

## Report of Audit Committee of Jaiprakash Power Ventures Limited

### 1. Background :

- 1.1 A meeting of the Audit Committee was held on 18<sup>th</sup> July, 2016 to consider the proposal to transfer of 500 MW Jaypee Bina Thermal Power Plant viz the business, assets, liabilities and operations of the plant located at Bina in the State of Madhya Pradesh, as a going concern on a slump exchange basis to Bina Power Supply Limited (BPSL), a subsidiary, as recommended by the Committee of Directors (for restructuring) held prior of the meeting.
- 1.2 The said meeting was attended by Shri B.B. Tandon, Chairman, and Shri R.N. Bhardwaj Members, Shri Suren Jain, Managing Director & CFO and Shri M.M.Sibbal, Vice President & Company Secretary.
- 1.3 This report of the Audit Committee is made in terms of Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015 issued by the Securities and Exchange Board of India ("SEBI")
- 1.4 The Committee noted that consequent upon demerger of appraised 500 MW Bina Thermal Power Plant by transfer and vesting of plant to BPSL, on a going concern basis, BPSL shall allot Equity Shares and Non-Convertible Debentures to the Company on Slump Exchange basis. Accordingly in terms of para 4 of SEBI Circular dated November 30, 2015, Valuation Report from an Independent Chartered Accountants viz. **M/s. Bansi S. Mehta & Co.**, Chartered Accountants, Mumbai was placed at the Meeting and considered by the Committee.
- 1.5 The Committee considered the following documents :
  - (i) Valuation Report dated 16<sup>th</sup> June, 2016 issued by M/s. Bansi S. Mehta & Co. Independent Chartered Accountants; and
  - (ii) Fairness Opinion dated 17<sup>th</sup> June, 2016 issued by M/s. Sobhagya Capital Options Limited, New Delhi, a SEBI Registered Merchant Bankers, as Independent Merchant Bankers on the valuation done by M/s Bansi S. Mehta & Company.

### 2. Review of Valuation Report by Audit Committee:

The Audit Committee reviewed the Valuation Report dated 16<sup>th</sup> June, 2016 of M/s Bansi S. Mehta & Co., Chartered Accountants, and Independent Valuers at length. The Committee also reviewed the methodology and approach adopted by the Independent Valuers. The members also interacted with the Valuers who made detailed presentation about the methodology and approach adopted by them. Being satisfied with the Valuation, the Committee concluded that the Valuation as per the Valuation Report was fair and reasonable.



*(Signature)*

### 3. Fairness Opinion of M/s Sobhagya Capital Options Limited, New Delhi, SEBI Registered Merchant Bankers :

The Audit Committee reviewed the Fairness Opinion dated 17<sup>th</sup> June, 2016 of M/s. Sobhagya Capital Options Limited, New Delhi, SEBI Registered Independent Merchant Bankers on the Valuation done by M/s. Bansi S. Mehta & Co., Chartered Accountants and interacted with the representatives of Independent Merchant Bankers. The Members sought clarifications and the same were duly provided.

### 4. Salient Features of the Scheme of Arrangement

The Committee also considered the draft Scheme of Arrangement between the Company, BPSL and their respective shareholders and creditors

- a) The proposed Scheme of Arrangement provides for transfer of 500 MW Jaypee Bina Thermal Power Plant viz the business, assets, liabilities and operations of the plant located at Bina in the State of Madhya Pradesh, as a going concern on a slump exchange basis from the Company to BPSL, a subsidiary of the Company.

The other businesses of the Company shall remain with it.

- b) Appointed date will be effective date

The Effective date is “**Effective Date**” or “**coming into effect of this Scheme**” or “**effectiveness of this Scheme**”, or “**Scheme becoming effective**”. The Scheme shall be ‘effective’ when the following conditions are satisfied:

- (a) the certified copy of the High Court/NCLT order sanctioning the Scheme is filed with the Registrar of Companies;
- (b) certain customary conditions as specified in the Scheme are satisfied; and
- (c) the consents under the Factories Act, 1948 and rules thereunder, Explosives Rules, 2008 and Petroleum Rules, 2002 have been obtained for Bina Undertaking.
- c) Consideration: On the Scheme becoming effective, for the acquisition of the business, BPSL will issue following Securities to the Company:
- (i) 25 crore equity shares of Rs. 10/- each of BPSL; and



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- (ii) 5 crore 12.5% non-convertible debentures of Rs. 100/- each of BPSL, redeemable at the end of 10 years from the date of issue will be issued to the Company.

The assets, liabilities, contracts, employees, licenses and permissions forming a part of 500 MW Jaypee Bina Thermal Power Plant proposed to be transferred shall stand transferred and vested in BPSL upon the Scheme becoming effective.

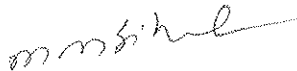
Pursuant to the divestment of the Company's power plant, project level debt will also be transferred to BPSL.

- d) Part of the Authorized Capital of the Company is also proposed to be transferred to BPSL, upon the Scheme becoming effective.
- e) The Equity Shares and Non-Convertible Debentures contemplated to be issued in pursuance of the Scheme has been determined based on the Enterprise Value of the 500 MW Bina Thermal Power Plant, arrived at as per valuation report dated 16<sup>th</sup> June, 2016 of M/s. Banshi S. Mehta & Co. The Fairness Opinion dated 17<sup>th</sup> June, 2016 has been provided by M/s. Sobhagya Capital Options Ltd.

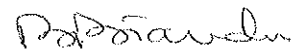
## 5. Recommendations

The Committee also accepted and took on record the Valuation Report dated 16<sup>th</sup> June, 2016 of M/s. Banshi S. Mehta & Co., Independent Valuers and Fairness Opinion dated 17<sup>th</sup> June, 2016 by M/s. Sobhagya Capital Options Ltd, SEBI registered Merchant Bankers and directed that the same may also be placed before the Board, After discussions, the Audit Committee recommended the draft Scheme of Arrangement for approval by the Board, Stock Exchanges and SEBI and thereafter apply to High Court/NCLT of competent jurisdiction.

CERTIFIED TRUE COPY  
For JAIPRAKASH POWER VENTURES LTD.



(M. M. SIEBAL)  
Vice President & Company Secretary



(B.B. Tandon)  
Chairman  
Audit Committee  
Jaiprakash Power Ventures Limited