

**DIRECTORS' REPORT**

To,

The Members

The Directors of your Company have pleasure in presenting the **Eighth Annual Report** together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2014.

**WORKING RESULTS**

The working results of the Company for the year under report are as under:

<b>Particulars</b>	<b>(Rs. in crores)</b>	
	<b>Current Year 31.03.2014</b>	<b>Previous Year 31.03.2013</b>
<b>Revenue from operations</b>	196.89	206.05
Add: Other Income	3.05	0.16
<b>Total Income</b>	<b>199.94</b>	<b>206.21</b>
<b>Profit before Interest, Depreciation &amp; Taxation</b>	192.81	199.74
Less : Interest	76.08	88.48
Less : Depreciation	52.44	52.58
Profit before tax	<b>64.29</b>	<b>58.68</b>
Less:Current Tax	-	-
Less:Deferred Tax charge	<b>10.51</b>	<b>30.14</b>
<b>Profit after Tax</b>	<b>53.78</b>	<b>28.54</b>
<b>Profit &amp; Loss A/c (Opening Balance)</b>	<b>24.78</b>	<b>(3.75)</b>
<b>Profit available for appropriation</b>	<b>78.56</b>	<b>24.78</b>
<b>Less: Appropriations:</b>		
Transfer to General Reserve	4.03	0.00
Interim Dividend	36.00	0.00
Proposed Final Dividend	10.50	0.00
Dividend Distn.Tax (Interim + proposed)	7.91	0.00
<b>Surplus carried forward to Balance Sheet</b>	<b>20.12</b>	<b>24.78</b>

## **OPERATIONS**

The Directors of the Company are pleased to report a Profit before Tax of Rs. 64.29 crores in the current year as against Rs. 58.68 crores in the previous year.

During the year, the average availability of the transmission system was 99.97% as against the minimum stipulated availability of 98%. The Directors of your Company wish to report that the transmission system of the Company is being well maintained. The high availability of transmission network is being maintained through deployment of technologically advanced operational techniques.

The Operations and maintenance of 400 kV bays sub-station at Abdullapur and 400 kV switchable line shunt reactors /neutral grounding reactors installed at KWHEP at Sholtu are being done by Power Grid Corporation of India Limited and Jaiprakash Power Ventures Limited respectively. Your Company has been undertaking the Operations and maintenance of the transmission line.

## **SHARE CAPITAL**

During the year under review, there was no change in paid up capital of the Company.

## **DIVIDEND**

The Board has recommended to the members a final dividend of Re. 0.35 per share of Rs. 10 each for the Financial year 2013-14 which will absorb an amount of Rs.10.50 crores besides dividend distribution tax of Rs.1.78 crores.

As the members are aware, your Company had declared and paid interim dividends of Rs.0.65 per share in December, 2013 and Rs.0.55 per share in March, 2014 during the Financial year 2013-14. Accordingly, aggregate dividend of Rs.1.55 per share would absorb Rs. 46.50 crores besides dividend distribution tax of Rs. 2.40 crores.

## **DIRECTORATE**

Shri H.K. Sharma resigned from the office of Director/Managing Director w.e.f 26<sup>th</sup> March, 2014 due to personal reasons. The Board places on record its appreciation for the valuable contribution of Shri H.K. Sharma during his tenure as Director/Managing Director.

The Board appointed Shri D.P. Goyal as an Additional Director w.e.f. 27<sup>th</sup> March, 2014 and Managing Director w.e.f. 1<sup>st</sup> April, 2014. The proposal of his appointment as Director/Managing Director has been included in the Notice for the ensuing Annual General Meeting.

Shri Vinod Sharma and Shri Oommen Chandy shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

#### **AUDIT COMMITTEE**

The Audit Committee of the Board comprising of Shri G.P. Singh being the Chairman, Shri Oommen Chandy and Shri Suren Jain, Members meet the requirement of Section 292A of the Companies Act, 1956.

#### **DEPOSITS**

The Company did not invite / accept any Fixed Deposits from the Public during the year under report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representation received from the operating management and after due enquiry, confirm the following in respect of the Audited Accounts for the year ended 31<sup>st</sup> March, 2014:-

- i) that in the preparation of the Annual Accounts, the applicable accounting standards had been followed and that there were no material departures;
- ii) that the Directors had, in consultation with the Statutory Auditors, selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended 31<sup>st</sup> March, 2014;
- iii) that the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that the Directors had prepared the Annual Accounts on a going concern basis.

### **PARTICULARS OF EMPLOYEES**

During the year under Report, there was no employee who was in receipt of remuneration of Rs.5 lacs or more. Accordingly, information u/s 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 195, as amended, may kindly be treated as nil.

### **PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31<sup>st</sup> March, 2014, are annexed and form an integral part of this report.

### **AUDITORS' REPORT**

The Auditors' Report to the members for the Financial Year ended 31<sup>st</sup> March, 2014 is self-explanatory. The Directors wish to report that the Report does not contain any qualification or adverse remark.

### **AUDITORS**

M/s. Awatar & Co., Chartered Accountants, Statutory Auditors of the Company shall retire at the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained a written certificate to the effect that their re-appointment, if made, would be within the limits specified in sub-section (g) of Section 141(3) of the Companies Act, 2013 and they fulfil the criteria laid down u/s 141 of the Companies Act, 2013. Further, they are eligible for re-appointment as Statutory Auditors of the Company till the conclusion of 12<sup>th</sup> Annual General Meeting, subject to ratification of their appointment at every Annual General Meeting.

### **COST AUDITORS**

The Board appointed M/s Sanjay Gupta & Associates as Cost Auditors under Section 233 B of the Companies Act, 1956 for the Financial Year 2013-14. The Cost Audit Report will be filed with the Cost Audit Branch within the stipulated time.

The Board further re-appointed M/s Sanjay Gupta & Associates as Cost Auditors for the Financial Year 2014-15.

**EMPLOYEES**

The Directors wish to place on record their sincere appreciation for the contribution of the employees at all levels.

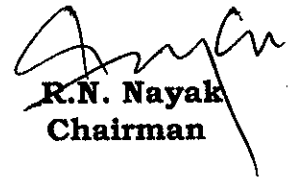
**ACKNOWLEDGEMENT**

The Directors of your Company place on record their sincere appreciation and gratitude to various Departments and Undertakings of the Government of India, Government of Himachal Pradesh and Undertakings of the Central & State Governments, Central Electricity Regulatory Commission, Central Electricity Authority, Northern Regional Power Committee, National Regional Load Dispatch Centre, POSOCO, Credit Rating Agencies, Bankers and other authorities for their continued co-operation and support to the Company.

The Directors also thank the Joint Venture Partners viz Power Grid Corporation of India Limited and Jaiprakash Power Ventures Limited for their continuous support.

**On behalf of the Board**

Place: Gurgaon  
Date: 14<sup>th</sup> May, 2014

  
**R.N. Nayak**  
**Chairman**

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## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF  
JAYPEE POWERGRID LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of JAYPEE POWERGRID LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

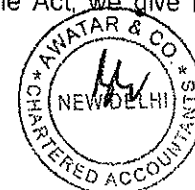
### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



2. As required by section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.;
- e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **AWATAR & CO.**  
Chartered Accountants  
Firm Registration No. 000726N

*Brijendra Agrawal*

**Brijendra Agrawal**  
Partner

Membership No. : 087787



Place : Gurgaon  
Date : 14/05/2014

## ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - (b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - (c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- (ii) The Company does not have any inventories. Therefore, the provisions of clause (ii) of paragraph 4 of the Order are not applicable to the Company.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not entered into loan transactions to which provisions of Sections 297 and 299 of the Companies Act, 1956 are applicable. Therefore, the provisions of clause (iii) of paragraph 4 of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- (v) In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
  - (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 500,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
- (vi) According to the information and explanations given to us, the Company has not accepted deposits from public. Therefore, the provisions of clause (vi) of paragraph 4 of the Order are not applicable to the Company.
- (vii) *The Company has an internal audit system, the scope and coverage of which in our opinion, is required to be enlarged to be commensurate with the size and nature of its business.*
- (viii) We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made detailed examination of the records with a view to determine whether they are accurate and complete.





- (ix) In respect of statutory dues:
- (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period of more than six months from the date of becoming payable.
- (x) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
- (xii) In our opinion and according to the information and explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of paragraph 4 of the Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanation's given to us, the Company has not given any guarantee for loans taken by others from the banks or financial institutions. Therefore, provisions of clause (xv) of paragraph 4 of the Order are not applicable to the Company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the term loans raised during the year have been applied for the purposes for which they were raised.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any fresh allotment of equity shares during the year.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the year under audit report.
- (xx) The Company has not raised any monies by way of public issue during the year.
- (xxi) In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **AWATAR & CO.**  
Chartered Accountants  
Firm Registration No. 000726N

*Brijendra Agrawal*

**Brijendra Agrawal**  
Partner  
Membership No. : 087787



Place : Gurgaon  
Date : 14/05/2014

**JAYPEE POWERGRID LIMITED**

**BALANCE SHEET AS AT MARCH 31, 2014**

(Amount in Rs.)

PARTICULARS	NOTE	AS AT 31/03/2014 RUPEES (Audited)	AS AT 31/03/2013 RUPEES (Audited)
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2.1	3,000,000,000	3,000,000,000
(b) Reserves and Surplus	2.2	241,542,079	247,805,406
<b>(2) Non-current Liabilities</b>			
(a) Long-Term Borrowings	2.3	5,426,052,000	5,998,618,000
(b) Deferred Tax Liabilities (Net)	2.4	414,649,538	309,511,690
(c) Long Term Provisions	2.5	1,219,091	896,596
<b>(3) Current Liabilities</b>			
(a) Short-term Borrowings	2.6	-	29,947,516
(b) Trade Payables		-	-
(c) Other Current Liabilities	2.7	688,341,507	809,613,538
(d) Short-term Provisions	2.8	258,630,171	117,738,885
<b>TOTAL</b>		<b>10,030,434,386</b>	<b>10,514,131,631</b>
<b>II ASSETS</b>			
<b>(1) Non-current Assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	2.9	8,885,134,012	9,420,060,604
(ii) Capital work-in-progress	2.10	51,273,006	44,749,923
(iii) Incidental Expenditure During Construction, Pending Allocation	2.11	-	-
(b) Deferred Tax Assets (net)		-	-
(c) Long-term Loans and advances	2.12	50,427,410	631,769
<b>(2) Current Assets</b>			
(a) Trade Receivable	2.13	389,585,493	711,540,787
(b) Inventories		-	-
(c) Cash and cash equivalents	2.14	240,946,205	73,537,122
(d) Short-term loans and advances	2.15	257,613,732	123,562,727
(e) Other current assets	2.16	155,454,528	140,048,699
<b>TOTAL</b>		<b>10,030,434,386</b>	<b>10,514,131,631</b>

Accounting Policies and Notes to the Accounts

1 & 2

for **AWATAR & CO.**  
Chartered Accountants  
Registration No. 000726N

For and on behalf of the Board

*Brijendra Agarwal*

**Brijendra Agarwal**  
Partner  
Membership No. 087787

*Suren Jain*

**Suren Jain**  
Director

*D. P. Goyal*

**D. P. Goyal**  
Managing Director



*Anita Rikhy*

**Anita Rikhy**  
Addl. General Manager &  
Company Secretary

Place : Gurgaon  
Date : 14/05/2014

**JAYPEE POWERGRID LIMITED**

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2014**

(Amount in Rs.)

S. No.	Particulars	Note No.	Current Period 31/03/2014 (Audited)	Previous Period 31/03/2013 (Audited)
I.	Revenue from operations	2.17	1,968,872,377	2,060,506,278
II.	Other Income	2.18	30,539,392	1,657,118
III.	<b>Total Revenue (I+II)</b>		<b>1,999,411,769</b>	<b>2,062,163,396</b>
IV.	<b>Expenses:</b>			
	Employee benefits expenses	2.19	22,143,473	26,513,778
	Finance Cost	2.20	760,838,985	884,820,011
	Depreciation and amortization expense	2.9	524,428,883	525,808,569
	Transmission, Administration and other Expenses	2.21	49,099,156	38,202,711
	<b>Total Expenses</b>		<b>1,356,510,497</b>	<b>1,475,345,069</b>
V.	Profit before exceptional and extraordinary items and tax (III-IV)		642,901,272	586,818,327
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V-VI)		642,901,272	586,818,327
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII-VIII)		642,901,272	586,818,327
X.	Tax Expense:			
	(1) Current Tax (MAT) 135,232,291			
	<u>Less: MAT credit entitlement</u> 135,232,291			
	Net Current Tax -			
	(2) Deferred Tax 105,137,848		105,137,848	301,462,697
XI.	Profit/(loss) after tax from continuing operations (IX-X)		537,763,424	285,355,630
XII.	Profit/(loss) after tax from discontinuing operations		-	-
XIII.	Tax expenses of discontinuing operations		-	-
XIV.	Profit/(loss) from discontinuing operation (after tax) (XII-XIII)		-	-
XV.	Profit/(loss) for the period (XI+XIV)		537,763,424	285,355,630
XVI.	Earning per equity share:			
	(1) Basic 1.79		1.79	0.96
	(2) Diluted 1.79		1.79	0.96
	Number of shares used in computing earnings per share			
	(1) Basic 300,000,000		300,000,000	298,027,397
	(2) Diluted 300,000,000		300,000,000	298,027,397

Accounting Policies and Notes to the Accounts

1 & 2

for AWATAR & CO.

Chartered Accountants

Registration No. 000726N

*Brijendra Agarwal*

**Brijendra Agarwal**

Partner

Membership No. 087787



Place : Gurgaon

Date : 14/05/2014

For and on behalf of the Board

*Suren Jain*

**Suren Jain**

Director

*D. P. Goyal*

**D. P. Goyal**

Managing Director

*Anita Rikhy*

**Anita Rikhy**

Addl. General Manager &

Company Secretary

**JAYPEE POWERGRID LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

(Amount in Rs.)

	2013-2014	2012-2013
<b>A. Cash flow from operating activities</b>		
Net Profit from Profit and Loss Statement	642,901,271	586,818,327
Add: 1) Preliminary Expenses Written off	-	-
2) Depreciation	524,428,883	525,808,569
3) Finance Cost	760,838,985	884,820,011
4) Interest Paid	-	-
5) Provisions	322,495	(2,481,599)
<b>Operating Profit before working capital changes</b>	<b>1,928,491,634</b>	<b>1,994,965,308</b>
<b>(Increase)/Decrease in Current Assets</b>		
Inventories	-	(3,991,576)
Trade Receivables	321,955,294	(711,540,787)
Short Term Loans and Advances	(134,051,005)	166,747,497
Other Current Assets	(15,405,829)	(122,798,072)
<b>Increase/(Decrease) in Current Liabilities</b>		
Short Term Borrowings	(29,947,516)	29,947,516
Other Current Liabilities	(121,272,031)	317,619,272
Short Term Provisions	18,046,536	117,308,747
<b>Net cash inflow from operating activities ----'A'</b>	<b>1,967,817,083</b>	<b>1,788,257,904</b>
<b>B. Cash flow from Investing activities</b>		
Investment in Fixed Assets	10,497,709	(9,695,540,790)
Capital Work in Progress	(6,523,082)	5,756,242,356
Incidental Expenditure During Construction	-	3,416,701,915
(Increase)/Decrease in Loan and Advances and Others	(49,795,641)	(30,312)
Trade Payables		
<b>Net cash used in investing activities-----'B'</b>	<b>(45,821,015)</b>	<b>(522,626,831)</b>
<b>C. Cash flow from Financing activities</b>		
<u>Inflow:</u>		
Increase in Share Capital	-	80,000,000
Increase/(Decrease) in Term Loans	(572,566,000)	(462,030,332)
<u>Outflow:</u>		
Finance Cost	(760,838,985)	(884,820,011)
Dividend Paid	(421,182,000)	-
<b>Net cash in financing activities-----'C'</b>	<b>(1,754,586,985)</b>	<b>(1,266,850,343)</b>
<b>Net increase/(Decrease) in cash or cash equivalent (A+B+C)</b>	<b>167,409,083</b>	<b>(1,219,269)</b>
Cash & cash equivalent at the commencement of the year (Opening balance)	73,537,122	74,756,391
Cash & cash equivalent at the end of the year (closing balance)	240,946,205	73,537,122

Accounting Policies and Notes to the Accounts 1 & 2  
As per our report of even date attached to the Balance Sheet.

for AWATAR & CO.  
Chartered Accountants  
Registration No. 000726N

*Brijendra Agarwal*  
Brijendra Agarwal  
Partner  
Membership No. 087787



Place : Gurgaon  
Date : 14/05/2014

For and on behalf of the Board

*Suren Jain*  
Suren Jain  
Director

*D. P. Goyal*  
D. P. Goyal  
Managing Director

*Anita Rikhy*  
Anita Rikhy  
Addl. General Manager &  
Company Secretary

## JAYPEE POWERGRID LIMITED

### Significant Accounting Policies and Notes on Accounts

#### Company Overview

Jaypee Powergrid Limited is a joint venture between Jaiprakash Power Ventures Limited (earlier known as Jaiprakash Hydro Power limited) and Power Grid Corporation of India Limited (POWERGRID). The joint venture is governed by the Shareholders' Agreement dated 22nd February, 2007, Deed of Adherence dated 24th December, 2007 and Supplementary Shareholders Agreement dated 25th March, 2010. The Company was incorporated for commissioning of 400kV Quad Bundle Conductor Double circuit transmission line from the pothead yard of Karcham Wangtoo HEP at Wangtoo to Abdullapur measuring 213 Km. and LILO of existing Baspa Jhakri double circuit line with powerhouse bus of Karcham Wangtoo HEP at Wangtoo measuring about 4 Kms.

#### 1.0 Significant Accounting Policies

##### 1.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis and on the principles of going concern. GAAP comprise mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard required a change in the accounting policy hitherto in use.

##### 1.2 Revenue Recognition

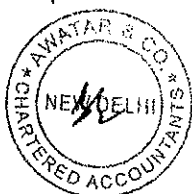
Revenue/Income and Cost/Expenditure are accounted for on accrual basis.

##### 1.3 Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the period. Differences between actual results and estimates are recognized in the period in which the results are known/materialize.

##### 1.4 Fixed Assets

- (i) Fixed Assets are stated at cost, less accumulated depreciation and impairment, if any. Cost include cost of acquisition/construction, freight, duties, taxes and other incidental expenses related thereto for bringing the assets to its working condition and ready for intended use.
- (ii) Transmission system assets are considered "Ready for intended use" for the purpose of capitalization, after test charging/successful commissioning of the system/assets and on completion of stabilization period.



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## 1.5 Depreciation

Depreciation on fixed assets is provided on straight-line method at the rates specified in norms by Central Electricity Regulatory Commission (CERC) for the purpose of recovery of tariff on pro-rata basis except for the following assets in respect of which depreciation has been charged at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956

- (i) Motor vehicles
- (ii) Office equipments
- (iii) Furniture & Fixtures
- (iv) EDP Machinery & Equipment

## 1.6 Capital Work in Progress (CWIP)

Capital work-in-progress comprises of the cost of fixed assets that are not ready for their intended use at the reporting date.

## 1.7 Employee Benefits

Employee Benefits are provided in the books as per AS-15 (Revised) in the following manner:

- [i] Provident Fund and Pension contribution—as a percentage of salary/wages is a defined Contribution Scheme as per Provision of Employees Provident Fund and miscellaneous Provisions Act, 1952.
- [ii] Gratuity and Leave Encashment is a Defined Benefit obligation. The liability is provided for on the basis of independent actuarial valuation made at the end of each financial year. The actuarial valuation is made on Projected Unit Credit Method.

## 1.8 Inventories

Inventories of Stores & Spares and stock of construction material is valued at cost on First-in-First-out basis or net realizable value, whichever is lower.

## 1.9 Preliminary Expenses

Preliminary expenses are charged to Statement of Profit and Loss in the year in which they are incurred.

## 1.10 Incidental Expenditure during Construction Period

Incidental Expenditure incurred on the projects/assets during construction/implementation is capitalized and apportioned to projects/assets on commissioning.

Interest during construction and other attributable "incidental expenditure pending allocation" are allocated to the asset/part of the asset being capitalized on pro-rata basis to their capital expenditure incurred.

## 1.11 Earnings per share

Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing the net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares outstanding during the year.



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### 1.12 Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets up to the date of commissioning. All other borrowing costs are charged to revenue.

### 1.13 Taxes on Income:

Current tax is determined as per the provisions of the Income Tax Act 1961 in respect of taxable income for the year and Wealth Tax Act 1957.

Deferred Tax Liability is computed as per Accounting Standard (AS-22). Deferred Tax Assets and Deferred Tax Liability are computed by applying tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

### 1.14 Impairment of Assets

At each balance sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the assets and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognised immediately as income in the profit and loss accounts.

### 1.15 Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements. The Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.



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**JAYPEE POWERGRID LIMITED**  
**NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014**

**NOTE 2.1**

(Amount in Rs.)

	AS AT 31/03/2014	AS AT 31/03/2013
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
300,000,000 Equity Shares of Rs. 10 each (Previous Year 300,000,000 Equity Shares of Rs. 10/- each)	3,000,000,000	3,000,000,000
<b>Issued, Subscribed and Paid up</b>		
300,000,000 (Previous year 300,000,000) Equity Shares of Rs. 10/- each fully paid-up.	3,000,000,000	3,000,000,000
<b>Total</b>	<b>3,000,000,000</b>	<b>3,000,000,000</b>

1) The reconciliation of the number and amount of equity share capital as at 31st March, 2014 and 31st March, 2013 is set out below:

S. No.	Particulars	As at March 31, 2014		As at March 31, 2013	
		No. of Shares	Amount	No. of Shares	Amount
1	No. of Shares at the beginning of the year	300,000,000	3,000,000,000	292,000,000	2,920,000,000
2	Add: Share allotted during the year	-	-	8,000,000	80,000,000
3	No. of Shares at the end of the year	300,000,000	3,000,000,000	300,000,000	3,000,000,000

2) Details of Shareholders holding more than 5% shares

S. No.	Name of Share Holder	As at March 31, 2014		As at March 31, 2013	
		No. of Shares	%	No. of Shares	%
1	Jaiprakash Power Ventures Limited	222,000,000	74*	222,000,000	74*
2	Power Grid Corporation of India Limited	78,000,000	26	78,000,000	26
	<b>Total</b>	<b>300,000,000</b>	<b>100</b>	<b>300,000,000</b>	<b>100</b>

\*Out of above 600 equity shares are held by Jaiprakash Power Ventures Limited in beneficial interest.

**Further Notes:-**

The Company has only one class of Equity Shares having at par value of Rs. 10/- per equity shares. The holders of the equity shares are entitled to receive dividend as declared from time to time as are entitled to voting rights proportionate to their share holding at the meeting of share holders.

**NOTE 2.2**

AS AT 31/03/2014

(Amount in Rs.)  
AS AT 31/03/2013

**RESERVES AND SURPLUS**

**GENERAL RESERVE**

As per last Balance Sheet  
Additions during the year  
Closing Balance

40,332,257

40,332,257

**SURPLUS**

As per last Balance Sheet  
Add: Profit for the year

247,805,405  
537,763,424

(37,550,224)  
285,355,630

**Less: Appropriations**

Transfer to General Reserve  
Interim Dividends  
Tax on Interim Dividend  
Proposed Final Dividend  
Tax on proposed Final Dividend

40,332,257  
360,000,000  
61,182,000  
105,000,000  
17,844,750

201,209,822

241,542,079

247,805,406

**NOTE 2.3**

**NON CURRENT LIABILITIES -**

**LONG TERM BORROWINGS - SECURED LOANS**

**RUPEE TERM LOANS FROM BANKS**

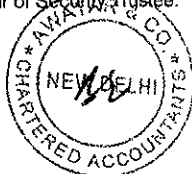
AS AT 31/03/2014

(Amount in Rs.)  
AS AT 31/03/2013

5,426,052,000  
5,426,052,000

5,998,618,000  
5,998,618,000

The Financial assistance sanctioned and disbursed/to be disbursed by Banks of Rupee Term Loans of Rs. 700 crores together with payment of all interest at the agreed rates, additional interest in case of default, liquidated damages, reimbursement of all costs, charges and expenses and any other amount due and payable to the Lenders, Facility agent, Security Trustee (IDBI Trusteeship Services Ltd.) etc. under the loan documents/Financing documents are secured/to be secured by hypothecation of the Company's movable assets (present and future), intangible assets including but not limited to the goodwill, undertaking and uncalled capital, revenues and receivables from Project or otherwise, assignment/charge/security interest of the Company's rights under each of the Project Documents, assignment and/or charge of all licenses, permits, approvals, construction and operating period insurance policies in respect of or in connection with the project, operating cash flows and also including without limitation, the rights, title and interest in the undertakings of the Company, stocks of raw materials, semi-finished and finished goods, consumable stores and all monies, securities, contractor guarantees, performance bonds and any letter of credit provided by any person in favour of the Lenders/Security Trustee etc. ranking pari-passu among all participating Banks. and further secured by way of pledge of 30% of issued and paid up share capital of the Company. As the paid up capital on 31/03/2014 was Rs. 300 crore divided into 30 crores equity shares of Rs. 10 each, 9 crores equity shares of Rs. 10 each fully paid up held by Jaiprakash Power Ventures Limited (earlier known as Jaiprakash Hydro-Power Limited) have been pledged in favour of Security Trustee.





Details of Term Loans are as follows:

S. No	NAME OF THE BANK	AS AT 31/03/2014	AS AT 31/03/2013	TERMS OF REPAYMENT
1	State Bank of India	2,100,000,000	2,281,250,000	Repayment in 44 quarterly instalments after a moratorium of 12 months from COD. Repayment has commenced from March,2013.
2	Punjab National Bank	1,478,252,000	1,652,168,000	Repayment in 46 equal quarterly instalments after a moratorium of 6 months from scheduled COD i.e. 31/12/2011 or project COD which ever is earlier. Repayment has commenced from June,2012.
3	Central Bank of India	1,108,680,000	1,239,120,000	Repayment in 46 equal quarterly instalments after a moratorium of 6 months from scheduled COD i.e. 31/12/2011 or project COD which ever is earlier..Repayment has commenced from June,2012.
4	The Jammu & Kashmir Bank Ltd	739,120,000	826,080,000	Repayment in 46 equal quarterly instalments after a moratorium of 6 months from scheduled COD i.e. 31/12/2011 or project COD which ever is earlier. Repayment has commenced from June,2012.
		<b>5,426,052,000</b>	<b>5,998,618,000</b>	

**NOTE 2.4**

**DEFERRED TAX**

Deferred Tax Liabilities (A)  
Deferred Tax Assets (B)  
Deferred Tax Liabilities (Net) (A - B)

AS AT 31/03/2014

575,075,457

160,425,919

414,649,538

(Amount in Rs.)

AS AT 31/03/2013

309,511,690

-

309,511,690

Net increase in deferred tax liability of Rs. 105,137,848/- (Previous year Rs. 301,462,697/-) has been charged to the Statement of Profit and Loss.

**NOTE 2.5**

**LONG-TERM PROVISIONS**

Provision for long term obligation of Gratuity  
Provision for long term obligation of leave encashment

AS AT 31/03/2014

747,829

471,262

1,219,091

(Amount in Rs.)

AS AT 31/03/2013

540,749

355,847

896,596

**NOTE 2.6**

**SHORT -TERM BORROWINGS**

Secured Loans from Bank  
Working Capital

AS AT 31/03/2014

-

-

(Amount in Rs.)

AS AT 31/03/2013

29,947,516

29,947,516

Short term loans from ICICI Bank are secured against movable assets of the company both present and future and a charge has been created ranking pari pasu with the existing charges of Term Loan.

**NOTE 2.7**

**OTHER CURRENT LIABILITIES**

Current Maturities of Long-Term Debt  
Retention Money (Contractors)  
Dues to Staff  
Statutory Dues  
Sundry Creditors - Goods  
Sundry Creditors - Contractors  
Other Payables  
Outstanding Liabilities

AS AT 31/03/2014

572,566,000

102,840,660

1,839,750

1,155,442

121,019

7,880,813

1,919,323

18,500

688,341,507

(Amount in Rs.)

AS AT 31/03/2013

566,316,000

119,140,125

638,168

4,605,882

6,081,632

100,932,404

1,972,994

9,926,333

809,613,538

**NOTE 2.8**

**SHORT-TERM PROVISION**

Provision for Expenses  
Employees Benefits  
Provision for short term current obligation of Gratuity  
Provision for short term current obligation of leave encashment  
Provision for Proposed Final Dividend  
Provision for Taxation  
Income Tax  
Tax on Proposed Dividend

AS AT 31/03/2014

37,413

313,130

105,000,000

135,434,878

17,844,750

258,630,171

(Amount in Rs.)

AS AT 31/03/2013

54,367

268,023

-

117,416,495

-

117,738,885



2

*[Handwritten signature]*

NOTE 2.9 TANGIBLE ASSETS		GROSS BLOCK				DEPRECIATION			NET BLOCK		
Sl. No.	Description	As at 01/04/2013	Addition During the Year	Sale/ Transfer during the Year	As at 31/03/2014	Opening Balance	For the Year	Depreciation Adjustment on Sale/ Transfer	As At 31/03/2014	As at 31/03/2014	As at 31/03/2013
1	Land	6,327,352	-	-	6,327,352	-	-	-	6,327,352	6,327,352	6,327,352
2	Motor Vehicles	7,293,752	-	-	7,293,752	2,506,312	692,906	-	3,199,218	4,094,534	4,787,440
3	Tools and Plant Equipment	4,622,404	311,600	-	4,934,004	274,227	235,506	-	509,733	4,424,271	4,348,177
4	Office Equipment	1,236,818	46,383	-	1,283,201	153,321	60,587	-	213,908	1,069,293	1,083,497
5	Furniture & Fixtures	762,786	5,792	-	768,578	343,998	32,070	-	376,068	392,510	418,788
6	EDP Machinery & Equipment	1,008,943	29,190	-	1,038,133	631,055	164,062	-	795,117	243,016	377,888
7	Transmission Line LILO	247,763,949	-	-	247,763,949	24,198,009	13,081,937	-	37,279,946	210,484,003	223,565,940
8	Transmission Line	9,331,440,600	21,594,981	(32,485,655)	9,320,549,926	492,700,064	491,294,019	-	983,994,083	8,336,555,843	8,938,740,536
9	E-bays (Sub-Station)	146,407,345	-	-	146,407,345	7,730,308	7,686,386	-	15,416,694	130,990,651	138,677,037
10	Reactors	212,979,255	-	-	212,979,255	11,245,305	11,181,411	-	22,426,716	190,552,539	201,733,950
	Total	9,959,843,203	21,987,946	(32,485,655)	9,949,345,494	539,782,599	524,428,883	-	1,064,211,482	8,885,134,012	9,420,060,604
	Previous Year	264,302,413	9,695,540,790	-	9,959,843,203	13,974,030	525,808,569	-	539,782,599	9,420,060,604	250,328,383

NOTE 2.10 - CAPITAL WORK-IN-PROGRESS

Sl. No.	Opening Balance as at 01/04/2013	Addition during the period	Capitalisation during the period	Balance as at 31/03/2014	Balance as at 31/03/2013
1	BUILDINGS	44,749,923	6,523,082	51,273,006	44,749,923
		44,749,923	6,523,082	51,273,006	44,749,923

Note:- Refund of Rs. 19,184,157/- towards royalty has been received from HP State Forest Department and recovery from contractors/other amounting to Rs. 1,33,01,498/- has been made during the year.



<b>NOTE 2.11</b>	<b>AS AT 31/03/2014</b>	<b>(Amount in Rs.) AS AT 31/03/2013</b>
<b>INCIDENTAL EXPENDITURE DURING CONSTRUCTION</b>		
Opening Balance	-	3,416,701,915
Add: Addition during the year		
Advertisement & Publicity	-	-
Auditor's Remuneration	-	-
- For Audit	-	-
- For Tax Audit	-	-
- For Certification	-	-
Bank Charges	-	-
Books and Periodicals	-	-
Communication Expenses	-	-
Consultancy Expenses	-	-
Crop and Tree Compensation	-	10,661,141
Depreciation	-	-
Directors' Sitting Fee	-	-
Employees Remuneration & Benefits	-	-
Finance Charges	-	-
Forest Compensation	-	10,231,077
Interest on Term Loan	-	6,359,172
Internal Auditor Fee	-	-
Legal and Professional Expenses	-	8,928,308
License Fee	-	-
Miscellaneous Expenses	-	-
Printing & Stationery Expenses	-	-
Gratuity Premium Paid	-	-
Provision for Gratuity/Leave Encashment	-	-
Tax Paid	-	-
Rent, Rates & Taxes	-	-
Travelling & Conveyance Expenses	-	-
Vehicle Running & Maintenance Expenses	-	-
	<u>-</u>	<u>3,452,881,613</u>
Less: - Interest on Short Term Deposit with Banks	-	-
Less: - Bidding Fee (Net of Expenses)	-	-
Less: - LILO Line Capitalisation	-	-
	<u>-</u>	<u>3,452,881,613</u>
Less: - Capitalisation during the year	-	3,452,881,613
Balance incidental expenditure during construction	<u>-</u>	<u>-</u>

<b>NOTE 2.12</b>	<b>AS AT 31/03/2014</b>	<b>(Amount in Rs.) AS AT 31/03/2013</b>
<b>LONG-TERM LOANS AND ADVANCES</b>		
Security Deposit with Govt. Depts. Public bodies	202,410	403,672
Security Deposit with others	225,000	228,097
Debt Service Reserve Account	50,000,000	-
	<u>50,427,410</u>	<u>631,769</u>

<b>NOTE 2.13</b>	<b>AS AT 31/03/2014</b>	<b>(Amount in Rs.) AS AT 31/03/2013</b>
<b>TRADE RECEIVABLE</b>		
Transmission Tariff Receivable		
i) Outstanding for a period exceeding six month (Considered good)	57,968,520	-
ii) Other	331,616,973	711,540,787
	<u>389,585,493</u>	<u>711,540,787</u>

<b>NOTE 2.14</b>	<b>AS AT 31/03/2014</b>	<b>(Amount in Rs.) AS AT 31/03/2013</b>
<b>CASH AND CASH EQUIVALENTS</b>		
<b>A. Cash and Cash equivalents:</b>		
1. Balance with Schedule Banks:		
i) In Current Account		
a) In Indian Currency	37,182,618	10,670,178
b) In Foreign Currency	-	-
ii) Trust & Retention Account		
a) In Indian Currency	5,051,481	62,675,314
iii) In Fixed Deposit with maturity up to three months	198,593,932	-
2. Cheque, draft on hand	-	129,333
3. Cash in hand	118,174	62,297
<b>B. Other Bank Balance :</b>		
i) In Fixed Deposit having a maturity of more than three months	-	-
ii) In Fixed Deposit having a maturity of more than twelve months	-	-
iii) In Fixed Deposit pledged with Govt. Deptt./Banks:		
a) having a maturity of less than twelve months	-	-
b) having a maturity of more than twelve months	-	-
iv) Trust & Retention Account :		
a) In Fixed Deposit having a maturity of less than twelve months	-	-
b) In Fixed Deposit having a maturity of more than twelve months (DSRA A/c)	50,000,000	-
v) Unclaimed dividend account	-	-
	<u>290,946,205</u>	<u>73,537,122</u>
<b>Total "A+B"</b>		
<b>C. Amount disclosed under non current assets (refer note no. 2.12)</b>		
a) In Current Account	-	-
b) Pledged with Govt. Deptt./Banks	-	-
b) In Debt Service Reserve Account ( TRA Account)	50,000,000	-
	<u>50,000,000</u>	<u>-</u>
<b>Total "C"</b>		
	<u>240,946,205</u>	<u>73,537,122</u>
<b>Total "A+B-C"</b>		
	<u>240,946,205</u>	<u>73,537,122</u>

\* Current Account with Oriental Bank of Commerce closed on 11/12/2013.

\*\* TRA A/c with ICICI Bank closed on 04/09/2013, pursuant to refinancing by State Bank of India.

\*\*\*TRA account is maintained pursuant to the stipulations of the "Financing Agreements" executed with the Lenders.



**NOTE 2.15****SHORT-TERM LOANS AND ADVANCES**

Imprest Staff  
 Capital Advance  
 Advance to Supplier  
 MAT credit entitlement

AS AT 31/03/2014  
 26,958  
 6,924,963  
 244,449  
 250,417,362  
257,613,732

(Amount in Rs.)  
AS AT 31/03/2013  
 26,190  
 5,963,564  
 163,829  
 117,409,144  
123,562,727

**NOTE 2.16****OTHER CURRENT ASSETS**

Prepaid Insurance  
 Prepaid Other  
 Interest Accrued on FDR  
 Advance Tax and TDS/TCS  
 Other Receivable

AS AT 31/03/2014  
 405,634  
 5,056,952  
 1,265,662  
 131,552,053  
 17,174,227  
155,454,528

(Amount in Rs.)  
AS AT 31/03/2013  
 464,652  
 5,688,286  
 74,322  
 116,525,044  
 17,296,395  
140,048,699

**NOTE 2.17****REVENUE FROM OPERATIONS**

Tariff Income

AS AT 31/03/2014  
 1,968,872,377  
1,968,872,377

(Amount in Rs.)  
AS AT 31/03/2013  
 2,060,506,278  
2,060,506,278

**Further Notes:**

- 1 The Company has recognized transmission income in accordance with provisional tariff orders from CERC issued on 14/06/2012.
- 2 The Transmission system incentive/disincentive has been accounted for on the basis of certificate of availability by NRPC and in accordance with norms notified and approved by CERC.
- 3 Pending Certification of Availability of transmission system by National Regional Power Committee, transmission tariff (including incentive) of Rs. 485,586,810/- for the last quarter has been recognized provisionally based on site verification and will be adjusted, if necessary, in the current year.

**NOTE 2.18****OTHER INCOME**

Interest  
 Rebate  
 Foreign Currency Rate Difference  
 Provision for Gratuity written back

AS AT 31/03/2014  
 30,526,619  
 12,773  
 -  
 -  
30,539,392

AS AT 31/03/2013  
 230,306  
 1,000  
 85,894  
 1,339,918  
1,657,118

**NOTE 2.19****EMPLOYEE BENEFITS EXPENSES**

Salary wages allowances & Benefits  
 Contribution to provident and other funds  
 Staff welfare expenses

AS AT 31/03/2014  
 20,918,144  
 1,144,647  
 80,682  
22,143,473

(Amount in Rs.)  
AS AT 31/03/2013  
 25,323,698  
 1,120,741  
 69,339  
26,513,778

**Further Notes:**

Employee remuneration and benefits includes the following for whole time Director.

Salaries  
 Contribution to provident and other funds  
 Other benefits

AS AT 31/03/2014  
 2,567,419  
 598,906  
 2,322,605  
5,488,930

(Amount in Rs.)  
AS AT 31/03/2013  
 2,790,000  
 334,800  
 2,016,327  
5,141,127

**NOTE 2.20****FINANCE COST**

Financing Charges  
 Interest on Term Loan  
 Interest on Working Capital

AS AT 31/03/2014  
 8,048,887  
 750,760,286  
 2,029,812  
760,838,985

(Amount in Rs.)  
AS AT 31/03/2013  
 2,496,650  
 852,896,672  
 29,426,689  
884,820,011



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<u>Note 2.21</u>	(Amount in Rs.)	
	<u>AS AT 31/03/2014</u>	<u>AS AT 31/03/2013</u>
<b>TRANSMISSION, ADMINISTRATIVE AND OTHER EXPENSES</b>		
Advertisement & Publicity	28,167	55,213
Auditor's Remuneration		
- For Statutory Audit	449,440	449,440
- For Tax Audit	84,270	-
- For Certifications/Others	58,162	80,757
- For Internal Audit Fee	235,956	213,484
- For Cost Audit Fee	56,180	-
Bank Charges	19,755	559,837
Books and Periodicals	6,014	8,418
Communication Expenses	292,503	299,632
Consultancy Expenses	7,143,840	2,103,718
Directors' Sitting Fee	240,000	260,000
Insurance	7,808,778	7,690,327
Legal and Professional Expenses	728,351	2,378,305
License Fee	3,483,805	503,000
Miscellaneous Expenses	2,910,939	4,312,863
Printing & Stationery Expenses	110,118	101,872
Rent, Rates & Taxes	2,693,356	547,432
Travelling & Conveyance Expenses	2,211,646	3,102,447
Sub-Station Maintenance Cost (PGCIL)	2,094,715	1,540,729
Reactors Maintenance Cost (JPVL)	3,465,127	2,548,712
O&M Charges	89,057	-
Service Tax Paid	247,073	144,251
Rebate on Transmission Tariff Received	10,624,134	7,913,202
System Operation Charges	547,979	593,621
ULDC/NLDC Charges	371,952	-
Vehicle Running & Maintenance Expenses	3,097,839	2,795,452
	<u>49,099,156</u>	<u>38,202,712</u>

**NOTE 2.22****BORROWING COST**

Main Line Portion (capitalised on 01/04/2012)

AS AT 31/03/2014

-

(Amount In Rs.)

AS AT 31/03/2013

1,581,020,834

1,581,020,834**NOTE 2.23**

As construction of Sanura Camp is still under progress, an amount of Rs. 5.13 Crore is being reflected as Capital work in progress.

Pending supply of spares (line & other material) from the contractor amounting to Rs. 3.44 Crore approx. and reconciliation thereof, valuation of inventories has not been done.

As final settlement of bills with contractors and closing of contracts is in progress, capitalisation has been done subject to necessary adjustment in the year of final settlement, if necessary.

**NOTE 2.24****EMPLOYEES BENEFIT**

- All employees are entitled to Provident Fund benefits. Amount charged to Statement of Profit and Loss for the year is Rs. 1,144,647/- (Previous Year Rs. 1,120,741/-)
- In accordance with applicable Indian Laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan). The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employees' last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contribution to a fund managed by the insurer (SBI Life Insurance Co. Limited). Under this plan, the settlement obligation remains with the Company, although the Employee Gratuity Trust administers the plan and determines the contribution premium required to be paid by the Company.
- Leave Encashment - Defined Benefit Plan  
The Company has a scheme of encashment of accumulated leaves. The scheme is unfunded and is recognized on the basis of actuarial valuation on annual basis.



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The summarized position of defined benefits recognised in the Profit and Loss Account and Balance Sheet are as under

Sl. No.	Particulars	2013-14		2012-13	
		Gratuity (Funded)	Leave Encashment	Gratuity (Funded)	Leave Encashment
I	Expenses recognized in the Statement of Profit and Loss for the Period ended March 31, 2014.				
1	Current Service Cost.	155,701	182,481	142,890	171,822
2	Interest Cost	50,585	53,029	164,478	150,645
3	Expected return on plan assets	(23,713)	-	(87,103)	-
4	Actuarial (Gains)/Losses	(5,817)	(74,988)	(287,063)	(155,210)
5	Past Service Cost	-	-	-	-
6	Settlement Cost	-	-	-	-
7	Total Expenses	176,756	160,522	(66,798)	167,257
II	Net Asset/ (Liability) recognized in the Balance Sheet as at March 31, 2014.				
1	Present Value of defined Benefit Obligation.	785,242	784,392	595,116	623,870
2	Fair Value of Plan Assets	276,846	-	263,476	-
3	Funded Status (Surplus/Deficit)	(508,396)	(784,392)	(331,640)	(623,870)
4	Net Asset (Liability) as at March 31, 2014	(508,396)	(784,392)	(331,640)	(623,870)
III	Change in Obligation during the Period ended March 31, 2014.				
1	Present Value of defined Benefit Obligation at the beginning of the year.	595,116	623,870	1,935,034	1,772,299
2	Current Service Cost.	155,701	182,481	142,890	171,822
3	Interest Cost.	50,585	53,029	164,478	150,645
4	Settlement Cost.	-	-	-	-
5	Past Service Cost.	-	-	-	-
6	Employee Contributions.	-	-	-	-
7	Actuarial (Gains) / Losses	(16,160)	(74,988)	(359,145)	(155,210)
8	Benefit Payments	-	-	(1,288,141)	(1,315,686)
9	Present Value of Defined Benefit Obligation at the end of the year.	785,242	784,392	595,116	623,870
IV	Change in Assets during the Period ended March 31, 2014.				
1	Plan Assets at the beginning of the year.	263,476	-	936,596	-
2	Assets acquired on amalgamation in previous year.	-	-	-	-
3	Settlements.	-	-	-	-
4	Expected return on Plan Assets.	23,713	-	87,103	-
5	Contribution by Employer.	-	-	600,000	-
6	Actual Benefit Paid.	-	-	(1,288,141)	-
7	Actuarial Gains / (Losses)	(10,343)	-	(72,082)	-
8	Plan Assets at the end of the year.	276,846	-	263,476	-
9	Actual Return on Plan Assets.	13,370	-	15,021	-

Note: The information on composition of the plan assets held by the funds managed by the insurer is not provided since the same is not available.

**NOTE 2.25**

(Amount in Rs.)  
AS AT 31/03/2014 AS AT 31/03/2013

**Contingent Liabilities and Commitments (to the extent not provided for)**

b) Contingent Liabilities - Claims against the Company not acknowledged as debt	50,000,000	365,203,587
- Land Compensation Cases	16,537,000	-
b) Commitments - Estimated amount of Contract remaining to be executed on Capital Account	29,414,396	30,329,281

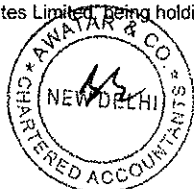
**NOTE 2.26**

Additional information as per Accounting Standard 18 (AS 18) "Related Party Disclosures", issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related party, as defined in the said Standard, are given below:-

**List of Related Parties and relationships:**

a) Holding Companies:

- (i) Jaiprakash Power Ventures Limited (earlier known as Jaiprakash Hydro-Power Limited)
- (ii) Jaiprakash Associates Limited, being holding company of Jaiprakash Power Ventures Limited



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*Awatar & Co.*

**b) Fellow Subsidiary Companies:**

- [i] Jaypee Infratech Ltd.
- [ii] Himalyan Expressway Ltd.
- [iii] Jaypee Sports International Ltd. (Subsidiary of Jaiprakash Associates Ltd.)
- [iv] Jaypee Ganga Infrastructure Corporation Ltd.
- [v] Sangam Power Generation Company Limited.
- [vi] Prayagraj Power Generation Company Limited.
- [vii] Jaypee Agra Vikas Limited.
- [viii] Jaypee Fertilizers & Industries Limited
- [ix] Jaypee Meghalaya Power Ltd. (subsidiary of Jaiprakash Power Ventures Ltd.)
- [x] Jaypee Cement Corporation Ltd. (Subsidiary of Jaiprakash Associates Ltd.)
- [xi] Himalyaputra Aviation Limited
- [xii] Jaypee Assam Cement Limited
- [xiii] Jaypee Healthcare Ltd. (Subsidiary of Jaypee Infratech Ltd.)
- [xiv] Jaypee Cement Cricket (India) Ltd. (Subsidiary of Jaypee Sports International Ltd.)
- [xv] Jaypee Cement Hockey (India) Ltd. (Subsidiary of Jaypee Sports International Ltd.)
- [xvi] Himachal Baspa Power Company Limited
- [xvii] Himachal Karcham Power Company Limited
- [xviii] Jaiprakash Agri Initiatives Company Limited

**(c) Fellow Subsidiary Companies (JV):**

- [i] Bhilai Jaypee Cement Ltd.
- [ii] Gujarat Jaypee Cement & Infrastructure Ltd.
- [iii] Bokaro Jaypee Cement Ltd.
- [iv] Jaypee Arunachal Power Limited
- [v] Jaypee Uttar Bharat Vikas Private Limited
- [vi] Kanpur Fertilizers & Cement Ltd. (subsidiary of Jaypee Uttar Bharat Vikas Private Limited)

**(d) Associate Companies (JV):**

- [i] MP Jaypee Coal Limited
- [ii] MP Jaypee Coal Fields Limited
- [iii] Madhya Pradesh Jaypee Minerals Limited

**(e) Associate Companies:**

- [i] Jaypee Infra Ventures (A private company with unlimited liability)(JIV)
- [ii] Jaypee Development Corporation Ltd. (subsidiary of Jaypee Ventures Pvt. Ltd.)
- [iii] Andhra Cements Limited (subsidiary of JIV)
- [iv] JIL Information Technology Ltd. (subsidiary of Jaypee Ventures Pvt. Ltd.)
- [v] Gaur & Nagi Ltd. (subsidiary of JIL Information Technology Ltd.)
- [vi] Jaypee International Logistics Company Pvt. Ltd. (subsidiary of Jaypee Ventures Pvt. Ltd.)
- [vii] Tiger Hills Holiday Resort Pvt. Ltd. (subsidiary of Jaypee Development Corporation Ltd.)
- [viii] Anvi Hotels Private Limited (subsidiary of Jaypee Ventures Pvt. Ltd.)
- [ix] RPJ Minerals Private Limited
- [x] Sarveshwari Stone Products Pvt. Ltd. (subsidiary of RPJ Minerals Pvt. Ltd.)
- [xi] Rock Solid Cement Ltd. (subsidiary of RPJ Minerals Pvt. Ltd.)
- [xii] Sonebhadra Minerals Private Limited
- [xiii] Jaiprakash Kashmir Energy Limited
- [xiv] Indesign Enterprises Private Limited (IEPL) (subsidiary of JIV)

**(f) Key Management Personnel:**

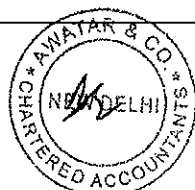
- [i] Shri Hemant Kumar Sharma, Managing Director (till 26th March 2014)
- [ii] Shri Subhash Chandra Singh, Whole - time Director

**II. Transactions during the period with Related Parties.**

Transactions related to parties referred in I(a) to I(c) above:

(Amount in Rs.)

S. No.	Nature of Transaction	Related Party	2013-14	2012-13
1	Issue of Equity Share Capital	Jaiprakash Power Ventures Ltd. (earlier known as Jaiprakash Hydro-Power Ltd.) Power Grid Corporation of India Ltd.	-	59,200,000
2	Dividend	Jaiprakash Power Ventures Ltd. (earlier known as Jaiprakash Hydro-Power Ltd.) Power Grid Corporation of India Ltd.	266,400,000 93,600,000	-
3	Purchase of Cement	Jaiprakash Associates Limited	2,663,408	-
4	Rent agreement	Jaiprakash Associates Limited	-	110,300
5	Operation and Maintenance Expenses	Jaiprakash Power Ventures Ltd. Power Grid Corporation of India Ltd.	3,465,127 2,183,772	2,548,712 1,540,729
6	Key Management Personnel	Referred in (f) above	5,128,930	5,141,127
		Payables	360,000	-



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**NOTE 2.27**

Provision of Rs. 135,232,291/- (previous year - Rs. 117,409,144/-) towards Minimum Alternate Tax (MAT) as Tax payable u/s 115 JB of Income Tax Act, 1961 has been made. MAT paid by the company for the year is allowed to be carried forward for a period up to next 10 years to be adjusted against the normal tax payable, if any, in those years, therefore the same has been shown as MAT Credit entitlement for the current year under "Short-term Loans and Advances" (Note 2.15) as per revised Schedule VI.

Provision for Net Deferred Tax Liability of Rs. 105,137,848/- (previous year Rs. 301,462,697/-) has been made during the period.

**NOTE 2.28**

There are no suppliers/service providers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Development Act, 2006" as on 31st March, 2014 and as on 31st March, 2013.

**NOTE 2.29**

Previous year figures have been re-grouped/re-arranged wherever considered necessary to follow the requirement of Revised Schedule VI to The Companies Act, 1956.

**NOTE 2.30**

Number of shares calculated in computing earning per share as per provisions of AS-20

	<u>AS AT 31/03/2014</u>	<u>AS AT 31/03/2013</u>
Number of equity share of Rs. 10/- each (opening)	300,000,000	292,000,000
Number of Share allotted during the year	-	8,000,000
Number of equity share of Rs. 10/- each (closing)	300,000,000	300,000,000
Weighted Average number of equity shares for calculating Basic EPS	300,000,000	298,027,397
Weighted Average number of equity shares for calculating Diluted EPS	300,000,000	298,027,397

**NOTE 2.31**

All figures have been rounded off to the nearest rupee.



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