

PRAYAGRAJ POWER
GENERATION COMPANY LIMITED

Board of Directors

Manoj Gaur, Chairman
Sunil Kumar Sharma
Sunny Gaur
Suren Jain
Sameer Gaur
Rakesh Sharma, Managing Director

Bankers/Lenders

Bank of India
Indian Overseas Bank
IDBI Bank Ltd
Oriental Bank of Commerce
Punjab National Bank
State Bank of India
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
United Bank of India
Canara Bank
Life Insurance Corporation
L&T Infrastructure Finance Co. Ltd.

Company Secretary

Rajeev Kumar

Auditors

M/s Rajendra K Goel & Co.,
Chartered Accountants,
New Delhi.

Registered Office

Sector - 128, Noida - 201 304 (U.P.)

Project Site

Tehsil Bara
Allahabad (U.P.)

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DIRECTORS' REPORT

To,

The Members

The Directors of your Company are pleased to present the Fourth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2011.

PROJECT

As you are aware, the Company was incorporated for implementation of 3x660 MW Thermal Power Project (with permission to add two additional generation units of 660MW each) in Tehsil Bara of district Allahabad, Uttar Pradesh, and is presently Wholly- owned Subsidiary of Jaiprakash Power Ventures Limited.

Necessary steps have been taken for implementation of the Project, as under:-

Your Company is already in possession of over 778.06 Hectare of Land required for the Project and the balance is expected from UPPCL shortly.

Statutory/Regulatory approvals required for the present stage of the Project including environment clearance, water linkage, coal linkage, height clearance from Airport Authority of India, Mega Power Status from Ministry of Power, Government of India and NOC from U.P. Pollution Control Board have been received. Steps are being taken for signing of the Fuel Supply Agreement.

The construction of temporary base camp and boundary wall has, by and large, been completed. Your Company has awarded the contract to carry out civil, structural & architectural works of the Project, to Jaiprakash Associates Limited, who have proven track record of implementation of Projects of this size.

Order for Boiler, Turbine & Generator (BTG) has been placed with BHEL. While the supplies are in progress, orders for some Balance of Plants (BoPs) have been done and the balance is in various stages of award/ tendering.

Boiler Foundations for Unit-I, Unit- II & III have been completed, civil works of Turbine & Generator building, bunker bay and coal mill are in progress. Excavation work for water reservoir, water channel, chimney etc. and road work are also in progress.

The works on the Project are progressing satisfactorily.

FINANCIAL PROGRESS

Financial closure for entire debt of Rs. 8085 crore has been achieved and the financing documents have been executed.

The phase-I (1980MW) of the Project is planned for commissioning by June 2015.

DIRECTORATE

During the year under report Shri Ramesh Chandra Shrivastav was appointed as Additional Director and also Whole- time Director of the Company for a period of 3 years w.e.f. 12th August 2010. He however resigned as Director/ Whole time Director due to personal reasons w.e.f. 16th April 2011. The Board accepted his resignation with effect from the said date and placed on record its appreciation for the valuable contribution made by Shri Ramesh Chandra Shrivastav during his tenure as Director/ Whole- time Director of the Company.

Shri Arun Gupta, Whole- time Director also resigned as Director/ Whole- time Director due to personal reasons w.e.f. 31st August 2010. The Board accepted his resignation and placed on record its appreciation for the valuable

contribution made by Shri Arun Gupta during his tenure as Director/ Whole- time Director of the Company.

Shri Sunny Gaur and Shri Sameer Gaur would retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

SHARE CAPITAL

During the year under report, the paid up Share Capital of the Company was increased from Rs. 243.19 Crores to Rs. 509.19 Crore by issue and allotment of 26.60 crores Equity Shares of Rs. 10/- each to Jaiprakash Power Ventures Ltd., the holding Company.

AUDIT COMMITTEE

An Audit Committee has been constituted by the Board, consisting of Shri Sunil Kumar Sharma, Chairman, Shri Sunny Gaur and Shri Suren Jain, Members to meet the requirements of Section 292A of the Companies Act, 1956.

FIXED DEPOSITS

The Company has neither invited nor accepted any deposit during the year under report.

NOTES ON ACCOUNTS

The observations of Auditors in the Auditors' Report and notes to the accounts are self-explanatory.

PARTICULARS OF EMPLOYEES

A statement showing the particulars of employees, pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is annexed and forms an integral part of this Report.

AUDITORS

M/s Rajendra K. Goel, 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 224(1B) of the Companies Act, 1956, the Company has obtained a written certificate from the Auditors to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

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

The information required to be disclosed as per Section 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 with regard to Conservation of Energy and Technology Absorption are not applicable, as the Project is still under construction stage.

There were no foreign exchange earnings or outgo 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 annual 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 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 31st March, 2011;
- iii) that the Directors had taken proper and sufficient care for the 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.

PERSONNEL

The industrial relations were cordial during the year under review.

ACKNOWLEDGEMENT

The Board of Directors places on record its sincere appreciation and gratitude to various Departments and Undertakings of the Central Government, Government of Uttar Pradesh, Uttar Pradesh Power Corporation Ltd., U. P. State Electricity Board, U. P. Electricity Regulatory Commission, Banks and Financial Institutions for their valuable support & continued co-operation to the Company.

On Behalf of the Board

Place: New Delhi
Date: 3rd May 2011

MANOJ GAUR
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

Information in pursuance of Sub-section 2A of Section 217 of the Companies Act, 1956 is given below:

Name of employees, designation/ Nature of Duties, Gross Remuneration (Rs.), Qualification, Age (in years), Total Experience (in years), Date of commencement of Employment, Previous Employment:

A. Employed throughout the year and in receipt of remuneration aggregating Rs. 60,00,000/- or more

- 1. Shri Rakesh Sharma, Managing Director, Rs. 69, 68,773/-, B.E. (Civil), 49, 28, 01.04.2010, Jaypee Ventures Pvt. Limited.

B. Employed for part of the year and in receipt of remuneration aggregating Rs. 5,00,000/- or more per month

NIL

Notes:

- 1. Gross remuneration includes Salary, House Rent and other perks like Medical Reimbursement, Leave Travel Assistance, Furnishing Allowance, and Company's Contribution towards Provident Fund etc. but excludes provision for Gratuity & Leave Encashment.
- 2. Shri Rakesh Sharma is not related to any Director of the Company.
- 3. The Managing Director holds office for a period of three years from the date of appointment/ re- appointment.

AUDITORS' REPORT

Dear Sirs,

- 1. We have audited the attached Balance Sheet of "Prayagraj Power Generation Company Limited" as at 31st March, 2011 and also the annexed Profit & Loss Account, Statement of Pre-operative Expenditure during Construction Period and Cash Flow Statement for the year ended on 31st March, 2011. 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 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(s). An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
- 3. As required by the Companies (Auditors Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004 (together the 'Order') issued by the Central Government of India, in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in annexure a statement on the matters specified in paragraph 4 and 5 of the said order to the extent applicable to the Company.
- 4. In addition to above, we state that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the company in so far as appears from our examination of the books;
 - c) The Balance Sheet, Profit & Loss Account, Statement of Pre-operative Expenditure during Construction period and Cash Flow Statement referred to in this report are in agreement with the books of account;
 - d) In our opinion and to the best of our information, the Balance Sheet, Profit & Loss Account, Statement of Pre-operative Expenditure during Construction period and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on records by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March 2011 from being appointed as a Director, in terms of clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956.
 - f) 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 notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - (i) In case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - (ii) In case of Profit & Loss Account of the NIL profit of the Company for the year ended on 31st March, 2011.
 - (iii) In case of statement of Pre-operative expenditure during construction period, of the expenditure of the Company for the year ended on 31st March 2011.
 - (iv) In the case of Cash Flow Statement, of the cash flow of the Company for the year ended on 31st March 2011.

For: Rajendra K Goel & Co.
Chartered Accountants
F.R.N. 01457N

R.K.Goel
Partner

M.No. 6154

Place : New Delhi
Dated: 3rd May, 2011

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2011 of **PRAYAGRAJ POWER GENERATION LIMITED**

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Fixed Assets.
- (b) Fixed Assets have been physically verified by the management during the year and to the best of our knowledge and information given to us, no material discrepancies have been noticed on such physical verification.
- (c) Fixed Assets disposed off during the year, are negligible so as to affect the Company as a going concern.
- (ii) (a) The Inventory has been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion the procedure of physical verification of Inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper record of Inventory. The discrepancies noticed on physical verification of inventory as compared to book record were not material.
- (iii) The Company has not granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of Inventory and Fixed Assets and Services and Supply. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) Based on the audit procedures applied by us and according to the information and explanations given to us we are of the opinion that the particulars of the contracts or arrangements referred to Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that Section. The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- (vi) The Company has not accepted any deposit from the public during the year.
- (vii) During the year under observation, the Company had an internal audit system commensurate with its size & nature of its business wherein it was observed that all transactions are carried out under the personal supervision of the Senior Officials/ Directors of the Company.
- (viii) According to the information and explanations given to us, the maintenance of Cost Records is not applicable to the year under report.
- (ix) (a) As per records produced before us and according to the information and explanations given to us the Company is generally regular in depositing undisputed statutory dues applicable to it like Provident Fund, Income Tax, Customs Duty, Cess etc. with appropriate authorities, and there were no arrears of such dues at the year end which have remained outstanding for a period of more than six months from the date they became payable.
- (b) As per records produced before us and according to the information and explanations given to us there are no dues of Income Tax, Sales tax, Customs Duty Wealth Tax, Service Tax, Excise Duty or Cess which have not been deposited on account of any dispute.
- (x) Since the Project of the Company is under implementation, the clause (x) of Para 4 of the order is not applicable.
- (xi) Based on our audit procedures and on the information and explanation given by the management, we are of the opinion that Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- (xii) The Company has not granted any loans and advances on the bases 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. hence, clause (xiii) of Para 4 of the order is not applicable.
- (xiv) In our opinion the company is not dealing in or trading of shares, debentures and other investments. Accordingly, clause (xiv) of Para 4 of the order is not applicable.
- (xv) The Company has given second charge on its Assets as a collateral security for the financial assistance granted by the Bank to Jaiprakash Power Venture Limited amounting to Rs 1,000 Crores, the terms and conditions of which are not prejudicial to the interest of the Company.
- (xvi) In our opinion & according to the information & explanation given to us, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information & explanation given to us and an overall examination of the Balance Sheet of the Company, we find that no fund raised on short term basis have been used for long term investment.
- (xviii) According to the information and explanation given to us, we are of the opinion that during the year the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information & explanation given to us, the Company has not issued any debentures during the year.
- (xx) During the year the Company has not raised any money by way of public issues.
- (xxi) According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Rajendra K. Goel & Co.**
Chartered Accountants
F.R.N. 01457N

R.K.GOEL
Partner

Place : New Delhi
Dated: 3rd May, 2011

M.No.: 6154

BALANCE SHEET AS AT 31ST MARCH, 2011

(Amount in Rs.)

	SCHEDULE	(Amount in Rs.)	
		As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS :			
Share Capital	A	5,091,898,000	2,431,898,000
Share Application Money		1,690,000,000	–
LOAN FUND			
Secured Loans	B	7,007,760,959	6,000,000,000
		13,789,658,959	8,431,898,000
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	C	624,068,131	465,307,233
Less : Accumulated Depreciation		372,247	45,818
Net Block		623,695,884	465,261,415
Capital Work-in-Progress (including Construction Material & Advances)	D	9,948,936,664	6,268,968,668
Pre-operative Expenditures During Construction Period	E	1,820,742,423	146,640,169
CURRENT ASSETS, LOANS & ADVANCES			
Cash & Bank Balances	F	1,354,708,700	1,074,022,093
Other Current Assets		18,345	408,955
Loans & Advances		505,897,785	480,590,390
		1,860,624,830	1,555,021,438
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	G	463,760,196	2,760,058
Provisions		1,226,232	1,879,218
		464,986,428	4,639,276
Net Current Assets		1,395,638,402	1,550,382,162
Profit & Loss Account		645,586	645,586
Accounting Policies and Notes to Accounts	H		
		13,789,658,959	8,431,898,000

As per our Report of even date attached to the Balance Sheet

For and on behalf of the Board

For **Rajendra K. Goel & Co.**
Chartered Accountants
F.R.N. 001457N

R.K. Goel
Partner
M.No. 6154

Rakesh Sharma
Managing Director

Manoj Gaur
Chairman

Place: New Delhi
Date: 3rd May, 2011

Rajeev Kumar
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in Rs.)

	SCHEDULE	(Amount in Rs.)	
		For the Year ended on 31.03.2011	For the Year ended on 31.03.2010
INCOME			
Income		–	–
EXPENDITURE			
Expenses		–	–
Profit/(Loss) Before Prior Period items and Tax			
		–	–
Less: Prior Period Expenses (Preliminary expenses)		–	645,586
Profit/(Loss) Before Tax		–	(645,586)
Less: Provision for Tax		–	–
Profit/(Loss) after Tax		–	(645,586)
Profit/(Loss) Brought Forward from Previous Year		(645,586)	–
Balance Carried to Balance Sheet		(645,586)	(645,586)

As per our Report of even date attached to the Balance Sheet

For and on behalf of the Board

For **Rajendra K. Goel & Co.**
Chartered Accountants
F.R.N. 001457N

R.K. Goel
Partner
M.No. 6154

Rakesh Sharma
Managing Director

Manoj Gaur
Chairman

Place: New Delhi
Date: 3rd May, 2011

Rajeev Kumar
Company Secretary

(Amount in Rs.)

**SCHEDULE - 'A' : SHARE CAPITAL
AUTHORISED :**

	AS AT 31-03-2011	AS AT 31-03-2010
4,00,00,00,000 Equity Shares of Rs 10/- each (Previous year 4,00,00,00,000 Equity Shares of Rs 10/- each)	<u>40,000,000,000</u>	<u>40,000,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
50,91,89,800 Equity Shares (Previous year 24,31,89,800 Equity Shares) of Rs 10/- each fully paid up	5,091,898,000	2,431,898,000
The total equity shares are held by Jaiprakash Power Ventures Ltd., the Holding Company	<u>5,091,898,000</u>	<u>2,431,898,000</u>

SCHEDULE - 'B' LOAN FUNDS

SECURED LOANS :

Term Loans From:

Banks	6,179,760,959	6,000,000,000
Others	828,000,000	-
(Refer Notes to Accounts No. 3)	<u>7,007,760,959</u>	<u>6,000,000,000</u>

SCHEDULE 'C' :

FIXED ASSETS

(Rs. in Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As at 1.4.2010	Additions during the year	Deductions/ Adjustments during the year	As at 31.03.2011	As at 1.4.2010	During the year	Deductions/ Adjustment during the year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land - Free hold	464,356,908	145,614,847	-	609,971,755	-	-	-	-	609,971,755	464,356,908
Land - Lease hold	-	5,399,815	-	5,399,815	-	-	-	-	5,399,815	-
Plant & Machinery	-	3,389,149	-	3,389,149	-	44,791	-	44,791	3,344,358	-
Computers	110,700	2,664,543	-	2,775,243	1,266	151,924	-	153,190	2,622,053	109,434
Furniture and Fittings	57,692	362,588	-	420,280	900	5,226	-	6,126	414,154	56,792
Office Equipments	10,750	1,329,956	-	1,340,706	95	51,226	-	51,321	1,289,385	10,655
Vehicle	771,183	-	-	771,183	43,557	73,262	-	116,819	654,364	727,626
TOTAL	465,307,233	158,760,898	-	624,068,131	45,818	326,429	-	372,247	623,695,884	465,261,415
Previous Year	163,297	465,307,233	163,297	465,307,233	22,276	52,775	29,234	45,818	465,261,415	141,021

Note: Agreement for Lease-hold Land with Land Management Committee, U.P. is yet to be entered.

(Amount in Rs.)

	AS AT 31-03-2011	AS AT 31-03-2010
SCHEDULE - 'D' CAPITAL WORK-IN-PROGRESS (INCLUDING CONSTRUCTION MATERIAL & ADVANCES)		
CWIP:Railway Siding	12,900,000	-
CWIP:Road at site (Approach)	16,593,261	-
CWIP: Base Camp	400,275,091	-
CWIP- Boundry Wall (Civil Work)	119,119,688	-
CWIP- Township Construction (Civil Work)	4,773,119	-
CWIP - Communication System	336,000	-
CWIP: Boiler I	127,055,942	-
CWIP-Civil Work RA Bill	274,673,246	-
Advance to Contractor & Supplier	8,625,953,822	6,268,968,668
Stock of Material and Spares (including material in transit)	367,256,495	-
	<u>9,948,936,664</u>	<u>6,268,968,668</u>

SCHEDULE - 'E' STATEMENT OF PRE-OPERATIVE EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in Rs.)

PARTICULARS	For the Year ended on		As at	
	31.03.2011	31.03.2010	31.03.2011	31.03.10
Administrative & General Expenses	3,854,563	687,056	6,981,832	3,127,269
Application Fee - Coal India	500,000	-	1,000,000	500,000
Audit Fee	110,300	110,300	275,600	165,300
Bank Charges	2,387,436	668,452	3,055,888	668,452
Consultancy Fees for various study reports	11,900,798	7,829,559	28,875,810	16,975,012
Depreciation	326,429	52,776	401,481	75,052
Employees remuneration & Benefits	22,271,522	1,097,093	23,368,615	1,097,093
Finance Charges	923,672,846	49,737,457	973,410,303	49,737,457
Fixed Assets Written off	-	134,063	134,063	134,063
Helipad Expenses	1,100	255,855	256,955	255,855
Interest on Loans	722,344,796	3,149,692	725,494,488	3,149,692
Legal & Professional Expenses	8,734,599	15,995,910	28,254,769	19,520,170
Machinery Hire Charges	618,468	771,803	1,390,271	771,803
NOC Charges (Pollution Control)	-	500,000	500,000	500,000
Reimbursement to UPPCL	-	2,766,990	6,837,506	6,837,506
Rent , Rates and Taxes	572,016	42,000	614,016	42,000
Charity & Donation	25,000	-	25,000	-
Testing Fee	2,402,410	-	2,402,410	-
Travelling & Conveyance Expenses	3,158,514	556,909	4,118,643	960,129
UPERC Fee	-	-	45,600,000	45,600,000
Vehicle Running & Hiring Charges	1,345,085	234,835	1,670,812	325,727
	1,704,225,882	84,590,750	1,854,668,462	150,442,580
Less:				
Interest Income on FDR {including TDS for the year amounting to Rs. 28,66,320/- (previous year Rs. 5,60,534/-)}	28,320,704	5,605,335	33,926,039	5,605,335
Provision For taxation	1,802,924	(1,802,924)	-	(1,802,924)
Total- Carried to Balance Sheet	1,674,102,254	80,788,339	1,820,742,423	146,640,169

SCHEDULE - 'F' CURRENT ASSETS, LOANS & ADVANCES	(Amount in Rs.)		SCHEDULE - 'G' CURRENT LIABILITIES AND PROVISIONS	(Amount in Rs.)	
	As at 31.03.2011	As at 31.03.2010		As at 31.03.2011	As at 31.03.2010
A) CASH AND BANK BALANCES			A) CURRENT LIABILITIES :		
Cash in Hand	553440	20,730	Sundry Creditors		
Balances with Scheduled Banks			- Due to Micro, Small Scale, Medium Scale enterprises	-	-
- In Current Accounts	13,545,642	785,193,332	- Others	442,966,743.00	616,766
- In Trust & Retention Account	1,327,671,032	-	Due to Staff	449,697.00	163,323
- In Fixed Deposits*	12,938,586	288,808,031	Other Current Liabilities	20,343,756.00	1,979,969
*(Including FDR's amounting to Rs.1,21,25,300/- (Previous year Rs. 90,61,300/-) Pledged with the Bank as margin money against Bank Guarantees)				463,760,196.00	2,760,058
	1,354,708,700	1,074,022,093	B) PROVISIONS :		
B) OTHER CURRENT ASSETS			Provision for Taxation	-	1,802,924
Income accrued on FDR's	18,345	404,462	Provision for Leave Encashment	814,172	58,883
Prepaid Interest	-	993	Provision for Gratuity	412,060	17,411
Sonebhadra PGCL	-	3,500		1,226,232	1,879,218
	18,345	408,955	TOTAL (A+B)	464,986,428	4,639,276
C) LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)					
Advance Recoverable in Cash or in Kind or for Value to be received					
Staff Imperest	-	1,856			
Security deposit - with Government Companies (NCL)	485,193,000	480,000,000			
- with Others	14,000	28,000			
Prepaid Exp.	14,333,630	-			
Advances Others	1,687,324	-			
Tax Deducted at source on FDR Interest	3,427,440	560,534			
Advance Tax for the A.Y. 2010-11	1,242,391	-			
	505,897,785	480,590,390			
TOTAL (A+B+C)	1,860,624,830	1,555,021,438			

SCHEDULE ' H ' – ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

A. Significant Accounting Policies:

a) Basis of Preparation of Financial Statements

- (i) The accounts are prepared on the historical cost basis and on the principles of a going concern.
- (ii) Accounting policies not specifically referred to otherwise are being consistently followed and are in accordance with generally accepted accounting principles.

b) Revenue Recognition

- (i) Revenue/ Income and Costs/ Expenditure are accounted for on accrual basis as they are earned or incurred.

c) Fixed Assets

Fixed Assets are stated at Cost of procurement or construction inclusive of freight, erection & commissioning charges, duties and taxes, expenditure during construction period, Interest on borrowings and financing cost upto the date of commissioning.

d) Depreciation

- (i) Depreciation is provided on straight line method at the rates specified in Schedule –XIV to the Companies Act, 1956.
- (ii) Premium on Leasehold Land is amortised over the period of Lease.

e) Expenditure during Construction Period

Expenditure incurred on project/assets during construction/ implementation is capitalized and apportioned to project/assets on commissioning of the Project.

f) Foreign Currency Transactions

- (i) Transactions in Foreign Currency are recorded in the Books of Accounts at the rate of exchange prevailing on the date of transaction.
- (ii) All loans and deferred credits repayable in Foreign Currency and outstanding at the close of the year are expressed in Indian Currency at the rate of exchange prevailing on the date of the Balance Sheet.
- (iii) Foreign Exchange gain/loss on Fixed Assets is adjusted against the cost of Assets. Foreign Exchange gain/loss other than on Fixed Assets is charged to Profit & Loss Account.

g) Investments

Investments are stated at Cost and where there is permanent diminution in the value of Investments a provision is made wherever applicable.

h) Inventory

Inventory of Stores and Spares are valued at weighted average cost method.

i) Employees Benefits

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

- a) Provident Fund and Pension contribution- as a percentage of salary/wages as per provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952.
- b) Gratuity and Leave Encashment is defined benefit obligation. The liability is provided for on the basis on Projected Unit Credit Method adopted in the actuarial valuation made at the end of each financial year.

j) Borrowing Costs

Borrowing costs attributable to the procurement/construction of Fixed Assets are capitalised as part of the cost of the respective assets upto the date of commissioning. Other borrowing costs are recognized as expense during the year in which they are incurred.

k) Taxes on Income

Provision for current tax is being made after taking into consideration benefits admissible to the company under the provisions of the Income Tax Act, 1961.

Deferred Tax liability is computed as per Accounting Standard

(AS-22). Deferred Tax Asset and Deferred Tax Liability are computed by applying rates and tax laws that have been enacted upto the Balance Sheet date.

l) Amortization of Miscellaneous expenditure

Preliminary Expenditures are charged to Profit & Loss Account as per the provisions of AS-26.

m) Provisions, Contingent Liabilities and Contingent Assets (AS-29)

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.

B. Notes to Accounts:

- 1. The Company is setting up a 1980 MW (Phase-I), domestic coal based thermal power project at Tehsil Bara, District Allahabad, Uttar Pradesh and Company is 100% subsidiary of JPVL.
- 2. Contingent Liabilities and capital commitment:

	(Amount in Rs.)	31.03.2011	31.03.2010
(I) Outstanding amount of Letter of credit		41,05,29,676/-	NIL
(II) Outstanding amount of Bank Guarantee		6,34,72,152/-	6,04,08,152/-
Margin Money against above		1,21,25,300/-	90,61,300/-
(III) In respect of second charge on the assets of the Co. in favour of the Bank for financial assistance to JPVL.		10,00,00,00,000/-	10,00,00,00,000/-
(IV) Mining Royalty -Mining Department Allahabad raised a demand for mining royalty for civil excavation at Project site (Company filed appeal along with stay application against this demand before the court of commissioner Allahabad A.D.M. (admin.)		31,54,500/-	NIL
(V) Estimated amount of contracts remaining to be executed on Capital Account and not provided for:		3500,51,94,021/-	4,32,51,00,000/-
	USD	20,55,02,050/-	21,04,04,100/-
	EURO	21,76,27,400/-	22,72,54,800/-

- 3 The securities and terms & conditions of the term loans (previous year short term loan) are given below:-

Particulars	As on 31-03-2011	As on 31-03-2010
Purpose	To part finance the capital expenditure of the Project	To make advance payment to Bharat Heavy Electricals Limited for supply of BTG Equipments.
Tenor	Door –to-door tenor of up to 14.5 years.	Not exceeding one year from the date of first disbursement.
Security	First charge on immovable & movable, present and future, assets of the Company. First charge on all book debts, operating cash flow, receivables, commissions, revenues of whatsoever nature and wherever arising, of the company, present and future,	First Hypothecation charge on movable project assets of the Company by way of deed of hypothecation. Pledge of 30% paid up Share Capital of the Company & Non Disposal Undertaking for 21% paid up Share Capital of the Company.

<p>intangibles, goodwill and uncalled capital, present and future;</p> <p>First charge on the Trust and Retention Account, Debt Service Reserve Account, and other reserves and any other bank accounts of the company wherever maintained, present and future;</p> <p>First charge or creation of Security interest of:-</p> <ul style="list-style-type: none"> - All the rights title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents, duly acknowledged and consented by the relevant counter parties to such Project Documents;- - All the rights, title interest, benefits, claims and demands whatsoever of the Company in the Clearances;- - All the rights, title, interest, benefits, claims and demands whatsoever, of the Company in letter(s) of credit, guarantees, performance bonds, corporate guarantees, bank guarantees provided by any party to the Project Documents; and - - All Insurance Contracts/ proceeds under Insurance Contracts; <p>A pledge of shares by the Sponsor representing 51% (fifty one percent) of the total paid up equity capital of the company. The shares of the Company to be pledged shall be free from any restrictive covenants/lien or other encumbrance other than an encumbrance permitted under this Agreement under any contract/ arrangement including shareholder agreement/ joint venture agreement/ financing arrangement with regard to pledge/ transfer of the shares including transfer upon enforcement of the pledge and shall have voting rights of at least 51% (fifty one percent);</p> <p>As on 31.03.2011</p>	<p>As on 31.03.2010 Jaiprakash Power Ventures Limited had pledged 1,18,62,300 no of shares of Rs. 10 each and given Non Disposal Undertaking for 83,03,600 no of shares in favour of lenders.</p> <p>Guarantee - Corporate Guarantee of Jaiprakash Power Ventures Ltd.</p>
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<p>Rate of Interest</p>	<p>Jaiprakash Power Ventures Ltd. had pledged 259686798 no. of shares of Rs. 10 each in favour of SBICAP Trustee Company Ltd.</p> <p>A first charge on the Project Land and</p> <p>A pari passu charge along with karchana Project Lenders on the right of way for the land for the railway siding and the water pipeline, to the extent such right of way is shared with the Karchana Project.</p> <p>At Base Rate plus 4% with monthly rests. Interest to be paid at monthly interval on last day of the month. Base rate as on 29.03.2011 is 8.25%</p> <p>Repayment Principal is to be repaid 75% (Seventy Five percent) of the Rupee loan in 40 equal quarterly installments starting from the end of the Mortatorium Period from Dec 31, 2014 till Dec 31, 2024. On December 30, 2024 the entire balance of 25% (twenty five percent) of the Rupee Loan shall be payable by a single bullet installment.</p>	<p>At 0.25% below SBAR, with monthly rests. Interest to be paid at monthly interval on 1st day of the next month. SBAR as on 29.03.2011 is 13%</p> <p>Principal is to be repaid in full from the proceeds of the first disbursement of the regular term loan to be raised for financing the project. In the unlikely event of the regular term loan not being availed by the Company, the principal shall be repaid by way of a bullet payment at the end of one year from the date of first disbursement.</p>
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4. In the opinion of the Board of Directors, the "Current Assets, Loans and Advances", have a value on realisation, in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.
5. Capital Work in progress includes advances given to contractor/ suppliers in schedule D includes advance to Jaiprakash Associates Ltd., ultimate holding company of Rs. 42,63,02,943 (Previous year Nil), maximum amount outstanding during the year Rs. 46,51,22,260/- (previous year Nil)
6. Additional Information pursuant to the provisions of Paragraph 3 and 4 of Part-II of Schedule VI to the

Companies Act, 1956:

(a) Capacity and Production

(Licensed Capacity)	3300 MW
Installed Annual Capacity	Project under implementation
Net Saleable Design Energy at Interconnection Point	————do————
Average Saleable Secondary Energy at Interconnection Point	————do————

(b) Expenditure in Foreign Exchange:

	31.03.2011	2009-2010
	Rs.	Rs.
Expenditure in foreign currency	Nil	Nil

(c) Earnings in Foreign Exchange

	31.03.2011	2009-2010
	Rs.	Rs.
Earning in foreign Currency	Nil	Nil

The remaining information pursuant to the paragraphs 3 or 4 of part – II of schedule IV of the Companies Act 1956 are either nil or not applicable.

7. Managerial remuneration and benefits paid/payable to Whole Time Directors

	<u>31.03.2011</u>	<u>2009-2010</u>
	(Rs.)	(Rs.)
Salary	67,30,161/-	Nil
Provident Fund	Nil	Nil
Perquisites & Allowances	48,67,687/-	Nil

8. 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):

S. No.	Particulars	2010-11 Amount (Rs.)	2009-10 Amount (Rs.)
a)	The principal amount and interest due thereon remaining unpaid to any supplier		
	– Principal Amount	Nil	Nil
	– Interest Amount	Nil	Nil
b)	The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of payment made to the supplies beyond the appointed day.	Nil	Nil
c)	The amount of interest 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.	Nil	Nil
d)	The amount of interest accrued and remaining unpaid	Nil	Nil
e)	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 for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

9. Related Party Disclosures, as required in terms of "Accounting Standard [AS] 18" are given below:

- (1) Relationships (Related party relationships are as identified by the Company and relied upon by the Auditors)

(2) i. **Holding Company**

Jaiprakash Power Ventures Limited

ii. **Ultimate Holding Company**

Jaiprakash Associates Limited

iii. **Fellow Subsidiaries**

- (a) Jaypee Powergrid Limited
(b) Bina Power Supply Company Limited
(c) Jaypee Arunanchal Power Limited
(d) Sangam Power Generation Company Limited
(e) Jaypee Meghalaya Power Limited (w.e.f. 26.08.2010)

- (f) Jaypee Karcham Hydro Corporation Limited

iv. **Fellow Subsidiaries of the ultimate Holding Company**

- (a) Jaypee Infratech Limited
(b) Himalayan Expressway Limited
(c) Jaypee Sports International Limited
(d) Jaypee Ganga Infrastructure Corporation Limited
(e) Bhilai Jaypee Cement Limited
(f) Gujarat Jaypee Cement & Infrastructures Limited
(g) Bokaro Jaypee Cement Limited
(h) Jaypee Agra Vikas Limited
(i) Jaypee Fertilisers & Industries Limited (w.e.f. 03.06.2010)
(j) Jaypee Cement Corporation Limited (w.e.f.22.02.2011)

v. **Associate Companies/Concerns**

- (a) Jaypee Ventures Private Limited
(b) Jaypee Development Corporation Limited (subsidiary of Jaypee Ventures Private Limited)
(c) JIL Information Technology Limited (subsidiary of Jaypee Ventures Private Limited)
(d) Gaur & Nagi Limited (subsidiary of JIL Information Technology Limited)
(e) Jaiprakash Agri Initiatives Company Limited (subsidiary of Jaypee Ventures Private Limited)
(f) Jaypee International Logistics Company Private Limited (subsidiary of Jaypee Ventures Private Limited)
(g) Tiger Hills Holiday Resort Private Limited (subsidiary of Jaypee Development Corporation Limited)
(h) Anvi Hotels Private Limited (subsidiary of Jaypee Ventures Private Limited)
(i) RPJ Minerals Pvt. Limited
(j) Sarveshwari Stone Products Private Limited (subsidiary of RPJ Minerals Private Limited)
(k) Rock Solid Cement Limited (subsidiary of RPJ Minerals Private Limited)
(l) Sonebhadra Minerals Pvt. Limited
(m) Jaiprakash Kashmir Energy Limited
(n) Indesign Enterprises Pvt. Limited (subsidiary of Jaypee Ventures Private Limited)
(o) Indus Hotels UK Limited (subsidiary of Indesign Enterprises Pvt. Limited)
(p) GM Global Mineral Mining Pvt. Limited (subsidiary of Indesign Enterprises Pvt. Limited)
(q) Ibonshourne Limited (subsidiary of Indesign Enterprises Pvt. Limited)
(r) Madhya Pradesh Jaypee Minerals Limited (w.e.f.03.03.2011)
(s) Jaypee Uttar Bharat Vikas Private Limited (w.e.f.21.06.2010)
(t) Kanpur Fertilizers & Cement Limited (w.e.f.26.09.2010, subsidiary of Jaypee Uttar Bharat Vikas Private Limited)
(u) MP Jaypee Coal Limited
(v) MP Jaypee Coal Fields Limited
(w) OHM Products Pvt. Limited
- vi. **Key management Personnel:**
- (a) Shri Rakesh Sharma – Managing Director
(b) Shri Ramesh Chandra Shrivastav – Whole-time Director (w.e.f. 12.08.2010)
(c) Shri Arun Gupta – Whole-time Director (upto 31.08.2010)

3) Transactions carried out with related parties referred to above:

The Following are the details of transactions with the related parties:

(Rs. In Lakhs)

Particulars	For the Year ended March 31, 2011	For the Year ended March 31, 2010
With Holding Company		
Second Charge on the Assets of the Company in favour of Bank for Financial Assistance to Jaiprakash Power Ventures Limited as referred to in 1 (a) (i) above	1,00,000	1,00,000
Ultimate-Holding Company		
Jaiprakash Associates Limited		
- Purchases	283.25	NIL
- Civil Work Contract	5994.21	NIL
- Expenses	85.98	NIL
Outstanding as on 31.03.2011 (debit)	3045.50	NIL
Performance Bank Guarantee given on behalf of the company	15000.00	15000.00
Corporate Guarantee Received	9549.14	NIL
Fellow Subsidiary Company		
Sangam Power Generation Company Limited		
- Expenses	428.24	NIL
Associate Company		
JIL Information Technology Limited		
- Purchase	6.42	NIL
Outstanding as on 31.03.2011 (Credit)	3.36	NIL
Gaur & Nagi Limited		
- Expenses	7.30	NIL
Transactions with Key Management Personnel:		
Salary, Perquisite and other benefits.	115.98	NIL

10. As the Company has not yet started operation, the necessary details as per part-II of Schedule- VI to the Company Act, 1956 have been disclosed in the Schedule "E"-Statement of Pre-Operative Expenditure during Construction Period".

11. As Commercial operations have not yet commenced, therefore there is no deferred tax liability as on 31st March 2011.

12. Gratuity and Leave encashment – Defined Benefit Plan – Provision made as per Actuarial Valuation for the current year.

Actuarial Assumptions:

Particulars	2010-11	2009-10
Discount Rate	8%	8%
Mortality	LIC(1994-1996)	LIC(1994-1996)
Turnover Rate	Up to 30 years 3%, from 31-44 years 2%, Above 44 years 1%.	Up to 30 years 3%, from 31-44 years 2%, Above 44 years 1%.

S. No.	Particulars	Non Funded			
		Gratuity		Leave Encashment	
		2010-11	2009-10	2010-11	2009-10
I.	Expenses recognized in the statements of Profit and Loss Account for the year ended 31st March, 2011				
(i)	Current Service Cost	3,94,793	17,411	7,67,163	58,883
(ii)	Interest Cost	1,393	-	4,711	-
(iii)	Employee Contribution	-	-	-	-
(iv)	Actuarial (Gains)/ Losses	(1,537)	-	94,585	-
(v)	Past Service Cost	-	-	-	-
(vi)	Settlement Cost	-	-	-	-
(vii)	Total Expenses	3,94,649	17,411	8,66,459	58,883
II.	Net Assets/(Liability) recognized in the Balance Sheet as at 31st March, 2011				
(i)	Present Value of Defined Benefit Obligation	4,12,060	17,411	8,14,172	58,883
(ii)	Fair Value of Plan Assets	-	-	-	-
(iii)	Funded Status (Surplus/(Deficit))	(4,12,060)	-	(8,14,172)	-
(iv)	Net Asset/(Liability) as at 31st March, 2011	(4,12,060)	(17,411)	(8,14,172)	(58,883)
III.	Change in obligation during the year ended 31st March, 2011				
(i)	Present Value of Defined Benefit Obligation at the beginning of the year	17,411	-	58,883	-
(ii)	Current Service Cost	3,94,793	17,411	7,67,163	58,883
(iii)	Interest Cost	1,393	-	4,711	-
(iv)	Settlement Cost	-	-	-	-
(v)	Past Service Cost	-	-	-	-
(vi)	Actuarial (Gains)/ Losses	(1,537)	-	94,585	-
(vii)	Benefit Payments	-	-	(1,11,170)	-
(viii)	Present Value of Defined Benefit Obligation at the end of the year	4,12,060	17,411	8,14,172	58,883
IV.	Change in Assets during the year ended 31st March, 2011				
(i)	Present Assets at the beginning of the year	-	-	-	-
(ii)	Assets acquired on amalgamation in previous year	-	-	-	-
(iii)	Settlements	-	-	-	-
(iv)	Expected return on Plan Assets	-	-	-	-
(v)	Contribution by Employer	-	-	-	-
(vi)	Actual Benefit paid	-	-	-	-
(vii)	Actuarial Gains/(Losses)	-	-	-	-
(viii)	Plan Assets at the end of the year	-	-	-	-
(ix)	Actual return on Plan Assets	-	-	-	-

13. All the figures have been rounded off to the nearest rupees.

14. Previous year's figures have been regrouped/re-arranged wherever considered necessary to make them conform to the figures for the year.

15. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE PURSUANT TO PART-IV OF SCHEDULE VI OF THE COMPANIES ACT 1956.

I Registration Details:

Registration No. : U40101UP2007SGC032835
State Code No. : 20
Balance Sheet Date : 31st March 2011

II Capital raised during the year (Amount Rs. in Thousand)

Public issue	Nil	Bonus issue	Nil
Right issue	Nil	Private Placement	2660000

III Position of Mobilisation and Deployment of Funds (Amount Rs. In Thousand)

Total (Liabilities)	13789659	Total Assets	13789659
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Sources of Funds (Rs. in Thousand)

Share Capital	5091898	Secured Loan	7007761
Share Application Money	1690000	Unsecured Loan	Nil
Reserve	Nil		

Application of Funds (Rs. in Thousand)

Fixed Assets, (including Capital Work in Progress & Pre-operative Expenditure)	12393375	Accumulated Loss	646
Net Current Assets	1395638		

IV Performance of the Company (Amount Rs. in Thousand)

Turnover	N.A.
Total Expenditure including Prior Period Expenses	N.A.
Profit/ (Loss) Before Tax	N.A.
Profit/(Loss) After Tax	N.A.
Earning Per Share	N.A.
Dividend Rate %	N.A.

V Generic Name of Three Principal Products/ Services of the Company (as per monetary terms)

Item Code	: N.A.
Product/Services Description	: N.A.

For Rajendra K. Goel & Co.

Chartered Accountants
F.R.N. 001457N

R.K. Goel
Partner
M.No. 6154

For and on behalf of the Board

Rakesh Sharma
Managing Director

Manoj Gaur
Chairman

Place: New Delhi
Date: 3rd May, 2011

Rajeev Kumar
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2011

(Amount in Rs.)

Particulars	Year ended 31.03.2011		Year ended 31.3.2010	
	Amount	Amount	Amount	Amount
A Cash Flow from Operating Activities	-	-	-	-
B Cash Flow from Investing Activities				
(Purchases) of Fixed Assets	(158,760,898)		(465,307,233)	
(Increase)/ Decrease in Pre-operative Expenditures/ Capital Work-in-Progress including Construction Material & Capital Advances	(3,296,893,336)		(6,048,096,253)	
Interest Received (Net of TDS)	25,839,915		4,640,339	
Less Tax paid on Interest	(1,242,391)		-	
Net Cash Flow from Investing Activities	(3,431,056,710)	(3,431,056,710)	(6,508,763,147)	(6,508,763,147)
C Cash Flow From Financing Activities				
Increase/(Decrease) in Share Capital	2,660,000,000		2,431,398,000	
Increase/(Decrease) in Share Application Money	1,690,000,000		(799,500,000)	
Increase/(Decrease) in Term Loan	1,007,760,959		6,000,000,000	
Interest on Loans	(722,344,796)		(3,149,692)	
Finance Charges	(923,672,846)		(49,737,457)	
Net Cash Flow From Financing Activities	3,711,743,317	3,711,743,317	7,579,010,851	7,579,010,851
Net Increase/ (Decrease) in Cash & Cash Equivalent		280,686,607		1,070,247,704
Cash & Cash Equivalent at the beginning of the year		1,074,022,093		3,774,389
Cash & Cash Equivalent at the end of the year		1,354,708,700		1,074,022,093

As per our Report of even date attached to the Balance Sheet

For Rajendra K. Goel & Co.

Chartered Accountant
F.R.N. 001457N

R.K. Goel
Partner
M.No. 6154

For and on behalf of the Board

Rakesh Sharma
Managing Director

Manoj Gaur
Chairman

Place: New Delhi
Date: 3rd May, 2011

Rajeev Kumar
Company Secretary