Board of Directors
S.K. Chaturvedi, Chairman
Sunil Kumar Sharma
Suren Jain
G.P. Singh
R.K. Narayan
Vinod Sharma
T.K. Wali
Rajiv Bhardwaj, Managing Director
Prabhatkar Singh, Director (Project)

Bankers
Axis Bank Limited
Central Bank of India
ICICI Bank Limited
Indian Overseas Bank
Orient Bank of Commerce
Punjab National Bank
State Bank of India
The Jammu & Kashmir Bank Limited
United Bank of India

Company Secretary
Anita Rikhy

Registered Office
'JA House', 63, Vasant Lok,
Vasant Vihar, New Delhi
Te.: +91(11) 26141540, 26147411
Fax: +91(11) 26142726

Auditors
Awatar & Co.
Chartered Accountants
1203, Rohit House
3, Tolstoy Marg,
New Delhi - 110 001

Website & E-mail Address
www.jaypeepowergrid.com
jaypee.powergrid@jalindia.co.in

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<td>Cash flow Statement</td>
<td>10</td>
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</tbody>
</table>
DIRECTORS’ REPORT

To,
The Members,

The Directors of your Company have pleasure in presenting the Fifth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2011.

PROGRESS OF THE PROJECT

The Directors of your Company wish to report that Wangtoo-Abdullapur 400 kV transmission line project has made satisfactory progress inspite of difficult terrain, Right of Way problems and challenging weather conditions. Your Company is striving to achieve the commissioning of the Project by October, 2011.

The Directors of your Company wish to inform that:
- Around 94% foundations have been completed;
- Over 87% of the Tower Erection have been completed;
- In more than two-third of the transmission line conductors have been fully strung;
- LIL of existing Baspa Jhakri double circuit line with power house bus of Karcham Wangtoo HEP at Wangtoo is ready and has been approved for charging by CEA.

As reported last year, all the authorizations / approvals required for the present stage of the Project are in place. Your Company has now filed a Petition before Central Electricity Regulatory Commission, New Delhi for determination of transmission tariff.

The Directors of your Company wish to inform that against the estimated completion cost of ₹ 945 crores, your Company has already spent an amount of ₹ 790 crores as on 30th April, 2011 which has been partially met from Equity of ₹ 250 crores and the remaining from the financial assistance from Banks.

SHARE CAPITAL

During the year, the paid-up share capital of the Company increased from ₹175 crores to ₹250 crores by allotment of 7,50,00,000 Equity Shares of ₹10 each for cash at par to Joint Venture (JV) Partners i.e. Jaiprakash Power Ventures Limited and Power Grid Corporation of India Limited in terms of Shareholders’ Agreement in the agreed shareholding pattern.

DIRECTORATE

During the year under report, with your approval, Shri Prabhakar Singh was re-appointed as Whole-time Director designated as Director(Project) for another year i.e. from 5th December, 2010 to 4th December, 2011 pursuant to renomination by Power Grid Corporation of India Limited.

Shri Sunil Kumar Sharma and Shri T.K. Wali, Directors shall retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

AUDIT COMMITTEE

The Audit Committee comprising of Shri G.P. Singh, Chairman, Shri Suren Jain, Member and Shri T.K. Wali, Member is in place and fully meets the requirement of Section 292 A 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 31st March, 2011:-

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 judgements 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 31st March, 2011;
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

There was no employee who was in receipt of remuneration exceeding the limits as mentioned in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended vide notification dated 31st March, 2011.

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

The information with respect to conservation of energy as per Section 217(1)(e) of the Companies Act, 1956 is not applicable as the Project is still under construction stage.

As regards the information with respect to Technology Absorption, the Project is utilizing and absorbing the modern technology for the construction of the transmission line consistent with the leading practices adopted by Power Grid Corporation of India Limited, which is providing the consultancy for design and engineering. There has not been any Foreign Exchange earnings/outgo.

NOTES ON ACCOUNTS

The observations of Auditors in the Auditors’ Report and Notes on Accounts are self-explanatory.

AUDITORS

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

APPRECIATION

The Directors of your Company wish to place on record their gratitude to the Government of India, Government of Himachal Pradesh and Undertakings of the Central & State Governments, Central Electricity Regulatory Commission, Central Electricity Authority, Banks and other authorities for their invaluable support to the Company.

Your Directors also wish to place on record their appreciation to employees at all levels for their dedication and contribution.

On behalf of the Board

Place : New Delhi
Date : 3rd May, 2011

S.K.CHATURVEDI
CHAIRMAN
AUDITOR’S REPORT

TO THE SHAREHOLDERS OF

JAYPEE POWERGRID LIMITED

1. We have audited the attached Balance Sheet of JAYPEE POWERGRID LIMITED (“the Company”) as at 31st March, 2011 and Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimate made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor’s Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
   (i) 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;
   (ii) 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;
   (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
   (v) on the basis of written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, and;
   (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view:

   a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
   b) in the case of the Profit and Loss Account, of the LOSS of the Company 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.

ANNEXURE TO THE AUDITOR’S REPORT
(Referred to in paragraph 3 of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
   (b) As explained to us, the Fixed Assets were physically verified by the Management during the year and no discrepancy had been noticed on such verification.
   (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off any substantial part of its fixed assets during the year and as such has not affected the going concern status of the Company.

(ii) (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
   (b) In our opinion and according to the information and explanations given to us, the procedures for physical of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
   (c) The Company has maintained proper records of inventories and no discrepancies were noticed on physical verification as compared with the book records.

(iii) (a) The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
   (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories, fixed assets and services and supplies. During the course of our audit, we have not observed any continuing major weakness in such internal controls.
(v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

(b) Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public during the year. Therefore, the provisions of clause 4(vi) of the Order are not applicable to the Company.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) According to the information and explanations given to us, the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, is not applicable to the Company.

(ix) (a) According to the information and explanations given to us, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income-tax, wealth tax, sales-tax, service tax, custom duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty, cess or any other statutory dues were in arrears as on 31st March 2011 for a period more than six months from the date they became payable.

(x) The company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank. The Company has not borrowed any amounts by issue of debentures.

(xii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances 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 or a nidhi/mutual benefit fund/society. Therefore, provisions of clause 4(xiii) 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 in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

(xv) In our opinion and according to the information and explanations 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 4(xv) 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, any term loans have been applied for the purpose 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 report that no funds raised on short term basis have been used for long term investment.

(xviii) According to the information and explanations given to us, during the year covered by our audit report, the Company has made allotment of shares only to the promoters of the Company (viz. Jaiprakash Power Ventures Limited and Power Grid Corporation of India Limited, as mentioned in Note No. B(xi)(ii)(1) of the Schedule ‘H’ of the annual accounts) for consideration which is not prejudicial to the interest of the Company and that there are no other party/companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us, the Company has not issued any debentures during the year under audit report.

(xx) During the year covered by our audit report, the Company has not raised any money by way of public issue.

(xxi) To the best of our knowledge and belief 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.
### BALANCE SHEET AS AT 31ST MARCH, 2011

<table>
<thead>
<tr>
<th>SCHEDULE</th>
<th>AS AT 31.03.2011 (Audited)</th>
<th>AS AT 31.03.2010 (Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOURCES OF FUNDS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders' Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital A</td>
<td>2,500,000,000</td>
<td>1,750,000,000</td>
</tr>
<tr>
<td>Share Application Money</td>
<td>–</td>
<td>475,000,000</td>
</tr>
<tr>
<td><strong>Loan Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured Loans B</td>
<td>5,769,457,939</td>
<td>4,051,845,216</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,269,457,939</td>
<td>6,276,845,216</td>
</tr>
</tbody>
</table>

### APPLICATION OF FUNDS

**Fixed Assets**
- Gross Block C: 12,780,587 (6,096,712)
- Less: Provision for Depreciation: 2,147,891 (1,533,817)
- Net Block: 10,632,696 (4,562,895)
- Incidental Expenditure Pending Allocation D: 2,394,485,724 (1,712,331,755)
- **Capital Work-in-Progress** E: 5,554,759,719 (4,598,624,450)
- **Total** E: 8,554,759,719 (8,191,266,164)

**Current Assets, Loans & Advances** E
- **Cash and Bank Balances** F: 502,970,434 (470,396,361)
- **Other Current Assets** G: 542,076 (294,758)
- **Loans and Advances** H: 16,601,646 (15,887,999)
- **Net Current Assets** I: 520,114,156 (486,579,118)

**Loss: Current Liabilities & Provisions** F
- **Current Liabilities** J: 227,121,224 (540,228,866)
- **Provisions** K: 1,788,291 (3,409,295)
- **Net Current Assets** L: 291,194,641 (57,059,043)

**Miscellaneous Expenditure** G
- (To the extent not written off or adjusted) M: 18,385,159 (0)

**Profit and Loss Account** N
- **Total** O: 18,385,159 (0)

As per our report of even date attached to the Balance Sheet.

### PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2011

<table>
<thead>
<tr>
<th>Schedule</th>
<th>AS AT 31.03.2011 (AUDITED)</th>
<th>AS AT 31.03.2010 (AUDITED)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

**EXPENDITURE**
- Preliminary expenses written off - Prior Period: 18,385,159 (–)
- **Total** P: 18,385,159 (–)

Balance loss carried to Balance Sheet:
- **Total** Q: 18,385,159 (–)

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

for AWATAR & CO. For and on behalf of the Board
Chartered Accountants
Registration No. 000726N

Brijendra Agrawal Suren Jain Rajiv Bhardwaj
Partner Director Managing Director

Membership No. 087787

Place : New Delhi Anita Rikhy
Date : 3rd May, 2011 Addl. General Manager & Company Secretary

### SHARE CAPITAL

- **Authorised**
  - 30,00,00,000 Equity Shares of `10/- each
  - (Previous year 30,00,00,000 Equity Share of `10/- each)

- **Issued, Subscribed and Paid-up**
  - 25,00,00,000 Equity Shares of `10/- each
  - (Previous year 17,50,00,000 Equity Share of `10/- each)

- **Hydro-Power Ltd.**, the Holding Company.
  - (earlier known as Jaiprakash Power Ventures Ltd.)

- **Total**
  - 2,500,00,000

### SCHEDULE “A”

<table>
<thead>
<tr>
<th>Schedule</th>
<th>AS AT 31.03.2011</th>
<th>As At 31.03.2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Share Capital</strong></td>
<td>(AUDITED)</td>
<td>(AUDITED)</td>
</tr>
<tr>
<td>Authorized</td>
<td>3,00,00,000</td>
<td>3,00,00,000</td>
</tr>
<tr>
<td>Issued, Subscribed and Paid-up</td>
<td>25,00,00,000</td>
<td>17,50,00,000</td>
</tr>
<tr>
<td>Total</td>
<td>2,500,00,000</td>
<td>1,750,00,000</td>
</tr>
</tbody>
</table>

### SCHEDULE “B” Secured Loans

- **Term Loans from Banks**
  - 5,769,457,939 (4,051,845,216)
  - (Amount payable in next 12 months - `125,368,851)

- **Total**
  - 5,769,457,939 (4,051,845,216)
### Schedule ‘C’

**FIXED ASSETS**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Particulars</th>
<th>Cost at 31.03.2011</th>
<th>Depreciation</th>
<th>Net Block</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Land</td>
<td>6,327,352</td>
<td></td>
<td>6,327,352</td>
</tr>
<tr>
<td>2</td>
<td>Motor Vehicles</td>
<td>4,530,399</td>
<td></td>
<td>4,530,399</td>
</tr>
<tr>
<td>3</td>
<td>Office Equipment</td>
<td>448,708</td>
<td></td>
<td>448,708</td>
</tr>
<tr>
<td>4</td>
<td>Furniture &amp; Fixtures</td>
<td>407,443</td>
<td></td>
<td>407,443</td>
</tr>
<tr>
<td>5</td>
<td>EDP Machinery &amp; Equipment</td>
<td>710,162</td>
<td></td>
<td>710,162</td>
</tr>
</tbody>
</table>

**Total** 6,096,712

**Previous Year** 6,124,364

**Capital Work in Progress**

### Schedule of Incidental Expenditure

DURING CONSTRUCTION, PENDING ALLOCATION

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at 31.03.2010</th>
<th>As at 31.03.2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>5,554,759,719</td>
<td>4,598,624,450</td>
</tr>
</tbody>
</table>

### Schedule ‘D’

**As at 31.03.2011**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Cost at 31.03.2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertisement &amp; Publicity</td>
<td>2,603,829</td>
</tr>
<tr>
<td>Auditor’s Remuneration</td>
<td>2,548,829</td>
</tr>
<tr>
<td>- For Audit</td>
<td>962,150</td>
</tr>
<tr>
<td>- For Tax Audit</td>
<td>144,905</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>844,230</td>
</tr>
<tr>
<td>Books and Periodicals</td>
<td>157,991</td>
</tr>
<tr>
<td>Communication Expenses</td>
<td>1,520,883</td>
</tr>
<tr>
<td>Consultancy Expenses</td>
<td>228,017,056</td>
</tr>
<tr>
<td>Crop and Tree Compensation</td>
<td>146,272,147</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,147,891</td>
</tr>
<tr>
<td>Directors’ Sitting Fee</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Employees Remuneration &amp; Benefits</td>
<td>73,266,182</td>
</tr>
<tr>
<td>Finance Charges</td>
<td>65,943,342</td>
</tr>
<tr>
<td>Forest Compensation</td>
<td>939,002,285</td>
</tr>
<tr>
<td>Interest on Term Loan</td>
<td>880,509,426</td>
</tr>
<tr>
<td>Internal Auditor Fee</td>
<td>220,600</td>
</tr>
<tr>
<td>Legal and Professional Expenses</td>
<td>56,175,411</td>
</tr>
<tr>
<td>License Fee</td>
<td>800,000</td>
</tr>
<tr>
<td>Miscellaneous Expenses</td>
<td>9,008,427</td>
</tr>
<tr>
<td>Printing &amp; Stationery Expenses</td>
<td>848,154</td>
</tr>
<tr>
<td>Gratuity Premium Paid</td>
<td>925,269</td>
</tr>
<tr>
<td>Provision for Gratuity/Leave Encashment</td>
<td>1,718,291</td>
</tr>
<tr>
<td>Provision for Taxation</td>
<td>14,476,127</td>
</tr>
<tr>
<td>Rent, Rates &amp; Taxes</td>
<td>1,903,390</td>
</tr>
<tr>
<td>Travelling &amp; Conveyance Expenses</td>
<td>19,994,065</td>
</tr>
<tr>
<td>Vehicle Running &amp; Maintenance Expenses</td>
<td>7,817,102</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>2,456,979,463</td>
</tr>
</tbody>
</table>

**Less:-**

- Interest on Short Term Deposit with Banks 61,080,280
- Bidding Fee [Net of Expenses] 1,413,479

**TOTAL CARRIED TO BALANCE SHEET** 2,394,408,724

### Schedule ‘E’

#### Current Assets, Loans & Advances

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at 31.03.2011</th>
<th>As at 31.03.2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A) Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cash &amp; Bank Balances</td>
<td>115,865</td>
<td>119,468</td>
</tr>
<tr>
<td>- Balances with Scheduled Banks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- In Current Accounts</td>
<td>14,674,244</td>
<td>6,361,503</td>
</tr>
<tr>
<td>- In Fixed Deposits</td>
<td>57,006,191</td>
<td>53,918,604</td>
</tr>
<tr>
<td>- Trust &amp; Retention Account</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- In Current Account</td>
<td>31,174,113</td>
<td>409,996,786</td>
</tr>
<tr>
<td>- In Fixed Deposits</td>
<td>228,017,056</td>
<td>470,396,361</td>
</tr>
<tr>
<td>- Interest Accrued on Fixed Deposits</td>
<td>448,550</td>
<td>269,415</td>
</tr>
<tr>
<td>- Other Assets</td>
<td>23,473</td>
<td></td>
</tr>
<tr>
<td>- Inventories - Stores &amp; Spares</td>
<td>70,053</td>
<td>542,076</td>
</tr>
<tr>
<td>- As at 31.03.2010 (AUDITED)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>B) Loans and Advances</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Advances recoverable in cash or in kind or for value to be received.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Contractors &amp; Suppliers Advance</td>
<td>300,000</td>
<td>215,870</td>
</tr>
<tr>
<td>- Employees Imprest &amp; Advances</td>
<td>111,099</td>
<td>243,691</td>
</tr>
<tr>
<td>- Others (for land)</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td>- Security Deposit - Govt. Depts. &amp; Public bodies</td>
<td>109,400</td>
<td>108,400</td>
</tr>
<tr>
<td>- Others</td>
<td>30,597</td>
<td>30,597</td>
</tr>
<tr>
<td>- Deducted at Source</td>
<td>16,050,550</td>
<td>14,289,441</td>
</tr>
<tr>
<td>- Total</td>
<td>526,114,156</td>
<td>486,579,118</td>
</tr>
</tbody>
</table>

### Schedule ‘F’

#### Current Liabilities & Provisions

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at 31.03.2011</th>
<th>As at 31.03.2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A) Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Sundry Creditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Due to Micro, Small Scale Enterprises</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Other Creditors</td>
<td>1,861,562</td>
<td>172,454,339</td>
</tr>
<tr>
<td>- Due to Staff</td>
<td>2,271,599</td>
<td>1,810,546</td>
</tr>
<tr>
<td>- Other Liabilities</td>
<td>222,988,063</td>
<td>365,863,981</td>
</tr>
<tr>
<td>- Total</td>
<td>228,919,515</td>
<td>543,638,161</td>
</tr>
</tbody>
</table>

### Accounting Policies and Notes to the Accounts

As per our report of even date attached to the Balance Sheet.

For AWATAR & Co.

Chartered Accountants

Registration No. 00072BN

Brijendra Agrawal

Suren Jain

Rajiv Bhardwaj

Director

Managing Director

Membership No. 087787

Place : New Delhi

Anita Rikhy

Date : 3rd May, 2011

Addl. General Manager & Company Secretary
**Schedule “G”**

<table>
<thead>
<tr>
<th>Miscellaneous Expenditure</th>
<th>As At 31.03.2011 (AUDITED)</th>
<th>As At 31.03.2010 (AUDITED)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preliminary Expenses</td>
<td>18,385,159</td>
<td>18,385,159</td>
</tr>
<tr>
<td>Less: Preliminary Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Written off</td>
<td>18,385,159</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>18,385,159</td>
<td>18,385,159</td>
</tr>
</tbody>
</table>

**SCHEDULE “H”**

**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

(A) **SIGNIFICANT ACCOUNTING POLICIES**

**General:**

(i) The accounts are prepared on historical cost basis and on the principles of a going concern.

(ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

**Revenue Recognition:**
Expenditure and Income are accounted for on accrual basis.

**Fixed Assets:**
Fixed Assets are stated at cost of acquisition inclusive of freight, duties, taxes and other incidental expenses related thereto.

**Capital Work in Progress (CWIP):**
Cost of materials purchased/consumed, Erection charges thereon and Advances to Capital Suppliers are shown as Capital Work in Progress (CWIP) till the capitalisation of Project.

**Depreciation:**
Depreciation on assets is provided on straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

**Incidental Expenditure during construction period:**
Incidental Expenditure incurred on the Project during implementation will be capitalized and apportioned to various assets on commissioning of the Project.

**Preliminary Expenses:**
Preliminary expenses are written off in Profit & Loss Account.

**Taxes on Income:**
Taxes comprise of Current Tax and Wealth Tax. Provision for current tax is calculated in accordance with the provisions of the Income Tax Act, 1961 and is made annually based on the tax liability computed after considering tax allowances and exemptions. Provision for Wealth Tax is calculated in accordance with the provisions of the Wealth Tax Act, 1957 after considering tax allowances and exemptions.

**Deferred Tax Assets and Deferred Tax Liability** will be calculated by applying rates and tax laws as they fall due.

## Provision, Contingent Liabilities and Contingent Assets:

The Company recognizes a provision when there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received. A disclosure for contingent liability is made when, as a result of obligating events, there is a possible obligation on a present obligation that may, but probably will not, require an outflow of resources. Contingent Assets are neither recognized nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

(B) **NOTES ON ACCOUNTS**

(i) Contingent Liabilities not provided for: (Amount in `)

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Outstanding Letters of Credit</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>b) Estimated amount of Contract remaining to be executed on Capital Account (net of advances)</td>
<td>432,094,079</td>
<td>948,358,467</td>
</tr>
<tr>
<td>c) Claims against the Company not acknowledged as debt in respect of Land/Crop/Tree Compensation cases filed for damages during the installation of transmission line.</td>
<td>–</td>
<td>1,769,340</td>
</tr>
</tbody>
</table>


The Company allotted 1,30,00,000 & 65,00,000 equity shares of `10 each to Power Grid Corporation of India Limited and 3,70,00,000 & 1,85,00,000 equity shares of `10 each to Jaiprakash Power Ventures Limited on 16.04.2010 and 08.03.2011 respectively during 2010-11 and as such the total paid up capital as on 31st March’ 2011 stood at ` 250 crores.

(iii) Financing Charges of `435,874/- have been paid to the Security Trustee and Facility Agent Fees of `3,107,911/- has been paid during the year.

(iv) Capital work in Progress includes advances for Fixed Capital Expenditure to Contractors/Suppliers of `145,184,980/- (Previous Year- `169,429,510/-).

(v) The financial assistance sanctioned and disbursed/ to be disbursed by Banks of Rupee Term Loans of ` 700 crores during the year 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 (ICICI Bank), 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 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 viz, ICICI Bank, Punjab National Bank, Central Bank of India, United Bank of India, Indian Overseas Bank, The Jammu and Kashmir Bank Ltd. 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 31.03.2011 was `250 crores divided into 25 crore equity shares of `10 each, 7.5 crores equity shares of `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.

(vi) As the Company has not yet started operation, the necessary details as per part-II of Schedule-VI to the Companies Act,1956 have been disclosed in the Schedule “D”- “Statement of Incidental Expenditure During Construction, Pending Allocation”. The Profit and Loss Account has been prepared for the purpose of writing off the Preliminary Expenditure in accordance with the opinion of Expert Advisory Committee of the Institute of Chartered Accountants of India dated 15th December, 2009. Therefore, Provisional expenses being of earlier year, have been charged to Profit and Loss Account as a prior period item. Had the same not been charged, the loss would have been lower by `18,385,159/- and debt balance in Profit and Loss Account would have been lower by `18,385,159/-.

(vii) In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value as at 31st March 2010 of Rs. 442,64,13,369/-. The said valuation is based on book values, the long term nature of the loans, the integrity of the Lenders and the financial strength of the Company.

(viii) The Trust and Retention Account (refer Schedule E) is maintained pursuant to the stipulations of the “Financing Agreements” executed with the Lenders.

(ix) Retirement Benefits:

(a) Provident Fund - Defined Contribution Plan

All employees are entitled to Provident Fund benefits. Amount debited to Incidental Expenditure During Construction `1,339,326/-.

**JAYPEE POWERGRID LIMITED**

**ANNUAL REPORT 2010-11**
(b) 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.

(c) Leave Encashment - Defined Benefit Plan

The Company has a scheme of encashment of accumulated leaves. The scheme is unfunded and is recognized in Incidental Expenses During Construction – Pending Allocation on the basis of actuarial valuation on annual basis. The Summarized position of defined benefits recognized in the IEDC and Balance Sheet are as under:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Service Cost</td>
<td>406,345</td>
<td>415,490</td>
</tr>
<tr>
<td>Interest Cost</td>
<td>50,092</td>
<td>67,958</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(10,344)</td>
<td>-</td>
</tr>
<tr>
<td>Actualuarial (Gains)/Losses</td>
<td>299,372 (25,734)</td>
<td>212,804 191,320</td>
</tr>
<tr>
<td>Past Service Cost</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Settlement Cost</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>705,465 457,714</td>
<td>511,209 622,900</td>
</tr>
</tbody>
</table>

III. Net Asset/ (Liability) recognized in the Balance Sheet as at 31st March 2011.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Value of defined Benefit Obligation.</td>
<td>1,331,611 1,243,584</td>
<td>626,146 849,469</td>
</tr>
<tr>
<td>Fair Value of Plan Assets</td>
<td>856,904 -</td>
<td>114,937 -</td>
</tr>
<tr>
<td>Funded Status (Surplus/Deficit)</td>
<td>(474,707) (1,243,584)</td>
<td>(511,209) (849,469)</td>
</tr>
<tr>
<td>Net Asset (Liability) as at March 31, 2011.</td>
<td>(474,707) (1,243,584)</td>
<td>(511,209) (849,469)</td>
</tr>
</tbody>
</table>

IV. Change in Obligation during the Period ended March 31, 2011.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Value of defined Benefit Obligation at the beginning of the year.</td>
<td>626,146 849,469</td>
<td>183,302 323,726</td>
</tr>
<tr>
<td>Current Service Cost.</td>
<td>406,345 415,490</td>
<td>283,741 405,682</td>
</tr>
<tr>
<td>Interest Cost</td>
<td>50,092 67,958</td>
<td>14,664 25,898</td>
</tr>
<tr>
<td>Settlement Cost</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Past Service Cost</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Employee Contributions.</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Actualuarial (Gains)/Losses</td>
<td>249,028 (25,734)</td>
<td>212,804 191,320</td>
</tr>
<tr>
<td>Benefit Payments</td>
<td>- (63,599)</td>
<td>(68,365) (97,157)</td>
</tr>
<tr>
<td>Present Value of Defined Benefit Obligation at the end of the year.</td>
<td>1,331,611 1,243,584</td>
<td>626,146 849,469</td>
</tr>
</tbody>
</table>

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.

(d) Actuarial Assumptions

<table>
<thead>
<tr>
<th>SI No.</th>
<th>Particular</th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Discount Rate</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>2.</td>
<td>Mortality</td>
<td>As per LIC (1994-96)</td>
<td>As per LIC (1994-96)</td>
</tr>
<tr>
<td>3.</td>
<td>Turnover Rate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4.</td>
<td>Future Salary Increase</td>
<td>8%</td>
<td>8%</td>
</tr>
</tbody>
</table>

The remaining information pursuant to the paragraphs 3 and 4 of Part-II of Schedule-VI to the Companies Act, 1956 are either nil or not applicable.

(c) Associate Companies:

[3] JIL Information Technology Ltd. (subsidiary of Jaypee Ventures Pvt. Ltd.)
II. Transactions during the period with Related Parties.

(e) The Shareholding of the Company:

[i] Shri Prabhakar Singh, Whole - time Director

[ii] Shri Rajiv Ranjan Bhardwaj, Managing Director

(d) Key Management Personnel:

[x] Indus Hotels UK Limited

[xx] Indesign Enterprises Private Limited

[xix] Indesignto be Limited (subsidiary of Jaypee Ventures Pvt. Ltd.)

[xvii] Jaiprakash Agri Initiatives Company Ltd. (subsidiary of Jaypee Ventures Pvt. Ltd.)

[xvi] Madhya Pradesh Jaypee Minerals Ltd. (subsidiary of Madhya Pradesh State Mining Co. Ltd. (w.e.f. 26.09.2010)


[xiv] Jaypee Uttar Bharat Vikas Private Limited (w.e.f. 21.06.2010)

[xiii] Anvi Hotels Private Limited (subsidiary of Jaypee Ventures Pvt. Ltd.)

[xii] MP Jaypee Coal Limited.

[xii] MP Jaypee Coal Limited.

[xi] MP Jaypee Coal Limited.

[x] Rock Solid Cement Ltd. (subsidiary of RPJ Minerals Pvt. Ltd.)

[viii] Tiger Hills Holiday Resort Pvt. Ltd. (subsidiary of Jaypee Development Corporation Ltd.)

[vii] Jaypee Development Corporation Ltd. (subsidiary of Jaypee Ventures Pvt. Ltd.)

[vi] RPJ Minerals Pvt. Ltd.


[iii] Shri Rajiv Ranjan Bhardwaj, Managing Director

[ii] Shri Prabhakar Singh, Whole - time Director

[i] Shri Rajiv Ranjan Bhardwaj, Managing Director

Transactions related to parties referred in “I (d)” above:

S. No. Particulars  2010-11  2009-10
1. Advance paid for Power Grid Corporation of India Ltd.  195,000,000/-  130,000,000/-
2. Employer’s Cont. to PF  551,845  548,245
3. Other Perks  3,508,820  3,699,342

Total  8,659,374  8,816,297

Managerial remuneration paid/payable to the Whole-time Directors:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Nature of Transaction</th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Salary</td>
<td>4,598,709</td>
<td>4,568,710</td>
</tr>
<tr>
<td>2.</td>
<td>Employer’s Cont. to PF</td>
<td>551,845</td>
<td>548,245</td>
</tr>
<tr>
<td>3.</td>
<td>Other Perks</td>
<td>3,508,820</td>
<td>3,699,342</td>
</tr>
</tbody>
</table>

Total  8,659,374  8,816,297

Remuneration includes Salary, House Rent Allowance and other perquisites like Medical Reimbursement, Company’s Contribution towards Provident Fund, Gas, Electricity etc. (excluding provisions for Gratuity & Leave Encashment on retirement)

Approval of Central Government vide letter no. AB1712325/2010-CL.VII dated 18th August, 2010 for payment of remuneration on re-appointment of Shri Rajiv Bhardwaj for a period of three years from 02.03.2010 to 01.03.2013 has been received during the year.

xiii) As per management there are no Small Scale Industrial Undertakings, to whom the Company owes more than ₹1 lakh outstanding for more than 30 days as on 31st March, 2011.

xiii) Disclosure as required under Notification No. G.S.R. 719 (E) dated 16th November, 2007 issued by the Department of Company Affairs (As certified by the Management)

<table>
<thead>
<tr>
<th>S No.</th>
<th>Nature of Transaction</th>
<th>Amount (₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>The principal amount and interest due thereon remaining unpaid to any supplier - Principal Amount</td>
<td>Nil</td>
</tr>
<tr>
<td>b)</td>
<td>The amount of interest paid by the buyer in terms of section 16, along with the amounts of payment made to the supplier beyond the appointed day</td>
<td>Nil</td>
</tr>
<tr>
<td>c)</td>
<td>The amount off due and payable for the year of delay in making payment (which have been paid but beyond the appointed during year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.</td>
<td>Nil</td>
</tr>
<tr>
<td>d)</td>
<td>The amount of interest accrued and remaining unpaid</td>
<td>Nil</td>
</tr>
<tr>
<td>e)</td>
<td>The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise</td>
<td>Nil</td>
</tr>
</tbody>
</table>

xvi) No provision has been made towards Income Tax (Previous Year ₹1,964,000/-), and Wealth Tax (Previous Year ₹ nil ).

As commercial operations have not yet commenced, there is no Deferred Tax Asset / Liability as on 31st March, 2011.

xvi) Earning per share has not been calculated as the project is under construction.

xvii) Previous year figures have been re-grouped/re-arranged wherever considered necessary to make them conform to the figures for the current year. All figures have been rounded off to the nearest rupee.

Signatures to Schedules “A” to “H”

For A W A T A R & C. O.  For and on behalf of the Board
Chartered Accountants  Registration No. 060726N
Brijendra Agrawal  Suren Jain  Rajiv Bhardwaj
Partner  Director  Managing Director
Membership No. 087787

Place: New Delhi  Anita Rikhy
Date : 3rd May, 2011  Addl. General Manager & Company Secretary
BALANCE SHEET ABSTRACT AND COMPANY’S GENERAL BUSINESS PROFILE
Pursuant to part IV of the Companies Act, 1956

I. Registration Details
- Registration No.: 154627
- State Code No.: 55
- Balance Sheet Date: 31.03.2011

II. Capital raised during the period (Amount in ₹ Thousands)
- Public Issue: Nil
- Bonus Issue: Nil
- Rights Issue: Nil
- Private Placement: 750,000
- Others: Nil
- Rights Issue: Nil

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)
- Total Liabilities: 8,269,458
- Total Assets: 8,269,458
- Paid-up Capital: 2,500,000
- Share Application Money: –
- Reserves & Surplus: –
- Secured Loans: 5,769,458
- Unsecured Loans: –

IV. Performance of Company (Amount in ₹ Thousands)
- Turnover: NA (Project under implementation)
- Total Expenditure: 18,385.16
- Profit/Loss Before Tax: (18,385.16)
- Earning per Share in ₹: (Project under implementation)
- Dividend Rate (%): NA (Project under implementation)
- Accumulated Losses: 18,385

V. Generic Names of three Principal Products/Services of the Company (as per Monetary terms)
- Items Code No. (ITC Code): NA
- Product/Services Description: Transmission of Electricity

CASH FLOW STATEMENT FOR THE PERIOD ENDING 31ST MARCH, 2011
(In ₹)

A. Cash flow from operating activities
- Add: (Increase)/Decrease in Loans and Advances and others (960,964)
- Deduct: Increase (Decrease) in Trade Payables (313,107,642)
- Net cash inflow from operating activities ----‘A’ (314,068,606)

B. Cash flow from Investing activities
- Outflow
-- Investment in Fixed Assets/ Capital Work in Progress (1,645,970,043)
-- Other Income
-- Net cash used in investing activities--------‘B’ (1,645,970,043)

C. Cash flow from Financing activities
- Inflow
-- Increase in Share Capital 275,000,000
-- Increase in Term Loans 1,717,612,723
-- Preliminary Expenses
-- Net cash in financing activities-----------‘C’ 1,992,612,723
- Outflow
-- Net increase/(Decrease) in cash or cash equivalent (A+B+C) 32,574,074

Net increase/(Decrease) in cash or cash equivalent (A+B+C) 32,574,074

Brijendra Agrawal Suren Jain Rajiv Bhardwaj
Partner Director Managing Director

Anita Rikhy
Addl. General Manager & Company Secretary

For AWATAR & CO. For on behalf of the Board
Chartered Accountants
Registration No. 000726N

For AWATAR & CO. For on behalf of the Board
Chartered Accountants
Registration No. 000726N

Brijendra Agrawal Suren Jain Rajiv Bhardwaj
Partner Director Managing Director

Anita Rikhy
Addl. General Manager & Company Secretary