ended December 31, 2018 from ₹ 19,981.87 million in the nine months ended December 31, 2017, primarily due to lower generation schedules, resulting in lower corresponding coal consumption. Due to the foregoing, LPGCL's PLF decreased from 53.6% to 39.9%. Coal consumption declined from 4,311,184 tonnes to 3,323,752 tonnes, and the average landed price of coal per tonne increased from ₹ 4,583 per tonne to ₹ 5,009 per tonne, largely due to increased purchases of coal through e-auction rather than LPGCL's FSA. LPGCL purchased more coal through e-auction mainly due to liquidity difficulties arising from delayed payment by UPPCL, which prevented LPGCL from making advanced payment for coal under its FSA.

#### *Employee benefits expenses*

LPGCL's employee benefits expense increased by 15.7% to ₹ 1,010.49 million in the nine months ended December 31, 2018 from ₹ 873.71 million in the nine months ended December 31, 2017, primarily due to increases in salaries and wages relating to annual increments.

#### *Finance costs*

LPGCL's finance costs increased by 7.0% to ₹ 14,800.94 million in the nine months ended December 31, 2018 from ₹ 13,835.40 million in the nine months ended December 31, 2017, primarily due to increased utilization of working capital borrowings in response to a significant building in receivables from UPPCL.

#### *Depreciation and amortization expenses*

LPGCL's depreciation and amortization expense remained relatively steady from the nine months ended December 31, 2017 to the nine months ended December 31, 2018, increasing by 1.1% to ₹ 7,159.98 million in the nine months ended December 31, 2018 from ₹ 7,079.61 million in the nine months ended December 31, 2017.

#### *Other expenses*

LPGCL's other expenses decreased by 2.4% to ₹ 1,422.03 million in the nine months ended December 31, 2018 from ₹ 1,456.66 million in the nine months ended December 31, 2017, primarily due to (i) a decrease in stores and spares consumed relating to normal wear and tear of the machinery, and (ii) a decrease in insurance expenses relating to LPGCL's mega insurance policy of the plant due to better premium rates resulting from the longer operating track record of the plant and better rate negotiations, which were partially offset by (iii) an increase in legal and professional fees relating to consultancy services towards processing excise duty refunds under the mega power project, (iv) an increase in foreign exchange fluctuation losses relating to forward contracts, which LPGCL uses to manage its foreign currency payables and (v) an increase in repairs and maintenance of various machinery.

#### *Tax expenses*

LPGCL's total tax expenses increased by 730.0% to ₹ 48.72 million in the nine months ended December 31, 2018 from ₹ 5.87 million in the nine months ended December 31, 2017, primarily due to the increase in LPGCL's profit before tax of ₹ 223.89 million in the nine months ended December 31, 2018 from a loss of ₹ 1,676.69 million in the nine months ended December 31, 2017. LPGCL's an effective tax rate (defined as total tax expenses divided by profit before tax) was 21.8% in the nine months ended December 31, 2018.

### *Profit for the period*

Primarily for the reasons stated above, LPGCL's profit for the period was ₹ 175.17 million for the nine months ended December 31, 2018, as compared to a loss for the period of ₹ 1,682.56 million for the nine months ended December 31, 2017.

### *Fiscal 2018 compared to Fiscal 2017*

#### *Income from operations*

LPGCL's income from operations increased by 71.5%, to ₹ 53,188.54 million in Fiscal 2018 from ₹ 31,017.04 million in Fiscal 2017, primarily because Fiscal 2018 was the first full fiscal year of operations for Unit 2 and Unit 3. Electricity sold increased by 126.7% from 3,560 MU to 8,072 MU, leading to a significant increase in Variable Tariffs. Partially offsetting this increase was a decrease in average Variable Tariffs from 2.85 to 2.78 Rupees per KWh, and a decrease in the Fixed Tariff at 85% normative availability from 2.46 to 2.35 Rupees per KWh. Given that LPGCL's income from operations is derived from both the Variable Tariff and Fixed Tariff, such decreases in the Variable Tariff and Fixed Tariff resulted in disproportionate increase in LPGCL's income from operations by 71.5%, instead of 126.7%.

LPGCL's PAF declined from 86.7% to 54.8% due primarily to late payments by UPPCL, which caused LPGCL to suffer liquidity constraints that prevented it from procuring the full coal amounts entitled to it under its FSA. LPGCL is of the view that relevant tariff regulations and its PPA allows recovery of full Fixed Tariff amount if the plant fails to achieve 85% PAF due to late payments by UPPCL and based on which LPGCL intends to file petition with UPERC to allow recovery of the full Fixed Tariff amount (and LPGCL has since made such petition). LPGCL has recognized as income in Fiscal 2018 only a part of such Fixed Tariff amount. However, the audit report issued in respect of LPGCL's Fiscal 2018 financial statements was qualified in respect of this matter, and stated that LPGCL's recognition of ₹ 7,538.02 million in income for Fiscal 2018 for the loss of Fixed Tariffs was not in accordance with Ind AS 18, as the auditors were of the view that significant uncertainty existed as to the collectability of the income. The audit report issued in respect of LPGCL's financial statements as of and for the nine months ended December 31, 2018 removed this matter as a qualification, instead reflecting it as an emphasis of matter due to LPGCL's petitioning UPERC to allow recovery of this amount. For further details, see section entitled "*—Auditor's Reservations, Qualifications and Adverse Remarks and Comments—Availability loss of fixed tariff charges due to non-availability of coal*" on page 269 and "*Outstanding Litigation and Material Developments*" on page 309.

The audit report issued in respect of LPGCL's financial statements for Fiscal 2018 contains two additional qualifications. First, UPERC orders dated September 21, 2016 and October 17, 2018 restrict LPGCL from claiming return on equity as part of its tariff component until the award of coal linkage. As LPGCL intended to file an appeal of the UPERC order before APTEL, LPGCL recognized income amounting to ₹ 3,903.91 million in Fiscal 2018 (₹ 804.30 million in Fiscal 2017) in respect of return on equity payments that had been disallowed by UPERC. The audit report in respect of LPGCL's Fiscal 2018 financial statements included a qualification to the effect that LPGCL's recognition of the ₹ 3,903.91 million in income for Fiscal 2018 was not in accordance with Ind AS 18, as the auditors were of the view that significant uncertainty existed as to the collectability of the income. Moreover, given UPERC's order, LPGCL should have made a provision in Fiscal 2018 to offset the ₹ 804.30 million in income that LPGCL had recognized in Fiscal 2017. The audit report issued in respect of LPGCL's financial statements as of and for the nine months ended December 31, 2018 removed this matter as a qualification, instead reflecting it as an emphasis of matter due to LPGCL's appeal to APTEL to allow recovery of this amount. For further details, see section entitled "*—Auditor's Reservations, Qualifications and Adverse Remarks and Comments—Return on equity payments during the period when coal linkage was not available*" on page 269 and "*Outstanding Litigation and Material Developments*" on page 309.

Second, up till April 16, 2017, LPGCL had been billing UPPCL towards recovery of fixed tariff charges calculated based on schedule generation, rather than based on the availability-based tariff mechanism (the "**ABT mechanism**"). UPERC, per an order dated September 21, 2016, disallowed LPGCL's recovery of capacity charges on the ABT mechanism prior to the commissioning of the transmission system. As LPGCL intended to file an appeal of the UPERC order before APTEL on the basis that it was UPPCL's obligation to provide for the transmission line, LPGCL recognized ₹ 850.36 million in income in respect of capacity charges based on the ABT mechanism for Fiscal 2018 (₹ 8,965.79 million for Fiscal 2017 and ₹ 2,898.49 million for Fiscal 2016) notwithstanding the two UPERC orders disallowing such charges. The audit report in respect of LPGCL's Fiscal 2018 financial statements included a qualification to the effect that LPGCL's recognition of the ₹ 850.36 million in income for Fiscal 2018 was not in accordance with Ind AS 18, as the auditors were of the view that significant uncertainty existed as to the collectability of the income. Moreover, given UPERC's order, LPGCL should have made a provision in Fiscal 2018 to offset the ₹ 8,965.79 million in income that LPGCL had recognized in Fiscal 2017 and ₹ 2,898.49 million for Fiscal 2016. The audit report issued in respect of LPGCL's financial statements as of and for the nine months ended December 31, 2018 removed this matter as a qualification, instead reflecting it as an emphasis

of matter due to LPGCL's appeal to APTEL to allow recovery of this amount. For further details, see sections entitled "— Auditor's Reservations, Qualifications and Adverse Remarks and Comments— Recovery of fixed tariff charged for the period in which a transmission line was not made available " on page 271 and "Outstanding Litigation and Material Developments " on page 309.

Cumulatively, had the above income not been recognized in the books of account for Fiscal 2018, LPGCL's total income from operation would have been reduced by ₹ 12,292.29 million.

#### *Other income*

LPGCL's other income increased by 81.0%, to ₹ 384.70 million in Fiscal 2018 from ₹ 212.60 million in Fiscal 2017, primarily due to the increase in interest income from late payment surcharges from UPPCL relating to significant increases in delayed payment by UPPCL, from ₹ 138.13 million to ₹ 291.56 million, and an increase in the sale of scrap to ₹ 33.92 million from ₹ 6.42 million due to clearance of the plant site.

#### *Cost of materials consumed*

LPGCL's cost of materials consumed increased by 121.7%, to ₹ 24,677.94 million in Fiscal 2018 from ₹ 11,131.13 million in Fiscal 2017, largely in line with LPGCL's increased generation due to the first full year of operations of Unit 2 and Unit 3. LPGCL's power generation increased by 123.7% from 3,830 MU to 8,566 MU, and its coal consumption increased by 125.4% from 2,344,571 tonnes to 5,284,854 tonnes.

#### *Employee benefits expenses*

LPGCL's employee benefits expense increased by 166.2%, to ₹ 1,215.86 million in Fiscal 2018 from ₹ 456.73 million in Fiscal 2017, primarily due to full year of operations of Unit 2 and Unit 3. Employee headcount increased from 390 as of March 31, 2017 to 480 as of March 31, 2018.

#### *Finance costs*

LPGCL's finance costs increased by 88.2%, to ₹ 18,528.68 million in Fiscal 2018 from ₹ 9,845.76 million in Fiscal 2017, primarily due to an increase in interest expenses on borrowings of ₹ 8,596.71 million to finance construction of Unit 2 and Unit 3, and an increase in effective interest rates due to (i) an increased use of working capital facilities due to the full year of plant operations and higher coal prices due to procuring more coal via e-action instead of the FSA, and (ii) additional bank charges due to delayed payments on LPGCL's borrowings. In addition, other interest and borrowing costs (for e.g. various bank charges such as bank guarantee commission and lenders' fees and charges) increased by 45.3% to ₹ 276.61 million in Fiscal 2018 from ₹ 190.40 million in Fiscal 2017 relating to the full year of plant operations.

#### *Depreciation and amortization expenses*

LPGCL's depreciation and amortization expense increased by 83.5%, to ₹ 9,398.86 million in Fiscal 2018 from ₹ 5,122.18 million in Fiscal 2017, primarily due to the recognition of the full year depreciation of Unit 2 and Unit 3.

#### *Other expenses*

LPGCL's other expenses increased by 97.98%, to ₹ 1,914.36 million in Fiscal 2018 from ₹ 966.97 million in Fiscal 2017, primarily due to (i) an increase in foreign exchange fluctuation loss of ₹ 121.36 million, relating to the revaluation of foreign currency payables towards supplies purchased from Bharat Heavy Electricals Limited ("BHEL") and (ii) increases for expenses relating to stores and spares consumed, insurance expenses, contractor expenses, and miscellaneous expenses, mostly relating to the full year of operations of Unit 2 and Unit 3.

#### *Tax expenses*

LPGCL's total tax expenses decreased by 94.7%, to ₹ 16.24 million in Fiscal 2018 from ₹ 307.54 million in Fiscal 2017, primarily due to the decrease in LPGCL's profit before tax to a loss of ₹ 2,162.46 million in Fiscal 2018 from a profit of ₹ 3,706.87 million in Fiscal 2017.

### *Profit for the year*

Primarily for the reasons stated above, LPGCL's profit for the year decreased to a loss of ₹ 2,178.70 million in Fiscal 2018 from a profit of ₹ 3,399.33 million in Fiscal 2017.

Although LPGCL's tariffs include the Fixed Tariff designed to cover fixed costs with respect to the LPGCL Power Plant, and the Variable Tariff designed to cover fuel costs, and LPGCL's PAF was below the 85% necessary to entitle it to the its full Fixed Tariff for Fiscal 2018, LPGCL nevertheless experienced a loss in Fiscal 2018. The reason for this is that LPGCL is still operating under a provisional tariff that does not take into account the full fixed charges for the LPGCL Power Plant.

Had the three amounts giving rise to the qualified audit opinion described above under "*—Income from Operations*" on page 271 not been recognized in LPGCL's books of account for Fiscal 2018 Fiscal 2017 and Fiscal 2016, or had LPGCL recognized a provision in Fiscal 2018 in respect of the amounts recognized as income in Fiscal 2018, Fiscal 2017 and Fiscal 2016, LPGCL's profit for the year for Fiscal 2018 would have been reduced by ₹ 24,960.87 million.

### **Fiscal 2017 compared to Fiscal 2016**

#### *Income from operations*

LPGCL's income from operations increased to ₹ 31,017.04 million in Fiscal 2017 from ₹ 3,122.89 million in Fiscal 2016, primarily due to (i) the commencement of operations of Unit 2 and Unit 3 of the power plant in October 2016 and December 2016, respectively, and (ii) the first full year of operations of Unit 1, which commenced operations in December 2015.

#### *Other income*

LPGCL's other income increased to ₹ 212.60 million in Fiscal 2017 from ₹ 4.55 million in Fiscal 2016, primarily due to an increase in interest income from late payment surcharges from UPPCL to ₹ 138.13 million in Fiscal 2017 from nil in Fiscal 2016, and an increase on net gains on the sale of current investments to ₹ 50.60 million in Fiscal 2017 from nil in Fiscal 2016 relating to the sale of mutual funds.

#### *Cost of materials consumed*

LPGCL's cost of materials consumed increased to ₹ 11,131.13 million in Fiscal 2017 from ₹ 119.40 million in Fiscal 2016, primarily due to commencement of operations of Unit 2 and Unit 3, and the full-year impact of Unit 1.

#### *Employee benefits expenses*

LPGCL's employee benefits expense increased to ₹ 456.73 million in Fiscal 2017 from ₹ 56.57 million in Fiscal 2016, primarily due to commencement of operations of Unit 2 and Unit 3, and the full-year impact of Unit 1.

#### *Finance costs*

LPGCL's finance costs increased to ₹ 9,845.76 million in Fiscal 2017 from ₹ 1,406.22 million in Fiscal 2016, primarily due to an increase in interest expenses on borrowings by 603.11% to ₹ 9,655.36 million in Fiscal 2017 from ₹ 1,373.23 million in Fiscal 2016 resulting from increased borrowings to finance the construction of Unit 2 and Unit 3. Other interest and borrowing costs increased by 477.1% to ₹ 190.40 million in Fiscal 2017 from ₹ 32.99 million in Fiscal 2016 resulting from higher bank charges and fees relating to increased borrowings to finance the construction of Unit 2 and Unit 3.

#### *Depreciation and amortization expenses*

LPGCL's depreciation and amortization expense increased to ₹ 5,122.18 million in Fiscal 2017 from ₹ 772.38 million in Fiscal 2016, primarily due to commencement of operations of Unit 2 and Unit 3, and the full-year impact of Unit 1.

#### *Other expenses*

LPGCL's other expenses increased to ₹ 966.97 million in Fiscal 2017 from ₹ 149.83 million in Fiscal 2016, primarily due to commencement of operations of Unit 2 and Unit 3, and the full-year impact of Unit 1.

### *Tax expenses*

LPGCL's total tax expenses increased to ₹ 307.54 million in Fiscal 2017 from ₹ 146.06 million in Fiscal 2016, primarily due to the 495.0% increase in profit before tax in Fiscal 2017. LPGCL's effective tax rate (calculated as total tax expenses divided by profit before tax) decreased to 8.3% in Fiscal 2017 from 23.4% in Fiscal 2016, primarily due to the methodology for preparing the restated financials, which require restatement of income and profit before tax, but not of tax expenses.

### *Profit for the year*

Primarily for the reasons stated above, LPGCL's profit for the year increased to ₹ 3,399.33 million in Fiscal 2017 from ₹ 476.98 million in Fiscal 2016.

## **Cash Flows of LPGCL**

The following table sets forth certain details of LPGCL's summary statement of cash flows for the periods indicated:

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	FY2018	FY2017	FY2016
	(₹ in million)				
Net cash flow from operating activities .....	7,412.91	3,842.68	12,056.65	(3,120.92)	(3,215.84)
Net cash flow from investing activities.....	(545.93)	(216.16)	(133.48)	(4,865.08)	(16,874.64)
Net cash flow from financing activities .....	(8,803.84)	(3,742.61)	(10,015.79)	8,041.83	16,786.67
Net increase/ (decrease) in cash and cash equivalents.....	(1,936.86)	(116.09)	1,907.38	55.83	(3,303.81)

LPGCL's cash and cash equivalents consist of cash at banks, cash on hand and short-term deposits with an original maturity of less than three months.

### ***Cash Flows from Operating Activities***

#### *Nine months ended December 31, 2018*

Net cash flow from LPGCL's operating activities was ₹ 7,412.91 million in the nine months ended December 31, 2018. LPGCL's profit before tax was ₹ 223.89 million, which was adjusted for non-cash and other items (primarily finance costs and depreciation and amortization) in a net amount of ₹ 22,087.70 million, resulting in cash generated before working capital changes of ₹ 22,311.59 million.

The following key adjustments were made to LPGCL's operating profit before working capital changes to arrive at cash flow from operating activities:

- an increase in inventories and trade receivables of ₹ 20,318.40 million, primarily due to a significant increase in late payments by UPPCL. For a discussion of the late payments by UPPCL, see section entitled "*Risk Factors – LPGCL is currently involved in disputes with UPPCL relating to payment of tariffs*" on page 22 of this Draft Red Herring Prospectus, and for a discussion of the risks relating to our dependence on UPPCL, see section entitled "*— Credit Risk*" and "*Risk Factors—BEL and LPGCL both rely on a single customer and any inability or failure by the customer to meet its payment commitments will have a significant and material adverse effect on BEL's and LPGCL's business, financial condition, cash flows and results of operations.*" on pages 295 and 21 of this Draft Red Herring Prospectus, respectively; and
- a decrease in other financial assets and other assets of ₹ 4,524.95 million, primarily due to the refund of excise duty, which had earlier been deposited under the mega power policy, from the government.

The cash generated from LPGCL's operations was ₹ 7,440.97 million in the nine months ended December 31, 2018, and LPGCL paid direct tax of ₹ 28.06 million, resulting in net cash flow from operating activities of ₹ 7,412.91 million.

#### *Nine months ended December 31, 2017*

Net cash flow from LPGCL's operating activities was ₹ 3,842.68 million in the nine months ended December 31, 2017. LPGCL's loss before tax was ₹ 1,676.69 million, which was adjusted for non-cash and other items (primarily finance costs and depreciation and amortization) in a net amount of ₹ 20,984.60 million, resulting in cash generated before working capital changes of ₹ 19,307.92 million.

The following key adjustments were made to LPGCL's operating profit before working capital changes to arrive at cash flow from operating activities:

- an increase in other financial assets and other assets of ₹ 9,941.92 million, primarily due to an increase in other receivable from UPPCL on account of unbilled income, relating principally to the disputed Fixed Tariffs those arose due to the delay in payment by UPPCL that prevented LPGCL from being able to pay to lift its full coal entitlement under its FSA;
- an increase in inventories and trade receivables of ₹ 7,014.61 million, primarily due to an increase in trade receivables by ₹ 6,770.42 million because of late payment by UPPCL, and an increase of ₹ 244.19 million in inventories; and
- an increase in provisions and trade payables of ₹ 1,495.34 million, primarily due to increased coal purchases in connection with the operation of Unit 2 and Unit 3.

The cash generated from LPGCL's operations was ₹ 3,843.06 million in the nine months ended December 31, 2017, and LPGCL adjusted direct taxes of ₹ 0.38 million, resulting in net cash flow from operating activities of ₹ 3,842.68 million.

#### *Fiscal 2018*

Net cash flow from LPGCL's operating activities was ₹ 12,056.65 million in Fiscal 2018. LPGCL's loss before tax was ₹ 2,162.46 million, which was adjusted for non-cash and other items (primarily finance costs and depreciation and amortization) in a net amount of ₹ 28,021.37 million, resulting in cash generated before working capital changes of ₹ 25,858.91 million.

The following key adjustment was made to LPGCL's operating profit before working capital changes to arrive at cash flow from operating activities:

- an increase in other financial assets and other assets of ₹ 15,446.28 million, primarily due to increases in other receivables relating to (i) UPERC's ruling as to the recoverability by LPGCL of certain differential coal transportation charges in prior periods, which LPGCL recognized upon the favorable order by UPERC, and (ii) LPGCL's petition to UPERC to allow recovery of Fixed Tariffs that LPGCL lost due to UPPCL's late payments, which caused liquidity constraints at LPGCL and prevented it from purchasing coal in sufficient quantities to keep its plan PAF at 85%; note that the audit report in respect of LPGCL's financial statements as of and for the nine months ended December 31, 2018 contains this matter as a matter of emphasis, and the audit report in respect of LPGCL's Fiscal 2018 financial statements was qualified in respect of this matter (see section entitled “—Auditor's Reservations, Qualifications and Adverse Remarks and Comments—Availability loss of fixed tariff charges due to non-availability of coal” on page 271 and “Outstanding Litigation and Material Developments” on page 309);
- As of the date of the audit report in respect of LPGCL's Fiscal 2018 financial statements, LPGCL had not petitioned UPERC for recovery of the disputed Fixed Tariffs, though LPGCL intended to do so on the grounds that under-recovery is against the policy of the two-part tariff as intended under the Availability-Based Tariff (“ABT”) mechanism specified under UPERC regulations and the terms and conditions of the PPA. As LPGCL intended to petition UPERC for recovery of the disputed Fixed Tariffs, LPGCL recognized income amounting to ₹ 7,538.02 million in respect of the disputed Fixed Tariffs.

The cash generated from LPGCL's operations was ₹ 12,194.18 million in Fiscal 2018, and LPGCL received a direct tax payment of ₹ 137.53 million, resulting in net cash flow from operating activities of ₹ 12,056.65 million.

#### *Fiscal 2017*

Net cash used in LPGCL's operating activities was ₹ 3,120.92 million in Fiscal 2017. LPGCL's profit before tax was ₹ 3,706.87 million, which was adjusted for non-cash and other items (primarily finance costs and depreciation and amortization) in a net amount of ₹ 14,994.64 million, resulting in cash generated before working capital changes of ₹ 18,701.51 million.

The following key adjustments were made to LPGCL's operating profit before working capital changes to arrive at cash flow from operating activities:

- an increase in inventories and trade receivables of ₹ 4,111.16 million, primarily due to Unit 2 and Unit 3 commencing operations, which resulted in higher sales of power to, and higher receivables from, UPPCL; and
- an increase in other financial assets and other assets of ₹ 18,202.43 million, primarily due to increases in other receivables from UPPCL on account of unbilled income. Per an order dated March 7, 2018, UPERC allowed

LPGCL to recover capacity charges on project costs incurred up to September 30, 2015. LPGCL has yet to apply for approval to recover capacity charges on project costs subsequent to September 30, 2015. However, as per its accounting policies, LPGCL has recognized income in respect of capacity charges equivalent to 95% of the tariff for the project costs incurred after September 30, 2015. See section entitled "—Significant Factors Affecting our Company's and LPGCL's Results of Operations—Power Purchase Agreements and Tariffs" on page 262. Contributing to the increase was an increase in advances to vendors due to Unit 2 and Unit 3 commencing operations, as well as the full-year effect of Unit 1. Partially offsetting this increase was a decrease in inventories, due to increased generation levels upon Unit 2 and Unit 3 commencing operations, as well as the full-year effect of Unit 1.

The cash used LPGCL's operations was ₹ 2,787.62 million in Fiscal 2017, and LPGCL received direct tax payments of ₹ 333.30 million, resulting in net cash flow used in operating activities of ₹ 3,120.92 million.

#### *Fiscal 2016*

Net cash used in LPGCL's operating activities was ₹ 3,215.84 million in Fiscal 2016. LPGCL's profit before tax was ₹ 623.04 million, which was adjusted for non-cash and other items (primarily finance costs and depreciation and amortization) in a net amount of ₹ 2,166.59 million, resulting in cash generated before working capital changes of ₹ 2,789.63 million.

The following key adjustments were made to LPGCL's operating profit before working capital changes to arrive at cash flow from operating activities:

- an increase in inventories and trade receivables of ₹ 2,970.68 million, primarily due to amounts owed by UPPCL for power sold to it after the commencement of operations of Unit 1, as well as a build-up in inventories to prepare for commencement of operations of Unit 1; and
- an increase in other financial assets and other assets of ₹ 3,787.76 million, primarily due to receivables from UPPCL and advances to vendors upon commissioning Unit 1.

The cash used in LPGCL's operations was ₹ 3,220.60 million in Fiscal 2016, and LPGCL refunded direct taxes of ₹ 4.76 million, resulting in net cash flow used in operating activities of ₹ 3,215.84 million.

#### ***Cash Flows from Investing Activities***

##### *Nine months ended December 31, 2018*

LPGCL's net cash used in investing activities was ₹ 545.93 million during the nine months ended December 31, 2018, which primarily related to the purchase of property, plant and equipment for balance of plant works of ₹ 424.64 million and a purchase of mutual funds as current investments of ₹ 283.73 million, related to the investment of surplus funds from project disbursements.

##### *Nine months ended December 31, 2017*

LPGCL's net cash used in investing activities was ₹ 216.16 million during the nine months ended December 31, 2017, which primarily related to the purchase of property, plant and equipment for the boiler, turbine and generator ("BTG") and balance of plant works of ₹ 565.54 million, which was partially offset by a net proceed on sale of current investments of ₹ 336.00 million, mostly relating to sales in mutual funds in order to meet project expenses.

#### *Fiscal 2018*

LPGCL's net cash used in investing activities was ₹ 133.48 million during Fiscal 2018, which primarily related to the purchase of property, plant and equipment for BTG and balance of plant works of ₹ 567.17 million, which was partially offset by proceeds on the sale of current investments of ₹ 438.54 million, mostly relating to sales in mutual funds in order to meet project expenses.

#### *Fiscal 2017*

LPGCL's net cash used in investing activities was ₹ 4,865.08 million during Fiscal 2017, which primarily related to the purchase of property, plant and equipment of ₹ 5,701.13 million, mostly for Unit 2 and Unit 3, which was partially offset by the proceeds on the sale of current investments at fair value through profit and loss of ₹ 979.68 million, mostly relating to sales in mutual funds.

### *Fiscal 2016*

LPGCL's net cash used in investing activities was ₹ 16,874.64 million during Fiscal 2016, which primarily related to the purchase of property, plant and equipment for of ₹ 17,727.50 million in connection with the commissioning of Unit 1 and continued construction of Unit 2 and Unit 3, which was partially offset by the proceeds on the sale of current investments at fair value through profit and loss of ₹ 722.49 million, mostly relating to sales in mutual funds.

### **Cash Flows from Financing Activities**

#### *Nine months ended December 31, 2018*

LPGCL's net cash used in financing activities was ₹ 8,803.84 million during the nine months ended December 31, 2018, which primarily related to interest paid of ₹ 13,420.21 million, which was partially offset by a net increase of ₹ 5,351.48 million in current borrowings due to increased use of working capital facilities to help manage the impact of delayed payments by UPPCL.

#### *Nine months ended December 31, 2017*

LPGCL's net cash used in financing activities was ₹ 3,742.61 million during the nine months ended December 31, 2017, which primarily related to interest paid of ₹ 11,292.66 million, which was partially offset by a net increase of ₹ 8,507.56 million in current borrowings due to increased use of working capital facilities upon commissioning of all three units.

#### *Fiscal 2018*

LPGCL's net cash used in financing activities was ₹ 10,015.79 million during Fiscal 2018, which primarily related to interest paid of ₹ 18,758.98 million and net repayments of ₹ 1,648.28 million on long-term borrowings, which were partially offset by a net increase of ₹ 10,391.47 million in current borrowings due to increased use of working capital facilities upon commissioning of all three units.

#### *Fiscal 2017*

LPGCL's net cash flow from financing activities was ₹ 8,041.83 million during Fiscal 2017, which primarily related to net inflows from current borrowings of ₹ 7,063.84 million, relating to the drawdowns on working capital facilities to operate the plant, net inflows from long-term borrowings of ₹ 14,553.31 million for project work and issue of share capital of ₹ 3,160.11 million mainly for the construction of Unit 2 and Unit 3. Partially offsetting this cash outflow was interest paid of ₹ 16,735.43 million for.

#### *Fiscal 2016*

LPGCL's net cash flow from financing activities was ₹ 16,786.67 million during Fiscal 2016, which primarily related to net inflows from long term borrowings of ₹ 30,916.89 million and the issue of share capital of ₹ 4,050.18 million mainly for the construction of Unit 2 and Unit 3, partially offset by the interest paid of ₹ 14,528.02 million and a reduction in net current borrowings of ₹ 3,652.38 million.

### **Working Capital Cycle**

#### *Our Company*

The following table sets forth certain of our Company's working capital ratios for the periods indicated:

	<b>Nine-month period ended December 31, 2018</b>	<b>Nine-month period ended December 31, 2017</b>	<b>Fiscal 2018</b>	<b>Fiscal 2017</b>	<b>Fiscal 2016</b>
Debtors Days	232	117	115	81	65
Inventory Days	12	49	60	73	163
Payables Days	84	58	56	30	23

"Debtors Days" is defined as (i) closing trade receivables (current and non-current) divided by (ii) income from operations divided by 365 for Fiscal years and 270 for nine-month periods.

"Inventory Days" is defined as (i) closing inventory of raw materials (including those in transit) divided by (ii) cost of materials consumed divided by 365 for Fiscal years and 270 for nine-month periods.

*“Payable Days” is defined as (i) closing trade payables divided by (ii) cost of materials consumed divided by 365 for Fiscal years and 270 for nine-month periods*

#### ***Debtor Days***

Our Debtor Days increased from 65 days in Fiscal 2016 to 81 days in Fiscal 2017 and 115 days in Fiscal 2018, and from 117 days in the nine-month period ended December 31, 2017 to 232 days in the nine-month period ended December 31, 2018, primarily due to increases in trade receivables from UPPCL on account of increasingly delayed payment.

#### ***Inventory Days***

Our Inventory Days decreased from 163 days in Fiscal 2016 to 73 days in Fiscal 2017 and 60 days in Fiscal 2018, and from 49 days in the nine-month period ended December 31, 2017 to 12 days in the nine-month period ended December 31, 2018, primarily due to lower coal inventories on account of a weakening liquidity position as a result of increasingly late payments by UPPCL.

#### ***Payable Days***

Our Payable Days increased from 23 days in Fiscal 2016 to 30 days in Fiscal 2017 and 56 days in Fiscal 2018, and from 58 days in the nine-month period ended December 31, 2017 to 84 days in the nine-month period ended December 31, 2018, primarily due to slower payments to our suppliers, including our coal supplier, on account of a weakening liquidity position as a result of increasingly late payments by UPPCL.

#### ***LPGCL***

The following table sets forth certain of LPGCL's working capital ratios for the periods indicated:

	<b>Nine-month period ended December 31, 2018</b>	<b>Nine-month period ended December 31, 2017</b>	<b>Fiscal 2018</b>	<b>Fiscal 2017</b>	<b>Fiscal 2016<sup>(1)</sup></b>
Debtor Days	186	101	50	58	N/A
Inventory Days	4	10	12	14	N/A
Payable Days	44	38	33	22	N/A

<sup>(1)</sup> Not meaningful, as the LPGCL Power Plant's first full year of operations was Fiscal 2017.

*“Debtor Days” is defined as (i) closing trade receivables (current and non-current) divided by (ii) income from operations divided by 365 for Fiscal years and 270 for nine-month periods.*

*“Inventory Days” is defined as (i) closing inventory of raw materials (including those in transit) divided by (ii) cost of materials consumed divided by 365 for Fiscal years and 270 for nine-month periods.*

*“Payable Days” is defined as (i) closing trade payables divided by (ii) cost of materials consumed divided by 365 for Fiscal years and 270 for nine-month periods.*

#### ***Debtor Days***

LPGCL's Debtor Days increased from 101 days in the nine-month period ended December 31, 2017 to 186 days in the nine-month period ended December 31, 2018, primarily due to lower collection from UPPCL.

LPGCL's Debtor Days decreased from 58 days in Fiscal 2017 to 50 days in Fiscal 2018, primarily due to the receipt of substantial amounts from UPPCL in February and March 2018.

LPGCL's Debtor Days are significantly higher for the nine-month periods ended December 31, 2018 and 2017 than for Fiscal 2018 and Fiscal 2017 because our Company and LPGCL are affected by UPPCL's payment timing cycle, and historically we have generally received greater payment volumes from UPPCL in the last few months of the fiscal year. Consequently, we and LPGCL have generally had stronger cash positions towards the end of our fiscal years than during other points in the year.

#### ***Inventory Days***

LPGCL's Inventory Days decreased from 10 days in the nine-month period ended December 31, 2017 to 4 days in the nine-month period ended December 31, 2018, primarily due to lower maintaining of coal stock level due to inadequate collection from UPPCL.

LPGCL's Inventory Days was relatively stable from Fiscal 2017 to Fiscal 2018, decreasing in the ordinary course of business from 14 days to 12 days.

### **Payable Days**

LPGCL's Payable Days increased from 38 days in the nine-month period ended December 31, 2017 to 44 days in the nine-month period ended December 31, 2018, primarily due to liquidity constraints arising from lower collections from UPPCL.

LPGCL's Payables Days increased from 22 days in Fiscal 2017 to 33 days in Fiscal 2018, primarily due to lower collections from UPPCL throughout the year.

### **Capital Expenditure**

#### *Historical capital expenditure*

The following table sets forth our Company's and LPGCL's capital expenditures for each of the periods indicated below.

	Nine months ended December 31, 2018	Nine months ended December 31, 2017	FY2018	FY2017	FY2016
(₹ in million)					
Our Company.....	0.81	15.61	15.66	5.85	55.59
LPGCL.....	109.82	1,939.80	2,077.40	14,643.50	35,163.27

Our Company's capital expenditures since Fiscal 2016 have primarily related to the installation of an effluent treatment plant and a sewage treatment plant. LPGCL's Capital expenditures in Fiscal 2016 primarily related to Unit 1, which was commissioned in Fiscal 2016, as well as continued works on Unit 2 and Unit 3. LPGCL's Capital expenditures in Fiscal 2017 primarily related to Unit 2 and Unit 3, which were both commissioned in Fiscal 2017. LPGCL's Capital expenditures in the nine months ended December 31, 2017 and in Fiscal 2018 primarily related to balance of plant works and BTG.

#### *Planned capital expenditure*

For the remainder of Fiscal 2020, our Company does not have any material planned capital expenditures. LPGCL will be required to install flue-gas desulfurization ("FGD") units for each of Unit 1, Unit 2 and Unit 3 of the LPGCL Power Plant no later than the end of Fiscal 2022. LPGCL does not yet have a definitive timetable for the acquisition or installation of the FGD units. For the remainder of Fiscal 2020, aside from possible expenditures on the FGD units, LPGCL does not have any material planned capital expenditures. Our Company's and/or LPGCL's actual capital expenditures may differ from the plans detailed above due to various factors, including changes in our business plans, our financial performance, market conditions and changes in government regulations, as well as the factors described in the section of this Draft Red Herring Prospectus entitled "*Risk Factors*", on page 21.

### **Indebtedness**

The following table provides the types and amounts of our Company's and LPGCL's outstanding indebtedness as at December 31, 2018:

	As at December 31, 2018	
	Our Company	LPGCL
(₹ in million)		
<b>Non-current borrowings:</b>		
<b>Secured</b>		
<b><i>Rupee term loans</i></b>		
From banks.....	5,890.46	106,679.95
From others .....	5,219.97	10,473.12
<b><i>Foreign currency term loans</i></b>		
From banks.....	503.90	-
From others .....	-	9,773.71
<b>Unsecured</b>		
<b><i>Rupee term loans</i></b>		
Loan from related party.....	250.00	-
<b>Total non-current borrowings</b> .....	<b>11,864.33</b>	<b>126,926.78</b>

As at December 31, 2018

	<b>Our Company</b>	<b>LPGCL</b>
	(₹ in million)	
<b>Current borrowings:</b>		
<b>Secured</b>		
From banks.....	5,003.06	23,404.41
Loan from related party .....	-	2,000.00
<b>Total current borrowings.....</b>	<b>5,003.06</b>	<b>25,404.41</b>
Current maturities of long-term borrowings .....	2,396.12	5,320.37
<b>Total borrowings (including current maturities of long-term borrowings) .....</b>	<b>19,263.51</b>	<b>157,651.56</b>

For further details regarding the loans to which our Company and/or LPGCL are a party, including their terms and interest rates, see section entitled "*Financial Indebtedness*" on page 256 of this Draft Red Herring Prospectus.

In the past, our Company and LPGCL have had liquidity constraints arising largely from failure by UPPCL to make timely payment of the amounts due to us. In connection with such liquidity restraints, our Company and LPGCL have from time to time failed to make timely payments of principal or interest due on our borrowings, although neither our Company's nor LPGCL's lenders have called a default against us. For further details, see the section entitled "— *Significant Factors Affecting our Company's and LPGCL's Results of Operations — Relationship with UPPCL*". There is no guarantee that we will be able to repay our borrowings as they become due and payable, whether due to lack of timely payment by UPPCL to us or otherwise. Any failure to make timely payments of amounts owed by our Company and/or LPGCL could lead, among other things, to acceleration of some or all of our respective borrowings. For a description of certain risks associated with our and LPGCL's dependence on UPPCL, and our and LPGCL's past payment defaults under our credit facilities, see the sections entitled "*Risk Factors—BEL and LPGCL both rely on a single customer and any inability or failure by the customer to meet its payment commitments will have a significant and material adverse effect on BEL's and LPGCL's business, financial condition, cash flows and results of operations*" and "*Risk Factors—LPGCL is currently involved in disputes with UPPCL relating to payment of tariffs*" on pages 21 and 22 of this Draft Red Herring Prospectus. As of the date of this Draft Red Herring Prospectus, our Company and LPGCL continue to face delays in its debt servicing obligations.

### Contractual Obligations and Commercial Commitments

The following table summarizes our Company's and LPGCL's contractual obligations and commitments as at December 31, 2018:

	Payment due by period					
	<b>On Demand</b>	<b>&lt; 6 months</b>	<b>6 to 12 months</b>	<b>1 to 3 years</b>	<b>&gt; 3 years</b>	<b>Total</b>
	(₹ in million)					
<b>Our Company</b>						
Borrowings (including current maturities of long-term borrowings) .....	5,003.06	1,415.80	980.32	3,963.19	7,901.14	19,263.51
Trade payables .....	839.12	-	-	-	-	839.12
Interest accrued .....	262.96	-	-	-	-	262.96
Payables for capital goods.....	9.29	-	-	-	-	9.29
Other financial liabilities.....	468.16	-	-	-	-	468.16
<b>Our Company Total .....</b>	<b>6,582.59</b>	<b>1,415.80</b>	<b>980.32</b>	<b>3,963.19</b>	<b>7,901.14</b>	<b>20,843.04</b>
<b>LPGCL</b>						
Borrowings (including current maturities of long-term borrowings) .....	25,404.41	2,268.54	3,051.83	16,877.92	110,048.86	157,651.56
Trade payables .....	2,737.94	-	-	-	-	2,737.94
Interest payable .....	2,690.82	-	-	-	-	2,690.82
Payables for capital goods <sup>(1)</sup> .....	8,214.43	-	-	-	-	8,214.43
Other payables <sup>(2)</sup> .....	550.83	-	-	-	-	550.83
<b>LPGCL Total .....</b>	<b>39,598.43</b>	<b>2,268.54</b>	<b>3,051.83</b>	<b>16,877.92</b>	<b>110,048.86</b>	<b>171,845.58</b>

<sup>(1)</sup> Relates primarily to amounts owed to Bharat Heavy Electricals Limited for the purchase of BTG

<sup>(2)</sup> Other payables includes salaries payable and expenses accrued.

In the past, our Company and LPGCL have had liquidity constraints arising largely from failure by UPPCL to make timely payment of amounts due to us. In connection with such liquidity restraints, our Company and LPGCL have from time to time failed to make timely payments of principal or interest due on our borrowings and have failed to make timely payments of deposits for coal pursuant to our FSAs. However, neither our nor LPGCL's lenders have called a default against us. For further details, see section entitled "*Significant Factors Affecting our Company's and LPGCL's Results of Operations—Relationship with UPPCL*". There is no guarantee that we will be able to meet our contractual obligations and commercial commitments described above in the future, whether due to lack of timely payment by UPPCL to us or otherwise. Any failure by our Company and/or LPGCL to make timely payments of amounts owed could lead, among other things, to acceleration of some or all of our respective borrowings, the requirement to pay fees or penalties pursuant to our FSAs, or other adverse results, any of which may have a material adverse effect on our business, financial condition, results of operations and/or prospects. For a description of certain risks associated with our and LPGCL's dependence on UPPCL, and our and LPGCL's past payment defaults under our credit facilities, see the section entitled "*Risk Factors—BEL and LPGCL both rely on a single customer and any inability or failure by the customer to meet its payment commitments will have a significant and material adverse effect on BEL's and LPGCL's business, financial condition, cash flows and results of operations*" and "*Risk Factors—LPGCL is currently involved in disputes with UPPCL relating to payment of tariffs*" on pages 21 and 22 of this Draft Red Herring Prospectus.

### Contingent Liabilities

Our Company's and LPGCL's contingent liabilities as at December 31, 2018 included the following:

Particulars	As at December 31, 2018	
	Our Company <sup>(1)</sup>	LPGCL
	(₹ in million)	
Land matters.....	-	135.69
Custom / Excise matters .....	11.13	-
Income tax matters .....	47.54	135.25
Other claims .....	-	35.71
<b>Total .....</b>	<b>58.67</b>	<b>306.65</b>

<sup>(1)</sup> Excludes the Company's share of LPGCL's contingent liabilities.

An appeal has been filed before APTEL against the UPERC order dated May 24, 2017 (the "**UPERC Order**"), contending determination of tariff by UPERC. Our Company has also been kept as one of the defendants, along with UPPCL and UPERC. Management is of the view that, because tariff determination by UPERC is a process carried out by verification of documents and facts including prudence check over a period of time, the UPERC Order will continue to prevail. Considering the same and since the financial impact is unascertainable at this stage, no provision has been made in the books of our Company. For further details, see section entitled "*Outstanding Litigation and Material Developments*" on page 309.

For our Company, contingent liabilities relate to the levy of differential duty on coal imports by the Customs Department, the levy of excise duty on fly ash not sold but dumped, disputes raised by the Income Tax Department related to deduction of tax deducted at source at lower rates and demand of interest under s 234C of Income Tax Act related to delays in payment of advance income tax.

For LPGCL, contingent liabilities relate to compensation issues against the portion of land acquisition, disputes raised by the Income Tax Department related to deduction of tax deducted at source at lower rates, demand of tax on interest income earned on surplus funds during the project period, the demand of royalty on extraction of soil and miscellaneous claims under minimum wages.

### Off-Balance Sheet Arrangements

Neither our Company nor LPGCL have any off-balance sheet arrangements.

## **Significant Post-Balance Sheet Events**

Except as disclosed in this Draft Red Herring Prospectus, we are not aware of any circumstances that have arisen since December 31, 2018, that materially and adversely affect, or are likely to affect, our or LPGCL's operations or profitability, the value of our or LPGCL's assets, or our or LPGCL's ability to pay our respective liabilities within the next 12 months.

## **Quantitative and Qualitative Disclosure about Market Risk**

Our Company and LPGCL are, during the normal course of our businesses, exposed to various types of market risks. Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The major components of market risk are interest rate risk, foreign currency exchange risk and commodity price risk, each of which our Company and LPGCL are exposed to in the normal course of our businesses.

### ***Interest Rate Risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our Company and LPGCL are exposed to interest rate risk because we borrow funds at floating interest rates. Our Company and LPGCL manage interest rate risk through the pricing of power sales in accordance with the tariffs governed under UPERC regulations, where costs, including borrowing costs (other than those availed for non-project purposes), are passed through to power purchasers as per the relevant PPA. However, the PPAs allow interest cost pass-through where the level and tenure for amortization of debt are in accordance with the levels prescribed under the UPERC regulations, with any interest cost beyond such prescribed regulatory levels borne by the company in question. The UPERC regulations also prescribe the formulation of the amount of interest on working capital that may be pass-through, with any differences between actual interest on working capital incurred and such working capital interest formulated under the UPERC regulations to be borne by the company in question. Moreover, the PPAs do not provide for interest cost pass-through on borrowing costs availed for non-project purposes.

The interest rates on certain of our and LPGCL's indebtedness are subject to periodic interest rate resets. Resets of interest rates may increase the cost of both existing and new debts. Such changes in interest rates, if material, may affect our or LPGCL's debt service obligations and our or LPGCL's ability to borrow at favorable rates. In the past, our Company and LPGCL have had liquidity constraints arising largely from failure by UPPCL to make timely payment of amounts due to us. In connection with such liquidity restraints, our Company and LPGCL have from time to time failed to make timely payments of principal or interest due on our borrowings, which has led to our respective external credit ratings being downgraded, and thereby increasing our borrowing costs. See section entitled "*—Significant Factors Affecting our Company's and LPGCL's Financial Condition and Results of Operations—Ability to borrow funds at competitive rates*" on page 265.

As of December 31, 2018, our Company had ₹ 19,013.51 million in floating rate borrowings, and LPGCL had ₹ 155,651.56 million in floating rate borrowings.

For further information on our borrowings, please refer to the section entitled "*Financial Indebtedness*" on page 256 of this Draft Red Herring Prospectus.

### ***Commodity Price Risk***

Our Company and LPGCL are exposed to risks in respect of price and availability of certain commodities used in operating our plants, in particular coal. Our Company and LPGCL manage commodity price risk through the pricing of power sales, where the variable tariff of the PPA is intended to cover our fuel costs fully, as specified by the regulator under the UPERC guidelines. Our Company and LPGCL are generally able to pass on increases in the price of our coal to our customer. See section entitled "*Our Business—Power Offtake Arrangements*" on page 118 of this Draft Red Herring Prospectus for further details regarding our supply contracts.

### ***Foreign Exchange Risk***

Our Company and LPGCL have foreign currency loans, and LPGCL has foreign currency payables relating to certain project-related liabilities, which give rise to exposure to currency exchange rate fluctuations. As our Company's and LPGCL's income is entirely in Indian Rupees, we do not have a natural hedge to our foreign currency loans and payables, and accordingly our Company and LPGCL have entered into cross-currency interest rate swap contracts to hedge our respective exposures to exchange rate fluctuations. In addition, LPGCL and Company use foreign exchange forward contracts to manage their foreign currency payables.

As at December 31, 2018, our Company had ₹ 741.95 million equivalent of long-term foreign currency borrowings outstanding, which is fully hedged through a cross currency interest rate swap contract. As at December 31, 2018, LPGCL had ₹ 10,192.46 million equivalent of long-term foreign currency borrowings outstanding, which is hedged through cross currency interest rate swap contract. Our Company and LPGCL recognize the effective portion of the gain or loss on the hedging instrument in other comprehensive income in the cash flow hedge reserve, and any ineffective portion immediately in the statement of profit and loss. For Fiscal 2018, there was no ineffectiveness in the hedge. In addition, LPGCL and Company use foreign exchange forward contracts to manage their foreign currency payables. The foreign exchange forward contracts are entered for the amount and period consistent with underlying foreign currency payables, and designated as financial instruments at fair value through profit or loss. LPGCL recognizes mark-to-market gains and losses in its statement of profit and loss, with corresponding assets or liabilities on the balance sheet.

We and LPGCL are generally able to pass the cost of hedging through to UPPCL as part of our Fixed Tariffs, once approved by UPERC.

#### **Credit Risk**

Credit risk is the risk that a counterparty will fail to meet its obligations under a financial instrument or customer contract, leading to a financial loss. Our Company and LPGCL are primarily exposed to credit risk arising from our receivables from our respective sales of electricity to UPPCL, who is our only customer under our respective PPAs.

Our Company and LPGCL typically have credit terms of 60 days with UPPCL. We and LPGCL charge UPPCL interest at 1.25% per month on any payment from UPPCL beyond the 60 days credit period.

As at December 31, 2018, our Company had trade receivables of ₹ 5,965.55 million, and LPGCL had trade receivables of ₹ 28,074.94 million, in each case substantially all of which was owed by UPPCL. In addition to the trade receivables owed to our Company and LPGCL by UPPCL, our Company and LPGCL also have substantial amounts of recognized-but-not-yet-billed income owed by UPPCL, reflected on our balance sheets as "other financial assets - other receivables". As of December 31, 2018, these amounted to ₹ 2,783.22 million for our Company and ₹ 29,485.00 million for LPGCL.

Our Company and LPGCL regularly face delays in payments from UPPCL, having experienced delays in each of Fiscal 2016, Fiscal 2017, Fiscal 2018, and the nine-month periods ended December 31, 2017 and 2018. The late payments by UPPCL were particularly pronounced in the nine-month period ended December 31, 2018. When UPPCL makes late payments, pursuant to the terms of our PPAs, our Company and LPGCL are entitled to impose (and have imposed) a late payment surcharge at the rate of 1.25% per month for the total delayed payment period. Notwithstanding the late payment surcharge, UPPCL has nevertheless made late payments.

UPPCL's late payments have at certain times caused significant liquidity difficulties at our Company and LPGCL. For example, due to such liquidity difficulties, LPGCL has made late payments on its borrowings in each of Fiscal 2016, Fiscal 2017, Fiscal 2018 and the nine-month periods ended December 31, 2017 and 2018, and BEL has made late payments on its borrowings in each of Fiscal 2018 and the nine-month periods ended December 31, 2017 and 2018. Moreover, such liquidity difficulties prevented LPGCL from making some advanced payments for coal under its FSA in Fiscal 2017, Fiscal 2018 and the nine-month periods ended December 31, 2017 and 2018, and prevented BEL from making some advanced payments for coal under its FSA in Fiscal 2018 and the nine-month periods ended December 31, 2017 and 2018.

As LPGCL has not historically been able to lift its full coal quantities under the FSA on account of UPPCL's late payments, it has had to source coal from e-auctions to make up the shortfall. E-auction coal is significantly more expensive than FSA coal, causing an increase in LPGCL's fuel costs and generation costs, which LPGCL passes through to UPPCL in the form of increased Variable Tariffs (see section entitled "*—Power purchase agreements and tariffs*" on page 262). Given that late payments affect not only LPGCL but ultimately the price that UPPCL pays for power, LPGCL was able to discuss with UPPCL the negative impact that the delayed payments were having on UPPCL itself. Through that discussion process, LPGCL and UPPCL agreed a course of action in December 2018 to reduce late payments by UPPCL over the coming months. As part of the resolution, LPGCL and UPPCL set the Variable Tariff for the LPGCL plant at ₹ 2.85 per kWh, effective from October 31, 2018, subject to adjustment for changes in any component in fuel costs subsequent to October 31, 2018.

Following the agreed course of action with UPPCL to reduce late payments, UPPCL has made substantial payments in January 2019 and February 2019 to our Company and LPGCL collectively. Our Company's and LPGCL's trade receivables also saw a decrease in as at the end of February 2019 compared to end of December 2018. The following table sets forth the collections from UPPCL, trade receivables owed and past-due trade receivables owed to our Company and LPGCL as of and for the periods indicated:

	As of and for the month ended		
	December 31, 2018	January 31, 2019	February 28, 2019
(₹ in million)			
Our Company			
Collections from UPPCL .....	990.00	310.00	900.00
Trade receivables .....	5,953.98	6,108.32	5,672.99
Past-due trade receivables .....	4,114.89	4,665.67	4,275.84
LPGCL			
Collections from UPPCL .....	3,610.00	3,790.00	4,350.00
Trade receivables .....	28,074.94	27,331.52	25,568.87
Past-due trade receivables .....	16,898.64	18,464.67	17,122.44

If UPPCL does not pay our Company or LPGCL promptly, or at all, our Company or LPGCL may have to make provisions for or write off such amounts. Moreover, any late or non-payment by UPPCL may materially adversely affect our or LPGCL's liquidity and working capital position, which can hinder our respective abilities to make timely payments of amounts owed by us, including but not limited to payment of amounts owed towards the purchase of coal under our fuel supply agreements. As at December 31, 2018, our Company had outstanding dues beyond 180 days amounting to ₹ 609.36 million, and LPGCL had outstanding dues beyond 180 days amounting to ₹ 665.09 million.

The following table sets forth an aging analysis of our Company's and LPGCL's trade receivables as at December 31, 2018:

Particulars	As at December 31, 2018	
	Our Company	LPGCL
(₹ in million)		
Within credit period.....	1,839.09	11,176.30
1-30 days past due .....	819.53	8,748.31
31-60 days past due .....	583.18	3,809.89
61-90 days past due .....	1,095.10	3,675.35
More than 90 days past due .....	1,617.08	665.09
<b>Total<sup>(1)</sup></b> .....	<b>5,953.98</b>	<b>28,074.94</b>

<sup>(1)</sup> In addition to the trade receivables owed to our Company and LPGCL, our Company and LPGCL also have substantial amounts of recognized-but-not-yet-billed income owed by UPPCL, reflected on our balance sheets as "other financial assets - other receivables". As of December 31, 2018, these amounted to ₹ 2,783.22 million for our Company and ₹ 29,485.00 million for LPGCL.

### Known Trends or Uncertainties

Except as described in this section and "*Risk Factors*", to our knowledge, there are no trends or uncertainties that have had, or are expected to have, a material impact on our Company's or LPGCL's business or results of operations.

### Seasonality

Power demand in India generally higher during the summer months and the monsoon months, meaning that our and LPGCL's plants tend to operate at higher PLFs during those months, and consequently we sell more electricity and receive higher Variable Tariffs during the summer months. To help ensure sufficient coal quantities to operate our and LPGCL's plants at higher PLFs for the summer months, we and LPGCL generally increase our coal purchases and build up coal inventories in the months leading to summer.

In addition, our Company and LPGCL are affected by UPPCL's payment timing cycle, and historically we have generally received greater payment volumes from UPPCL in the last few months of the fiscal year. Consequently, we and LPGCL have generally had stronger cash positions towards the end of our fiscal years than during other points in the year.

### Unusual or Infrequent Events or Transactions

Other than as described in this section and the sections of this Draft Red Herring Prospectus entitled "*Our Business*", "*Risk Factors*" and "*History and Certain Corporate Matters*" on pages 109, 21 and 130, there have been no events or transactions which may be described as "unusual" or "infrequent".

## **Significant economic changes that materially affected or are likely to affect income from operations**

Other than as described in this section and the sections of this Draft Red Herring Prospectus entitled "*Our Business*", "*Risk Factors*" and "*Industry Overview*" on pages 109, 21 and 81, there have been no significant economic changes that materially affected or are likely to affect our Company's or LPGCL's income from operations.

## **Material Increases in Net Income and Sales**

Material increases in our Company's and LPGCL's net income and sales are primarily due to the reasons described in the section entitled "*Results of Operations*" above on page 273.

## **Total Turnover of Each Major Industry Segment in which our Company Operated**

Our Company and LPGCL operate in only one industry segment, namely the power industry. For turnover data for this industry, see section entitled "*Industry Overview*" on page 81 of this Draft Red Herring Prospectus.

## **Future Relationships between Costs and Income**

Other than as described in this section and the sections of this Draft Red Herring Prospectus entitled "*Our Business*" and "*Risk Factors*" on pages 109 and 21, respectively, there are no known factors which will have a material adverse impact on our Company's or LPGCL's operations or finances.

## **New Product or Business Segments**

Other than as described in the section of this Draft Red Herring Prospectus entitled "*Our Business*" on page 109, we do intend to enter into any new business segments.

## **Competitive Conditions**

For a description of the competitive conditions in which our Company and LPGCL operate, see the sections of this Draft Red Herring Prospectus entitled "*Our Business—Competition*" and "*Industry Overview*" on pages 121 and 81, respectively.

## **Suppliers or Customer Concentration**

Our and LPGCL's sole customer is UPPCL, and as such our and LPGCL's results of operations and financial conditions are materially dependent on our relationship with UPPCL, UPPCL's continued credit worthiness, and timely payment by UPPCL of amounts owed to us. For a description of certain risks associated with our dependence on UPPCL, see the section entitled "*Risk Factors—BEL and LPGCL both rely on a single customer and any inability or failure by the customer to meet its payment commitments could have an adverse effect on BEL's and LPGCL's business, financial condition, cash flows and results of operations*" on page 21 of this Draft Red Herring Prospectus, and for a discussion of our Company's and LPGCL's credit risk associated with UPPCL, see the section entitled "*— Credit Risk*" above.

Our Company and LPGCL primarily source coal from Coal India Limited and its subsidiaries and have each entered into long-term FSAs with such entities for the supply of coal to the BEL Power Plants and LPGCL Power Plant. While we and LPGCL are also able to purchase coal via imports or through e-auction in India, we and LPGCL are dependent on our FSAs with Central Coalfields Limited to ensure that we have access to sufficient quantities of coal at commercially viable prices. For a description of certain risks associated with our dependence on our FSAs with Central Coalfields Limited, see section entitled "*Risk Factors—Operation of our thermal power generation business has significant coal requirements and we face fuel supply risks, despite having entered into long-term FSAs. We may be unable to ensure uninterrupted availability and/or required quality of coal at competitive prices or at all, which may have an adverse effect on our business, results of operations, cash flows and financial condition*" on page 26 of this Draft Red Herring Prospectus.

**SECTION VI: UNAUDITED RESTATED PROFORMA FINANCIAL INFORMATION**

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**R. S. Dani. & Co**  
Chartered Accountants  
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**B S R & Co. LLP**  
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**Independent Auditor's Assurance Report on the Compilation of Unaudited Restated Proforma Consolidated financial Information included in the offer Documents**

The Board of Directors  
**Bajaj Energy Limited**  
Khambarkhera,  
Shardanagar Road,  
Lakhimpur Kheri 261506

01 April 2019

**Report on the Compilation of Unaudited Restated Proforma Consolidated Financial Information to be included in the offer documents**

Dear Sirs,

This report is issued in accordance with the terms of our engagement letter dated 17 July 2018 as amended.

We have completed our assurance engagement to report on the compilation of the unaudited restated Pro Forma consolidated Financial Information (referred to as 'Unaudited Restated Proforma Consolidated financial information') of Bajaj Energy Limited (the Company) prepared by the management of the Company (the "Management"). The Restated Pro forma consolidated financial information consists of the Unaudited Restated Proforma Consolidated Statement of Assets and Liabilities as at 31 December 2018 and as at 31 March 2018, the Unaudited Restated Proforma Consolidated Statement of Profit and Loss for the nine month period ended on 31 December 2018 and for the year ended 31 March 2018 and related notes thereto. The applicable criteria on the basis of which the management has compiled the Unaudited Restated Proforma Consolidated Financial Information are described in Note 1 to 6.

The Unaudited Restated Proforma Consolidated financial information has been compiled by the Company to illustrate the impact of the conversion of Lalitpur Power Generation Company Limited (LPGCL) from an associate to a wholly owned subsidiary (subsidiary, pursuant to the proposed acquisition of equity shares of LPGCL by the Company) from the proceeds of Initial Public offer of the Company (the 'Proposed Transaction') as set out in Note 1 and 6 to the Unaudited Restated Proforma Consolidated Financial Information on the Company's :

- i. Financial performance for the year ended 31 March 2018 and for nine month period ended 31 December 2018 (relevant periods) assuming the acquisition of 79.31% of equity shares of LPGCL (the Proposed Transaction); occurred before 01 April 2017; and
- ii. Financial position as at 31 December 2018 assuming the Proposed Transaction had occurred as at 31 December 2018.

Bajaj Energy Limited  
01 April 2019  
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The date on which the transaction described above are assumed to have been undertaken, are hereinafter collectively referred to as the Relevant Date.

**The Management's Responsibility for the Unaudited Restated Proforma Consolidated Financial Information**

The management is responsible for compiling the Unaudited Restated Proforma Consolidated Financial Information on the basis of the applicable criteria described in Note 1 to 6 of the Unaudited Restated Proforma Consolidated financial Information. This responsibility includes the responsibility for designing, implementing and maintaining internal control relevant for compiling the Unaudited Restated Proforma Consolidated Financial Information on the basis of that is free from material misstatement, whether due to fraud or error. The management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities, including compliance with the provisions of the laws and regulations for the compilation of Unaudited Restated Proforma Consolidated Financial Information.

***Auditor's Responsibilities***

Our responsibility is to express an opinion whether the Unaudited Restated Proforma Consolidated Financial Information has been compiled, in all material respects, by the management on the basis of the applicable criteria described in the Notes 1 and 6 to the Unaudited Restated Proforma Consolidated Financial Information.

We conducted our engagement in accordance with Standard on Assurance Engagements (SAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Chartered Accountants of India (ICAI). This standard requires that the practitioner comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Company has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria described in the Notes 1 to 6 to the Unaudited Restated Proforma Consolidated Financial Information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the proforma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Restated Proforma Financial Information.

The purpose of the Unaudited Restated Proforma Consolidated Financial Information included in the draft red herring prospectus prepared by the Company in connection with the proposed initial public offer of the Company, is solely to illustrate the impact of a significant transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at relevant dates would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Restated Proforma Consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by Company in the compilation.

Bajaj Energy Limited  
01 April 2019  
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***Auditor's Responsibilities (Continued)***

of the Unaudited Restated Proforma Consolidated Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related proforma adjustments give appropriate effect to those criteria; and
- The Unaudited Restated Proforma Consolidated Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the Company, the event or transaction in respect of which the proforma Consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the proforma Consolidated financial information.

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

***Opinion***

In our opinion, the Unaudited Restated Proforma Consolidated Financial Information has been compiled, in all material respects, on the basis of applicable criteria described in Notes 1 to 6 to the Unaudited Restated Proforma Consolidated Financial Information.

***Emphasis of matter***

1. We draw attention to Note 6 (a) and 6 (b) to the accompanying Unaudited Proforma Consolidated Financial Information with regard to use of Provisional purchase price allocation based on the fair value of the net asset acquired. All these balances specified in notes 6(a) and 6(b) including number of shares to be acquired by the Company considered as adjustment to Unaudited Restated Proforma Consolidated Financial Information, may change, materially when the Company carries out proposed transactions.
2. We draw attention to the note 4(C) (i), 4(C) (ii) and 4(C) (iii) to the accompanying Unaudited Proforma Financial Consolidated Information with regard matter pending before Hon'ble Appellate tribunal for claim of fixed charges of Rs 12,714.64 Million for the period in which transmission line of 765 kV was not made available for evacuation of power and Rs 4,708.21 Million towards Return of Equity ("RoE") on purchase of coal under presidential mechanism during the period of coal linkage was not available to the LPGCL and pending petition before the Uttar Pradesh Electricity Regulatory Commission ("UPERC"), for recovery of lost fixed charges amounting to Rs 7,538.02 million. These balances has been shown as receivable in the books of LPGCL as at 31 December 2018 for the reasons stated therein.

Our opinion is not modified in respect of these matters.

***Restriction of Use and Distribution***

This report has been prepared for inclusion in the offer documents to be filed with Securities and Exchange Board of India, and Stock Exchanges and Registrar of Companies, Uttar Pradesh and Uttarakhand at Kanpur in connection with the initial public offering of its Equity Shares of the Company.

For **R. S. Dani & Co.**

*Chartered Accountants*

Firm's Registration Number: 000243C

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration Number: 101248W/W-100022

**C. P. Kothari**

Partner

Membership Number : 072229

01 April 2019

**Vijay Bhatt**

Partner

Membership Number: 36647

Mumbai

01 April 2019

**Bajaj Energy Limited**  
**Annexure - I Unaudited Restated Proforma Consolidated Statement of Assets and Liabilities**

**Rs. in Million**

	As at December 31, 2018				
	Bajaj Energy Limited (Restated Consolidated Financial Information)	Lalitpur Power Generation Company Limited (Restated Standalone Financial Information)	Intragroup / adjustment	Acquisition Adjustment	Unaudited Restated Proforma Consolidated Financial
<b>I ASSETS</b>					
<b>(1) Non-current assets</b>					
(a) Property, plant and equipment	17,311.99	1,43,895.77	-	16,995.76	1,78,203.52
(b) Capital work in progress	-	219.77	-	-	219.77
(c) Other Intangible assets	-	0.98	-	-	0.98
(d) Goodwill	-	-	-	204.67	204.67
(e) Financial assets					
(i) Investments	9,401.53	-	(9,401.53)	-	-
(ii) Loans	1.78	-	-	-	1.78
(iii) Other financial assets	18.12	866.32	-	-	884.44
(f) Other non current assets	0.30	11,455.94	-	-	11,456.24
<b>Total non current assets</b>	<b>26,733.72</b>	<b>1,56,438.78</b>	<b>(9,401.53)</b>	<b>17,200.43</b>	<b>1,90,971.40</b>
<b>(2) Current assets</b>					
(a) Inventories	285.94	813.71	-	-	1,099.65
(b) Financial assets					
(i) Investments	-	783.55	-	-	783.55
(ii) Trade receivables	5,965.55	28,074.94	-	-	34,040.49
(iii) Cash and cash equivalents	20.37	132.04	-	-	152.41
(iv) Bank balance other than above	26.31	12.51	-	-	38.82
(v) Loans	-	20.65	-	-	20.65
(vi) Other financial assets	2,790.69	29,639.68	(33.17)	-	32,397.20
(c) Current tax assets (Net)	90.05	17.28	-	-	107.33
(d) Other current assets	289.14	1,886.86	-	-	2,176.00
<b>Total current assets</b>	<b>9,468.05</b>	<b>61,381.22</b>	<b>(33.17)</b>	<b>-</b>	<b>70,816.10</b>
<b>TOTAL ASSETS</b>	<b>36,201.77</b>	<b>2,17,820.00</b>	<b>(9,434.70)</b>	<b>17,200.43</b>	<b>2,61,787.50</b>
<b>II EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
(a) Equity share capital (refer note 6 ( C ))	411.75	881.86	(182.49)	49,020.63	50,131.75
(b) Other equity	13,098.35	44,558.07	(9,219.04)	(31,820.20)	16,617.18
<b>Total equity</b>	<b>13,510.10</b>	<b>45,439.93</b>	<b>(9,401.53)</b>	<b>17,200.43</b>	<b>66,748.93</b>
<b>Liabilities</b>					
<b>(1) Non-current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings	11,864.33	1,26,926.78	-	-	1,38,791.11
(ii) Other financial liabilities	-	12.48	-	-	12.48
(b) Provisions	105.21	138.06	-	-	243.27
(c) Contractual liability	1,334.51	-	-	-	1,334.51
(d) Deferred tax liabilities	8.08	-	-	-	8.08
<b>Total non current liabilities</b>	<b>13,312.13</b>	<b>1,27,077.32</b>	<b>-</b>	<b>-</b>	<b>1,40,389.45</b>
<b>(2) Current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings	5,003.06	25,404.41	-	-	30,407.47
(ii) Trade payables					
- Due to Micro enterprises and small enterprises	-	-	-	-	-
- Due to other than Micro enterprises and small enterprises	839.12	2,737.94	(33.17)	-	3,543.89
(iii) Other financial liabilities	3,136.53	16,903.94	-	-	20,040.47
(b) Other current liabilities	9.11	52.41	-	-	61.52
(c) Provisions	165.82	174.80	-	-	340.62
(d) Current tax liabilities (net)	225.90	29.25	-	-	255.15
<b>Total current liabilities</b>	<b>9,379.54</b>	<b>45,302.75</b>	<b>(33.17)</b>	<b>-</b>	<b>54,649.12</b>
<b>Total liabilities</b>	<b>22,691.67</b>	<b>1,72,380.07</b>	<b>(33.17)</b>	<b>-</b>	<b>1,95,038.57</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>36,201.77</b>	<b>2,17,820.00</b>	<b>(9,434.70)</b>	<b>17,200.43</b>	<b>2,61,787.50</b>

Note :- The above statement should be read with notes to Unaudited Restated Proforma Consolidated Financial Information.

As per our compilation report of even date attached

**For R. S. Dani & Co.**  
Chartered Accountants  
Firm Reg. No. 000243C

**For B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W-100022

**Kushagra Bajaj**  
Chairman  
DIN: 00017575

**Prabal Banerjee**  
Director  
DIN: 00082261

**C. P. Kothari**  
Partner  
Membership No. 072229  
Mumbai, April 1, 2019

**Vijay Bhatt**  
Partner  
Membership No. 036647

**Sushil Kumar Jain**  
Chief Financial Officer  
Membership No. 074855

**Alok Desai**  
Company Secretary  
Membership No. ACS 21315  
Mumbai, April 1, 2019

	Bajaj Energy Limited (Restated Consolidated Financial Information)	Lalitpur Power Generation Company Limited (Restated Standalone Financial Information)	Intragroup / adjustment	Acquisition Adjustment	Unaudited Restated Proforma Consolidated Financial Information
	For the nine months ended December 31, 2018				
<b>I</b>	Revenue from operations (refer note no. 7)	6,940.00	40,742.75	-	-
<b>II</b>	(a) Other income	280.51	575.67	-	-
	(b) Gain on Fair Value of Equity accounted investee	-	-	3,517.08	3,517.08
<b>III</b>	<b>Total income (I+II)</b>	<b>7,220.51</b>	<b>41,318.42</b>	<b>-</b>	<b>3,517.08</b>
<b>IV</b>	<b>Expenses</b>				
	Cost of material consumed	2,701.35	16,701.09	-	-
	Employee benefits expense	355.66	1,010.49	-	-
	Finance costs	1,788.88	14,800.94	-	-
	Depreciation and amortisation expenses	1,127.66	7,159.98	-	-
	Other expenses	792.09	1,422.03	-	-
	<b>Total expenses (IV)</b>	<b>6,765.64</b>	<b>41,094.53</b>	<b>-</b>	<b>47,860.17</b>
<b>V</b>	<b>Profit before tax / (loss) (III-IV)</b>	<b>454.87</b>	<b>223.89</b>	<b>-</b>	<b>3,517.08</b>
<b>VI</b>	<b>Tax expenses</b>				
	(a) Current tax	101.10	48.60	-	-
	(b) Tax adjustment of earlier year / period	-	0.12	-	0.12
	(c) Deferred tax	111.63	-	-	111.63
	Less: Deferred assets for deferred tax liability	(117.26)	-	-	(117.26)
	<b>Total tax expenses (VI)</b>	<b>95.47</b>	<b>48.72</b>	<b>-</b>	<b>144.19</b>
<b>VII</b>	<b>Profit for the period / year (V-VI)</b>	<b>359.40</b>	<b>175.17</b>	<b>-</b>	<b>3,517.08</b>
	Share of profit/ (loss) of associate (net)	36.24	-	(36.24)	-
	<b>Profit / (loss) for the period / year</b>	<b>395.64</b>	<b>175.17</b>	<b>(36.24)</b>	<b>3,517.08</b>
					<b>4,051.65</b>
<b>VIII</b>	<b>Other comprehensive income</b>				
	(a) Items that will be reclassified to profit or loss				
	(i) Cash flow hedge (net movement)	5.62	251.65	-	-
	Share of OCI in associate (net)	52.07	-	(52.07)	-
	Income tax effect	(1.91)	-	-	(1.91)
	Net OCI to be reclassified to profit or loss in subsequent period / year	55.78	251.65	(52.07)	-
					<b>255.36</b>
	(b) Items that will not be reclassified to profit or loss				
	plans	(4.89)	(4.42)	-	-
	Share of OCI in associate (net)	(0.72)	-	0.72	-
	Income tax effect	1.71	0.95	-	2.66
	Net OCI not to be reclassified to profit or loss in subsequent periods	(3.90)	(3.47)	0.72	-
					<b>(6.65)</b>
	<b>Other comprehensive income for the period / year, net of tax</b>	<b>51.88</b>	<b>248.18</b>	<b>(51.35)</b>	<b>-</b>
					<b>248.71</b>
<b>IX</b>	<b>Total comprehensive income for the period / year, net of tax (VII+VIII)</b>	<b>447.52</b>	<b>423.35</b>	<b>(87.59)</b>	<b>3,517.08</b>
					<b>4,300.36</b>

Note :- The above statement should be read with notes to Unaudited Restated Proforma Consolidated Financial Information.

As per our compilation report of even date attached

For and on behalf of Board of Bajaj Energy Limited

**For R. S. Dani & Co.**  
Chartered Accountants  
Firm Reg. No. 000243C

**For B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No. 101248W/W-100022

**Kushagra Bajaj**  
Chairman  
DIN: 00017575

**Prabal Banerjee**  
Director  
DIN: 00082261

**C. P. Kothari**  
Partner  
Membership No. 072229

**Vijay Bhatt**  
Partner  
Membership No. 036647

**Sushil Kumar Jain**  
Chief Financial Officer  
Membership No. 074855

**Alok Desai**  
Company Secretary  
Membership No. ACS 21315

	Bajaj Energy Limited (Restated Consolidated Financial Information)	Lalitpur Power Generation Company Limited (Restated Standalone Financial Information)	Intragroup / adjustment	Acquisition Adjustment	Unaudited Restated Proforma Consolidated Financial Information
	For the Year ended March 31, 2018				
<b>I</b>	Revenue from operations (refer note no. 7)	8,551.97	53,188.54	-	-
<b>II</b>	(a) Other income	424.28	384.70	-	-
<b>III</b>	<b>Total income (I+II)</b>	<b>8,976.25</b>	<b>53,573.24</b>	-	<b>62,549.49</b>
<b>IV</b>	<b>Expenses</b>				
	Cost of material consumed	3,560.24	24,677.94	-	-
	Employee benefits expense	381.48	1,215.86	-	-
	Finance costs	2,431.87	18,528.68	-	-
	Depreciation and amortisation expenses	1,498.94	9,398.86	-	-
	Other expenses	620.64	1,914.36	-	-
	<b>Total expenses (IV)</b>	<b>8,493.17</b>	<b>55,735.70</b>	-	<b>64,228.87</b>
<b>V</b>	<b>Profit before tax / (loss) (III-IV)</b>	<b>483.08</b>	<b>(2,162.46)</b>	-	<b>(1,679.38)</b>
<b>VI</b>	<b>Tax expenses</b>				
	(a) Current tax	125.95	16.41	-	-
	(b) Tax adjustment of earlier year / period	-	(0.17)	-	-
	(c) Deferred tax	107.98	-	-	-
	Less: Deferred assets for deferred tax liability	(167.67)	-	-	(167.67)
	<b>Total tax expenses (VI)</b>	<b>66.26</b>	<b>16.24</b>	-	<b>82.50</b>
<b>VII</b>	<b>Profit for the period / year (V-VI)</b>	<b>416.82</b>	<b>(2,178.70)</b>	-	<b>(1,761.88)</b>
	Share of profit/ (loss) of associate (net)	(450.77)	450.77	-	-
	<b>Profit / (loss) for the period / year</b>	<b>(33.95)</b>	<b>(2,178.70)</b>	<b>450.77</b>	<b>(1,761.88)</b>
<b>VIII</b>	<b>Other comprehensive income</b>				
	<u>(a) Items that will be reclassified to profit or loss</u>				
	(i) Cash flow hedge (net movement)	12.68	33.03	-	-
	Share of OCI in associate (net)	6.83	(6.83)	-	-
	Income tax effect	(4.39)	-	-	(4.39)
	Net OCI to be reclassified to profit or loss in subsequent period / year	<b>15.12</b>	<b>33.03</b>	<b>(6.83)</b>	<b>41.32</b>
	<u>(b) Items that will not be reclassified to profit or loss</u>				
	(i) Re-measurement Gain/ (losses) on defined benefit plans	1.06	(15.67)	-	-
	Share of OCI in associate (net)	(2.58)	2.58	-	-
	Income tax effect	(0.37)	3.19	-	2.82
	Net OCI not to be reclassified to profit or loss in subsequent periods	<b>(1.89)</b>	<b>(12.48)</b>	<b>2.58</b>	<b>(11.79)</b>
	<b>Other comprehensive income for the period / year, net of tax</b>	<b>13.23</b>	<b>20.55</b>	<b>(4.25)</b>	<b>29.53</b>
<b>IX</b>	<b>Total comprehensive income for the period / year, net of tax (VII+VIII)</b>	<b>(20.72)</b>	<b>(2,158.15)</b>	<b>446.52</b>	<b>-</b>
					<b>(1,732.35)</b>

Note :- The above statement should be read with notes to Unaudited Restated Proforma Consolidated Financial Information.

As per our compilation report of even date attached

For and on behalf of Board of Bajaj Energy Limited

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Chartered Accountants  
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**Sushil Kumar Jain**  
Chief Financial Officer  
Membership No. 074855

**Alok Desai**  
Company Secretary  
Membership No. ACS 21315

**Notes to the Unaudited Restated Proforma Consolidated Financial Information as at and for the nine months period ended December 31, 2018 and as at and for the year ended March 31, 2018****1 Background**

Bajaj Energy Limited ("the Company") is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is a wholly own subsidiary company of Bajaj Power Ventures Private Limited. The registered office of the Company is located at Khamberkhera, Sharanagar Road, Lakhimpur Kheri-261506- Uttar Pradesh.

The Company is engaged in generation of power. The Company has five thermal power projects of 90 MW each located at Khamberkhera, Maqsoodapur, Barkhera, Utraula and Kundarkhi, all in the state of Uttar Pradesh having aggregate capacity of 450 MW. Entire generation of all the five plants is sold to Uttar Pradesh Power Corporation Limited under long term power purchase agreement.

The Company has been converted as a Public Limited company with effect from October 16, 2015 and its Corporate Identity Number is U40102UP2008PLC046764 issued by Registrar of Companies, Kanpur, Uttar Pradesh and Uttarakhand.

The Unaudited Restated Proforma Consolidated Financial Information as at and for the nine months ended 31 December 2018 and year ended 31 March 2018 have been prepared to reflect the impact of a significant acquisition of Lalitpur Power Generation Company Limited ('LPGCL') to be made from the proceeds of the Initial Public Offerings of the Company.

The Unaudited Restated Proforma Consolidated Financial Information is not required as per the Securities and Exchange Board of India ( Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI ICDR Regulations'). Further the Proforma Financial Information have not been prepared in accordance with Article 11 of Regulation S-X.

The Unaudited Restated Proforma Consolidated Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the proposed additional acquisition by the Company of 79.31 % (i.e. Total acquisition of 100%, to conversion of LPGCL from an Associate to a wholly owned subsidiary) of Equity Shares in Lalitpur Power Generation Company Limited ('LPGCL') and proceed from IPO (net of Transaction Cost)

**2 Basis of preparation**

- (a) The Unaudited Restated Proforma Consolidated Financial Information only comprise of unaudited restated proforma statement of assets and liabilities as at 31 December 2018 and unaudited restated proforma statement of profit and loss for the nine months period ended 31 December 2018 and for the year ended 31 March 2018, read with note 6.
- (b) Earlier, LPGCL was accounted for as an associate as per Indian Accounting Standard (Ind AS 28) – "Investments in Associates and Joint Ventures" in the Consolidated Financial Statements for the nine months period ended 31 December 2018 and year ended 31 March 2018, wherein the financials of LPGCL were considered using equity method along with the financials of the Company. These restated proforma financial information has been prepared using the principles as prescribed under Ind AS 110 "Consolidated Financial statements" wherein the investment in 100% equity of LPGCL would be accounted and consolidated on a line by line basis by adding together like items of assets, liabilities, income and expenses.
- (c) The details of equity shareholding of the proposed acquisition is as follows :

Name of the entity	As per consolidated financial statements as at 31 December 2018 and 31 March 2018 (% of holding )	Proposed acquisition	Stake post acquisition
Lalitpur Power Generation Company Limited ('LPGCL')	20.69%	79.31%	100%

- 3 The purpose of the Unaudited Restated Proforma Consolidated Financial Information is to reflect the impact of additional acquisition of 79.31% equity in LPGCL and the proceeds from the IPO as set out in the basis of preparation paragraph and to solely illustrate the impact of significant events on the historical financial information of the Company, as if the event had occurred at an earlier date selected for the purposes of illustration and based on the judgements and assumptions of the Management of the Company to reflect the hypothetical impact, and because of its hypothetical nature, does not provide any assurance of indication that any event will take place in the future and may not be indicative of the Restated Proforma Financial Information of the Company for the period ended 31 December 2018 or any future periods.

- 4 The Unaudited Restated Proforma Consolidated Financial Information is consolidated line by line basis based on :

- (a) The restated consolidated summary statement of assets and liabilities as at 31 December 2018 and restated consolidated summary statement of profit and loss of the Company for nine months period ended 31 December 2018 and for the year ended 31 March 2018; and
- (b) The restated standalone summary statement of assets and liabilities as at 31 December 2018 and restated standalone summary statement of profit and loss of the LPGCL for nine months period ended 31 December 2018 and for the year ended 31 March 2018
- (c) The examination report issued by the auditors on the restated financial information of LPGCL for the nine months period ended 31 December 2018 include emphasis of matter on the following:
  - (i) In the year 2010, Company i.e. LPGCL had entered into a long term Power Purchase Agreement (PPA) with Uttar Pradesh Power Corporation Limited (UPPCL) for supply of 100% of its Power Generation capacity of 1980 MW. As per terms of PPA and applicable regulatory provisions from time to time, LPGCL is allowed recovery of tariff in two parts under Availability Based Tariff (ABT) mechanism i.e. Variable Charges towards cost of coal and oil which is paid on basis of actual generation i.e. Plant Loan Factor (PLF) and Fixed Charges comprising of operation & maintenance expenses, depreciation, interest on term loan, interest on working capital loan and return on equity which is based on availability of its plant i.e. Plant Availability Factor (PAF) and not on Plant Load Factor (Actual Generation). The basic premise of the PPA which is executed between UPPCL and LPGCL is recovery of entire fixed charges based on Plant Availability Factor (PAF). As per the terms of the said PPA, for power evacuation, providing transmission line was the responsibility of the UPPCL, once the power generating units were ready to be declared for commercially in operation. Although the power generating units were successfully commissioned by the LPGCL, evacuation of total power generated by said Unit was not possible, as transmission line was not ready by UPPCL. Due to limitation of evacuation capacity of UPPCL, UPPCL was reluctant to consent for recovery of entire eligible fixed charges in respect to LPGCL power generating units once it gets commissioned and under duress asked LPGCL to enter into a bilateral agreement (referred to as 'Bilateral Agreement') dated 04 November 2015. As per terms of this agreement for intermittent period till commissioning of 765 kV Transmission system, UPPCL will pay for Fixed Charges based on the PLF as scheduled by State Load Dispatch Centre instead of PAF.

Accordingly in earlier years, Company had recognised revenue to the extent of Rs. 12714.64 million in respect of capacity charges on ABT mechanism till the commissioning of Transmission system.

Against the above mentioned Bilateral Agreement LPGCL had filed petition before the Uttar Pradesh Electricity Regulatory Commission (UPERC) to claim fixed charges as per ABT mechanism specified in PPA, for the period in which 765 kV transmission system for evacuation of power was not available and to treat the Bilateral Agreement as null and void as it is against both the provisions of PPA and UPERC regulation. This claim has not been allowed as per UPERC order dated 21 September 2016 and subsequently UPERC vide its order dated 17 October 2018 has reconfirmed the earlier order.

In continuation to matter highlighted in paragraph above, LPGCL had preferred an appeal before Appellate Tribunal for Electricity (APTEL) against the mentioned orders of UPERC. Basis the submission of all facts by the Company, APTEL had directed UPERC and UPPCL not to precipitate the Company to sign Supplementary Agreement (to give effect to Bilateral Agreement) as specified in the UPERC orders until further orders. Further, the Company has been legally advised that this Bilateral Agreement be considered as null and void, in view of it being in the violation of provision of article 18.1 of the PPA which clearly provides that the PPA can only be amended or supplemented by written agreement between the parties (i.e. the LPGCL and UPCCL) and after obtaining the approval of the UPERC wherever necessary. However, no such approval of UPERC was obtained in respect of said Bilateral Agreement. The amount outstanding lying in "other receivable" amounted to Rs. 12,714.64 million.

- (ii) During the previous year 2017-18, there had been instances of abnormal delays in collection from UPPCL which led to severe liquidity crisis. LPGCL is required to make advance payment for coal purchases against its committed quantities. However in absence of adequate cash flows from UPPCL, it had cascading effect and LPGCL could not procure required quantities of fuel though the plant was continually available for generation and supply of electricity to UPPCL. Non-availability of coal led to declaration of plant capacity at reduced levels resulting into under recovery of capacity charges. The said under recovery is against the basic premise of recovery of fixed charges by way of declaration of plant availability. Further, there is a specific guidance under Electricity Act 2003 granting regulatory powers to the commission to put in place a mechanism for timely recovery of outstanding bills, due to default on part of the procurer. Since the said under recovery is against the policy of two part tariff as intended under Availability Based Tariff (ABT) mechanism as specified under both UPERC regulation as well as terms & conditions of PPA.

Accordingly an amount of Rs. 7,538.022 million has been recognised as part of the revenue and correspondingly been shown as part of "other receivable". In continuation to matter highlighted above, on 28th December 2018 and 21st January 2019 LPGCL has now filed petition before UPERC for recovery of availability loss (because of non-availability of coal) from UPPCL. In addition, there has been a past precedent where the Regulatory Commission has relaxed the norms of PAF in case of non-availability of fuel due to reasons beyond control of the seller. Company has been legally advised that it has a valid claim against the UPPCL which has now been submitted before UPERC and has been admitted for hearing.

- (iii) As per terms of PPA, the Company was required to secure coal linkage which was finally secured by the Company in Q4 FY 2017-18. UPERC vide order dated 21 September 2016 and further confirmed by its order dated 17 October 2018 restricted LPGCL in claiming Return on Equity (RoE) as part of its tariff component from the date of UPERC order (i.e. 18 January 2017) till award of coal linkage by Government of India. Company had represented before UPERC that award of coal linkage by Government is not in its control and further LPGCL had offered to charge coal cost as per notified rates of Coal India only, irrespective of its actual cost, till award of Coal Linkage. During Q4 FY 2017-18, Coal Linkage was finally awarded to the Company. Accordingly in earlier period, Company had recognised revenue to the extent of Rs. 3,903.91 million towards RoE.

In continuation to matter highlighted in paragraph above, LPGCL had preferred an appeal before Appellate Tribunal for Electricity (APTEL) against the mentioned orders of UPERC. LPGCL has been legally advised that the claims are tenable, considering the fact that award of Coal Linkage was not in its control and especially given the fact that the Company had offered to charge coal cost as per notified rates of Coal India only, irrespective of its actual cost, till award of Coal Linkage. Further since PPA / regulations doesn't contain any clause which restricts the Company in claiming RoE as a component to Fixed Charges and order as given by UPERC is not as per the provisions of PPA / regulatory provisions in place. Considering the fact that legal recourse is available to the Company and appeal has been filed before APTEL where all pleadings have been filed and now the matter is pending for further hearing. The amount outstanding lying in "Trade receivable" amounted Rs.3,949.03 million.

- 5** The Unaudited Restated Proforma Consolidated Financial Information of the Company for the year ended and period ended 31 March 2018 and 31 December 2018 are prepared and presented as follows:-

- (a) The Restated Proforma Consolidated Financial Information as at and for the nine months period ended 31 December 2018 and for year ended 31 March 2018 have been compiled by the Management from the Restated Consolidated Financial Information of the Company and from the Restated Standalone Financial Information of LPGCL, that have been specifically prepared to comply in all material respects with the requirements of section 26 of Part I of Chapter III of the Companies Act ,2013 as amended ('the Act'), the SEBI ICDR Regulations and Guidance Note on Report in Company Prospectus (Revised 2019) issued by Institute of Chartered Accountants of India, for inclusion in the Draft Red Herring Prospectus (DRHP) to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with the proposed Initial Public Offering ('IPO') of equity shares of the Company and an offer for sale by certain of its shareholders.

- (b) All amounts have been rounded off to the nearest million with two decimals, unless otherwise indicated.

- 6** As this point in time, any acquisition price in respect of the proposed acquisition cannot be ascertained. The following Proforma adjustments have made in the Unaudited Restated Proforma Consolidated financial information :

- (a) For the purpose of Unaudited Restated Proforma Consolidated Financial information, BEL would be raising fund of 51,500 million. One of the object of the issue is to acquire 79.31% stake in LPGCL using 49,720 million.
- (b) The goodwill has been calculated based on the fair value of net asset of LPGCL acquired as at 31, December 2018.

Accordingly, an amount of INR 204.67 Millions being the excess of the aggregate of the purchase consideration for the acquisition over its fair value of assets and liabilities acquired has been recognised as goodwill on consolidation.

Further, the goodwill computed above is based on provisional purchase price allocation ("PPA") available with the Company.

The Company shall be using the services of an external expert to carry out a detailed PPA of the purchase consideration paid to the shareholders of LPGCL. Consequently, the values of assets and liabilities acquired and the resultant goodwill could be materially different once the PPA valuation is completed. The final allocation could differ materially from the preliminary allocations used in the proforma adjustments. The final allocation may include (1) changes in fair values of property, plant and equipment, (2) changes in allocations to intangible assets such as trade names, technology as well as goodwill and (3) other changes to assets and liabilities.

- (c) In case of Restated Proforma Consolidated Statement of Assets and Liabilities, respective proforma adjustments assumes the transactions to acquire the equity
- (d) In case of Restated Proforma Consolidated Statement of Profit and Loss, respective proforma adjustments assumes the transactions to acquire the equity shares of LPGCL to be occurred at the beginning of the relevant year for which the Proforma Statement of Profit and Loss has been presented i.e. 1 April 2017.

- (e) Assumed that transactions would result into acquisition of 100% stake in proposed subsidiary and there would not be any minority interest as at reporting date;
- (f) Eliminations are effected for the intragroup balances and transactions, the nature of which mainly include other receivables and investments.
- (g) Other than those mentioned above, no additional adjustments have been made to the Restated Proforma Financial Information to reflect any trading results or other transactions of the Company or the acquired company entered in to subsequent to 31 December 2018 and 31 March 2018 respectively.
- (h) Transaction cost incurred in connection with the IPO shall not have material impact on the proforma financial information.

**7 Significant note on revenue recognition in LPGCL (Refer Note 4(C))**

- (a) The Final tariff order is yet to be approved from Hon'ble UPERC. In the interim, LPGCL as per its accounting policy has recognised its revenue on provisional basis in respect of capacity charges based on project cost actually incurred as of reporting date during respective financial year/period.
- (b) LPGCL had earlier received a tariff order passed by Hon'ble Uttar Pradesh Electricity Regulatory Commission (UPERC) dated 27th November'2015 which allows for recovery of capacity charges @ Rs. 1.88/kWh and energy charges @ Rs. 2.95/kWh on provisional basis. On the basis of revised tariff petition filed by LPGCL, based on project cost incurred upto 30th September'2015, UPERC vide its order dated 07th March'2018 upward revised the recovery of capacity charges from Rs. 1.88/kWh to Rs. 2.24/kWh on provisional basis with retrospective effect from the date of COD of Unit#2 i.e. 14th October'2016. LPGCL is raising monthly sale invoices in respect of capacity charges on M/s Uttar Pradesh Power Corporation Limited (UPPCL) accordingly.
- (c) As per the UPERC regulations, recovery of capacity charges is calculated based on the project cost incurred. As per its accounting policy, LPGCL has been recognising its revenue in respect of capacity charges equivalent to 95% of tariff as calculated based on prevalent UPERC regulations. However, LPGCL has billed the capacity charges @ 2.24/kWh which is provisionally approved tariff decided based on project cost incurred till 30th September,2015. In line with the accounting policy, LPGCL has recognised additional revenue during the period ended December 31, 2018 - Rs. 802.67 Million, and March 31, 2018 - Rs. 4,171.83 Million.
- (d) As per the regulatory provisions / terms & conditions of PPA, income tax paid on income generated from its core business i.e. generation of electricity shall be permitted to be recovered from beneficiaries. Further regulatory provisions / terms & conditions of PPA also provides for reimbursement of expense towards regulatory fee, payment to pollution control board, cost of water and water cess shall be paid additionally at actuals. Accordingly during period ended December 31, 2018 - Rs. 71.34 Million and March 31, 2018 - Rs. 51.33 Million has been recognised as part of revenue.
- (e) During the financial year 2017-18 there had been turbine break down due to blade failure. LPGCL has already lodged its claim before the insurance company for a total value of Rs. 1,995.65 Million towards loss of profit as per insurance policy in place and on account of material damage. Said claim is under process by the insurance company. Compensation from the insurance company for the loss of profit and plant & equipment will be included in the statement of Profit and Loss in subsequent years when no significant uncertainty of ultimate collection exists.

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

**For and on behalf of Board of Bajaj Energy Limited**

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Chief Financial Officer  
Membership No. 074855

**Alok Desai**  
Company Secretary  
Membership No. ACS 21315

Mumbai, April 1, 2019

Mumbai, April 1, 2019

## **SECTION VII: LEGAL AND OTHER INFORMATION**

### **OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

*Except as stated in this section, there are no outstanding (i) criminal proceedings, (ii) actions taken by statutory or regulatory authorities, (iii) claims related to direct and indirect taxes, and (iv) material litigation, in each case involving our Company, LPGCL, our Promoters or our Directors.*

*In relation to criminal proceedings, taxation matters, disciplinary actions and actions by statutory or regulatory authorities involving our Company, LPGCL, our Promoters or our Directors, no materiality threshold has been applied.*

*There are no outstanding disciplinary actions, including any penalty imposed by SEBI or stock exchanges, against the Promoters in the last five financial years.*

*In relation to any legal proceeding involving our Company, LPGCL, our Promoters or our Directors or any other person, where the monetary liability is not quantifiable, but where the outcome of such legal proceedings could have a material adverse effect on the business, operations, financial position or reputation of our Company, would be considered material.*

*In relation to material litigation where monetary liability is quantifiable, our Board in its meetings held on March 22, 2019 has considered and adopted a policy of materiality for identification of material litigation. In terms of the materiality policy adopted by our Board, all outstanding litigation:*

- (a). *involving our Company or LPGCL, which individually is equivalent or exceeds two per cent of the revenue, profits after tax or net worth of our Company (whichever is lower), based on the Restated Consolidated Financial Information for Fiscal 2018, has been considered as material. The revenue of our Company for Fiscal 2018 is ₹ 8,976.25 million, profit after tax of our Company for Fiscal 2018 is ₹ 416.82 million and the net worth as at March 31, 2018 is ₹ 12,543.46 million. Accordingly, all outstanding litigation involving our Company or LPGCL, as the case may be, in which the amount involved exceeds ₹ 8.34 million has been considered as material.*
- (b). *involving our Promoters:*
  - i) *in the case of BPVPL, which individually is equivalent to or exceeds two per cent of the revenue, profit after tax or net worth of BPVPL (whichever is lower), based on the audited consolidated financial statements for Fiscal 2018, has been considered as material. The revenue of BPVPL for Fiscal 2018 is ₹ 64,926.81 million, profit after tax of BPVPL for Fiscal 2018 is ₹ 133.19 million, and the net worth as at March 31, 2018 is ₹ 41,377.39 million. Accordingly, all outstanding litigation involving BPVPL in which the amount involved exceeds ₹ 2.66 million has been considered as material.*
  - ii) *who are natural persons, all outstanding litigation where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of our Company has been considered as material.*
- (c). *involving our Directors, all outstanding litigation where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of our Company has been considered as material.*

#### **I. Litigation involving our Company**

##### **Litigation filed against our Company**

###### *Civil cases*

1. Our Company filed five petitions before the Uttar Pradesh Electricity Regulatory Commission (“UPERC”) for, amongst others, the determination of capital costs involved in operating certain power plants by our Company and the tariff to be charged for supply of electricity generated at such power plants. The UPERC passed an order dated May 24, 2017 (the “Order”) fixing, amongst others, the tariff to be paid for utilisation of electricity generated at the power plants operated by our Company in Uttar Pradesh and directed our Company to seek prior approval of UPERC before undertaking any additional capital expenditure on its generating stations. Subsequently, a consumer aggrieved by the Order has filed an appeal before APTEL under Section 111 of the Electricity Act, 2003, praying that the Order be set aside. The matter is currently pending.

2. Certain persons (“Petitioners”) have filed petitions against our Company before authorities such as Deputy Labour Commissioner at Gonda and Labour Commissioner, Khiri in relation to payment of unpaid wages and compensation under Workmen’s Compensation Act, 1923, respectively. The aggregate amount involved in these matters is ₹ 5.26 million. The matters are currently pending.
3. Certain persons (“Petitioners”) have filed petitions against our Company before the Civil Judge, Junior Division at Utraula seeking permanent and temporary injunctions from erecting electric tower pole and passing high tension wire over the Petitioners’ land. Our Company has filed its objections against the applications for injunctions filed by the Petitioners. These matters are currently pending.
4. The Divisional Forest Officer, Forest and Wild Life Section, Shahjahanpur (the “DFO”) has written a letter dated September 25, 2018 to the District Collector, Shahjahanpur, stating that our Company imported coal into the state of Uttar Pradesh (the “State”) and transported it within the State between December 24, 2011 and November 27, 2013. The DFO accordingly proposed that goods in transit / transportation charges amounting to ₹ 68.19 million be levied on our Company in relation to the aforementioned activities, in accordance with Section 82 of the Indian Forest Act, 1927. Through letters dated September 29, 2018 and October 30, 2018, our Company has made an upfront payment of ₹ 34.10 million and undertaken to pay the balance amount in instalments. This matter is currently pending.
5. Uttar Pradesh Power Corporation Limited (“UPPCL”) issued a demand notice dated January 5, 2019 (the “Demand Notice”) to our Company, claiming its share in our Company’s financial gains for Fiscals 2015, 2016, 2017, 2018 and 2019 (up to the nine months ended December 31, 2018), pursuant to regulation 6(6) of the Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulations, 2014. Our Company responded to the demand notice through a letter dated January 8, 2019, stating that the Demand Notice did not specify the basis of UPPCL’s analysis for the amounts claimed in respect of Fiscal 2019. UPPCL has responded to our letter on January 9, 2019, and subsequently filed a petition before the Uttar Pradesh Electricity Regulatory Commission for the recovery of the claimed amounts. The amount involved in this matter is ₹ 111.30 million. This matter is currently pending.

*Taxation matters*

Sr. No.	Particulars	Number of matters	Total amount involved (in ₹ million)	Indicative causes of action
1.	Direct Tax	4	86.55	Surveys were conducted under Section 133-A of the Income Tax Act by the Assistant Commissioner of Income Tax (TDS) to verify compliance of TDS provisions. Our Company was directed to pay certain amounts as income tax including interest as short deduction under Section 194J of the Income Tax Act for Fiscal 2012 and Fiscal 2013. Further, income tax demand notices were received for Fiscal 2013 in relation to the interest amount to be paid under Sections 234(b) and 234(c) of the Income Tax Act.
2.	Indirect Tax*	3	10.52	Demand has been raised by the tax authorities for payment of excise duty on fly ash used by our Company.

\* One indirect tax matter in relation to payment of differential customs duty is disclosed below.

One indirect tax matter against our Company individually involves an amount exceeding ₹ 8.34 million and is considered material by our Company.

1. The Additional Director General, Directorate of Revenue Intelligence, Lucknow (the “Authority”) issued a show cause notice to our Company dated March 19, 2013 (the “SCN”), in relation to payment of differential customs duty on the import of coal by our Company. Through an order dated March 26, 2014 (the “Impugned Order”), The Commissioner of Customs, Kandla, upheld the levy of differential customs duty on our Company of ₹ 8.53 million and imposed a penalty amounting to ₹ 1 million. Subsequently, our Company has filed an appeal against the Impugned Order before the Customs Excise and Service Tax Appellate Tribunal, Ahmedabad. The amount involved in the matter is ₹ 9.53 million. The matter is currently pending.

## **Litigation filed by our Company**

### *Criminal cases*

1. Anand Singh (the “**Accused**”), issued certain cheques in favour of our Company. When presented to the bank on which these cheques were drawn, the cheques were dishonoured with the remark that the amounts of the cheques were in excess of the amounts the bank could pay from the Accused’s accounts. Our Company consequently issued demand notices dated January 25, 2019 and February 8, 2019 (“**Demand Notices**”) on the Accused for the repayment of the demanded amounts. Since the Accused failed to make payments within 15 days of the Demand Notices, our Company has filed three criminal complaints under section 138 of the Negotiable Instruments Act, 1881 before the Additional Chief Judicial Magistrate II, Gautam Budh Nagar. These matters are currently pending.

### *Civil cases*

1. Our Company has filed a civil suit against certain persons (the “**Defendants**”) before the Civil Judge (Senior Division) at Shahjahanpur (the “**Court**”), alleging illegal interference by the Defendants with the possession of a certain parcel of land currently under the possession of our Company. Our Company prayed for the grant of permanent injunctions against the Defendants to prevent them from interfering with the possession of the land. The Court by its order dated July 18, 2016 granted a temporary injunction. The amount involved in this matter is ₹ 11.90 million. The matter is currently pending.

### **Outstanding dues to creditors**

Our Board, in its meeting held on March 22, 2019 has considered and adopted a policy of materiality for identification of material outstanding dues to creditors (“**Materiality Policy**”). In terms of the Materiality Policy, creditors of our Company to whom an amount exceeding five per cent of our trade payables as at December 31, 2018 was outstanding, were considered ‘material’ creditors. As per the Restated Consolidated Financial Information, our trade payables as at December 31, 2018, was ₹ 839.12 million and accordingly, creditors to whom outstanding dues exceed ₹ 42.00 million have been considered as material creditors for the purposes of disclosure in this Draft Red Herring Prospectus.

Based on this criteria, details of outstanding dues owed as at December 31, 2018 by our Company are set out below:

Type of Creditors	Number of Creditors	Amount involved (in ₹ million)
Micro, Small and Medium Enterprises	Nil	Nil
Material creditors	6	666.78
Other creditors	378	172.34
<b>Total</b>	<b>384</b>	<b>839.12</b>

The details pertaining to amounts overdue to the material creditors are available on the website of our Company at [http://www.bajajenergy.com/index\\_inner.php?pid=81](http://www.bajajenergy.com/index_inner.php?pid=81).

## **II. Litigation involving our Promoters**

### **A. Litigation involving BPVPL**

#### *Taxation matters*

Sr. No.	Particulars	Number of matters	Total amount involved (in ₹ million)	Indicative cause of action
1.	Direct Tax	2	3.39	Income tax demand notices issued by the Income Tax Officer-3(1)(2), Mumbai and the Assistant Commissioner of Income Tax for Fiscal 2013 and Fiscal 2014, respectively, in relation to certain disallowances with respect to income tax payable by BPVPL through orders passed under section 143(3) of the Income Tax

Sr. No.	Particulars	Number of matters	Total amount involved (in ₹ million)	Indicative cause of action
				Act.

## B. Litigation involving our Individual Promoters

### Litigation filed against our Individual Promoters

#### *Criminal cases*

1. An FIR has been filed before the Chief Judicial Magistrate, Bijnor against, amongst others, Kushagra Bajaj, in relation to non-payment for the price of cane under the previously agreed conditions and the diversion of payments for the supply of cane for some other purpose. The matter is currently pending.
2. An FIR has been filed against, amongst others, Kushagra Bajaj (the “**Accused**”) alleging underweight measurement of sugarcane by the Accused at the sugarcane collection centre at Pichokra, Uttar Pradesh. Subsequently, a charge sheet has been filed against the Accused. An application under Section 482 of the Code of Criminal Procedure, 1973 for quashing the charge sheet was filed before the High Court of Allahabad, and proceedings before the Additional Chief Judicial Magistrate, Baghpat were stayed by the High Court of Allahabad. The matter is currently pending.
3. Awadhesh Kumar (the “**Complainant**”) filed a criminal complaint against Kushagra Bajaj and Shishir Bajaj (together, the “**Accused**”) before the 3<sup>rd</sup> Additional Chief Judicial Magistrate, Lakhimpur Kheri, under Sections 500 and 467 read with Sections 463 and 464 of the IPC and Sections 468, 471 and 193 read with Sections 192 and 211 of the IPC. The Complainant alleged that the Accused had filed a false and fictitious complaint against the Complainant which lasted for a period of 23 years. This matter is currently pending.
4. A notice was issued under Section 133 of the Code of Criminal Procedure, 1973 by the Sub-Divisional Magistrate, Raudhauli against, amongst others, Shishir Bajaj, pursuant to a complaint filed in relation to alleged encroachment of government land, construction of boundary wall over it and causing public nuisance. The matter is currently pending.
5. The Assistant Sugar Commissioner, Shamli (the “**Authority**”) filed a complaint against, amongst others, Kushagra Bajaj before the Court of the Chief Judicial Magistrate, Shamli under Section 22 of the Sugar Cane Act, 1953. The Authority filed the complaint on the basis of an earlier complaint alleging that cane price payments for the year 2017-18 had not been cleared within the specified time. This matter is currently pending.
6. A suit was filed before the High Court of Bombay, against, amongst others, Shishir Bajaj, to challenge, amongst others, the transfer of 34,696,250 equity shares of BHSL by Bachharaj & Company Private Limited to Rahul Bajaj and to re-convey the transferred shares. This matter is currently pending.
7. A company petition was filed before the National Company Law Tribunal, Mumbai against, amongst others, Shishir Bajaj, challenging, amongst others, the deed of transfer on December 24, 2008 of certain properties located on Bomanji Petit Road, Mumbai, by Bachharaj & Company Private Limited and others as partners of Bachhraj Trading Company to Shishir Bajaj. This matter is currently pending.

#### *Taxation matters*

Sr. No.	Particulars	Number of matters	Total amount involved (in ₹ million)	Indicative cause of action
<b><i>Taxation matters against Shishir Bajaj</i></b>				
1.	Direct tax	1	0.05	Income Tax demand notice for Fiscal 2016 was issued by the Deputy Commissioner of Income Tax, Bengaluru (“CIT”). An appeal has been filed before the Commissioner of Income Tax, Nagpur.
<b><i>Taxation matters against Kushagra Bajaj</i></b>				

Sr. No.	Particulars	Number of matters	Total amount involved (in ₹ million)	Indicative cause of action
1.	Direct tax	1	Nil	Income Tax demand notice for Fiscal 2008 issued by Deputy Assistant Commissioner of Income Tax, Wardha in relation to withdrawal of exemption of medical allowance under Section 17(2) of Income Tax Act, 1961. An appeal has been filed before the Commissioner of Income Tax, Nagpur.

### ***III. Litigation involving LPGCL***

#### **Litigation filed against LPGCL**

##### *Civil cases*

1. Various persons (“Petitioners”) have filed 52 petitions against LPGCL before the Additional District Judge, Lalitpur, under Section 18 of the Land Acquisition Act, 1894, alleging deficiency in payment of compensation by LPGCL in relation to acquisition of land on which the power plant of LPGCL is located from such Petitioners. The aggregate amount involved in these matters is ₹ 135.69 million. These matters are currently pending.
2. An application has been filed against, amongst others, LPGCL before the National Green Tribunal, Bhopal, opposing the establishment of a coal yard operated by LPGCL at Bargawan, Madhya Pradesh, alleging that such establishment will be hazardous to the health of the local community and the local economy. The matter is currently pending.
3. Certain persons have filed 11 civil cases against LPGCL relating to disputes over title of land under the possession of LPGCL, compensation for the acquired land, recovery of money, payment for supply of goods and non-payment of statutory wages by LPGCL under the Payment of Wages Act, 1936 before various authorities such as the Civil Judge (Senior Division), Lalitpur, Sub-Divisional District Magistrate, Lalitpur, the Deputy Labour Commissioner, Jhansi and the High Court of Allahabad. The aggregate amount involved in these matters is ₹ 19.75 million. These matters are currently pending.
4. Certain persons (“Petitioners”) have filed a civil writ petition against the State of Uttar Pradesh, LPGCL and others before the High Court of Allahabad, challenging acquisition of Petitioners’ lands in Burogaon village, Lalitpur, vide notification dated July 4, 2011 under Section 4 read with Section 17(1) and 17(4) of the Land Acquisition Act 1894 (“Act”) and notification dated November 2, 2011 under Section 6 read with Section 17 of the Act. The matter is currently unlisted and pending.
5. The Office of the District Collector, Lalitpur (Mining Section) (the “Authority”) has issued a notice dated November 28, 2018, directing LPGCL to furnish clarifications in relation to the alleged violation of section 4 of the Mines and Minerals (Development and Regulation) Act, 1957, and rule 3 of the Uttar Pradesh Minor Minerals (Concession) Rules, 1963, on account of excavation of red moorum from Government land. The Authority has raised a demand of ₹ 3.75 million as royalty and ₹ 18.75 million as cost of the minerals excavated. The aggregate amount involved in this matter is ₹ 22.50 million. This matter is currently pending.
6. Bharat Heavy Electricals Limited (“BHEL”) issued a letter dated October 29, 2018 to commence arbitration proceedings against LPGCL, in relation to amounts due to BHEL under supply and service contracts dated August 10, 2011 entered into between BHEL and LPGCL. BHEL also appointed its arbitrator to the proposed panel of arbitrators and directed LPGCL to appoint an arbitrator. Subsequently, BHEL has filed two petitions before the Delhi High Court (the “Court”) under Section 11 of the Arbitration and Conciliation Act, 1996 for the appointment of an arbitrator by LPGCL. This matter is currently pending.
7. Uttar Pradesh Power Corporation Limited (“UPPCL”) issued a demand notice dated January 5, 2019 (the “Demand Notice”) to LPGCL, claiming its share in LPGCL’s financial gains for Fiscals 2015, 2016, 2017, 2018 and 2019 (up to the nine months ended December 31, 2018), pursuant to regulation 6(6) of the Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulations, 2014. LPGCL responded to the demand notice through a letter dated January 8, 2019, stating that the Demand Notice did not

specify the basis of UPPCL's analysis for the amounts claimed in respect of Fiscal 2019. UPPCL has responded to LPGCL's letter on January 9, 2019, and subsequently filed a petition before the Uttar Pradesh Electricity Regulatory Commission for the recovery of the claimed amounts. The amount involved in this matter is ₹ 223 million. This matter is currently pending.

8. Melco India Private Limited (the “**Petitioner**”) has filed a petition before the Haryana Micro and Small Enterprises Facilitation Council, Chandigarh on December 27, 2018, claiming that LPGCL has failed to make payments for work conducted by the Petitioner pursuant to an operation and maintenance contract for ash handling entered into by the Petitioner and LPGCL. The amount involved in this matter is ₹ 13.20 million, out of which ₹ 8.71 million has already been provided in books appearing as trade payable. This matter is currently pending.

#### *Taxation matters*

Sr. No.	Particulars	Number of matters	Total amount involved (in ₹ million)	Indicative causes of action
1.	Direct Tax	6	222.65	Surveys conducted under Section 133-A of the Income Tax Act by the Assistant Commissioner of Income Tax (TDS) to verify compliance of TDS provisions for Fiscals 2013 and 2014. Further, Income tax demand notices and penalty show cause notices for Fiscals 2013, 2014, 2015 and 2016 issued by the Assistant Commissioner of Income Tax, Range 3, Mumbai to pay certain additional amounts as income tax.
2.	Indirect Tax	1	8.27	Claim for the refund of excise duty under sections 11B(2) and 12B of the Central Excise Act, 1944 and section 142(3) of the Central Goods and Services Tax Act, 2017

#### *Regulatory Actions*

1. On the application of Action for Vigilance and Knowledge for Empowerment (“**AVAKE**”), the National Green Tribunal (the “**NGT**”) directed the Ministry of Environment, Forest and Climate Change (the “**Ministry**”) through its order dated August 29, 2018 (the “**Order**”), to constitute a joint inspection team and investigation into alleged violation of conditions of environmental clearance including LPGCL’s legal obligations in relation to usage, consumption and treatment of fresh water, non-disclosure of relevant data on LPGCL’s website and violation of requirements of green belt plantation around LPGCL’s power plant. Pursuant to the Order, the Ministry furnished reports dated October 12, 2018 and December 11, 2018 (together, the “**Reports**”). Through an order dated December 17, 2018 (the “**Second Order**”), the NGT directed the UPPCB to furnish a copy of the Reports to LPGCL with a further direction that LPGCL should comply with the deficiencies found during inspection. The NGT has directed the submission of a compliance report within two months of the Second Order. The matter is currently pending.
2. The Directorate of Revenue Intelligence, Lucknow Zonal Unit wrote a letter dated November 26, 2012 (the “**DRI Letter**”) to the Enforcement Directorate, Delhi Zone in relation to the import of certain drawings and designs for the construction of the LPGCL Power Plant (the “**Imported Products**”) from Carbery Infrastructure Pte Ltd, Singapore (“**Cipl**”). The DRI Letter alleged that the Imported Products were originally made in India, sent to Singapore and then imported into India by LPGCL, showing CIPL as the exporter. The DRI Letter further alleged that the Imported Products had been overvalued by LPGCL in the process of importing them into India, and such overvaluation was in violation of the Customs Act, 1962 and FEMA. On the basis of the DRI Letter, the Assistant Director, Directorate of Enforcement (FEMA), Lucknow Zonal Office filed a complaint dated May 21, 2015 (the “**Complaint**”) before the Directorate of Enforcement, Department of Revenue, Ministry of Finance, Government of India (the “**ED**”), alleging that LPGCL may be in violation of section 10(6) and section 42 of FEMA and regulation 6(1) of the Foreign Exchange Management (Realization, Repatriation and Surrender of Foreign Exchange) Regulations, 2000. The ED subsequently issued a notice dated June 17, 2015 to, amongst others, LPGCL to show cause as to why inquiry proceedings under FEMA should not be conducted. This matter is currently pending.

## **Litigation filed by LPGCL**

### *Criminal Cases*

1. LPGCL has filed a complaint against certain persons (the “**Defendants**”) before the Additional Chief Judicial Magistrate, Gautam Budh Nagar under Sections 499 and 500 of the Indian Penal Code alleging that the Defendants have made certain defamatory statements against LPGCL. This matter is currently pending.
2. Certain officers of LPGCL have filed a total of three FIRs on behalf of LPGCL against certain persons (the “**Accused**”) before the Lalitpur police station under various sections of the Indian Penal Code, 1860 in relation to, amongst others, defamation, trespass, vandalism, assault, abduction and theft, allegedly committed by the Accused. These matters are currently pending.

### *Civil Cases*

1. LPGCL and Uttar Pradesh Power Corporation Limited (“**UPPCL**”) filed petitions before the Uttar Pradesh Electricity Regulatory Commission (“**UPERC**”) in relation to, amongst other matters, an agreement dated November 4, 2015 entered into between LPGCL and UPPCL (the “**Agreement**”). The Agreement stated, amongst others, that fixed charge and energy charge shall be calculated on an actual generation basis and not through the availability based mechanism until LPGCL is able to obtain the long term coal linkage required to be obtained under the power purchase agreement dated December 10, 2010 entered into between LPGCL and UPPCL. In relation to the petition filed by LPGCL, UPERC passed an order dated September 21, 2016 (the “**LPGCL Order**”) directing, amongst others, that UPPCL will pay LPGCL based on actual generation, LPGCL will not be entitled to return on equity during the period of application of the LPGCL Order and LPGCL will not be entitled to receive road transport charges from UPPCL. Aggrieved by the LPGCL Order, LPGCL and UPPCL filed review petitions before the UPERC under Regulation 150 read with Regulation 156 and 159 of the UPERC (Conduct of Business) Regulations, 2004 for modification of the LPGCL Order. Through a common order dated October 17, 2018 (the “**Review Order**”), UPERC partially reinstated the LPGCL Order and held, amongst others, that the issue regarding return on equity is not maintainable and that the terms of the Agreement shall govern the legal relationship between LPGCL and UPPCL between October 1, 2015 and January 4, 2017. Aggrieved by the Review Order, LPGCL has filed an appeal before APTEL. The amount involved in the matter is ₹ 17,422.83 million. The matter is currently pending.
2. The District Magistrate, Lalitpur (the “**Authority**”), through an order dated April 25, 2012 (the “**DM Order**”), raised a demand on LPGCL as royalty due on excavation of minerals. LPGCL filed an appeal before the Divisional Commissioner, Jhansi (the “**DCJ**”). Pursuant to an order of the DCJ dated May 23, 2012 (the “**DCJ Order**”), the DM Order was set aside. Subsequently, the Authority filed a revision petition before the Principal Secretary, Department of Mines and Minerals, Government of Uttar Pradesh (the “**Principal Secretary**”) against the DCJ Order. Through an order dated February 13, 2014 (the “**Impugned Order**”), the Principal Secretary determined that LPGCL was liable to pay royalty amounting to ₹ 8.44 million towards the use of mines and minerals in setting up of its power projects. Aggrieved by the Impugned Order, LPGCL filed a writ petition before the High Court of Allahabad. The amount involved in this matter is ₹ 8.44 million. The matter is currently pending.
3. LPGCL has filed two cases relating to matters of succession and deficiency of stamp duty before several authorities, such as the Sub-Divisional Magistrate, Lalitpur and the Assistant Inspector General of Stamps, Jhansi, respectively. The aggregate amount involved in these matters is ₹ 0.11 million. These matters are currently pending.
4. LPGCL filed a petition against UPPCL before UPERC under section 86(1)(f) read with other relevant provisions of Electricity Act, 2003, praying for, amongst others, direction to UPPCL to ensure that Central Institute of Mining and Fuel Research (“**CIMFR**”), an independent third party government agency to be appointed by UPPCL for sampling of coal, provides LPGCL with certain additional data and to not use the results of analysis of coal by CIMFR for energy billing unless certain concerns are duly addressed. UPPCL has filed its reply to the petition to UPERC. The matter is currently pending.
5. LPGCL filed a petition against UPPCL before UPERC under sections 86(1)(b) and 86(1)(f) of the Electricity Act, 2003, praying for, amongst others, compensation for LPGCL for the loss of fixed charges and availability amounting to ₹ 11,080 million, strict compliance of UPERC with its obligations under the relevant PPA executed with LPGCL, future payments to be made to LPGCL through the escrow mechanism set out in the relevant PPA, and the establishment of a mechanism to ensure timely recovery of power purchase bills raised by LPGCL. The

matter is currently pending.

6. LPGCL filed a petition against, amongst others, UPPCL before UPERC under section 86(1)(f) of the Electricity Act, 2003, praying for interim relief, including, the quashing of preliminary default notices dated January 25, 2019, February 4, 2019, February 8, 2019 and February 27, 2019 which were issued by UPPCL in order to conduct certain enquires into the affairs of LPGCL. The matter is currently pending.
7. LPGCL filed a petition before UPERC (the “**Tariff Petition**”) under sections 62 and 86(1)(a) of the Electricity Act, 2003 read with UPERC (Conduct of Business) Regulations, 2004 for the approval of final tariff for the LPGCL Power Plant from the date of commercial operation, being October 1, 2015, October 14, 2016 and December 23, 2016, in relation to units 1, 2 and 3, respectively, of LPGCL, until March 31, 2019. In the Tariff Petition, LPGCL has sought approval of ceiling capital cost of ₹ 177,609.50 million and reimbursement of bank charges of ₹ 338.10 million incurred until March 31, 2019 towards bank guarantees for availing benefits under Mega Power Policy. By an order dated March 7, 2018, the UPERC has approved 95% of the capital cost of ₹ 142,692.40 million for the purpose of provisional tariff determination of unit 2. The matter is currently pending.

#### **IV. *Litigation involving our Directors***

##### ***Litigation involving Kushagra Bajaj***

For details of litigation involving Kushagra Bajaj, please see the section entitled “– *Litigation involving our Promoters – Litigation filed against our Individual Promoters – Taxation matters*” on page 312.

#### **V. *Material Developments***

Other than as stated in the section entitled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 259, there have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

## **GOVERNMENT AND OTHER APPROVALS**

*We have provided below an indicative list of approvals required by us for our power assets which are considered material and necessary for undertaking the business activities and operations of our Company and its Associate. In view of these material approvals, our Company can undertake this Offer and our Company and its Associate can undertake their respective business activities. In relation to power assets, there are (i) no approvals applied for but not received; and (ii) no approvals for which applications are yet to be made.*

*For details in relation to incorporation of our Company, please see the section entitled “History and Other Corporate Matters” on page 130.*

### ***Material approvals in relation to our business operations***

We require various approvals for carrying on our business operations. The material approvals that we require include the following:

1. Consent to operate under the Air (Prevention and Control of Pollution) Act, 1981 issued by the Uttar Pradesh Pollution Control Board;
2. Consent to operate under the Water (Prevention and Control of Pollution) Act, 1974 issued by the Uttar Pradesh Pollution Control Board;
3. No objection certificate under the Air (Prevention and Control of Pollution) Act, 1981 and the Water (Prevention and Control of Pollution) Act, 1974 issued by the Uttar Pradesh Pollution Control Board;
4. Environmental clearance for environmental impact assessment under the Environment (Protection) Act, 1986 issued by the State Level Environment Impact Assessment Authority, Uttar Pradesh;
5. Authorization for generation, storage and disposal of hazardous waste issued by the Uttar Pradesh Pollution Control Board;
6. No objection certificate for withdrawal of ground water issued by the Central Ground Water Authority, Ministry of Water Resources, Government of India;
7. No objection certificate for storage of petroleum issued by the Petroleum and Explosives Safety Organization, Ministry of Commerce and Industry, Government of India;
8. No objection certificate under the Forest (Conservation) Act, 1980 issued by the Office of the Divisional Forest Officer;
9. No objection certificate for fire safety issued by Office of the Chief Fire Brigade, Uttar Pradesh; and
10. Registration and license to work a factory under the Factories Act, 1948 issued by the Labour Department, Uttar Pradesh.

Our thermal power assets become operational upon receipt of the certificate of declaration of commercial operations date. These certificates are granted by the relevant authorities as indicated above only upon receipt of certain approvals during the under construction stage, including: (i) environmental clearance for environmental impact assessment under the Environment (Protection) Act, 1986 issued by the State Level Environment Impact Assessment Authority, Uttar Pradesh; (ii) no objection certificate for withdrawal of ground water issued by the Central Ground Water Authority, Ministry of Water Resources, Government of India; (iii) no objection certificate for height clearance issued by the Airports Authority of India, and for certain cases, from the Ministry of Defence, Government of India; (iv) no objection certificate under the Air (Prevention and Control of Pollution) Act, 1981 and the Water (Prevention and Control of Pollution) Act, 1974 issued by the Uttar Pradesh Pollution Control Board; and (v) no objection certificate under the Forest (Conservation) Act, 1980 issued by the Office of the Divisional Forest Officer.

## OUR GROUP COMPANIES

*In terms of the SEBI ICDR Regulations, Group Companies include companies (other than our Corporate Promoter) with which there were related party transactions as disclosed in the Restated Consolidated Financial Information, as covered under the applicable accounting standards, and also other companies as considered material by our Board. Pursuant to resolution of our Board dated March 6, 2019, for the purposes of disclosure in connection with the Offer, a company shall be considered material and disclosed as a ‘Group Company’ in the event (a) a company is considered to be a related party of our Company in accordance with applicable accounting standards, in terms of the Restated Consolidated Financial Information for the nine months ended December 31, 2018 and Fiscals 2018, 2017 and 2016 (except such companies that are consolidated in accordance with the applicable accounting standard and our Promoters) and with which our Company has transactions with as of date; and (b) such a company is material according to the Board.*

The following companies are our Group Companies:

1. Abhitech Developers Private Limited;
2. Bajaj Aviation Private Limited;
3. Bajaj Consumer Care Limited;
4. Bajaj Hindusthan Sugar Limited;
5. Bajaj Infrastructure Development Company Limited; and
6. Lalitpur Power Generation Company Limited.

**A. *The details of the top five Group Companies***

The details of our top five Group Companies (based on market capitalisation one month prior to the date of this Draft Red Herring Prospectus, in the case of our listed Group Companies and turnover, in the case of unlisted Group Companies) are provided below:

**1. Bajaj Consumer Care Limited (“Bajaj Consumer Care”)**

*Corporate Information*

Bajaj Consumer Care was originally incorporated as Bhaumik Agro Products Private Limited on April 25, 2006 at Mumbai as a private limited company under the Companies Act, 1956. Subsequently, the name was changed to Bajaj Corp Private Limited and a fresh certificate of incorporation consequent to the change in its name was issued on September 11, 2007 by the Registrar of Companies, Maharashtra, at Mumbai. Thereafter, it was converted from a private limited company to a public limited company and its name was changed to Bajaj Corp Limited. Consequent to conversion to a public limited company, a fresh certificate of incorporation was issued on October 16, 2007 by the Registrar of Companies, Maharashtra, at Mumbai. Thereafter, the registered office of Bajaj Consumer Care was shifted from the State of Maharashtra to the State of Rajasthan pursuant to an order of Regional Director (WR), Mumbai dated February 13, 2015 which was registered by Registrar of Companies, Rajasthan, at Jaipur through a certificate of registration dated March 10, 2015. Thereafter, its name was changed to Bajaj Consumer Care Limited and a fresh certificate of incorporation consequent to the change in its name was issued on January 1, 2019 by the Registrar of Companies, Maharashtra, at Mumbai.

Bajaj Consumer Care is engaged in the manufacturing and trading of hair oils, cosmetics, toiletries and other personal care products.

*Interest of our Promoters*

Our Promoters, directly or indirectly, hold 88,525,000 equity shares amounting to 60.02% of the total issued and paid-up equity share capital of Bajaj Consumer Care.

*Financial Performance*

The following table provides details of the audited financial results of Bajaj Consumer Care for Fiscals 2018, 2017 and 2016:

(in ₹ million, except per share data)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Equity Capital	147.50	147.50	147.50
Reserves (excluding revaluation reserves)	4,906.08	4,870.23	4,710.69
Sales	8,312.13	7,925.39	7,958.56
Profit/(Loss) after Tax	2,162.70	2,209.58	1,979.87
Earnings per share (basic) (in ₹)	14.66	14.98	13.42
Earnings per share (diluted) (in ₹)	14.66	14.98	13.42
Net asset value per share (in ₹)	34.26	34.02	32.94

*Notes:*

The figures in respect of financial year 2018 are based upon the audited Ind AS financial statements for financial year ended March 2018. Further figures in respect of financial year 2017 and 2016 are based upon the audited Ind AS financial statements for financial year ended March 2017.

*Share price information*

The equity shares of Bajaj Consumer Care are listed on BSE and NSE.

The monthly high and low of the closing market price of the equity shares of Bajaj Consumer Care during the preceding six months are provided below:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
March, 2019	367.00	308.00	369.40	307.80
February, 2019	363.00	342.50	360.00	342.85
January, 2019	398.00	335.30	397.20	334.00
December, 2018	380.05	340.20	381.40	340.00
November, 2018	372.10	343.10	374.00	341.75
October, 2018	423.45	342.00	425.65	342.15

Source: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

The closing market price of the equity shares of Bajaj Consumer Care as on April 4, 2019 on BSE and NSE was ₹ 317.50 and ₹ 317.95 per equity share, respectively.

The market capitalisation of Bajaj Consumer Care as of April 4, 2019 was ₹ 4,683.13 million (as per BSE).

## 2. Bajaj Hindusthan Sugar Limited (“BHSL”)

*Corporate Information*

BHSL was originally incorporated as The Hindusthan Sugar Mills Limited on November 24, 1931 as a public limited company under the Indian Companies Act, 1913. Subsequently, the name of the company changed to Bajaj Hindusthan Limited and a fresh certificate of incorporation consequent to change of name was issued on June 27, 1988 by the Registrar of Companies, Bombay. Thereafter the registered office of BHSL was shifted from the State of Maharashtra to the State of Uttar Pradesh pursuant to an order of Regional Director (WR), Mumbai dated February 17, 2014 which was registered by the RoC through a certificate of registration dated August 6, 2014. Its name was further changed to Bajaj Hindusthan Sugar Limited and a fresh certificate of incorporation consequent to the change in name was issued on January 30, 2015 by the RoC.

BHSL is engaged in the business of manufacturing sugar, industrial alcohol and co-generation of power from bagasse.

*Interest of our Promoters*

Our Promoters, directly or indirectly, hold 174,943,422 equity shares amounting to 15.43% of the total paid-up equity share capital of BHSL.

### *Financial Performance*

The following table provides details of the audited financial results of BHSL for Fiscals 2018, 2017 and 2016:

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Equity Capital	1,100.68	1,100.68	1,083.94
Reserves (excluding revaluation reserves)	33,074.37	37,308.47	36,885.58
Sales	59,383.77	46,186.38	48,826.18
Profit/(Loss) after Tax	(4,231.89)	74.05	(1,197.90)
Earnings per share (basic) (in ₹)	(3.84)	0.07	(1.35)
Earnings per share (diluted) (in ₹)	(3.84)	0.07	(1.35)
Net asset value per share (in ₹)	31.05	34.90	35.03

*Notes:*

- The figures in respect of financial year 2018 are based upon the audited Ind AS financial statements for financial year ended March 2018. Further figures in respect of financial year 2017 and 2016 are based upon the comparative numbers given in the audited Ind AS financial statements for financial year ended March 2017.
- Share capital excludes treasury shares of Rs 32.88 million
- NAV per share has been arrived by TNW/(Share capital net of treasure share)

Except as disclosed below, there are no significant notes of the auditors in relation to the aforementioned financial statements for the last three Fiscals:

- (i) BHSL has incurred losses in Financial Year 2018 and in past years resulting into reduction of considerable net worth to that extent. As at the year end, BHSL has overdue instalments of certain debts and dues payable to farmers for sugar cane purchases. The above factor indicates a material uncertainty, which may cast significant doubt about the BHSL's ability to continue as a going concern. However, based on the various corrective measures taken by BHSL including the restructuring of debts as stated in the said note, management is of the view that going concern of the accounting is appropriate.
- (ii) In Financial Year 2016, it was noted that BHSL carries an investment of ₹ 6,937.20 million by way of beneficial interest in BHL security trust and an investment in preference shares and debentures issued by Phenil Sugars Limited amounting to ₹ 7,205.20 million. The realisable value of such investments has reduced substantially. However, being long term investments, no provision was made for permanent diminution of investments.
- (iii) In Financial Year 2018, it was noted that optionally convertible debentures issued to the lenders of BHSL under an S4A scheme carried yield to maturity to be paid at agreed yield rate as premium at the time of redemption. The optionally convertible debentures provided lenders with a right to convert the outstanding optionally convertible debentures into equity shares of BHSL at a price determined in accordance with applicable laws (including SEBI ICDR Regulations). Since premium to be paid is contingent on the occurrence of the event of redemption of optionally convertible debentures, the yield to maturity of ₹ 1,108.70 million from the date of allotment of optionally convertible debentures till the year end is treated as a contingent liability and would be accounted for as finance cost at the time of redemption of respective optionally convertible debentures.

### *Share price information*

The equity shares of BHSL are listed on BSE and NSE.

The monthly high and low of the closing market price of the equity shares of BHSL during the preceding six months are provided below:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
March, 2019	9.44	7.35	9.40	7.25
February, 2019	9.09	6.76	9.10	6.80
January, 2019	9.60	7.30	9.60	6.65
December, 2018	10.14	8.62	10.15	8.50
November, 2018	12.09	9.41	12.15	9.40

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
October, 2018	12.00	7.47	11.45	7.55

Source: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

The closing market price of the equity shares of BHSL as on April 4, 2019 on BSE and NSE was ₹ 8.14 and ₹ 8.15 per equity share, respectively.

The market capitalisation of BHSL as of April 4, 2019 was ₹ 922.72 million (as per BSE).

### 3. Bajaj Infrastructure Development Company (“BIDCO”)

#### *Corporate Information*

BIDCO was originally incorporated as Brahmavijay Properties Private Limited on June 16, 2006 at Mumbai, as a private limited company under the Companies Act, 1956. Subsequently, its name was changed to Bajaj Infrastructure Development Company Private Limited and a fresh certificate of incorporation consequent to the change in its name was issued on May 14, 2007 by the Registrar of Companies, Maharashtra at Mumbai. Thereafter, it was converted from a private limited company to a public limited company and its name was changed to Bajaj Infrastructure Development Company Limited and a fresh certificate of incorporation consequent to conversion in to public limited company on June 27, 2007 by the Registrar of Companies, Maharashtra at Mumbai. Thereafter, the registered office of BIDCO was shifted from the State of Maharashtra to Delhi pursuant to an order of Company Law Board, Western Region, Mumbai dated May 13, 2011 which was registered by Registrar of Companies, National Capital Territory of Delhi and Haryana through a certificate of registration dated August 4, 2011. BIDCO is engaged in the business of providing all types of infrastructure facilities, whether as execution of engineering, procurement and construction (EPC) contracts or otherwise.

#### *Interest of our Promoters*

Our Promoters indirectly hold 12,072,960 equity shares amounting to 100% of the total paid-up equity share capital of BIDCO.

#### *Financial Performance*

The following table provides details of the audited financial results of BIDCO for Fiscals 2018, 2017 and 2016:

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Equity Capital	120.73	120.73	120.73
Reserves (excluding revaluation reserves)	2,681.68	3,112.72	3,066.23
Sales	617.95	1,370.39	4,655.10
Profit/(Loss) after Tax	56.35	42.39	141.97
Earnings per share (basic) (in ₹)	4.67	3.51	11.76
Earnings per share (diluted) (in ₹)	4.67	3.51	11.76
Net asset value per share (in ₹)	232.12	267.83	263.97

#### *Notes:*

The figures in respect of financial year 2018 and 2017 are based upon the audited Ind AS financial statements for the financial year ended March 2018. Further figures in respect of financial year 2016 are based upon the audited IGAAP financial statements for the financial year ended March 2016.

### 4. Lalitpur Power Generation Company Limited (“LPGCL”)

#### *Corporate Information*

LPGCL was incorporated on September 4, 2009 at Lucknow, Uttar Pradesh as a public limited company under the Companies Act, 1956 and certificate of commencement of business was issued by the Registrar of Companies, Uttar Pradesh & Uttarakhand dated November 20, 2009. LPGCL is engaged in the business of thermal power generation.

### *Interest of our Promoters*

Our Promoters, directly or indirectly, hold 54,497,000 equity shares of LPGCL amounting to 61.80% of the total issued and paid-up equity share capital of LPGCL.

### *Financial Performance*

For financial information in relation to LPGCL, please see the section entitled “*LPGCL Restated Financial Information*” on page 208.

Except as disclosed below, there are no significant notes of the auditors in relation to the aforementioned financial statements for the last three Fiscals:

- (i) For Financial Year 2018, it was noted that LPGCL has recognized revenue amounting ₹ 7,538.02 million in respect of availability loss of fixed tariff charges due to non-availability of coal as a consequence of abnormal delays in payments by Uttar Pradesh Power Corporation Limited (“UPPCL”). LPGCL will file a petition before Uttar Pradesh Electricity Regulatory Commission (“UPERC”) for recovery of said revenue loss from UPPCL. Pending the filing of petition, the Company has recognized the aforementioned revenue in the books of the account which is not in accordance with the Ind AS 18 “Revenue”. If this revenue had not been recognized in the books of account, total revenue from operation would have been reduced by ₹ 7,551.23 million and income tax, profit for the year and total equity would have been reduced by ₹ 13.21 million, ₹ 7,538.02 million and ₹ 7,538.02 million respectively.
- (ii) For Financial Year 2018, it was noted that LPGCL has recognized revenue amounting to ₹ 3,903.91 million for Financial Year 2018 and ₹ 804.30 million in Financial Year 2017 in respect of return of equity (“RoE”) which has been disallowed by Uttar Pradesh Electricity Regulatory Commission (“UPERC”) from the date of its order dated January 18, 2017 till the award of coal linkage by Government of India. LPGCL will file an appeal before APTEL towards the recovery of RoE. Pending the filing of appeal, the Company has recognized the aforementioned revenue in the books of the account which is not in accordance with the Ind AS 18 “Revenue”. Further, the Company has not provided the other receivable of ₹ 804.30 million towards RoE claim recognized in Financial Year 2017. If this revenue had not been recognized in the books of account, total revenue from operation would have been reduced by ₹ 3,917.12 million and income tax, profit for the year and total equity would have been reduced by ₹ 13.21 million, ₹ 4,708.21 million and ₹ 4,708.21 million respectively.
- (iii) For Financial Year 2018, it was noted that LPGCL has also recognized revenue amounting to ₹ 850.36 million for Financial Year 2018 and ₹ 11,864.28 million in Financial Year 2017 towards recovery of fixed tariff charges calculated based on Availability Based Tariff Mechanism (“ABT Mechanism”) instead of schedule generation provided by Uttar Pradesh Power Corporation Limited (“UPPCL”) till the commissioning the 765kV transmission line which has not been approved by Uttar Pradesh Electricity Regulatory Commission (“UPERC”). Billing was done to UPPCL on the basis of schedule generation given by UPPCL as per the provisionally approved tariff rates till Financial Year 2017. The Company will file an appeal before APTEL towards recovery of such fixed charges. Pending the filing of appeal, the Company has recognized the aforementioned revenue in the books of the account which is not in accordance with the Ind AS 18 “Revenue”. Further, the Company has not provided the other receivable of ₹ 11,864.28 million towards ABT Mechanism claim recognized in Financial Year 2017. If this revenue had not been recognized in the books of account, total revenue from operation would have been reduced by ₹ 863.57 million and income tax, profit for the year and total equity would have been reduced by ₹ 13.21 million, ₹ 12,714.64 million and ₹ 12,714.64 million respectively.

Cumulatively, had these revenue as explained above not been recognized in the books of account for the year, total revenue from operation would have been reduced by ₹ 12,305.51 million and income tax, profit for the year and total equity would have been reduced by ₹ 13.21 million, ₹ 24,960.87 million and ₹ 24,960.87 million respectively.

## 5. **Bajaj Aviation Private Limited (“Bajaj Aviation”)**

### *Corporate Information*

Bajaj Aviation was originally incorporated as Bajaj Hindusthan Holdings Private Limited on July 6, 2005 at Mumbai as a private limited company under the Companies Act, 1956. Subsequently, its name was changed to

Bajaj Aviation Private Limited and a fresh certificate of incorporation consequent to such change in name was issued on May 1, 2008 by the Registrar of Companies, Maharashtra at Mumbai. Bajaj Aviation is involved in the business of providing air transport services.

#### *Interest of our Promoter*

Our Promoters do not hold any interest, directly or indirectly, in the paid-up and issued share capital of Bajaj Aviation.

#### *Financial Performance*

The financial information derived from the audited financial results of Bajaj Aviation for Fiscals 2018, 2017 and 2016 are provided below:

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Equity capital	50.00	50.00	50.00
Reserves (excluding revaluation reserves)	(545.50)	(424.44)	(370.40)
Sales	115.02	219.16	144.76
Profit/(Loss) after tax	(121.06)	(54.04)	(96.65)
Earnings per share (Basic) (in ₹)	(24.21)	(10.81)	(19.33)
Earnings per share (Diluted) (in ₹)	(24.21)	(10.81)	(19.33)
Net asset value per share (in ₹)	(99.10)	(74.89)	(64.08)

*Notes:*

*The figures in respect of financial year 2018 are based upon the audited Ind AS financial statements for financial year ended March 2018. Further figures in respect of financial year 2017 and 2016 are based upon the audited Ind AS financial statements for financial year ended March 2017.*

#### **B. Litigation**

For pending litigation involving LPGCL, please see the section entitled “Outstanding Litigation and Material Developments – Litigation involving LPGCL” on page 313.

Except as disclosed below, our Group Companies are not party to any pending litigation which has a material impact on our Company:

#### *BHSL*

1. Certain persons (the “Complainants”) filed three complaints against BHSL before Tahsildar, Palia alleging encroachment of land by BHSL owned by the Complainants. The Tahsildar issued a notice under Section 115 of U. P. Zamindari Abolition and Land Reforms Act, 1950 to BHSL imposing certain penalty and ordering vacation of the land (“Notice”). BHSL has challenged the Notice and filed for restoration of the cases. The aggregate amount involved in these matter is ₹ 31.03 million. These matters are currently pending.
2. BHSL filed a writ petition against, amongst others, the State of Uttar Pradesh before the Lucknow Bench of the High Court of Allahabad, challenging the order of the Sub-Divisional Magistrate, Gonda dated January 28, 2016 which directed the seizing of BHSL’s bank account. The amount involved in this matter is ₹ 171.51 million. The matter is currently pending.
3. The National Green Tribunal, New Delhi (the “NGT”) has formed a high level monitoring committee in relation to water pollution in the Hindon, Kali and Krishna rivers and other small rivulets and drains meeting the Hindon river. The NGT has also instructed Uttar Pradesh Pollution Control Board to take action against non-compliant units, which include the Kinauni, Gangnauli and Budhana units of BHSL. This matter is currently pending.
4. The National Green Tribunal, New Delhi (the “NGT”) has formed a high level monitoring committee (the “HLC”) on August 23, 2018, which recommended imposition of costs amounting to ₹ 2.50 million on BHSL in relation to its distillery unit in Golagokaran Nath. Further, the HLC has recommended, amongst other measures, imposition of costs amounting to ₹ 50 million or any amount considered proper by the NGT on BHSL in relation to its distillery unit in Rudhauri. This matter is currently pending.

5. A writ petition has been filed before the High Court of Allahabad (the “**High Court**”) against, amongst others, BHSL, in relation to pollution of the Aami River (the “**River**”) caused by discharge of effluent from industrial units, including the Rudhauli unit of BHSL. The petitioner has sought directions from the High Court to direct the respondents to stop the flow of hazardous materials in the River and to preserve the nature and water of the River. This matter is currently pending.
6. The Forest Department (the “**Authority**”) has filed a case before the Sub Divisional Officer, Gonda, claiming that certain lands admeasuring 1.284 acres (the “**Property**”) in village Chhapra Kanungo, Gonda, leased by BHSL to our Company, belong to the Authority. Subsequently, BHSL initiated an exchange process for the Property from the Authority and deposited ₹ 0.74 million as lease rents. The Authority gave possession of the Property on September 13, 2013. The District Forest Officer, through a letter dated December 7, 2013, has requested the Chief Forest Conservator / Nodal Officer of Uttar Pradesh, Lucknow for approval for the execution of a lease deed between the Authority and BHSL. This matter is currently pending.
7. A civil suit has been filed before the Civil Judge (Junior Division), Lakhimpur Kheri seeking the cancellation of a sale deed in relation to certain properties and a permanent injunction against BHSL. This matter is currently pending.
8. A restoration application has been filed before the Naib Tehsildar, Kheri in relation to certain properties located in Kambharkhera which were purchased by BHSL. This matter is currently pending.
9. The Deputy Commissioner of Income Tax, Range 3, Mumbai (the “**DCIT**”) through its order dated March 25, 2014, directed BHSL to pay an additional amount of ₹ 18.22 million as income tax for Fiscal 2006 and issued a penalty show cause notice. BHSL filed an appeal before the Commissioner of Income Tax (A)-8, Mumbai, which through its order dated December 13, 2016 (the “**Impugned Order**”), decided in favour of BHSL. The DCIT filed appeal before Income Tax Appellate Tribunal, Mumbai against the Impugned Order in response to which the Company has filed a cross-objection. The amount involved in the matter is ₹ 35.25 million. This matter is currently pending.
10. The Deputy Commissioner of Income Tax, Range 3, Mumbai through its order dated March 25, 2014, directed BHSL to pay an additional amount of ₹ 77.69 million as income tax for Fiscal 2007 and issued a penalty show cause notice. BHSL filed an appeal before Commissioner of Income Tax (A)-8, Mumbai, which through an order December 13, 2016 (the “**Impugned Order**”), decided in favour of BHSL. The Assistant Commissioner of Income Tax, Range 3, Mumbai, filed appeal before Income Tax Appellate Tribunal, Mumbai against the Impugned Order in response to which BHSL has filed a cross-objection. The amount involved in the matter is ₹ 204.53 million. This matter is currently pending.
11. The Additional Commissioner of Income Tax, Range 3, Mumbai (the “**Additional CIT**”) through its order dated December 2, 2009 disallowed certain expenses for the Fiscal 2007 and issued a penalty show cause notice. BHSL filed an appeal against the aforementioned order on January 22, 2010 before Commissioner of Income Tax (A)-5, Mumbai (the “**CIT**”). Through an order dated June 12, 2012, the CIT partly decided in BHSL’s favour (the “**Impugned Order**”). BHSL and the Additional CIT filed appeals before Income Tax Appellate Tribunal, Mumbai against the order of Commissioner of Income Tax (A)-5, Mumbai. The amount involved in the matter is ₹ 1,062.82 million. This matter is currently pending.
12. The Deputy Commissioner of Income Tax, Range 3, Mumbai (the “**DCIT**”) through its order dated December 30, 2010, disallowed certain expenses for Fiscal 2008 and issued a penalty show cause notice. BHSL filed an appeal against the aforementioned order on January 24, 2011, before Commissioner of Income Tax (A)-5, Mumbai (the “**CIT**”). Through an order dated December 24, 2012 (the “**Impugned Order**”), the CIT partly decided in BHSL’s favour. BHSL and the DCIT filed appeals before Income Tax Appellate Tribunal, Mumbai against the Impugned Order. The amount involved in the matter is ₹ 931.10 million. This matter is currently pending.
13. The Additional Commissioner of Income Tax, Range 3, Mumbai through its order dated November 30, 2011, disallowed certain expenses for Fiscal 2009 and issued a penalty show cause notice. BHSL filed an appeal against the aforementioned order on December 15, 2011, before Commissioner of Income Tax (A)-5, Mumbai (the “**CIT**”). Through an order dated February 27, 2013 (the “**Impugned Order**”), the CIT partly decided in BHSL’s favour. BHSL and the Deputy Commissioner of Income Tax, Range 3, Mumbai filed appeals before Income Tax Appellate Tribunal, Mumbai against the Impugned Order. The amount involved in the matter is ₹ 1,469.25 million. This matter is currently pending.

14. The Deputy Commissioner of Income Tax, Range 3, Mumbai (the “DCIT”) through its order dated December 22, 2011, disallowed certain expenses for Fiscal 2009 of Bajaj Hindusthan Sugar & Industries Ltd (merged with BHSL) and issued a penalty show cause notice. BHSL filed an appeal on January 13, 2012, before Commissioner of Income Tax (A)-5, Mumbai (the “CIT”). Through an order dated July 20, 2012 (the “**Impugned Order**”), the CIT upheld the assessment order of the DCIT. BHSL filed an appeal before Income Tax Appellate Tribunal, Mumbai against the Impugned Order. The amount involved in the matter is ₹ 93.33 million. This matter is currently pending.
15. The Additional Commissioner of Income Tax, Range 3, Mumbai through its order dated March 22, 2013, disallowed certain expenses for Fiscal 2010 and issued a penalty show cause notice. BHSL filed an appeal against the aforementioned order on April 23, 2013, before the Commissioner of Income Tax (A)-8, Mumbai (the “CIT”). Through an order dated November 30, 2015 (the “**Impugned Order**”), the CIT partly decided in BHSL’s favour. BHSL and the Assistant Commissioner of Income Tax, Range 3, Mumbai have filed appeals before the Income Tax Appellate Tribunal, Mumbai against the Impugned Order. The amount involved in the matter is ₹ 1,840.18 million. This matter is currently pending.
16. The Deputy Commissioner of Income Tax, Range 3, Mumbai through its order dated March 14, 2013, disallowed certain expenses for Fiscal 2010 of Bajaj Hindusthan Sugar & Industries Ltd (merged with BHSL) and issued a penalty show cause notice. BHSL filed an appeal against the aforementioned order on April 5, 2013, before Commissioner of Income Tax (A)-5, Mumbai. The amount involved in the matter is ₹ 189.70 million. This matter is currently pending.
17. The Deputy Commissioner of Income Tax, Range 3, Mumbai through its order dated March 27, 2015, directed BHSL to pay an additional amount of ₹ 46.12 million as income tax for Fiscal 2011 and issued a penalty show cause notice. BHSL filed an appeal against the aforementioned order on April 28, 2015, before the Commissioner of Income Tax (A)-8, Mumbai (the “CIT”). Through an order dated October 24, 2016 (the “**Impugned Order**”), the CIT partly decided in BHSL’s favour. BHSL and the Assistant Commissioner of Income Tax, Range 3, Mumbai, have filed appeals before the Income Tax Appellate Tribunal, Mumbai against the Impugned Order. The amount involved in the matter is ₹ 1,515.60 million. This matter is currently pending.
18. The Deputy Commissioner of Income Tax, Range 3, Mumbai (the “DCIT”) through its order dated March 11, 2014, disallowed certain expenses for Fiscal 2011 of Eco Tec Products Limited (merged with BHSL) and issued a penalty show cause notice. BHSL filed an appeal against the aforementioned order on April 11, 2014, before the Commissioner of Income Tax (A)-8, Mumbai (the “CIT”). Through an order dated February 5, 2018, the CIT partly decided in BHSL’s favour (the “**Impugned Order**”). The DCIT filed an appeal before Income Tax Appellate Tribunal, Mumbai against the Impugned Order. The amount involved in the matter is ₹ 26.60 million. This matter is currently pending.
19. The Deputy Commissioner of Income Tax, Range 3, Mumbai through its order dated March 25, 2015 (the “**Impugned Order**”), disallowed certain expenses for Fiscal 2012 of Eco Tec Products Limited (merged with BHSL) and issued a penalty show cause notice. BHSL filed an appeal against the Impugned Order on April 28, 2015, before the Commissioner of Income Tax (A)-8, Mumbai. The amount involved in the matter is ₹ 25.21 million. This matter is currently pending.
20. The Deputy Commissioner of Income Tax, Range 3, Mumbai (the “ACIT”) through its order dated March 29, 2016, disallowed certain expenses for Fiscal 2012 and issued a penalty show cause notice. BHSL filed an appeal against the aforementioned order on April 22, 2016, before the Commissioner of Income Tax (A)-8, Mumbai (the “CIT”). Through an order dated September 1, 2017 (the “**Impugned Order**”), the CIT partly decided in BHSL’s favour. BHSL and the Assistant Commissioner of Income Tax, Range 3, Mumbai, have filed appeals before the Income Tax Appellate Tribunal, Mumbai against the Impugned Order. The amount involved in the matter is ₹ 1,434.02 million. This matter is currently pending.
21. The Assistant Commissioner of Income Tax, Range 3, Mumbai through its order dated December 30, 2016 (the “**Impugned Order**”), disallowed certain expenses for Fiscal 2013 and issued a penalty show cause notice. BHSL filed an appeal on January 27, 2017, before the Commissioner of Income Tax (A)-8, Mumbai (the “CIT (A)”). The penalty proceeding is kept on abeyance until the disposal of the proceedings before the CIT (A). The amount involved in the matter is ₹ 1,494 million. This matter is currently pending.
22. The Assistant Commissioner of Income Tax, Range 3, Mumbai through its order dated December 31, 2016 (the

“**Impugned Order**”), disallowed certain expenses for Fiscal 2014 and issued a penalty show cause notice. BHSL filed an appeal on January 27, 2017, before the Commissioner of Income Tax (A)-8, Mumbai (the “**CIT (A)**”). The penalty proceeding is kept on abeyance until the disposal of the proceedings before the CIT (A). The amount involved in the matter is ₹ 990.95 million. This matter is currently pending.

23. The Assistant Commissioner of Income Tax, Range 3, Mumbai through its order dated December 23, 2017 (the “**Impugned Order**”), disallowed certain expenses for Fiscal 2015 and issued a penalty show cause notice. BHSL filed an appeal on January 23, 2018, before the Commissioner of Income Tax (A)-8, Mumbai (the “**CIT (A)**”). The penalty proceeding is kept on abeyance until the disposal of the proceedings before the CIT (A). The amount involved in the matter is ₹ 560.88 million. This matter is currently pending.
24. The Assistant Commissioner of Income Tax, Range 3, Mumbai (the “**ACIT**”) through its order dated November 30, 2018 (the “**Impugned Order**”), made an addition under Section 14A of the Income Tax Act for Fiscal 2016 and issued a penalty show cause notice. BHSL has filed a rectification application under Section 154 of the Income Tax Act on December 7, 2018, before the ACIT to rectify the Impugned Order. BHSL received the rectified order on January 31, 2019. BHSL filed an appeal on December 28, 2018 before the Commissioner of Income Tax (A)-8, Mumbai. The amount involved in the matter is ₹ 451.80 million. This matter is currently pending.
25. BHSL had availed CENVAT credit and utilised the same towards purchase of steel materials for fabrication of structure and partial capital goods in its Thanabhawan unit. The Commissioner of Central Excise, Meerut (the “**CCE Meerut**”) had raised a claim of approximately ₹ 55.38 million against BHSL which was disputed by BHSL before the Commissioner of Central Excise, Meerut (the “**Adjudicating Authority**”). An order was passed by the Adjudicating Authority which was partially in favour of BHSL (the “**First Order**”). Aggrieved by the First Order, BHSL and the CCE Meerut filed separate appeals before Customs, Excise & Service Tax Appellate Tribunal (the “**CESTAT**”). The CESTAT passed an order dated February 22, 2017 which, amongst others, allowed the appeal of BHSL and dismissed the appeal filed by the CCE Meerut (the “**Impugned Order**”). The CCE Meerut filed a second appeal against the Impugned Order before the High Court of Allahabad. The amount involved in the matter is approximately ₹ 55.38 million. This matter is currently pending.
26. BHSL had availed CENVAT credit and utilised the same towards purchase of steel materials for fabrication of structure and partial capital goods in its Bhaisana units. The Principal Commissioner of Central Excise, Meerut (the “**CCE Meerut**”) had raised a claim of approximately ₹ 64.62 million against BHSL which was disputed by BHSL before the Commissioner of Central Excise, Meerut (the “**Adjudicating Authority**”). An order was passed by the Adjudicating Authority which was partially in favour of BHSL (the “**First Order**”). Aggrieved by the First Order, BHSL and the CCE Meerut filed separate appeals before Customs, Excise & Service Tax Appellate Tribunal (the “**CESTAT**”). The CESTAT passed an order dated July 27, 2017 which, amongst others, allowed the appeal of BHSL and dismissed the appeal filed by the CCE Meerut (the “**Impugned Order**”). The CCE Meerut filed second appeal against the Impugned Order before the High Court of Allahabad. The amount involved in the matter is approximately ₹ 64.62 million. This matter is currently pending.
27. BHSL had availed CENVAT credit and utilised the same towards purchase of steel materials for fabrication of structure and partial capital goods in its Thanabhawan, Bhudana and Bilai units. The Central Excise Department, Meerut had raised a claim of approximately ₹ 55.92 million against BHSL which was disputed by BHSL before the Commissioner of Central Excise, Meerut (the “**Adjudicating Authority**”). The Adjudicating Authority passed an order against BHSL (the “**First Order**”). Aggrieved by the First Order, BHSL filed an appeal before the Customs, Excise & Service Tax Appellate Tribunal (the “**CESTAT**”) which was dismissed. Subsequently, BHSL filed an appeal before the High Court of Allahabad which was also dismissed vide order dated August 30, 2013 (the “**Impugned Order**”). BHSL has filed an appeal before the Supreme Court of India against the Impugned Order. The amount involved in the matter is approximately ₹ 55.92 million. This matter is currently pending.
28. The Deputy Commissioner, Commercial Tax, Kheri raised a claim from BHSL of approximately ₹ 33.19 million as entry tax for the assessment year 2005-2006. Aggrieved by the claim, BHSL filed an appeal before the Additional Commissioner, Commercial Tax, Sitapur (the “**Appellate Authority**”). The Appellate Authority allowed the appeal and passed an order stating that BHSL is liable to pay approximately ₹ 0.23 million as entry tax (the “**First Order**”). Aggrieved by the First Order, BHSL and the Additional Commissioner, Commercial Tax filed separate appeals before the Commercial Tax Tribunal, Lucknow (the “**Tribunal**”). The Tribunal upheld the First Order. Both BHSL and the Additional Commissioner, Commercial Tax have filed separate revision petitions before the High Court of Allahabad (Lucknow Bench). This matter is currently pending.

29. The Joint Commissioner (Corporate Cell), Uttar Pradesh (the “**Assessing Authority**”) had imposed penalty amounting to approximately ₹ 764.50 million on BHSL for its units at Maqsudpur, Kundarkhi, Utraula and Rudhauli as these units had not obtained a eligibility certificate under “New Sugar Promotion Policy-2004” and had not realized entry tax from Uttar Pradesh based customers for the period between Fiscal 2011 to Fiscal 2014. BHSL deposited ₹ 80 million with the Commercial Tax Department, Uttar Pradesh under protest. BHSL filed an appeal before the Additional Commissioner (Appeals), Commercial Tax, Lucknow which was rejected. Subsequently, BHSL has filed a second appeal before the Commercial Tax Tribunal, Lucknow. This matter is currently pending.

#### *BIDCO*

1. The Deputy Commissioner, Commercial Tax, Khand-2, Noida (the “**Assessing Authority**”) through its orders dated January 31, 2015 and March 31, 2015, directed BIDCO to pay an amount of ₹ 1,335.40 million as value added tax in respect of the assessment years 2010-2011 and 2011-2012 (“**Demand**”). The Assessing Authority rejected the sale-in-transit by BIDCO for procurement and supply of goods from outside the state of Uttar Pradesh to the 90x5 MW power plans of our Company. The grounds of the Demand were that the contract for sale was on a turn-key basis and the ownership of the power plant was to be transferred after its completion and commissioning. BIDCO filed an appeal before the Additional Commissioner (Appeals)-III, Grade-2, Commercial Tax, Noida which upheld the order of the Assessing Authority (“**Additional Commissioner Order**”). Aggrieved by such Additional Commissioner Order, BIDCO filed an appeal before the Commercial Tax Tribunal, Noida which passed orders dated July 10, 2015 and July 21, 2015 dismissing the Demand (the “**Impugned Order**”). The Assessing Authority has filed a revision petition in the High Court of Allahabad against the Impugned order. The amount involved in this matter is ₹ 1,335.40 million. This matter is currently pending.
2. The Commissioner of Central Excise and Service Tax, Lucknow and Hanpur (the “**CCE**”) through its notices dated May 7, 2014 and October 16, 2015 directed BIDCO to pay an amount of ₹ 166.00 million as service tax on the civil construction work executed by BIDCO (the “**Demand**”). During adjudication the CCE passed orders dated March 30, 2016 and November 29, 2016 wherein an amount of ₹ 83.80 million was dropped from the Demand and a penalty of ₹ 82.10 million was also imposed, making the total demand to ₹ 164.20 million (the “**Impugned Order**”). Aggrieved by the Impugned Order, BIDCO has filed 2 appeals before the Customs, Excise and Service Tax Appellate Tribunal, Allahabad on July 13, 2016 and March 17, 2017. The amount involved in this matter is ₹ 164.20 million. These matters are currently pending.
3. The Deputy Commissioner of Income Tax, Range 9, Mumbai (the “**DCIT**”) through its order dated December 29, 2016 directed BIDCO to pay an additional amount of ₹ 9.99 million as income tax for the assessment year 2011-2012. BIDCO filed an appeal on January 18, 2017 before the Commissioner of Income Tax (A)-16, Mumbai. The amount involved in the matter is ₹ 32.55 million. The matter is currently pending.
4. A survey was conducted by the Assistant Commissioner of Income Tax (TDS), Noida (the “**ACIT**”) was conducted at the premises of BIDCO to verify compliance of TDS provisions and a show cause notice was issued to BIDCO for non - compliance. The ACIT passed an order dated January 15, 2015 directing BIDCO to pay ₹ 30.90 million including interest. BIDCO filed an appeal before Commissioner of Income Tax (A), which through its order dated March 16, 2016 dismissed the appeal (the “**CIT(A) Order**”). Aggrieved by the CIT(A) Order, BIDCO filed an appeal before Income Tax Appellate Tribunal, Delhi (the “**ITAT**”). The ITAT passed an order dated February 28, 2018 which partially allowed the appeal (the “**Impugned Order**”). The ACIT has filed an appeal before the High Court of Allahabad against the Impugned Order. The amount involved in the matter is ₹ 30.90 million. The matter is currently pending.

#### *B. Loss making Group Companies*

The following companies are Group Companies that have made a loss in Fiscal 2018:

Name of Group Company	Profit or (loss) (in ₹million)		
	Fiscal 2018	Fiscal 2017	Fiscal 2016
Lalitpur Power Generation Company Limited	(2,178.70)	3,399.33	476.98
Bajaj Hindusthan Sugar Limited	(4,231.89)	74.05	(1,197.90)
Bajaj Aviation Private Limited	(121.06)	(54.04)	(96.65)
Abhitech Developers Private Limited	(313.69)	(211.45)	24.88

**C. Other Group Companies**

**1. Abhitech Developers Private Limited (“ADPL”)**

*Corporate Information*

ADPL was originally incorporated as Abhitech Consultants Private Limited on April 22, 1998 as a private limited company at Delhi under Companies Act, 1956. Subsequently, its name was changed to Abhitech Developers Private Limited and a fresh certificate of incorporation was issued on September 22, 1998 by the Registrar of Companies, National Capital Territory of Delhi and Haryana. ADPL is engaged in the business of providing consultancy services in the field of real estate development including BPO services.

**D. Nature and Extent of Interest of Group Companies**

**In the promotion of our Company**

Except as stated in the section entitled “*Restated Consolidated Financial Information*” on page 161 and BHSL which was a subscriber to the Memorandum of Association, none of our Group Companies have any interest in the promotion or any business interest or other interests in our Company.

**In the properties acquired or proposed to be acquired by our Company in the past three years prior to filing this Draft Red Herring Prospectus**

Except as stated in the section entitled “*Restated Consolidated Financial Information*” on page 161, none of our Group Companies are interested in the properties acquired or proposed to be acquired by our Company in the three years preceding the filing of this Draft Red Herring Prospectus.

**In transactions for acquisition of land, construction of building and supply of machinery**

Except as stated in the section entitled “*Restated Consolidated Financial Information*” on page 161, none of our Group Companies is interested in any transactions for the acquisition of land, construction of building or supply of machinery.

**E. Common Pursuits between our Group Companies and our Company**

Except for LPGCL and BHSL, which is involved in the same line of business as our Company, none of our Group Companies have any common pursuits with our Company.

**F. Related business transactions within the Group Companies and significance on the financial performance of our Company**

Other than the transactions disclosed in the section entitled “*Restated Consolidated Financial Information*” and “*Summary of the Offer Document - Summary of Related Party Transactions*” on pages 161 and 19, there are no other related business transactions between the Group Companies and our Company.

**G. Business interests or other interests**

Except as disclosed in “*Financial Information*” on page 161, our Group Companies do not have any business interest in our Company.

**H. Other Confirmations**

Except for the equity shares of Bajaj Consumer Care and BHSL, the equity shares of our Group Companies are not listed on any stock exchange. For further details, please see the section entitled “*Other Regulatory and Statutory Disclosures*” on page 330.

Except as disclosed below, none of our Group Companies have made any public or rights issue of securities in the preceding three years:

- In February 2018, Abhitech Developers Private Limited has made a rights issue of 1,298,055 10% non-cumulative non-participating non-convertible preference shares (“**Abhitech Preference Shares**”) at an issue price of ₹ 100 per Abhitech Preference Share.

- In April 2016, June 2016 and July 2016, LPGCL has made a rights issue of 1,414,500, 929,513 and 1,414,142 equity shares of LPGCL, respectively, at an issue price of ₹ 495 per equity share.

## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Offer**

The Fresh Issue has been authorised by our Board pursuant to a resolution passed at its meeting held on March 22, 2019 under the Companies Act, 2013 and by our Shareholders pursuant to the resolution passed at their meeting held on March 25, 2019. Further, the IPO Committee has taken on record the approval of the Offer for Sale by the Promoter Selling Shareholder and has approved this Draft Red Herring Prospectus pursuant to its resolution dated April 4, 2019.

The Offer for Sale has been authorised by the board of directors of the Promoter Selling Shareholder pursuant to a resolution passed at its meeting held on March 22, 2019. The Promoter Selling Shareholder has consented to participate in the Offer through its consent letter dated April 1, 2019.

Our Company received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

### **Prohibition by SEBI or other Governmental Authorities**

Our Company, Promoters, members of our Promoter Group, Directors, the persons in control of our Company, the persons in control of our Corporate Promoter and the Promoter Selling Shareholder are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Our Company, Promoters or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Promoters or Directors have not been declared as fugitive economic offenders.

### **Compliance with the Companies (Significant Beneficial Owners) Rules, 2018**

Our Company, the Promoter Selling Shareholder, Promoters and members of the Promoter Group, are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended (“**SBO Rules**”), to the extent applicable to each of them as on the date of this Draft Red Herring Prospectus.

### **Directors associated with the Securities Market**

Except as disclosed below, none of our Directors are, in any manner, associated with the securities market:

Kushagra Bajaj, our Chairman and Non-Executive Director, is the promoter of Lambodar Stocks Private Limited, an entity which has been appointed as an ‘authorised person’ by National Stock Exchange of India Limited, and BPVPL and Bajaj Resources Limited, which are core investment companies.

There has been no action initiated by SEBI against the Directors of our Company in the five years preceding the date of this Draft Red Herring Prospectus.

### **Eligibility for the Offer**

Our Company is eligible for the Offer in accordance with Regulation 6(1) of the SEBI ICDR Regulations which states the following:

*“An issuer shall be eligible to make an initial public offer only if:*

- a) it has net tangible assets of at least three crore rupees, calculated on a restated and consolidated basis, in each of the preceding three full years (of twelve months each), of which not more than fifty per cent. are held in monetary assets:  
Provided that if more than fifty per cent. of the net tangible assets are held in monetary assets, the issuer has utilised or made firm commitments to utilise such excess monetary assets in its business or project;  
Provided further that the limit of fifty per cent. on monetary assets shall not be applicable in case the initial public offer is made entirely through an offer for sale.*
- b) it has an average operating profit of at least fifteen crore rupees, calculated on a restated and consolidated basis, during the preceding three years (of twelve months each), with operating profit in each of these preceding three years;*

- c) it has a net worth of at least one crore rupees in each of the preceding three full years (of twelve months each), calculated on a restated and consolidated basis;
- d) if it has changed its name within the last one year, at least fifty per cent. of the revenue, calculated on a restated and consolidated basis, for the preceding one full year has been earned by it from the activity indicated by its new name.”.

We are an unlisted company, satisfying the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations in the following manner:

- (a) Our Company has had net tangible assets of at least ₹ 30 million, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each), of which not more than 50 % are held in monetary assets;
- (b) Our Company has an average operating profit of at least ₹ 150 million, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;
- (c) Our Company has a net worth of at least ₹ 10 million in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis; and
- (d) Our Company has not changed its name in the last one year.

Our Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profits and net worth, derived from the Restated Consolidated Financial Information included in this Draft Red Herring Prospectus as at, and for the last three Fiscals ended March 31, 2018, 2017 and 2016, are set forth below:

	(₹ in million, unless otherwise stated)		
	<b>Consolidated</b>		
	<b>Fiscal 2018</b>	<b>Fiscal 2017</b>	<b>Fiscal 2016</b>
Net tangible assets, as restated <sup>(1)</sup>	13,062.56	13,081.45	11,492.59
Monetary assets, as restated <sup>(2)</sup>	103.56	281.32	206.36
Monetary assets <sup>(2)</sup> , as a percentage of net tangible assets <sup>(1)</sup> , as restated <sup>(5)</sup>	0.79%	2.15%	1.80%
Average operating profit, as restated <sup>(3)</sup>	2,490.67	3,124.81	3,664.10
Net worth, as restated <sup>(4)</sup>	12,543.46	12,579.30	11,503.64

- (1) Restated 'Net Tangible Assets' are defined as the sum of all net assets of the Company, excluding intangible assets as defined in Accounting Standard 26 (AS 26) or Indian Accounting Standard (Ind AS) 38, as applicable, issued by the Institute of Chartered Accountants of India;
- (2) Restated Monetary Assets' include cash and cash equivalents, other bank balances including non-current portion of fixed deposits with banks and interest accrued thereon, each on a restated and consolidated basis;
- (3) Restated 'Average operating profit', has been calculated as a restated profit before tax excluding exceptional items, finance costs and other income, each on a restated and consolidated basis;
- (4) Restated Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Restated Consolidated Financial Information, but does not include cash flow hedge reserve, capital reserve, reserves created out of revaluation of assets, write-back of depreciation and amalgamation, each calculated on a restated and consolidated basis;
- (5) 'Monetary Assets as restated as a percentage of the net tangible assets' means Restated monetary assets divided by restated net tangible assets, expressed as a percentage.

Therefore we are required to allot not more than 50% of the Offer to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. In the event we fail to do so, the full application money shall be refunded to the Bidders.

Hence, we are eligible for the Offer under Regulation 6(1) of the SEBI ICDR Regulations.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

Further, our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. The details of our compliance with Regulation 5 of the SEBI ICDR Regulations are as follows:

- (a) Neither our Company nor the Promoters, members of the Promoter Group, the Directors or the Promoter Selling Shareholder are debarred from accessing the capital markets by the SEBI.
- (b) None of the Promoters or Directors are promoters or directors of companies which are debarred from accessing the capital markets by the SEBI.
- (c) Neither our Company nor the Promoters or Directors is a wilful defaulter.
- (d) None of our Promoters or Directors is a fugitive economic offender.
- (e) There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or any other right which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

The Promoter Selling Shareholder confirms that it is in compliance with Regulation 8 of the SEBI ICDR Regulations.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, EDELWEISS FINANCIAL SERVICES LIMITED, IIFL HOLDINGS LIMITED AND SBI CAPITAL MARKETS LIMITED, AND THE CO-BOOK RUNNING LEAD MANAGER, IDBI CAPITAL MARKETS & SECURITIES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE BIDDERS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS AND THE PROMOTER SELLING SHAREHOLDER WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF FOR THE OFFERED SHARES, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY AND THE PROMOTER SELLING SHAREHOLDER DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED APRIL 4, 2019, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.**

**THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS, ANY IRREGULARITIES OR LAPSSES IN THIS DRAFT RED HERRING PROSPECTUS.**

#### **Disclaimer from our Company, the Promoter Selling Shareholder, and the Lead Managers**

Our Company, the Directors, the Promoter Selling Shareholder, and the Lead Managers accept no responsibility for statements made otherwise than those confirmed in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information,

including our Company's website [www.bajajenergy.com](http://www.bajajenergy.com), would be doing so at his or her own risk. The Promoter Selling Shareholder, its respective directors, affiliates, associates and officers accept or undertake no responsibility for any statements other than those specifically undertaken or confirmed by the Promoter Selling Shareholder in relation to itself and the Offered Shares.

The Lead Managers accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement to be entered into between the Underwriters, the Promoter Selling Shareholder and our Company.

All information shall be made available by our Company, the Promoter Selling Shareholder (to the extent of itself and the Offered Shares), and the Lead Managers to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centers or elsewhere.

None among our Company, the Promoter Selling Shareholder or any member of the Syndicate shall be liable for any failure in uploading the Bids due to faults in any software or hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Promoter Selling Shareholder, Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Promoter Selling Shareholder, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The Lead Managers and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Promoter Selling Shareholder and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with or become customers to our Company, the Promoter Selling Shareholder and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

#### **Disclaimer in respect of Jurisdiction**

The Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, as amended, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs, AIFs, FVCIs, and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction other than in India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus will be filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any offer or sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or the Promoter Selling Shareholder since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares offered have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States except pursuant to an**

**exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to “qualified institutional buyers” as defined in Rule 144A under the U.S. Securities Act, (“Rule 144A”) in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Prospective purchasers are hereby notified that the seller of the Equity Shares may be relying on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction except in compliance with the applicable laws of such jurisdiction.**

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

#### **Disclaimer Clause of BSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

#### **Disclaimer Clause of NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

#### **Listing**

Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

#### **Consents**

Consents in writing of the Promoter Selling Shareholder, our Directors, Joint Statutory Auditors, Syndicate members, our Company Secretary and Compliance Officer, legal advisors, the Lead Managers, the bankers to our Company and the Registrar to the Offer to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

#### **Experts to the Offer**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consents dated April 4, 2019 and April 1, 2019 from the Joint Statutory Auditors namely, R. S. Dani & Company, Chartered Accountants and BSR and Co. LLP, respectively, to include their name in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the examination report of the Joint Statutory Auditors on the Restated Consolidated Financial Information dated March 22, 2019 and the assurance report of the Joint Statutory Auditors on the Unaudited Restated Proforma Financial Information dated April 1, 2019, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. Our Company has received a written consent dated April 1, 2019 from BSR and Co. LLP to include their name in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the statement of tax benefits dated April 1, 2019, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. Further, we have received written consents dated April 1, 2019, April 4, 2019 and April 2, 2019 from the joint statutory auditors of LPGCL, namely, BSR and Co. LLP, R. S. Dani & Company, Chartered Accountants and L. B. Jha & Company, Chartered Accountants, respectively, to include their name in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the examination report on the

LPGCL Restated Financial Information dated March 22, 2019, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

In addition, our Company has also received written consent dated April 2, 2019, from R. S. Dani & Company, Chartered Accountants, to include their name in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in relation to the operational key performance indicators and business metrics of our Company and our Associate.

Our Company has also received a written consent dated March 30, 2019 from Mehta Chokshi & Shah, Chartered Accountants, to include their name in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) read with Section 26 of the Companies Act, 2013, in respect of valuation report dated July 4, 2018 issued by them and addressed to BHSL, in relation to the valuation of equity shares of our Associate.

#### **Capital issue during the preceding three years by our Company, listed Group Companies, subsidiaries and our Associate**

Other than as disclosed in the section entitled “*Capital Structure – Share Capital History of our Company* ” on page 62, our Company has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus.

Except for Bajaj Consumer Care Limited and Bajaj Hindusthan Sugar Limited, none of our Group Companies have their equity shares listed on any stock exchanges in India or overseas.

Other than as disclosed below, none of our listed Group Companies has made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus:

<i>Capital issues by BHSL</i>							
Year of issue	Type of issue (public/rights/composite)	Amount of issue (in ₹ million)	Date of closure of issue	Date of allotment	Date of credit of securities to the demat account	Date of completion of the project, where object of the issue was financing the project	Rate of dividend paid
2015	Preferential issue of shares to lenders upon conversion of loans as per the restructuring scheme under JLF route	3,719.21	Not applicable	March 30, 2015	April 17, 2015	Not applicable	Nil
		141.78		May 15, 2015	May 29, 2015		
		4,968.44		November 2, 2015	November 26, 2015		
2016	Preferential issue of shares to lenders upon conversion of loans as per the restructuring scheme under JLF route	1,563.96	Not applicable	February 3, 2016	February 29, 2016	Not applicable	Nil
		364.48		April 6, 2016	April 29, 2016		
2017	Preferential issue (issue of optionally convertible debentures (OCDs) to lenders upon conversion of loan as per the restructuring scheme under S4A)	30,925.33	December 16, 2017	December 18, 2017	December 21, 2017	Not applicable	Nil
		2,517.19	December 20, 2017	December 20, 2017	December 22, 2017		
		1,389.94	December 28, 2017	December 28, 2017	December 29, 2017		

**Price information of past issues handled by the Lead Managers (during the current Fiscal and two Fiscals preceding the current Fiscal)**

**A. Edelweiss**

**1. Price information of past issues handled by Edelweiss:**

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	Aavas Financiers Limited	16,403.17	821.00	October 8, 2018	750.00	-19.32% [1.76%]	2.42% [3.67%]	Not Applicable
2.	Fine Organic Industries Limited	6,001.69	783.00	July 2, 2018	815.00	5.72% [6.56%]	35.20% [2.56%]	50.21% [1.90%]
3.	ICICI Securities Limited	34,801.16	520.00	April 4, 2018	435.00	-27.93% [5.44%]	-37.26% [5.22%]	-44.39% [7.92%]
4.	Galaxy Surfactants Limited	9,370.88	1,480.00	February 8, 2018	1,525.00	1.14% [-3.31%]	-0.85% [1.33%]	-14.68% [7.66%]
5.	Amber Enterprises India Limited	6,000.00	859.00 <sup>^^^</sup>	January 30, 2018	1,175.00	27.15% [-5.04%]	24.98% [-3.23%]	10.58% [2.07%]
6.	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	3.50% [3.00%]	6.91% [-1.86%]	-5.20% [4.13%]
7.	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-4.17% [3.37%]	-11.51% [0.75%]	-28.51% [4.93%]
8.	HDFC Standard Life Insurance Company Limited	86,950.07	290.00	November 17, 2017	310.00	31.52% [0.48%]	48.93% [2.11%]	74.66% [5.04%]
9.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 6, 2017	295.90	3.61% [-3.19%]	5.91% [2.95%]	-4.21% [1.59%]
10.	Prataap Snacks Limited	4,815.98	938.00 <sup>^</sup>	October 5, 2017	1,270.00	25.12% [5.70%]	31.82% [5.60%]	40.99% [3.27%]

Source: [www.nseindia.com](http://www.nseindia.com)

<sup>^^^</sup> Amber Enterprises India Limited - employee discount of ₹ 85 per equity share to the offer price was offered to the eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹ 859 per equity share

<sup>^</sup> Prataap Snacks Limited - employee discount of ₹ 90 per equity share to the issue price was offered to the eligible employees bidding in the employee reservation portion. All calculations are based on the issue price of ₹ 938 per equity share

**Notes**

1. Based on date of listing.
2. % of change in closing price on 30<sup>th</sup> / 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30<sup>th</sup> / 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day.
3. Wherever 30<sup>th</sup> / 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.
4. The Nifty 50 index is considered as the benchmark index
5. Not Applicable. – Period not completed
6. Disclosure in Table-1 restricted to 10 issues.

**2. Summary statement of price information of past issues handled by Edelweiss:**

Fiscal	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-19*	3	57,206.02	-	1	1	-	-	1	-	1	-	1	-	-
2017-18	11	218,549.76	-	-	1	1	5	4	-	1	3	3	1	3
2016-17	6	123,361.22	-	-	1	1	3	1	-	-	-	3	2	1

The information is as on the date of the document

1. Based on date of listing.
2. Wherever 30<sup>th</sup> and 180<sup>th</sup> calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.
3. The Nifty 50 index is considered as the Benchmark Index.

\*For the financial year 2018-19 – 3 issues have been completed. 2 issues have completed 180 days and 1 issue has completed 90 days.

## B. IIFL

### 1. Price information of past issues handled by IIFL:

S. No .	Issue Name	Issue Size ₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	September 27, 2017	651.00	+3.3%, [+4.6%]	+19.0%, [+6.7%]	+15.4%, [+2.6%]
2.	Indian Energy Exchange Limited	10,007.26	1,650.00	October 23, 2017	1,500.00	-5.6%, [+1.9%]	-1.8%, [+7.4%]	-0.7%, [+4.1%]
3.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 6, 2017	295.90	+1.2%, [-3.9%]	+5.9%, [+2.9%]	-4.2%, [+1.6%]
4.	HDFC Standard Life Insurance Company Limited	86,950.07	290.00	November 17, 2017	310.00	+31.5%, [+1.2%]	+49.0%, [+3.2%]	+71.6%, [+5.2%]
5.	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-4.2%, [+4.2%]	-11.7%, [+1.1%]	-29.3%, [+5.9%]
6.	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	+4.1%, [+4.4%]	+6.9%, [-1.3%]	-5.2%, [+4.7%]
7.	ICICI Securities Limited	35,148.49	520.00	April 4, 2018	435.00	-28.9%, [+3.6%]	-38.6%, [+4.4%]	-46.2%, [+7.5%]
8.	Varroc Engineering Limited	19,551.75	967.00	July 6, 2018	1,015.00	+1.6%, [+5.7%]	-13.9%, [-1.4%]	-25.2%, [+0.4%]
9.	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	+52.9%, [+1.0%]	+30.6%, [-7.1%]	+23.8%, [-4.1%]
10.	Credit Access Grameen Limited	11,311.88	422.00	August 23, 2018	390.00	-21.2%, [-3.7%]	-12.4%, [-8.4%]	-7.2%, [-8.4%]

Source: [www.nseindia.com](http://www.nseindia.com)

Note: Benchmark Index taken as CNX NIFTY. Price on NSE is considered for all of the above calculations. The 30<sup>th</sup>, 90<sup>th</sup> and 180<sup>th</sup> calendar day from listed day have been taken as listing day plus 30, 90 and 180 calendar days, except wherever 30<sup>th</sup>/90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. % change taken against closing CNX NIFTY Index a day prior to the listing date. NA means Not Applicable.

### 2. Summary statement of price information of past issues handled by IIFL:

Fiscal	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-19	4	94,015.43	-	1	1	1	-	1	-	2	1	-	-	1
2017-18	9	198,722.66	-	-	3	1	2	3	-	1	3	2	1	2
2016-17	5	92,062.31	-	-	1	2	1	1	-	-	-	3	1	1

Source: [www.nseindia.com](http://www.nseindia.com)

Note: Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.

## C. SBICAP

### 1. Price information of past issues handled by SBICAP:

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	Ircon International Limited <sup>4</sup>	4,667.03	475	September 28, 2018	412.00	-27.04% [-8.24%]	-6.60% [-1.84]	NA
2.	RITES Limited <sup>5</sup>	4,604.40	185	July 2, 2018	190.00	34.97% [+6.56%]	51.30% [+3.29%]	49.70% [+1.90%]
3.	ICICI Securities Ltd	35,148.49	520	April 4, 2018	435.00	-27.93% [+5.44%]	-37.26% [+5.22%]	-46.17% [+8.69%]
4.	Mishra Dhatur Nigam Limited <sup>6</sup>	4,328.96	90	April 4, 2018	87.00	67.89% [+5.44]	40.44% [+5.22%]	26.39% [+8.69%]
5.	Hindustan Aeronautics Ltd <sup>7</sup>	41,131.33	1,215	March 28, 2018	1,152.00	-6.96% [+4.98%]	-25.84% [+6.41%]	-28.24% [+8.44%]
6.	Bharat Dynamics Limited <sup>8</sup>	9,527.88	428	March 23, 2018	370.00	-2.90% [+5.66%]	-9.78% [+7.74%]	-19.60% [+12.81%]
7.	H. G. Infra Engineering Limited	4,620.00	270	March 9, 2018	270.00	19.19% [+1.02%]	8.35% [+4.48%]	-12.81% [+12.65%]
8.	Amber Enterprises India Limited <sup>9</sup>	5,995.99	859	January 30, 2018	1,175.00	27.15% [-5.04%]	24.98% [-3.23%]	10.58% [+2.07%]
9.	Reliance Nippon Life Asset Management Limited	15,422.40	252	November 6, 2017	295.90	3.61% [-3.19%]	5.91% [+2.95%]	-4.21% [+1.59%]
10.	SBI Life Insurance Company Limited <sup>10</sup>	83,864.00	700	October 3, 2017	735.00	-7.56% [+5.89%]	-0.66% [+6.81%]	-2.30% [+3.57 %]

Source: [www.nseindia.com](http://www.nseindia.com)

#### Notes:

1. The 30<sup>th</sup>, 90<sup>th</sup> and 180<sup>th</sup> calendar day computation includes the listing day. If either of the 30<sup>th</sup>, 90<sup>th</sup> or 180<sup>th</sup> calendar days is a trading holiday, the previous trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30<sup>th</sup>, 90<sup>th</sup> and 180<sup>th</sup> day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30<sup>th</sup>, 90<sup>th</sup> and 180<sup>th</sup> day.
2. The Nifty 50 index is considered as the Benchmark Index
3. The number of Issues in Table-1 is restricted to 10
4. Retail Discount and Employee Discount of ` 10 per Equity Share to the Offer Price
5. Retail Discount and Employee Discount of ` 6 per Equity Share to the Offer Price
6. Retail Discount and Employee Discount of ` 3 per Equity Share to the Offer Price
7. Retail Discount and Employee Discount of ` 25 per Equity Share to the Offer Price
8. Retail Discount and Employee Discount of ` 10 per Equity Share to the Offer Price
9. Employee Discount of ` 85 per Equity Share to the Offer Price
10. Employee Discount of ` 68 per Equity Share to the Offer Price

**2. Summary statement of price information of past issues handled by SBICAP:**

Fiscal	Total no. of IPOs	Total amount of funds raised (₹ Mn)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-19	2	9,271.43	-	1	-		1	-	-	-	-	-	-	-
2017-18	12	203,995.12	-	-	5	2	2	3	-	3	3	1	3	2
2016-17	7	129,691.00	-	-	3	1	1	2	-	1	1	2	2	1

**D. IDBI**

**1. Price information of past issues handled by IDBI:**

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	Garden Reach Shipbuilders & Engineers Limited	3,435.89	118.00 <sup>(6)</sup>	October 10, 2018	102.50	-23.05% (+1.20%)	-19.11% (+2.98%)	N.A.
2.	IRCON International Limited	4,667.03	475.00 <sup>(5)</sup>	September 28, 2018	412.00	-26.62% (-6.22%)	-6.60% (-1.84%)	-15.71% (+5.06%)
3.	RITES Limited	4,604.40	185.00 <sup>(4)</sup>	July 2, 2018	190.00	+34.97% (+6.56%)	+33.54% (+3.29%)	+49.70% (+1.90%)
4.	Mishra Dhatu Nigam Limited	4,328.96	90.00 <sup>(3)</sup>	April 4, 2018	87.00	+67.89% (+5.44%)	+40.44% (+5.22%)	+26.39% (+8.69%)
5.	Bharat Dynamics Limited	9,527.88	428.00 <sup>(2)</sup>	March 23, 2018	370.00	-4.65% (+5.87%)	-9.78% (+7.74%)	-19.60% (+1.55%)
6.	Security and Intelligence Services (India) Limited	7,795.30	815.00	August 10, 2017	879.00	-3.29% (+1.17%)	3.14% (+5.40%)	+39.12% (+8.62%)
7.	Central Depository Services (India) Limited	5,239.91	149.00	June 30, 2017	250.00	+127.92% (+5.84%)	+128.86% (+2.26%)	+146.71% (+10.61%)
8.	Housing and Urban Development Corporation Limited	12,095.70	60.00 <sup>(1)</sup>	May 19, 2017	73.00	+13.17% (+2.44%)	+34.67% (+4.98%)	+35.67% (+8.05%)

Source: [www.nseindia.com](http://www.nseindia.com)

(1): Price for retail individual bidders bidding in the retail portion and to eligible employees was INR 58.00 per equity share

(2): Price for retail individual bidders bidding in the retail portion and to eligible employees was INR 418.00 per equity share

(3): Price for retail individual bidders bidding in the retail portion and to eligible employees was INR 87.00 per equity share

(4): Price for retail individual bidders bidding in the retail portion and to eligible employees was INR 179.00 per equity share

(5): Price for retail individual bidders bidding in the retail portion and to eligible employees was INR 465.00 per equity share

(6): Price for retail individual bidders bidding in the retail portion and to eligible employees was INR 113.00 per equity share

N.A: Not Available

**Notes:**

a. Source: [www.nseindia.com](http://www.nseindia.com) for the price information

b. Wherever 30<sup>th</sup>/ 90<sup>th</sup>/ 180<sup>th</sup> calendar day from listing day is a holiday, the closing date of the next trading day has been considered.

c. The Nifty 50 index is considered as the benchmark index.

**2. Summary statement of price information of past issues handled by IDBI:**

Fiscal	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-19*	4	17,036.28	-	1	1	1	1	-	-	-	-1	-	2	-
2017-18	4	34,658.79	-	-	2	1	-	1	-	-	1	1	2	-
2016-17	-	-	-	-	-	-	-	-	-	-	-	-	-	-

\* The information is as on the date of the document

The information for each of the financial years is based on issues listed during such financial year.

### **Track record of past issues handled by the Lead Managers**

For details regarding the track record of the Lead Managers, as specified in circular (reference CIR/MIRSD/1/2012) dated January 10, 2012 issued by SEBI, please see the websites of the Lead Managers, as provided in the table below:

Sr. No.	Name of the Lead Manager	Website
1.	Edelweiss	<a href="http://www.edelweissfin.com">www.edelweissfin.com</a>
2.	IIFL	<a href="http://www.iiflcap.com">www.iiflcap.com</a>
3.	SBICAP	<a href="http://www.sbicaps.com">www.sbicaps.com</a>
4.	IDBI	<a href="http://www.idbicapital.com">www.idbicapital.com</a>

### **Disposal of Investor Grievances by our Company**

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares to enable the Bidders to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, UPI ID, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Lead Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Bidders can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Anchor Investors are required to address all grievances in relation to the Offer to the Lead Managers.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has also appointed Alok Desai, Company Secretary of our Company, as the Compliance Officer for the Offer. For details, please see the section entitled "*General Information*" on page 52.

Our Company has constituted a Stakeholders' Relationship Committee comprising Tara Sankar Bhattacharya, Dhananjay Nilkanth Date and Prabal Banerjee as its members which is responsible for redressal of grievances of security holders of our Company. For further details on the Stakeholders' Relationship Committee, please see the section entitled "*Our Management*" on page 136.

Our Company shall obtain authentication on the SCORES and comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

Our Company has not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus.

Further, no investor complaint in relation to our Company is pending as on the date of this Draft Red Herring Prospectus.

## **SECTION VIII: OFFER INFORMATION**

### **TERMS OF THE OFFER**

The Equity Shares being Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the Memorandum of Association and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the abridged prospectus, the Bid cum Application Form, the Revision Form, the CAN or Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents or certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC or any other authorities while granting its approval for the Offer.

#### **The Offer**

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Promoter Selling Shareholder.

#### **Ranking of the Equity Shares**

The Equity Shares being issued and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, the MoA and AoA and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the right to receive dividend and other corporate benefits. The Allotees upon Allotment of Equity Shares under the Offer, will be entitled to dividend for the entire year and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please see the section entitled "*Description of Equity Shares and Terms of Articles of Association*" on page 363.

#### **Mode of Payment of Dividend**

For further details, in relation to dividends, please see the sections entitled "*Dividend Policy*" and "*Description of Equity Shares and Terms of Articles of Association*" on pages 160 and 363, respectively.

#### **Face Value and Offer Price**

The face value of each Equity Share is ₹ 10 and the Offer Price at the Floor Price is ₹ [●] per Equity Share and at the Cap Price is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot for the Offer will be decided by our Company in consultation with the Lead Managers and advertised in (i) [●] editions of [●] (a widely circulated English national daily newspaper), and (ii) [●] edition of [●] (a widely circulated Hindi national daily newspaper, Hindi also being the regional language of Uttar Pradesh, where the Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges. The Offer Price shall be determined by our Company, in consultation with the Lead Managers, after the Bid/Offer Closing Date.

At any given point of time there shall be only one denomination of Equity Shares.

#### **Compliance with disclosure and accounting norms**

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

#### **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;

- Right to vote on a poll either in person or by proxy or “e-voting”, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and the Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission, consolidation or splitting, please see the section entitled “*Description of Equity Shares and Terms of Articles of Association*” on page 363.

#### **Allotment only in Dematerialised Form**

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite agreement dated June 29, 2012 amongst NSDL, our Company and the Registrar to the Offer; and
- Tripartite agreement dated August 29, 2018 amongst CDSL, our Company and the Registrar to the Offer.

#### **Market Lot and Trading Lot**

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

#### **Joint Holders**

Where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

#### **Nomination facility to Bidders**

In accordance with Section 72 of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest,. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer or alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective Depository Participant.

### **Withdrawal of the Offer**

Our Company, in consultation with the Lead Managers, reserve the right not to proceed with the Offer after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, in case of RIBs using the UPI mechanism, to unblock the bank accounts of the ASBA Bidders (other than Anchor Investors) and the Lead Managers shall notify the Escrow Collection Bank to release the Bid Amounts to the Anchor Investors, within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company withdraws the Offer after the Bid/Offer Closing Date and thereafter determines that it will proceed with an issue or offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

### **Bid/Offer Programme**

<b>BID/OFFER OPENS ON</b>	[●]*
<b>BID/OFFER CLOSES ON</b>	[●]**

\* Our Company may, in consultation with the Lead Managers, consider participation by Anchor Investors. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations

\*\* Our Company may, in consultation with the Lead Managers, consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/Offer Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	On or about [●]
Credit of Equity Shares to demat accounts of Allotees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation on our Company or the Promoter Selling Shareholder or the Lead Managers.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company and the Promoter Selling Shareholder, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Promoter Selling Shareholder confirms that it shall extend reasonable co-operation required by our Company and the Lead Managers for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares (offered by the Promoter Selling Shareholder in the Offer for Sale) at all Stock Exchanges within six Working Days from the Bid/Offer Closing Date.

### **Submission of Bids (other than Bids from Anchor Investors):**

<b>Bid/Offer Period (except the Bid/Offer Closing Date)</b>	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("IST"))
<b>Bid/Offer Closing Date</b>	

Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST
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**On the Bid/Offer Closing Date, the Bids shall be uploaded until:**

- (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders.

On Bid/Offer Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders after taking into account the total number of Bids received and as reported by the Lead Managers to the Stock Exchanges.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.**

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only during Monday to Friday (excluding any public holiday). None among our Company, the Promoter Selling Shareholder or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software or hardware system or otherwise.

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Our Company, in consultation with the Lead Managers, reserves the right to revise the Price Band during the Bid/Offer Period in accordance with the SEBI ICDR Regulations. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly, but the Floor Price shall not be less than the Face Value of the Equity Shares. In all circumstances, the Cap price shall be less than or equal to 120% of the Floor Price.

**In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice and also by indicating the change on the terminals of the Syndicate Members. However, in case of revision in the Price Band, the Bid Lot shall remain the same.**

**Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Fresh Issue on the date of closure of the Offer; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the offer document, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond fifteen days, our Company and our Directors, who are officers in default, shall pay interest at the rate of fifteen per cent per annum.

The requirement for minimum subscription is not applicable to the Offer for Sale. In case of under-subscription in the Offer, after meeting the minimum subscription requirement of 90% of the Fresh Issue, the balance subscription in the Offer will be met in the following order of priority: (i) through the issuance of balance part of the Fresh Issue; and (ii) through the sale of Offered Shares being offered by the Promoter Selling Shareholder in the Offer for Sale.

Undersubscription, if any, in any category except the QIB portion, would be met with spill-over from the other categories at the discretion of our Company, in consultation with the Lead Managers, and the Designated Stock Exchange.

Further, our Company shall ensure that the number of prospective Allotees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of SEBI ICDR Regulations.

**Arrangements for Disposal of Odd Lots**

There are no arrangements for disposal of odd lots.

**Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre-Offer capital of our Company, Promoters' minimum contribution and the Anchor Investor lock-in as provided in the section entitled "*Capital Structure*" on page 61 and except as provided in the Articles of Association, there are no restrictions on transfer or transmission of Equity Shares and their consolidation or splitting. For details please see the section entitled "*Description of Equity Shares and Terms of Articles of Association*" on page 363.

## OFFER STRUCTURE

Initial public offer of up to [●] Equity Shares for cash at price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ 54,500 million comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 51,500 million and an Offer of Sale of up to [●] Equity Shares by the Promoter Selling Shareholder aggregating up to ₹ 3,000 million. The Offer will constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

The Offer is being made through the Book Building Process.

<b>Particulars</b>	<b>QIBs<sup>(1)</sup></b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Number of Equity Shares available for Allotment or allocation <sup>(2)</sup>	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment or allocation	Not more than 50% of the Offer being available for allocation to QIB Bidders. However, up to 5% of the Net QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be added to the Net QIB Portion	Not less than 15% of the Offer or the Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than 35% of the Offer or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allotment if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): <ul style="list-style-type: none"> <li>(a) up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and</li> <li>(b) up to [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.</li> </ul> Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only	Proportionate	The allotment to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For further details, see the General Information Document.
Mode of Bid	Through ASBA Process only (except in case of Anchor Investors)		
Minimum Bid	Such number of Equity Shares such that the Bid Amount exceeds ₹ 200,000 in multiples of [●] Equity Shares	Such number of Equity Shares such that the Bid Amount exceeds ₹ 200,000 in multiples of [●] Equity Shares	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer, subject to limits applicable to each Bidder	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer, subject to limits applicable to Bidder	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000
Mode of Allotment	Compulsorily in dematerialized form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	A minimum of [●] Equity Shares and in multiples of one Equity Share thereafter		
Trading Lot	One Equity Share		
Who can apply <sup>(3)</sup>	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, multilateral and bilateral development financial institutions, mutual funds registered with SEBI, FPIs	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies and trusts, Category III Foreign Portfolio Investors registered with SEBI	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)

<b>Particulars</b>	<b>QIBs<sup>(1)</sup></b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
	other than Category III Foreign Portfolio Investors, VCFs, AIFs, FVCIs, state industrial development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs		
Terms of Payment	<p><b>In case of Anchor Investors:</b> Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids<sup>(4)</sup></p> <p><b>In case of all other Bidders:</b> Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder, or by the Sponsor Bank through the UPI mechanism, that is specified in the ASBA Form at the time of submission of the ASBA Form</p>		

\* Assuming full subscription in the Offer

- (1) Our Company may, in consultation with the Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For details, please see the section entitled "Offer Structure" on page 348
- (2) Subject to valid Bids being received at or above the Offer Price. This is an Offer in terms of Rule 19(2)(b) of the SCRR and Regulation 6(1) of the SEBI ICDR Regulations.
- (3) In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders
- (4) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Promoter Selling Shareholder, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Subject to valid Bids being received at or above the Offer Price, undersubscription, if any, in any category except the QIB Portion, would be met with spill-over from the other categories or a combination of categories at the discretion of our Company, in consultation with the Lead Managers, and the Designated Stock Exchange.

## OFFER PROCEDURE

All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated pursuant to SEBI circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, SEBI circular (CIR/CFD/DIL/1/2016) dated January 1, 2016, SEBI circular bearing number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 (the “General Information Document”), which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the Lead Managers. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer especially in relation to the process for Bids by RIBs through the UPI mechanism. The investors should note that the details and process provided in the GID should be read along with this section.

Our Company, the Promoter Selling Shareholder and the Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.

Further, our Company and the Lead Managers do not accept any responsibility for any adverse occurrences consequent to the implementation of the UPI mechanism for application in this Offer.

### **Book Building Procedure**

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be allotted on a proportionate basis to QIBs. Our Company may, in consultation with the Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third shall be available for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders other than Anchor Investors, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company, in consultation with the Lead Managers, and the Designated Stock Exchange and subject to applicable laws.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

**Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms, which do not have the details of the Bidders' depository account, including DP ID, Client ID, UPI ID (in case of RIBs using the UPI mechanism) and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.**

### **Phased implementation of UPI for Bids by Retail Individual Bidders as per the UPI Circular**

SEBI has issued a circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, updated pursuant to the SEBI circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 (collectively, the “UPI Circular”) in relation to streamlining the process of public issue of equity shares and convertibles. Pursuant to the UPI Circular, UPI will be introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under the ASBA) for applications by RIBs through intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth

transition to the UPI payment mechanism, the UPI Circular proposes to introduce and implement the UPI payment mechanism in three phases in the following manner:

- a) **Phase I:** This phase has become applicable from January 1, 2019 and will continue for a period of six months i.e. until June 30, 2019. Under this phase, a Retail Individual Bidder would also have the option to submit the Bid cum Application Form with any of the intermediary and use his / her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing would continue to be six Working Days.
- b) **Phase II:** This phase will commence upon completion of Phase I and will continue for a period of three months or floating of five main board public issues, whichever is later. Under this phase, submission of the Bid cum Application Form by a Retail Individual Bidder through intermediaries to SCSBs for blocking of funds will be discontinued and will be replaced by the UPI payment mechanism. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase.
- c) **Phase III:** The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to be three Working Days.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI payment. The issuers will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Bidders into the UPI mechanism.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the Lead Managers.

### **Bid cum Application Form**

Copies of the ASBA Form and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centers, and our Registered Office and Corporate Office. An electronic copy of the ASBA Form will also be available for download on the websites of NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid / Offer Opening Date.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. ASBA Bidders must provide either (i) the bank account details and authorisation to block funds in the ASBA Form, or (ii) the UPI ID (in case of RIBs), as applicable, in the relevant space provided in the ASBA Form. The ASBA Forms that do not contain such details will be rejected. Applications made by the RIBs using third party bank account or using third party linked bank account UPI ID are liable for rejection. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centers only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTA or Depository Participants. ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB.

For Anchor Investor, the Anchor Investor Application Form will be available at the offices of the Lead Managers.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents including Eligible NRIs, their sub-accounts (other than sub-accounts which are foreign corporates or foreign individuals under the QIB Portion), FPIs or FVCIs registered multilateral and bilateral development financial institutions applying on a repatriation basis	Blue
Anchor Investors**	[●]

\* Excluding electronic Bid cum Application Form

\*\*Bid cum Application Forms for Anchor Investors will be made available at the office of the BRLMs.

Electronic Bid cum Application forms will also be available for download on the website of NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE([www.bseindia.com](http://www.bseindia.com)).

In case of ASBA Forms, Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. Subsequently, except in case of RIBs Bidding using UPI mechanism, Designated Intermediaries (other than SCSBs) shall submit / deliver the ASBA Forms to the respective SCSB where the Bidder has a bank account

with ASBA facility, details of which were provided by the Bidder in his respective ASBA form, and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. For RIBs Bidding using UPI mechanism, the Stock Exchanges shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds.

#### **Participation by Promoters, Promoter Group, the Lead Managers, the Syndicate Members and persons related to Promoters/Promoter Group/the Lead Managers**

The Lead Managers and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Lead Managers and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis, and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the Lead Managers and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except as stated below, neither the Lead Managers nor any associate of the Lead Managers can apply in the Offer under the Anchor Investor Portion:

- (i) mutual funds sponsored by entities which are associate of the Lead Managers;
- (ii) insurance companies promoted by entities which are associate of the Lead Managers;
- (iii) AIFs sponsored by the entities which are associate of the Lead Managers; or
- (iv) FPIs other than Category III sponsored by the entities which are associate of the Lead Managers.

Further, the Promoters and members of the Promoter Group shall not participate by applying for Equity Shares in the Offer. Further, persons related to the Promoters and Promoter Group shall not apply in the Offer under the Anchor Investor Portion.

#### **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which such Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity-related instruments of any single company, provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

#### **Bids by Eligible NRIs**

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") Accounts for the full Bid Amount. Eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full Bid Amount.

For details of restrictions on investment by NRIs, please see section entitled “*Restrictions on Foreign Ownership of Indian Securities*” on page 362.

Participation of Eligible NRIs in the Offer shall be subject to the FEMA Regulations.

#### **Bids by HUFs**

Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first Bidder/applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals.

#### **Bids by FPIs**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. In case the total holding of an FPI increases beyond 10% of the total paid-up equity capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In this respect, the Board at its meeting held on July 30, 2018 and the Shareholders of our Company in their meeting held on August 6, 2018, approved the increase in the said limit to 49% of the paid-up Equity Share capital of our Company. We have intimated the increase of these limits to the RBI.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio investor and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

An FPI is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to the following conditions:

- (a) offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

## **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of ₹ 250 million and pension funds with a minimum corpus of ₹ 250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable must be lodged along with the Bid cum Application Form. Failing this, our Company and Promoter Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reasons thereof.

Our Company, in consultation with the Lead Managers in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

## **Bids by SEBI registered VCFs, AIFs and FVCIs**

The SEBI FVCI Regulations, *inter alia*, prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Accordingly, the holding in any company by any individual VCF or FVCI registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings.

Category I AIFs and Category II AIFs cannot invest more than 25% of the investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up. Our Company, the Promoter Selling Shareholder, and the Lead Managers will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

**All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**

## **Bids by Limited Liability Partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form of such limited liability partnership. Failing this, our Company and the Promoter Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

## **Bids by Banking Companies**

In case of Bids made by banking companies registered with the RBI, certified copies of (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (the "**Banking Regulation Act**"), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. Further, the aggregate investment in subsidiaries and other entities engaged in financial services company cannot exceed 20% of the investee company's paid up share capital and reserves. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016.

### **Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the circulars (CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013 issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

### **Bids by Insurance Companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholder in consultation with the Lead Managers reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers are prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016, as amended (“**IRDAI Investment Regulations**”), based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them.

### **Bids by Provident Funds/Pension Funds**

In case of Bids made by provident funds/pension funds with minimum corpus of ₹ 250 million, subject to applicable laws, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholder reserve the right to reject any Bid, without assigning any reason thereof.

### **Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by Systemically Important Non-Banking Financial Companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the Systemically Important Non-Banking Financial Companies, are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder, in consultation with the Lead Managers, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

**The information set out above is given for the benefit of the Bidders. Our Company, the Promoter Selling Shareholder, and the Lead Managers are not liable for any amendments or modification or changes to applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulations, or as will be specified in the Red Herring Prospectus and the Prospectus.**

### **General Instructions**

Please note that QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bid(s) during the Bid/Offer Period and withdraw their Bid(s) until Bid/Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bid /Offer Period.

#### **Do's:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their bids through the ASBA process only;
2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form, in the prescribed form;
4. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than RIBs using the UPI mechanism) in the ASBA Form;
5. Ensure that you use only your own bank account or only your own bank account linked UPI ID (only for RIBs using the UPI mechanism) to make an application in the Offer;
6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the relevant Designated Intermediary at the concerned Bidding Centre within the prescribed time. RIBs Bidding using UPI mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTA or Depository Participants;
7. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;
8. If the first applicant is not the ASBA Account holder, ensure that the Bid cum Application Form is signed by the ASBA Account holder;
9. Ensure that the signature of the First Bidder, in case of joint Bids, is included in the Bid cum Application Form;
10. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant;
11. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder, whose name should also appear as the first holder of the beneficiary account held in joint names;
12. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
13. Instruct your respective banks to release the funds blocked in accordance with the ASBA process;
14. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised Acknowledgement Slip;
15. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the circular dated June 30, 2008 issued by SEBI, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of the circular dated July 20, 2006 issued by SEBI, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficial owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
16. Ensure that the Demographic Details are updated, true and correct in all respects;
17. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
18. Ensure that the category and the investor status is indicated;
19. Ensure that in case of Bids under power of attorney, including Bids by limited companies, corporates, trusts, and so on, all relevant documents are submitted;
20. Ensure that Bids submitted by any person outside India are in compliance with applicable foreign and Indian laws;
21. Ensure that the depository account is active, the correct DP ID, Client ID, PAN details and UPI ID, as applicable, are mentioned in the Bid cum Application Form and that the name of the Bidder, DP ID, Client ID and the PAN

- entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID and PAN available in the Depository's database;
22. In case of ASBA Bidders (other than RIBs using UPI mechanism), ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI);
  23. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the concerned SCSB or the Sponsor Bank, as applicable, via electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid;
  24. Anchor Investors should submit the Anchor Investor Application Forms to the Lead Managers; and
  25. Once the Sponsor Bank issues the UPI Mandate Request, the RIBs would be required to proceed to authorise the blocking of funds by confirming or accepting the UPI Mandate Request.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not withdraw your Bid or lower the size of your Bid (in terms of number of Equity Shares or Bid amount), if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids on or before the Bid/Offer Closing Date;
4. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);
5. Do not pay the Bid Amount by cheque, demand draft, cash, money order, postal order or stock invest;
6. Do not send Bid cum Application Forms by post, and instead, submit the same only to the relevant Designated Intermediary;
7. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
8. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
9. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;
10. Do not submit the Bid for an amount more than funds available in your ASBA Account;
11. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
12. Anchor Investors should not Bid through the ASBA process;
13. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;
14. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
15. Do not submit the General Index Register (GIR) number instead of the PAN;
16. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

17. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable laws or under your respective constitutional documents or otherwise;
18. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
19. Do not deliver Bid cum Application Forms after the time prescribed in the Red Herring Prospectus and the Bid cum Application Forms;
20. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than in the case of minors having valid depository accounts as per Demographic Details provided by the depository);
21. No Bidder other than RIB should not Bid though the UPI mechanism;
22. Do not make the ASBA application using third party bank account or using third party linked bank account UPI ID;
23. Do not Bid for shares more than specified by respective Stock Exchanges for each category;
24. In case of ASBA Bidders (other than RIBs using UPI mechanism), do not submit more than one Bid cum Application Form per ASBA Account; and
25. In case of ASBA Bidders (other than RIBs using UPI mechanism), do not submit Bids to a Designated Intermediary unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in that location for the Designated Intermediary to deposit the Bid cum Application Forms. If you are RIB and are Bidding using UPI mechanism, do not submit the ASBA Form directly with SCSBs.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-issue or post issue related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer. For details of the Company Secretary and Compliance Officer, see the section entitled “*General Information*” on page 52.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

#### **Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Stock Exchanges, along with the Lead Managers and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

#### **Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any allotment in excess of the Equity Shares offered through the Offer through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the net offer to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Investors and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

#### **Payment into Anchor Investor Escrow Account**

Our Company in consultation with the Lead Managers will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which, the details of the Equity Shares allocated to them in their respective names will be notified to such

Anchor Investors. For Anchor Investors, the payment instruments for payment into the Anchor Investor Escrow Account should be drawn in favour of:

- (a) In case of resident Anchor Investors: “[●]”
- (b) In case of Non-Resident Anchor Investors: “[●]”

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

### **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed under the SEBI ICDR Regulations, in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper, Hindi also being the regional language of Uttar Pradesh, where our Registered Office is located).

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

**The information set out above is given for the benefit of the Bidders/applicants. Our Company, the Promoter Selling Shareholder, and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.**

### **Signing of the Underwriting Agreement and Filing with the RoC**

- (a) Our Company, the Promoter Selling Shareholder and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Offer Price.
- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which would then be termed as the Prospectus. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, the Offer size, and underwriting arrangements and will be complete in all material respects.

### **Impersonation**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:**

**“Any person who:**

- (a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

### **Undertakings by our Company**

Our Company undertakes the following:

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within the period prescribed by SEBI will be taken;
- the funds required for making refunds/unblocking (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- if Allotment is not made within the prescribed timelines under applicable laws, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable laws. If there is a delay beyond such prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and other applicable laws for the delayed period;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within time prescribed under applicable laws, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- The Promoters' Contribution, if any, shall be brought in advance before the Bid/Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allotees, in accordance with the applicable provisions of the SEBI ICDR Regulations;
- no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the relevant ASBA Accounts on account of non-listing, under-subscription, etc.; and
- adequate arrangements shall be made to collect all Bid cum Application Forms from Bidders.

#### **Undertakings by the Promoter Selling Shareholder**

The statements and undertakings provided below, in relation to the Promoter Selling Shareholder, are statements which are specifically confirmed or undertaken by the Promoter Selling Shareholder. All other statements or undertakings or both in this Draft Red Herring Prospectus in relation to the Promoter Selling Shareholder, shall be statements made by our Company, even if the same relate to the Promoter Selling Shareholder. The Promoter Selling Shareholder undertakes that:

- the Equity Shares being sold by it pursuant to the Offer have been held by it for a period of at least one year prior to the date of filing the Draft Red Herring Prospectus with SEBI, are fully paid-up and are in dematerialised form;
- it is the legal and beneficial owner of, and has full title to, the Equity Shares being sold in the Offer;
- the Equity Shares being sold by it pursuant to the Offer are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or any other encumbrances and shall be in dematerialized form at the time of transfer and shall be transferred to the eligible investors within the time specified under applicable law;
- it shall provide appropriate instructions and all reasonable assistance as requested by our Company in relation to the completion of allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to Anchor Investors to the extent of the Equity Shares offered by it pursuant to the Offer;
- it shall provide such reasonable support, information and documentation and extend such reasonable cooperation as may be required by our Company and the Lead Managers for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within six Working Days from the Bid/Offer Closing Date of the Offer and in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer;
- it shall not transfer the Equity Shares except in the Offer during the period commencing from submission of the Draft Red Herring Prospectus until the final trading approvals from all the Stock Exchanges have been obtained for the Equity Shares Allotted/to be Allotted pursuant to the Offer and shall not sell, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares offered by it in the Offer;
- it shall comply with all applicable laws, in India, including the Companies Act, the SEBI ICDR Regulations, the

FEMA and the applicable circulars, guidelines and regulations issued by SEBI and RBI, each in relation to the Equity Shares offered by it in the Offer;

- all monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in Sub-section (3) of Section 40 of the Companies Act, 2013; and
- it shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from the Stock Exchanges.

#### **Utilisation of Offer Proceeds**

The Promoter Selling Shareholder, along with our Company declare that:

all monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the FDI Policy and FEMA. The government bodies responsible for granting foreign investment approvals are the concerned ministries or departments of the Government of India and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT, issued the FDI Policy by way of circular no D/o IPP F. No. 5(1)/2017-FC-1 dated the August 28, 2017, which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, the FDI Policy will be valid until the DPIIT issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government, OCBs cannot participate in the Offer.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to “qualified institutional buyers” as defined in Rule 144A under the U.S. Securities Act (“Rule 144A”) in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Prospective purchasers are hereby notified that the seller of the Equity Shares may be relying on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A.**

**The above information is given for the benefit of the Bidders. Our Company, the Promoter Selling Shareholder, and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

## **SECTION IX: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION**

*Capitalized terms used in this section have the meanings that have been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below.*

### **Authorised Share Capital**

The authorized share capital of the Company shall be such as given in Clause V of the Memorandum of Association or as altered from time to time, with the Board having the power to increase, reduce or to divide the same into several classes and to attach any rights, conditions and privileges thereto. The Board shall have the power to vary such rights, privileges and conditions as may be determined in accordance with the regulations of the Company and the provisions of the Act. The rights attached to any class of shares may be varied with the consent in writing, of such number of the holders of the issued shares of that class, or with the sanction of a resolution passed at a meeting of shareholders of that class, as prescribed by the Act.

### **Alteration of Capital**

Subject to the provisions of the Act, the Company may, by ordinary resolution, from time to time, alter its share capital as follows:

- a. Increase the share capital by such amount to be divided into shares of such amount as it may deem expedient ;
- b. Consolidate and divide all or any its share capital into shares of larger amount than its existing shares;
- c. Sub- divide its existing shares or any of them into shares of smaller amount than is fixed by Memorandum of Association;
- d. Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person; and
- e. Convert all or any one its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination.

The Company may, by passing a resolution as prescribed by the Act and in accordance with the Act and Rules, reduce any or all of the following:

- a. Its share capital;
- b. Any capital redemption reserve account; and/or
- c. Any securities premium account.

### **Allotment of Shares**

Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board. The Board may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit. The Board may issue and allot shares on payment in full or part of any property or assets of any kind sold and transferred, goods or machinery supplied, for any services rendered or under any scheme of arrangement with any lenders/creditors to the Company in the conduct of its business. Any shares so allotted will be issued as fully paid-up shares or partly-paid up shares otherwise than for cash, and if so issued, shall be deemed to be fully paid-up shares of partly paid-up shares.

The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares and not paid when rendered payable provided that:

- a. No call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call; and
- b. No calls on shares shall be made without the prior sanction of the members in a general meeting.

The Board may, at their discretion, revoke or postpone a call on the shares.

### **Further Issue**

The Board or the Company may, in accordance with the Act and the Rules, issue further shares in any manner as the Board may determine, including by way of private placement and preferential allotment, to:

- a. Persons who are holders of equity shares of the Company on the date of offer;
- b. Employees under any scheme of employees' stock option; and

c. Any other person.

### **Forfeiture and Lien**

The Company shall have a first and paramount lien upon all shares that are not fully paid-up shares of the Company for all monies called or payable at a fixed time in respect to that share. In the case of shares that are not fully paid up and stand registered in the name of a single person, the Company shall have a first and paramount lien for all monies payable by him or his estate to the Company at the time. The Company may enforce the lien by selling any shares on which the Company has a lien provided that a sum in respect of which the lien exists is payable at the time and a written notice demanding payment has been served on the registered holder 14 (fourteen) days prior to such sale.

If a member fails to pay any call, instalment or any money due in respect of any share, on the day appointed for the payment of the same, the Board may at any time thereafter, during such time as the call or instalment remains unpaid or a judgement or decree in respect of the same remains unsatisfied, serve notice on such member requiring him to pay the same together with any interest that may have accrued and expenses that may have been incurred by the Company by reasons of such non-payment. If the requirements of such notice are not complied with, the relevant share may be forfeited by a resolution of the Board. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares which are not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares and the forfeited share shall be deemed to be the property of the Company. However, the person whose shares have been forfeited shall remain liable to pay all monies, including interest at such rates as the Board may determine, that were payable by him to the Company in respect of the forfeited shares, at the date of forfeiture. The Company may sell, re-allot or otherwise dispose of the forfeited shares.

The provisions of the Articles in relation to the Company's lien apply mutatis mutandis on other securities issued by the Company including dividends issued by the Company.

### **Transfer of Shares**

The shares or other securities of the Company may be transferred vide an instrument of transfer that is executed by or on behalf of both the transferor and the transferee, in the form as prescribed in the Rules made under this Act. Such instrument of transfer must be in respect of only one class of shares and shall be accompanied by the share certificate and such other evidence that the Board may require to show the right of the transferor to transfer the shares or other securities. The transferor shall be deemed to remain a holder of the transferred share until the transferee's name is entered in the register of members. The Board may decline to register the transfer of a share if partly paid-up to a person of whom they do not approve or a share on which the Company has a lien.

### **Transmission of shares**

The survivor or survivors of a deceased member, where the member was a joint member or the nominees or legal representatives of a deceased member, where the member was a sole holder, shall be the only person whom the Company shall recognize as having any title to the shares registered in the name of such member. Nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

A person becoming entitled to a share or other security as a consequence of the death or insolvency of a registered member, may elect to be registered as the holder of the share or security or make such transfer of the share or other security as the deceased or insolvent could have made. Such person shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the share. However, such person shall not be entitled to exercise any right conferred by membership in relation to meetings of the Company before being registered as a member.

The Board shall have the same right to decline or suspend the registration of the transmission as it would have had, if the deceased member had transferred the share or security before death or insolvency.

### **Certificate**

A person subscribing to the shares of the Company shall have the option to either receive the certificate of such shares or hold the shares in a dematerialised electronic form with a depository. Every certificate of shares shall be under the Seal of the Company and shall specify the shares to which it relates and the amount paid-up thereon. Provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and

delivery of a certificate of shares to one of several joint holders shall be sufficient delivery vis-à-vis all such holders. Particulars of every certificate issued shall be entered in the register maintained in the form set out in the Act.

If any certificate of any shares is defaced, mutilated, torn, worn-out or where the pages on the reverse for endorsement of transfer have been duly utilized, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof. If any certificate of any shares is lost or destroyed then upon proof thereof to the satisfaction of the Company and on such indemnity as the Board deems adequate, a new certificate may be issued in lieu thereof. Every certificate under this Article shall be issued on payment of fees for each certificate as may be prescribed under applicable law.

### **General Meetings**

All general meetings of the Company other than the Annual General Meeting shall be called an extraordinary general meeting. The quorum for the general meeting shall be as provided in the Act and the Chairperson of the Board shall preside as Chairperson at every general meeting who shall have a second or casting vote on any business. The Chairperson of the meeting may adjourn the meeting from time to time and from place to place.

### **Meetings of Directors**

The Directors may meet for the conduct of business, adjourn and regulate their meetings as they think fit. The quorum for a meeting of the Board shall be as provided in the Act and the participation of the Directors may be either in person, through video-conferencing, through audio visual means or teleconferencing as may be permitted or prescribed under applicable law.

The power to manage the business of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as may be exercised or done by the Company under the memorandum of association or otherwise and are not hereby, by law or otherwise expressly required or directed to be exercised or done by the Company in the general meeting but subject nevertheless to provisions of the Act, these Articles, and other regulations, from time to time, made by the Company in general meeting, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

### **Board of Directors**

Unless otherwise determined in a general meeting, the number of Directors of the Company shall not be less than 3 (Three) and not more than 14 (fourteen). The Board shall have the power to appoint, at any time, additional directors to the Board subject to the maximum strength of the Board as determined by the Articles and the provisions of the Act. All directors of the Company are liable to retire by rotation.

Subject to the provisions of the Act, any corporation, company, bank or State or Central Government that gives loans to the Company or provides guarantees in relation to loans availed by the Company, is entitled to appoint a nominee Director or Directors of the Company.

### **Extra-ordinary General Meeting**

The Board may, whenever they think fit, call an extra ordinary general meeting in accordance with the Companies Act.

### **Votes of Members**

Subject to any restrictions attached to any class or classes of shares at the time:

- a. On a show of hands, every member present in person and being a holder of equity shares shall have one vote; and
- b. On a poll, the voting rights of holder of equity shares shall be in proportion to his share in the paid-up equity share capital of the Company.

Any member entitled to attend and vote at a general meeting may do so personally, through his constituted attorney or through another person appointed as a proxy on his behalf, for that meeting.

A member may exercise his vote at a meeting by electronic means in accordance with the Companies Act and shall vote only once.

No member shall be entitled to exercise any voting rights unless all calls or other sums presently payable by him in respect of his shares in the Company have been paid or in regard to which the Company has exercised any right of lien.

A person becoming entitled to a share shall not before being registered as member in respect of the share be entitled to exercise in respect thereof any right conferred by membership in relation to meeting of the Company.

### **Dividend**

The Company in general meeting may declare the dividend which shall not exceed the amount recommended by the Board. The Board, before declaring the dividend, may set aside from the profits such sums as it seems fit as reserves which shall be applied for any purpose to which the profits of the Company may be properly applied, at the discretion of the Board, The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

Subject to the provisions of the Act, the Board may, from time to time, pay interim dividends of such amount and on such class of shares as it deems fit. Subject to rights of members entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares. If and so long as nothing is paid upon any of the shares in the Company, dividend may be declared and paid according to the amounts of the shares. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which dividend is paid unless any share is issued on terms providing that it shall rank for dividend as from a particular date. Such share shall rank for dividend accordingly Further, no dividend shall bear interest as against the Company.

Where the Company has declared a dividend but which has not been paid or claimed within 30 (Thirty) days from the date of declaration, the Company shall transfer such unclaimed or unpaid amount to a special account maintained by the Company in a scheduled bank, to be called the 'Bajaj Energy Limited- Unpaid Dividend Account' within 7 (Seven) days from the date of expiry of the said period of 30 (Thirty) days. The Board shall not forfeit any unpaid or unclaimed dividend.

### **Capitalisation of Profits**

The Company, on recommendation of the Board, may resolve to capitalise any part of the amount standing to the credit of any of the Company's reserve accounts or the profit and loss account, or otherwise available for distribution. The Company may resolve to set such sum free for distribution amongst members who would have been entitled if the sum was distributed by way of dividends. The sum aforesaid shall not be paid in cash but shall be applied towards:

- a. Paying up amounts that are, for the time being unpaid on any shares held by the members; or
- b. Paying up in full, the unissued shares or other securities of the Company to be allotted and distributed, to and amongst such members.

A securities premium account and a capital redemption reserve account or any other permissible reserve account, may be applied in the paying up of unissued shares to the members of the Company as fully paid up bonus shares.

### **Winding Up**

Subject to the provisions of the Act and Rules, if the Company is wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by law, divide the whole or part of the assets amongst the members in specie or kind. The liquidator may set such value that he deems as fair upon the property and may determine how the division shall be carried out amongst the members. The liquidator also may vest the whole or part of the assets in trusts for the benefit of the contributors.

### **Indemnity**

Subject to the provisions of the Act, the Company shall indemnify and defend its Directors, manager, Company Secretary and other officers or employees of the Company against all costs losses and expenses, (including traveling expenses) which any such Director, manager or Secretary or other officer or employee may incur or become liable to by reason of any contract entered into, act or deed done by him in his capacity or in the discharge of his duties. Further, the Company shall indemnify and defend its Directors, manager, Company Secretary and other officers or employees of the Company against all liabilities incurred by him or by them as such Director, manager, Secretary, officer or employee in any proceeding whether civil or criminal in which judgment is given in his or their favour or he or they is or are acquitted, or in connection with any application under applicable provisions of the Act in which relief is granted by the Court. It shall be the duty of the Company to pay out of the funds of the Company.

## **SECTION X: OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The copies of the following documents and contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus which will be delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. IST on all Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

#### **A. Material Contracts for the Offer**

1. Offer Agreement dated April 4, 2019 entered into between our Company, the Promoter Selling Shareholder and the Lead Managers.
2. Registrar Agreement dated April 3, 2019 entered into between our Company, the Promoter Selling Shareholder and the Registrar to the Offer.
3. Cash Escrow Agreement dated [●] entered into between our Company, the Promoter Selling Shareholder, the Registrar to the Offer, the Lead Managers, the Escrow Collection Bank, the Refund Bank, the Public Offer Bank, the Sponsor Bank and the Syndicate Members.
4. Share Escrow Agreement dated [●] entered into between the Promoter Selling Shareholder, our Company and the Share Escrow Agent.
5. Syndicate Agreement dated [●] entered into between our Company, the Promoter Selling Shareholder and the members of the Syndicate.
6. Underwriting Agreement dated [●] entered into between our Company, the Promoter Selling Shareholder, and the Underwriters.
7. Monitoring Agency Agreement dated [●] entered into between our Company and [●].

#### **B. Material Documents**

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended from time to time.
2. Our certificate of incorporation dated June 27, 2008.
3. (i) Fresh certificate of incorporation dated March 19, 2010 pursuant to change of name from Bajaj Eco-chem Products Private Limited to Bajaj Energy Private Limited; (ii) Certificate of registration dated September 30, 2011 pursuant to change in registered office of our Company; (iii) Fresh certificate of incorporation dated October 16, 2015 pursuant to conversion of our Company from a private limited company to a public limited company.
4. Copies of annual reports of our Company for Fiscals 2018, 2017 and 2016.
5. Audited consolidated financial statements of our Company for the nine months ended December 31, 2018 and Fiscals 2018, 2017 and 2016.
6. Audited standalone financial statements of LPGCL for the nine months ended December 31, 2018.
7. Resolution of the Board of Directors dated March 22, 2019 authorising the Offer and other related matters.

8. Resolution of the Shareholders of our Company dated March 25, 2019 authorising the Offer and other related matters.
9. Resolution dated March 22, 2019 passed by the board of directors of the Promoter Selling Shareholder approving the Offer for Sale for the Equity Shares offered by it.
10. Resolution dated April 4, 2019 passed by the IPO Committee approving this Draft Red Herring Prospectus.
11. Resolution of the Board of Directors dated [●] approving the Red Herring Prospectus.
12. Consent letter dated April 1, 2019 issued by the Promoter Selling Shareholder approving the Offer for Sale for the Offered Shares.
13. Consent letters from the Joint Statutory Auditors dated April 1, 2019 and April 4, 2019 for inclusion of their name as experts.
14. The Statement of Tax Benefits dated April 1, 2019 issued by the Joint Statutory Auditors.
15. Examination reports on the Restated Consolidated Financial Information dated March 22, 2019 of our Joint Statutory Auditors, included in this Draft Red Herring Prospectus.
16. Examination reports on the LPGCL Restated Financial Information dated March 22, 2019, of our Joint Statutory Auditors and L. B. Jha & Co., Chartered Accountants, included in this Draft Red Herring Prospectus.
17. Assurance report on the Unaudited Restated Proforma Financial Information dated April 1, 2019, of our Joint Statutory Auditors, included in this Draft Red Herring Prospectus.
18. Consents in writing of the Promoter Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, CRISIL Limited, our Joint Statutory Auditors, Indian Legal Counsel to our Company, Indian Legal Counsel to the Lead Managers, Bankers to our Company, the Lead Managers, the Syndicate Members, Limited, Escrow Collection Bank, Public Offer Bank, Refund Bank, Sponsor Bank and the Registrar to the Offer, to act in their respective capacities.
19. Report entitled "*Outlook on Power Sector in India*" dated April, 2019 issued by CRISIL Limited.
20. Share purchase agreement dated March 31, 2019 between our Company, LPGCL, Bajaj Hindusthan Sugar Limited and Bajaj Power Ventures Private Limited.
21. Share purchase agreement dated March 31, 2019 between our Company, LPGCL, Bajaj Power Ventures Private Limited and Bajaj Hindusthan Sugar Limited.
22. Valuation report in relation to equity shares of LPGCL dated July 4, 2018 issued by Mehta Chokshi & Shah, Chartered Accountants.
23. In-principle listing approvals dated [●] and [●] issued by BSE and NSE, respectively.
24. Tripartite agreement dated June 29, 2012 amongst NSDL, our Company and the Registrar to the Offer.
25. Tripartite agreement dated August 29, 2018 amongst CDSL, our Company and the Registrar to the Offer.
26. Due diligence certificate dated April 4, 2019 addressed from the Lead Managers to SEBI.
27. SEBI observation letter no. [●] dated [●].
28. Corporate guarantee issued by BPVPL in favour of State Bank of India amounting to ₹ 6,241.40 million in respect of loans availed by our Company.
29. Corporate guarantee issued by BPVPL in favour of ICICI Bank Limited amounting to ₹ 2,000.00 million in respect of loans availed by our Company.

30. Corporate guarantee issued by BPVPL in favour of PTC India Financial Services Limited amounting to ₹ 1,750.00 million in respect of loans availed by our Company
31. Corporate guarantee issued by BPVPL in favour of IDBI Trusteeship Services Limited amounting to ₹ 182,538.80 million, in respect of loans availed by our Associate.

## **DECLARATION**

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations or guidelines issued by the Government and the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, SCRR, the SEBI Act or rules or regulations made or guidelines issued thereunder, as the case may be. We further certify that all disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY ALL THE DIRECTORS OF OUR COMPANY**

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**Kushagra Bajaj**  
(Chairman and Non-Executive Director)

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**Tara Sankar Bhattacharya**  
(Independent Director)

---

**Dhananjay Nilkanth Date**  
(Independent Director)

---

**Shalu Laxmanraj Bhandari**  
(Independent Director)

---

**Dr. Ajay Vikram Singh**  
(Non-Executive Director)

---

**Santosh Balachandran Nayar**  
(Independent Director)

---

**Naina Krishna Murthy**  
(Independent Director)

---

**Prabal Banerjee**  
(Non-Executive Director)

### **SIGNED BY THE CHIEF FINANCIAL OFFICER**

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**Sushil Kumar Jain**  
(Chief Financial Officer)

Place: Mumbai  
Date: April 4, 2019

## **DECLARATION**

The undersigned Promoter Selling Shareholder hereby certifies that all statements and undertakings made by it in this Draft Red Herring Prospectus in relation to itself and the Equity Shares being offered by it in the Offer for Sale are true and correct.

**Signed by the Promoter Selling Shareholder**

**For Bajaj Power Ventures Private Limited**

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Name: Balkishan Muchhal

Designation: Director

Place: Mumbai

Date: April 4, 2019

**ANNEXURE 1 - VALUATION REPORT**

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**VALUATION OF EQUITY SHARES  
OF  
LALITPUR POWER GENERATION COMPANY  
LIMITED**

# *Mehta Chokshi & Shah*

**CHARTERED ACCOUNTANTS**

Date: 4<sup>th</sup> July 2018

To,

**The Company Secretary,**

**Bajaj Hindusthan Sugar Limited**

Bajaj Bhavan, 2nd Floor, 226,

Nariman Point,

Jamnalal Bajaj Marg,

Nariman Point,

Mumbai- 400021

Dear Sir,

Sub: Report on Fair Market Value of Unquoted Equity Shares.

### **1. Scope of Engagement:**

We have been assigned by you to carry out the fair market value of Equity Shares of M/s Lalitpur Power Generation Company Limited ("the LPGCL") in accordance with Rule 11UAA read with Section 50CA of the Income Tax Act, 1961 ("the Act").

### **2. Background:**

2.1 We have been informed that, the Bajaj Hindusthan Sugar Limited ( "the Seller" ) intends to dispose/sell off its entire equity share holding of 17.51% i.e 1,54,39,900 no. of equity shares of LPGCL, an Unlisted Public Limited Company. Therefore, we have been approached by the Seller to compute the Fair Market Value (FMV) of the equity share of LPGCL in accordance with the provisions of Section 50CA of the Income Tax Act, 1961 read with Rule 11UAA of the Income Tax Rules 1962.

2.2 In carrying out valuation, we have relied on the following information/documentation provided of LPGCL. We have also relied upon management's representation on other related information and documentation provided to us, which we believe to be true and correct.

- a) Copy of audited financial statements of the LPGCL for FY 2016-17.

MAKER BHAVAN 3, 214, 2ND FLOOR, NEW MARINE LINES, MUMBAI - 400 020.  
TEL : 2205 7309 • 2208 8743 • 6633 4067 • Fax : 2205 5432 • Email : chetanshah@camcs.in

A-101, "AADESHWAR" S.V.P. ROAD, (MANDPESHWAR ROAD), BORIVALI (W), MUMBAI - 400 092.  
Tel. 2893 0502 • Telefax : 2893 0503 • Email : abhaymehta@camcs.in



- b) Copy of "Project Fixed Asset Valuation Report" dated 19.06.2017 of the Thermal Power Plant of LPGCL for determining the fair market value of building owned by LPGCL.
- c) Supporting documents for determining the fair market value of freehold land held by the LPGCL.

**2.3 Valuation:**

The Act provides certain guidelines for computing the FMV of unquoted equity shares. The relevant section and rules are reproduced below:

**I) Section 50CA :****Special provision for full value of consideration for transfer of share other than quoted share :**

*"Where the consideration received or accruing as a result of the transfer by an assessee of a capital asset, being share of a company other than a quoted share, is less than the fair market value of such share determined in such manner as may be prescribed, the value so determined shall, for the purposes of section 48, be deemed to be the full value of consideration received or accruing as a result of such transfer".*

*Explanation.—For the purposes of this section, "quoted share" means the share quoted on any recognised stock exchange with regularity from time to time, where the quotation of such share is based on current transaction made in the ordinary course of business.*

**II) Rule 11UAA :****Determination of Fair Market Value for share other than quoted share.**

*"For the purposes of section 50CA, the fair market value of the share of a company other than a quoted share, shall be determined in the manner provided in sub-clause (b) or sub-clause (c), as the case may be, of clause (c) of sub-rule (1) of rule 11UA and for this purpose the reference to valuation date in the rule 11U and rule 11UA shall mean the date on which the capital asset, being share of a company other than a quoted share, referred to in section 50CA, is transferred"*

**Rule 11UA :**

(1) For the purposes of section 56 of the Act, the fair market value of a property, other than immovable property, shall be determined in the following manner, namely,—

- (a) .....
- (b) .....
- (c) Valuation of shares and securities :



*the fair market value of unquoted equity shares shall be the value, on the valuation date, of such unquoted equity shares as determined in the following manner, namely:—*

*the fair market value of unquoted equity shares =  $(A+B+C+D - L) \times (PV)/(PE)$ , where,*

*A = book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) in the balance-sheet as reduced by,—*

- (i) *any amount of income-tax paid, if any, less the amount of income-tax refund claimed, if any; and*
- (ii) *any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset;*

*B = the price which the jewellery and artistic work would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer;*

*C = fair market value of shares and securities as determined in the manner provided in this rule;*

*D = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property;*

*L = book value of liabilities shown in the balance sheet, but not including the following amounts, namely:—*

- (i) *the paid-up capital in respect of equity shares;*
- (ii) *the amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company;*
- (iii) *reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation;*
- (iv) *any amount representing provision for taxation, other than amount of income-tax paid, if any, less the amount of income-tax claimed as refund, if any, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto;*
- (v) *any amount representing provisions made for meeting liabilities, other than ascertained liabilities;*



(vi) any amount representing contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares;

PV= the paid up value of such equity shares;

PE = total amount of paid up equity share capital as shown in the balance-sheet;]

- III)** Based on the information provided to us, we hereby certify that the FMV of equity shares as per Rule 11UAA is **INR 7,10.84 (INR Seven Hundred and Ten and Paise Eighty Four Only)** per Equity share as at 4<sup>th</sup> July 2018.

Detailed calculation is annexed in '**Appendix - A**' attached herewith.

### **3. Limitations & Disclaimers :**

- 3.1 Bajaj Hindusthan Sugar Ltd. has requested M/s. Mehta Chokshi and Shah, Chartered Accountants, to carry out a valuation of equity shares of Lalitpur Power Generation Company Limited. In preparing this valuation report, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information provided of LPGCL.
- 3.2 The Report is being provided solely for the purpose of computing the Fair Market Value (FMV) of the equity share of LPGCL in accordance with the provisions of Section 50CA of the Income Tax Act, 1961 read with Rule 11UAA of the Income Tax Rules 1962. The report may be produced before judicial, regulatory or government authorities, in connection with the Transaction and is not on behalf of, and shall not confer rights or remedies upon, any other person.
- 3.3 In furnishing the report, it should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise or reaffirm the views expressed in the report. Nothing contained within the report is or should be relied upon as a promise or representation as to the future.



3.4 As per Rule 11U, the valuation has to be based on the balance sheet of the LPGCL as drawn up on the date on which the actual transaction takes places. Accordingly, the FMV may undergo change and fresh valuation may have to be undertaken.

For Mehta Chokshi & Shah  
Chartered Accountants  
Firm Registration No.: 106201W

Chetan Shah  
(Partner)  
M. NO.: 047178

Encl: Appendix-A



## LALITPUR POWER GENERATION COMPANY LIMITED

### Appendix - 'A' to our report

**Working as per Rule 11UAA of the Income Tax Rules, 1962 - Valuation of unquoted equity shares**

Particulars	Rs. in lacs
Book Value of Total Assets ( except value of B, C & D below ) as on 31/03/2017	19,19,643.14
A	
B	
C	8,553.23
D	2,41,667.30
L	(15,43,001.51)
<b>(A+B+C+D - L)</b>	<b>6,26,862.17</b>
Total amount of paid up equity share capital as shown in the balance sheet (PE)	8,818.60
The paid up value of such equity shares (PV)	10.00

**As per the formula prescribed in Rule 11 UA (1) for the purpose of FMV**

The Fair market Value of unquoted equity shares =  $(A+B+C+D-L)*(PV)/(PE)$

<b>Fair Value per share [(A+B+C+D - L)*PV/PE]</b>	<b>710.84</b>
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#### A Book Value of Total Assets as on 31/03/2017

Particulars	Rs. in lacs	Rs. in lacs
	Book Value	Market Value
Book Value of Total Assets	19,93,832.92	
Less: WDV of Immovable property	(65,346.01)	
Less: Book Value of Shares and securities	(8,553.23)	
Less: Income tax Paid	(290.53)	(74,189.77)
<b>Book value of all the assets other than jewellery, artistic work, shares, securities and immovable property</b>		<b>19,19,643.14</b>

#### C Fair market value of shares and securities

Particulars	Rs. In lacs	
	Book Value	Market Value
Investment in Mutual fund	8,553.23	8,553.23
<b>Total Fair market value of shares and securities</b>	<b>8,553.23</b>	<b>8,553.23</b>

#### D Fair market value of immovable property

Particulars	Rs. In lacs	
	Book Value	Market Value
Freehold Land	10,015.77	1,84,827.75
Leasehold Land	47.65	47.65
Building	55,282.60	56,791.90
<b>Total Fair market value of immovable property</b>	<b>65,346.02</b>	<b>2,41,667.30</b>



L Book Value of Total Liabilities as on 31/03/2017

<b>Particulars</b>	<b>Rs. In lacs</b>	<b>Rs. In lacs</b>
Book Value of Total Liabilities		19,93,832.92
Less: Paid up value of Equity Share Capital	(8,818.60)	
Less: Reserves & Surplus to the extent not attributable to Depreciation	(4,40,672.36)	
Less: Contingent liability other than Arrears of Dividend on Cumulative Preference Share	-	
Less: Provision for taxation, other than amount of income-tax paid, if any, less the amount of income-tax claimed as refund, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto	(1,340.45)	
Less: The amount of provisions made for meeting liabilities, other than ascertained liabilities	-	(4,50,831.41)
<b>Net Liabilities</b>		<b>15,43,001.51</b>

