

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF JAIPRAKASH POWER VENTURES LIMITED (FORMERLY KNOWN AS JAIPRAKASH HYDRO POWER LIMITED) ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JAIPRAKASH POWER VENTURES LIMITED (FORMERLY KNOWN AS JAIPRAKASH HYDRO POWER LIMITED) AND ITS SUBSIDIARIES

The Board of Directors

Jaiprakash Power Ventures Limited

(Formerly known as Jaiprakash Hydro Power Limited)

1. We have audited the attached Consolidated Balance Sheet of Jaiprakash Power Ventures Limited and its subsidiaries, as at 31st December, 2009, and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the period from 1st April, 2009 to 31st December, 2009 annexed thereto. These financial statements are the responsibility of the Jaiprakash Power Ventures Limited management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 by accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Jaypee Powergrid Limited, whose financial statements reflect total assets of Rs. 21,758.67 Lacs as at 31st December, 2009, the total revenue of Rs. Nil and cash outflow amounting to Rs. 5,779.85 Lacs for the period from 1st April, 2009 to 31st December, 2009. These financial statements and other financial information have been audited by other auditor whose report have been furnished to us. Our opinion is based solely on the report of other auditor.

The Company has also acquired Prayagraj Power Generation Company Limited and Sangam Power Generation Company Limited, as wholly owned subsidiaries from the Uttar Pradesh Power Corporation Limited (UPPCL) on 23rd July, 2009. The Company has invested an amount of Rs. 295.36 crores for acquiring of these companies. The audited accounts upto 23rd July, 2009 of these companies have not been provided by the UPPCL, therefore the accounts of these companies could not be consolidated (refer point 1 of schedule "Q" — Notes to the Consolidated Accounts).

4. We report that the consolidated financial statements have been prepared by the Jaiprakash Power Ventures Limited management in accordance with the requirements of Accounting Standards (AS) 21 'Consolidated Financial Statements', and Accounting Standards (AS) 23 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of Jaiprakash Power Ventures Limited and its subsidiaries as at 31st December, 2009;
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit of Jaiprakash Power Ventures Limited and its subsidiaries for the period from 1st April, 2009 to 31st December, 2009; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of Jaiprakash Power Ventures Limited and its subsidiaries for the period from 1st April, 2009 to 31st December, 2009.

For R.NAGPAL ASSOCIATES
Chartered Accountants

(R. NAGPAL)
Partner
M. No. 81594

Place: Noida

Dated: 12th January, 2010

AUDITORS' REPORT

**TO THE MEMBERS OF
JAIPRAKASH POWER VENTURES LIMITED
(Formerly Known as JAIPRAKASH HYDRO POWER LIMITED)**

We have audited the attached Balance Sheet of **JAIPRAKASH POWER VENTURES LIMITED (Formerly Known as Jaiprakash Hydro Power Limited)** as at 31st December, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the period from 1st April, 2009 to 31st December, 2009 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.

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. 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 estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- (1) As required by the Companies (Auditor's 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(4-A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (2) Further to our comments in the Annexure referred to in paragraph 1 above:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account have been kept by the Company as required by law so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report, are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report, comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with significant accounting policies and other 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 the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2009;

- ii) in the case of the Profit & Loss Account, of the profit of the Company for the period from 1st April, 2009 to 31st December, 2009;
- iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the period from 1st April, 2009 to 31st December, 2009.

**For R. NAGPAL ASSOCIATES
Chartered Accountants**

**Partner
M. No. 81594**

Place: Noida

Dated: 12th January, 2010

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date on the accounts for the period from 1st April, 2009 to 31st December, 2009 of **JAIPRAKASH POWER VENTURES LIMITED (Formerly Known as JAIPRAKASH HYDRO POWER LIMITED)**

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) A substantial portion of the Fixed Assets have been physically verified by the management during the period and to the best of our knowledge and information given to us, no material discrepancies have been noticed on such physical verification.
- (c) No Fixed assets have been disposed off during the period 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 period.
- (b) In our opinion the procedures of physical verification of inventories 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 records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records 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 for the sale of electrical energy. 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 contracts or arrangements referred to in 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 prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public during the period.
- (vii) The Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to material, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (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 the appropriate authorities, and there were no arrears of such dues at the end of the period 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) The company does not have any accumulated losses at the end of the financial period, and has not incurred any cash losses during the financial period covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to any financial institution, bank or debenture holder.
- (xii) 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. Hence, Clause (xiii) of Para 4 of the Order is not applicable.
- (xiv) In our opinion the Company is not dealing in or trading in shares, debentures or other investments. Accordingly, Clause (xiv) of Para 4 of the Order is not applicable.
- (xv) Where the Company has pledged its shares as collateral security for the financial assistance granted by lenders to its Subsidiary Companies/Fellow Subsidiaries, the terms and conditions 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 and explanations given to us and on an overall examination of the Balance Sheet of the Company, we find 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, we are of the opinion that during the period 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 and explanations given to us, the company has created security/charge in respect of secured debentures issued and outstanding at the end of the period.
- (xx) During the period the Company has not raised any money by way of public issues. Hence, Clause (xx) of Para 4 of the Order is not applicable.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

**For R. NAGPAL ASSOCIATES
Chartered Accountants**

**Partner
M. No. 81594**

Place: Noida
Dated: 12th January, 2010

JAIPRAKASH POWER VENTURES LIMITED
(Formerly known as JAIPRAKASH HYDRO POWER LIMITED)
CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2009

(Rs. In Million)

PARTICULARS	SCHEDULE	AS AT 31.12.2009	AS AT 31.12.2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	20,957	4,910
Reserve & Surplus	B	12,427	6,619
MINORITY INTEREST			
Share Capital		455	367
DEFERRED REVENUE	C	2,179	882
LOAN FUNDS			
Secured Loans	D	37,004	8,607
Unsecured Loans	E	2,100	—
TOTAL SOURCES OF FUNDS		<u>75,122</u>	<u>21,385</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	F	47,067	17,294
Less: Depreciation		<u>5,502</u>	<u>2,518</u>
Net Block		41,565	14,776
Capital Work in Progress		<u>10,839</u>	<u>1,995</u>
Preoperative Expenses of New Projects (Pending Capitalisation).	G	4,816	224
INVESTMENTS	H	6,953	—
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	I	102	47
Sundry Debtors		1,531	2,033
Cash & Bank Balances.		8,264	1,430
Other Current Assets		925	951
Loans & Advances		<u>1,949</u>	<u>1,068</u>
		<u>12,771</u>	<u>5,529</u>
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	J	485	259
Provisions		<u>1,382</u>	<u>898</u>
		<u>1,867</u>	<u>1,157</u>
NET CURRENT ASSETS		10,904	4,372
MISCELLANEOUS EXPENDITURE	K	45	18
TOTAL APPLICATION OF FUNDS		<u>75,122</u>	<u>21,385</u>
Accounting Policies and Notes to the Accounts	Q		

As per our report of even date attached to the Accounts

For and on behalf of the Board

FOR R. NAGPAL ASSOCIATES
CHARTERED ACCOUNTANTS

R. NAGPAL
Partner
M.No. 81594

Place: Noida
Dated: 12 January 2010

JAIPRAKASH POWER VENTURES LIMITED
(Formerly known as JAIPRAKASH HYDRO POWER LIMITED)
CONSOLIDATED PROFIT & LOSS ACCOUNT
For the Period from 1st April 2009 to 31st December 2009

(Rs. In Million)

PARTICULARS	SCHEDULE	Current Period 31.12.2009	Previous Period 31.12.2008
INCOME			
Sale of Electrical Energy		5,168	2,640
(Net of advance against depreciation - see note 17 of the Schedule "Q")			
Less: Rebate for prompt payments.		<u>82</u>	<u>54</u>
Sale of Verified Emission Reduction (VERs)		103	—
Other Income	L	<u>145</u>	<u>207</u>
		<u>5,334</u>	<u>2,793</u>
EXPENDITURE			
Operation & Maintenance	M	203	69
Employees Remuneration & Benefits	N	148	59
Administration & other expenses	O	149	43
Interest & Financial Charges	P	1,815	638
Miscellaneous Expenditure Written Off.		<u>1</u>	<u>—</u>
		<u>2,316</u>	<u>809</u>
Operating Profit		3,018	1,984
Depreciation		773	347
PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS.		2,245	1,637
Add: Extra ordinary items:			
- Refund of interest from PFC for earlier years		<u>—</u>	<u>230</u>
PROFIT BEFORE TAX		<u>2,245</u>	<u>1,867</u>
Provision for Income Tax - Current Period		391	212
Provision for Fringe Benefit Tax		<u>—</u>	<u>391</u>
PROFIT AFTER TAX		1,854	1,655
Add: Profit brought forward from previous year		6,197	4,808
PROFIT AVAILABLE FOR APPROPRIATION		<u>8,051</u>	<u>6,463</u>
APPROPRIATION:			
Interim Dividend		<u>—</u>	<u>368</u>
Income Tax on Interim Dividend.		<u>—</u>	<u>63</u>
		<u>8,051</u>	<u>6,032</u>
BALANCE CARRIED TO BALANCE SHEET		8,051	6,032
Basic Earning Per Share (EPS), (in Rs.)		<u>3.77</u>	<u>3.37</u>
Diluted Earning Per Share (EPS), (in Rs.)		<u>0.88</u>	<u>—</u>
Accounting Policies and Notes to the Accounts	Q		

As per our report of even date attached to the Accounts

For and on behalf of the Board

FOR R. NAGPAL ASSOCIATES
CHARTERED ACCOUNTANTS

R. NAGPAL
Partner
M.No. 81594

Place: Noida
Dated: 12 January 2010

JAIPRAKASH POWER VENTURES LIMITED
(Formerly known as JAIPRAKASH HYDRO POWER LIMITED)
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER 2009

PARTICULARS	(Rs. in Million)			
	CURRENT PERIOD 1.4.2009 TO 31.12.2009		PREVIOUS PERIOD 1.4.2008 TO 31.12.2008	
A. Cash flow from operating activities				
Profit before taxation & Extra ordinary item		2,245		1,637
<u>Add Back</u>				
Depreciation	773		347	
Deferred Revenue on account of advance against depreciation	593		176	
Prior Period Adjustments	—		230	
Amount written off-Miscellaneous Expenditure	1		—	
(Gain)/Loss on sale of Assets	—		—	
Interest & financial charges	1,815	3,182	638	1,391
<u>Deduct:</u>				
Interest Income	(143)		(206)	
Other Income	(2)	(145)	(1)	(207)
Operating profit before working capital changes		5,282		2,821
<u>Add:</u>				
(Increase)/Decrease in Trade Debtor	(325)		111	
Add: Transfer from amalgamating Company	536	211		
(Increase)/Decrease in Inventories	(53)		3	
Add: Transfer from amalgamating Company	14	(39)		
(Increase)/Decrease in Loans and Advances and others	(467)		(112)	
Add: Transfer from amalgamating Company	208	(259)	(87)	2
<u>Deduct:</u>		5,195		2,823
Increase (Decrease) in Trade Payables	92		146	
Less: Transfer from amalgamating Company	302	(210)		
Increase (Decrease) in Provisions	6		(6)	
Less: Transfer from amalgamating Company	9	(3)	(213)	140
Cash generated from Operations		4,982		2,963
<u>Adjustments for:</u>				
Interest & financial charges paid		(1,815)	(638)	
Income tax paid (net of refund)		(285)	(166)	(804)
Net cash inflow from operating activities — ‘A’		2,882		2,159
B. Cash flow from Investing activities				
<u>Outflow</u>				
Investment in Fixed Assets/Capital Work in Progress - Net		(8,855)		(1,346)
Investment in Subsidiary		(6,954)		—
<u>Inflow</u>				
Sale of Assets	—		—	
Insurance claim relating to earlier years	—		—	
Interest Income	143		206	
Other Income	2	145	1	207
Net cash used in investing activities — ‘B’		(15,664)		(1,139)

JAIPRAKASH POWER VENTURES LIMITED
(Formerly known as JAIPRAKASH HYDRO POWER LIMITED)

(Rs. in Million)

PARTICULARS	CURRENT PERIOD 1.4.2009 TO 31.12.2009		PREVIOUS PERIOD 1.4.2008 TO 31.12.2008	
C. Cash flow from Financing activities				
<u>Inflow</u>				
Increase in Share Capital.....	130		—	
Less: Transfer from Transfree Company	(172)	(42)		
Increase in Borrowings-Net	29,992		312	
Less: Transfer from Transfree Company	11,449	18,543	—	312
<u>Outflow</u>				
Decrease in Borrowings.....		—		—
Debt Restructuring Expenses paid.....		—		—
Payment of Dividend and Dividend Tax.....		(431)		(862)
Investment in Subsidiary				—
Net cash in financing activities — ‘C’		18,070		(550)
 CASH AND CASH EQUIVALENT ON AMALGAMATIONS.....		1,740		—
Net increase/(Decrease) in cash or cash equivalent (A+B+C+D)		7,028		470
Cash & cash equivalent at the commencement of the year (Opening balance)		1,236		961
Cash & cash equivalent at the end of the year (closing balance)		8,264		1,431

JAIPRAKASH POWER VENTURES LIMITED
(Formerly known as JAIPRAKASH HYDRO POWER LIMITED)

(Rs. In Million)

PARTICULARS	(Rs. In Million)	
	As at 31.12.2009	As at 31.12.2008
CONSOLIDATED SCHEDULE “A” : SHARE CAPITAL		
Authorised Capital		
3,900,000,000 Equity Shares of Rs. 10/- each (Previous period 500,000,000 Equity shares of Rs.10/- each).	<u>39,000</u>	<u>5,000</u>
Issued & Subscribed		
491,000,600 Equity Shares of Rs.10/- each (Previous period 491,000,600 Equity shares of Rs.10/- each fully paid up) (Out of the above, 311,000,600 equity shares are held by Jaiprakash Associates Ltd.- the holding company.) (Previous period 311,000,600 equity shares of Rs. 10/- each)	4,910	4,910
Share Capital Suspense		
1,604,679,600 Equity shares of Rs.10/- each fully paid up to be allotted pursuant to Scheme of Amalgamation for consideration other than cash (Out of the above, 1,287,000,000 equity shares of Rs. 10 each fully paid up to be allotted to Jaiprakash Associates Ltd.- the holding company.)	<u>16,047</u>	<u>—</u>
TOTAL	<u>20,957</u>	<u>4,910</u>
CONSOLIDATED SCHEDULE “B” : RESERVE AND SURPLUS		
General Reserve		
Opening Balance	178	107
Add : Transfer from Amalgamating Company.	<u>300</u>	<u>—</u>
	478	107
Debenture Redemption Reserve		
Opening Balance	480	480
Add : Transfer from Amalgamating Company.	<u>290</u>	<u>—</u>
	770	480
Share Premium Account:		
Opening Balance	—	—
Add : Transfer from Amalgamating Company (Premium on issue of Equity Shares).	3,930	—
Less : Goodwill Written off as per Scheme of Amalgamation	<u>802</u>	<u>—</u>
As per Profit & Loss Account	<u>8,051</u>	<u>6,032</u>
TOTAL	<u>12,427</u>	<u>6,619</u>
CONSOLIDATED SCHEDULE “C” : DEFERRED REVENUE		
Advance against depreciation		
Opening Balance	776	706
Add : Transfer from Amalgamating Company.	810	—
Add: For the year	<u>593</u>	<u>176</u>
TOTAL	<u>2,179</u>	<u>882</u>

JAIPRAKASH POWER VENTURES LIMITED
(Formerly known as JAIPRAKASH HYDRO POWER LIMITED)

PARTICULARS	(Rs. In Million)	
	As at 31.12.2009	As at 31.12.2008
CONSOLIDATED SCHEDULE “D” : SECURED LOANS		
<u>DEBENTURES:</u>		
Redeemable Non-Convertible Debentures	1,649	1,916
<u>TERM LOANS FROM:</u>		
Financial Institutions	1,378	1,639
Banks	31,966	33,344
		4,130
		5,769
<u>FOREIGN CURRENCY LOANS:</u>		
Financial Institutions	1,134	56
Buyers’ Credit	877	2,011
		866
		922
<u>WORKING CAPITAL:</u>		
Banks	—	—
TOTAL	37,004	8,607
CONSOLIDATED SCHEDULE “E” : UNSECURED LOANS		
Short Term Loans from Banks	2,000	—
From Govt. of Uttarakhand (Non Interest Bearing)	100	—
TOTAL	2,100	—

JAIPRAKASH POWER VENTURES LIMITED
(Formerly known as JAIPRAKASH HYDRO POWER LIMITED)

(Rs. In Million)

S.No.	Particulars	Gross Block				Depreciation				Net Block			
		As at 1-4.2009	Assets Transferred on Amalgamation	Additions during the Period	Sale/ Transfer During the Period	As at 31.12.2009	Up to 31.03.2009	On Assets Transferred on Amalgamation	For the Period 1.04.2009 to 31.12.2009	Sale/ Transfer During the Period	Up to 31.12.2009	As at 31.12.2009	As at 31.12.2008
CONSOLIDATED SCHEDULE "F":													
FIXED ASSETS													
1	GOODWILL	—	10,698	—	—	10,698	—	—	802	—	802	9,896	—
	On Amalgamation	—	—	750	—	750	—	—	57	—	57	693	—
2	LAND	16	131	—	—	147	2	8	2	—	12	135	13
	Lease hold Land	78	89	11	—	178	—	—	—	—	—	178	79
3	BUILDING, ROAD & BRIDGES	766	725	6	—	1,497	73	34	18	—	125	1,372	696
	HYDRAULIC WORKS	6,547	9,050	3	—	15,600	832	684	318	—	1,834	13,766	4,730
5	TRANSMISSION LINE	2,379	—	—	—	2,379	373	—	48	—	421	1,958	2,022
6	PLANT AND MACHINERY	8,670	7,074	149	195	15,698	1,344	522	327	—	2,193	13,505	7,220
7	FURNITURE & FIXTURES	7	5	4	—	16	3	2	1	—	6	10	4
8	OFFICE EQUIPMENT	7	11	11	—	29	3	3	2	—	8	21	4
9	VEHICLES	17	26	5	—	48	11	3	3	—	17	31	8
10	CAPITAL EXPENDITURE ON ASSETS NOT OWNED BY THE COMPANY	—	27	—	—	27	—	27	—	—	27	—	—
11	INTANGIBLE ASSETS	—	—	—	—	—	—	—	—	—	—	—	—
	TOTAL	18,487	27,836	939	195	47,067	2,641	1,283	1,578	—	5,502	41,565	14,776
	Previous Period 31.12.2008	17,227	—	68	1	17,294	2,172	—	347	1	2,518	14,776	—
	CAPITAL WORK IN PROGRESS	—	—	—	—	—	—	—	—	—	—	10,839	1,995

Note:

- Depreciation on Assets of Nigrie Thermal Power Project, Bina Thermal Power Project, Arunachal Hydro Power Projects and Jaypee Powergrid Project amounting to Rs. 30.89 Lacs has been charged to Pre-operative Expenses of New Projects pending Capitalisation.
- Goodwill created on amalgamation will be written off over a period of ten years. Refer Note No. 13 of Schedule "Q"
- Goodwill created on Consolidation will be written off over a period of ten years.

JAIPRAKASH POWER VENTURES LIMITED
(Formerly known as JAIPRAKASH HYDRO POWER LIMITED)

PARTICULARS	(Rs. In Million)	
	As at 31.12.2009	As at 31.12.2008
CONSOLIDATED SCHEDULE “G”: PRE-OPERATIVE EXPENSES OF NEW PROJECTS - PENDING CAPITALISATION		
Opening Balance as on 01.04.09	2,142	61
Advertisement & Publicity	10	1
Auditor’s Remuneration		
- For Audit	1	—
- For Tax Audit	—	—
Bank Charges	1	—
Books and Periodicals	—	—
Communication Expenses	1	—
Consultancy Expenses	135	81
Crop and Tree Compensation	40	3
Depreciation	3	1
Development Fee	—	—
Directors’ Sitting Fee	—	1
Direct Work Expenses	21	—
Employee Remuneration & Benefits	68	15
Finance Charges	146	60
Forest Compensation	877	—
Interest on Term Loan	670	13
Income Tax on Interest Received	21	10
Insurance	1	—
Lease Rent	1	—
Legal and Professional Expenses	37	1
Licence Fee	—	—
Miscellaneous Expenses	41	2
Office & Camp Maintenance Expenses	—	—
Printing & Stationery Expenses	—	—
Provision for Leave Encashment/Gratuity	—	—
Power Water & Electricity Charges	9	—
Staff Welfare Expenses	2	—
Rent, Rate & Taxes	4	1
Rehabilitation & Resettlement Expenses	3	—
Security Trusteeship Fee	1	—
Travelling & Conveyance	16	2
Telephone Expenses	1	—
Upfront & Processing Fee	667	—
Vehicle Running & Maintenance	7	2
TOTAL	4,926	254
Less:		
-Misc Receipts	—	—
-Interest on Short Term Deposit with Banks	67	29
-Excess Provision Previous Year written back	43	—
-Bidding Fee (Net of Expenses)	—	1
NET EXPENDITURE CARRIED TO BALANCE SHEET	4,816	224

JAIPRAKASH POWER VENTURES LIMITED
(Formerly known as JAIPRAKASH HYDRO POWER LIMITED)

PARTICULARS	(Rs. In Million)	
	As at 31.12.2009	As at 31.12.2008
CONSOLIDATED SCHEDULE “H”: INVESTMENTS		
INVESTMENTS (AT COST)		
(A) Investment in Subsidiary Companies		
Un-Quoted		
i) 395,407 equity shares of Rs.1000/- each fully paid up of Prayagraj Power Generation Company Limited (Previous period - Nil)	396	—
ii) 361,355 equity shares of Rs.1000/- each fully paid up of Sangam Power Generation Company Limited (Previous period - Nil)	362	—
(B) Other Investments		
Un-Quoted		
i) 200,000,000 equity shares of Rs. 10/- each fully paid up of Jaypee Karcham Hydro Corporation Ltd. (Previous period Nil)	2,000	—
(C) Share Application Money (Subsidiary Company) -		
i) Prayagraj Power Generation Company Limited	3,037	—
ii) Sangam Power Generation Company Limited	1,158	—
TOTAL	6,953	—
Note:		
1 Aggregate cost of Quoted Investments	NIL	
Aggregate cost of Unquoted Investments Rs. In million	2,758	
2 All Investments are Non-trade, Long-term Investments		

JAIPRAKASH POWER VENTURES LIMITED
(Formerly known as JAIPRAKASH HYDRO POWER LIMITED)

(Rs. In Million)

PARTICULARS	As at 31.12.2009		As at 31.12.2008	
CONSOLIDATED SCHEDULE "I": CURRENT ASSETS, LOANS AND ADVANCES				
CURRENT ASSETS				
Inventories				
(As per Inventory taken, valued and certified by Management)				
Stores & Spares	96		47	
Material in Transit	6	102	—	47
	<u>6</u>		<u>—</u>	
Sundry Debtors (Considered Good)				
Due for a period exceeding six months	1,001		1,659	
Other Debts	530	1,531	374	2,033
	<u>530</u>		<u>374</u>	
Cash and Bank Balances				
Cash In hand	4		—	
Balances with Scheduled Banks				
(i) In Current Account	293		77	
(ii) In Fixed Deposits	7,340		61	
(Pledged with Govt. Deptt./Banks Rs.737,095/- Previous period Rs. 630,000/-)				
(iii) In Unpaid Dividend account	15		3	
Trust & Retention Account				
(i) In Current Account	40	428		
(ii) In Fixed Deposits	572	612	861	1,289
	<u>572</u>	<u>612</u>	<u>861</u>	<u>1,289</u>
		8,264		1,430
Other Current Assests				
a) Interest accrued (including interest receivable from HPSEB)	372		383	
b) Deferred Receivable	553	925	568	951
	<u>553</u>	<u>925</u>	<u>568</u>	<u>951</u>
		<u>10,822</u>		<u>4,461</u>
LOANS AND ADVANCES				
(Unsecured, considered Good)				
Advances recoverable in cash or in kind or for value to be received		577		230
Staff Imprest & advances		4		2
Prepaid Expenses		19		4
Security Deposits				
- with Govt. Deptts., Public bodies	45		3	
- others	10	55	10	13
	<u>10</u>	<u>55</u>	<u>10</u>	<u>13</u>
Advance Tax & Tax Deducted at Source		1,294		819
		<u>1,294</u>		<u>819</u>
		<u>1,949</u>		<u>1,068</u>
TOTAL		<u>12,771</u>		<u>5,529</u>

JAIPRAKASH POWER VENTURES LIMITED
(Formerly known as JAIPRAKASH HYDRO POWER LIMITED)

(Rs. In Million)

PARTICULARS	As at 31.12.2009		As at 31.12.2008	
CONSOLIDATED SCHEDULE “J”: CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors				
- Small Scale Industries/enterprises	—		—	
- Deferred Payments	—		—	
- Others	116	116	171	171
Due to Staff		9		6
Due to Director		—		—
Other Liabilities		268		4
Interest Accrued but not Due on loans		77		75
Investors Education & Protection Fund:				
(Appropriate amounts shall be transferred to Investor Education & Protection Fund, if and when due)				
- Unclaimed Dividend		15		3
		<u>485</u>		<u>259</u>
PROVISIONS				
Taxation		1,358		885
Fringe Benefit Tax		—		—
Wealth Tax		3		3
Provident fund		1		1
Bonus & Incentive		4		3
Gratuity		8		3
Leave Encashment		8		3
		<u>1,382</u>		<u>898</u>
TOTAL		<u><u>1,867</u></u>		<u><u>1,157</u></u>
CONSOLIDATED SCHEDULE “K”: MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
Preliminary & Share issue Expenses		46		18
(Transfer from Amalgamating Company)				
Less: Written Off	1	45	—	18
Deferred Revenue Expenditure		—		—
(Transfer from Amalgamating Company)				
Less: Written Off		—		—
TOTAL		<u><u>45</u></u>		<u><u>18</u></u>

JAIPRAKASH POWER VENTURES LIMITED
(Formerly known as JAIPRAKASH HYDRO POWER LIMITED)

PARTICULARS	(Rs. In Million)	
	31.12.2009	31.12.2008
CONSOLIDATED SCHEDULE “L”: OTHER INCOME		
Interest on deposits with banks	30	19
(TDS Rs. 4,373,847/-, Previous period Rs. 4,590,310/-)		
Interest on Arrears	113	187
Foreign Exchange Fluctuation	—	—
Others (including sale of scrap and sundry balances written back) . .	2	1
TOTAL	145	207
 CONSOLIDATED SCHEDULE “M”: OPERATION & MAINTENANCE (O & M)		
Stores & Spares consumed	28	22
Repairs to Building	7	2
Repairs to Machinery	128	15
Repairs to Barrage	—	1
O & M Charges	10	9
Insurance	30	20
TOTAL	203	69
 CONSOLIDATED SHCHEDULE “N”: EMPLOYEES REMUNERATION & BENEFITS		
Employees Remuneration & Benefits	122	46
Contribution to Provident and other funds	7	3
Workmen & Staff Welfare Expenses	12	4
Gratuity	—	—
Director Remuneration	7	6
TOTAL	148	59

JAIPRAKASH POWER VENTURES LIMITED
(Formerly known as JAIPRAKASH HYDRO POWER LIMITED)

PARTICULARS	(Rs. In Million)	
	31.12.2009	31.12.2008
CONSOLIDATED SCHEDULE “O”: ADMINISTRATION & OTHER EXPENSES		
Rent	4	4
Lease Rent of land	5	2
Advertisement	14	1
Business Promotion	—	—
Telephone and Telex	1	—
Courier & Postage	7	6
Printing & Stationery	6	4
Travelling & Conveyance	13	4
Taxes & Fees	1	1
Consultancy, Legal & Professional Fee	58	5
Power & Fuel	17	8
Listing & Custodia Fee	4	3
Vehicle Running & Maintenance	3	1
Director’s Sitting Fee	3	1
Miscellaneous Expenses	11	3
Internal Auditor Fee	—	—
Service Tax & Cess Expenses	—	—
Security & Trusteeship Fee	1	—
<u>Auditor’s Remuneration</u>		
For Audit	1	—
Re-imburement of Expenses	—	—
TOTAL	<u>149</u>	<u>43</u>
 CONSOLIDATED SCHEDULE “P”: INTEREST & FINANCIAL CHARGES		
Interest		
Debentures	195	182
Term Loans	1,559	417
Working Capital	3	—
Financial charges		
DPG Commission	13	14
Front end fee and other charges	45	25
TOTAL	<u>1,815</u>	<u>638</u>

JAIPRAKASH POWER VENTURES LIMITED
(Formerly known as Jaiprakash Hydro Power Limited)

CONSOLIDATED SCHEDULE “Q”

ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Consolidated Financial Statements:

- (i) The Consolidated Financial Statements are prepared in accordance with Accounting Standards AS-21 on Consolidated Financial Statements, AS-23 on Accounting for Investment in Associates in Consolidated Financial Statements and AS-27 on Financial Reporting of Interests in Joint Ventures.
- (ii) The financial statements of the Subsidiary Companies used in the consolidation are drawn upto the same reporting date, as that of the Parent Company, Jaiprakash Power Ventures Limited (JPVL) (Formerly known as Jaiprakash Hydro Power Limited).
- (iii) The accounts are prepared on the historical cost basis and on the principles of a going concern.
- (iv) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

(b) Principles of Consolidation:

- (i) The financial statements of JPVL (Formerly known as Jaiprakash Hydro Power Limited) and its subsidiaries are consolidated on a line-by-line basis, by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-company balances, intra-company transactions and unrealised profits/losses.
- (ii) The financial statements of JPVL (Formerly known as Jaiprakash Hydro Power Limited) and its subsidiaries are consolidated using uniform accounting policies for like transactions and other events in similar circumstances.
- (iii) The difference between the cost to JPVL (Formerly known as Jaiprakash Hydro Power Limited) of its investments in each of the subsidiaries over its equity in the respective subsidiary, on the acquisition date, is recognized in the financial statement as Goodwill or Capital Reserve, as the case may be. Goodwill is amortised over a period of ten years.

(c) Revenue Recognition:

- (i) **300 MW BASPA-II HEP** : Revenue from sale of electrical energy is accounted for on the basis of billing to Himachal Pradesh State Electricity Board (HPSEB) as per Tariff approved by Himachal Pradesh Electricity Regulatory Commission (HPERC) in accordance with the provisions of Power Purchase Agreement dated 4th June, 1997, Amendment No.1 dated 07.01.1998 executed between the Company and HPSEB.

400 MW Vishnuprayag HEP : Revenue from sale of electrical energy is accounted for on the basis of billing to Uttar Pradesh Power Corporation Limited (UPPCL) as per Tariff approved by Uttar Pradesh Electricity Regulatory Commission (UPERC) in accordance with the provisions of Power Purchase Agreement dated 16.01.2007, executed between the Company and UPPCL.
- (ii) Revenue from sale of Verified Emission Reductions (VERs) is accounted for on receipt basis.
- (iii) Other Income and cost/expenditure are accounted for on accrual basis as they are earned or incurred.
- (iv) Advance against depreciation claimed/to be claimed as part of tariff in terms of PPA during the currency of loans to facilitate repayment installments is treated as 'Deferred Revenue'. Such Deferred Revenue shall be included in Sales in subsequent years.

(d) Fixed Assets:

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

(e) Depreciation:

- (i) Premium on Leasehold Land is amortised over the period of lease.
- (ii) (a) **300 MW BASPA-II HEP** : Depreciation has been provided @2.71% p.a. on straight line method on Hydro Electric Works w.e.f. 24.5.2003 as approved by The Ministry of Company Affairs, Government of India in exercise of the powers conferred under section 205 (2) (c) of the Companies Act 1956 vide their letter no. 45/1/2006-CL-III dated 26.6.2006.
- (b) **400 MW Vishnuprayag HEP** : Depreciation has been provided @2.71% p.a. on straight line method on Hydro Electric Works w.e.f. 17.06.2006 as approved by The Ministry of Company Affairs, Government of India in exercise of the powers conferred under section 205 (2) (c) of the Companies Act 1956 vide their letter no. 45/7/2006-CL-III dated 03.05.2007.
- (iii) Fixed Assets other than Hydro Electric Works are depreciated as per straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956.
- (iv) Depreciation on Assets of the Rs. 5,000 or less is provided at 100% irrespective of the actual period of use.

(f) Expenditure during Construction Period:

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

(g) Foreign Currency Transactions:

- (i) Transactions in Foreign Currency are recorded in the Books of Accounts in Indian Currency 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 is being adjusted against the cost of assets in terms of the amendment to Accounting Standard (AS-11) issued vide Notification dated 31st March, 2009 by Ministry of Corporate Affairs, Govt. of India.

(h) Investments:

Investments are stated at Cost and where there is permanent diminution in the value of Investments a provision is made wherever applicable. Dividend will be accounted for as and when received.

(i) Inventories:

- (a) Inventories of Stores & Spares are valued on the basis of Weighted Average Cost Method.
- (b) Material-in-transit is valued at cost.

(j) Employees Benefits:

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

- i) Provident Fund and Pension contribution- as a percentage of salary/wages as per provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952.
- ii) 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. Actuarial gains/losses are immediately recognised and are not deferred.

(k) 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.

(l) 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, if any is computed as per in accordance with 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.

(m) Amortization of Miscellaneous Expenditure:

Miscellaneous Expenditure are amortized over a period of 3 years from the date of Commercial Operation/date of transaction.

(n) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and if 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.

(o) Earnings Per Share:

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

(p) Impairment of Assets

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

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

(q) Intangible Assets:

(i) Intangible assets are stated at cost of acquisition less accumulated amortisation on straight line basis from the date the assets are put for commercial use.

(ii) As provided in the Scheme of Amalgamation approved by Hon'ble High Court of Shimla (H.P.), "Goodwill arising on Amalgamation will be written off over a period not exceeding ten years against Securities Premium Account and/or Capital Reserves and/or General Reserves and/or balance standing to the credit of Profit & Loss account, as may be decided from time to time by the Board of Directors.

(r) Segment Reporting:

Revenue, operating results, assets and liabilities have been identified to represent separate segments on the basis of their relationship to the operating activities of the segment. Assets, Liabilities, Revenue and Expenses which are not allocable to separate segment on a reasonable basis, are included under "Unallocated".

(B) AMALGAMATION

Pursuant to the Scheme of Amalgamation [“the Scheme”] U/s 391/394 of the Companies Act, 1956, (i) Jaiprakash Power Ventures Limited (Amalgamating Company) engaged in business of generation of Hydro-electric Power stand merged with Jaiprakash Hydro Power Limited (Amalgamated Company) also engaged in generation of power w.e.f 01.04.2009 [“the Appointed date”] in terms of the Order dated 14.12.2009 of Hon’ble High Court of Himachal Pradesh at Shimla sanctioning the Scheme and is effective from 14.12.2009.

With effect from the Appointed date, all the business undertakings, assets, liabilities, rights and obligations of the Amalgamating Company stood transferred to and vested in the Amalgamated Company in consideration for issue of three equity shares of Rs. 10/- each in the Amalgamated Company for every one equity share of Rs. 10/- each held in Jaiprakash Power Ventures Limited (Amalgamating Company);

The Amalgamating Company carried on all the businesses and activities for the benefit of and in trust for the Amalgamated Company from the Appointed date. Thus, the profit or income accruing or arising to the Amalgamating Company or expenditure or losses arising or incurred from the Appointed date are treated as profit or income or expenditure or loss as the case may be of the Amalgamated Company. The Scheme has accordingly been given effect to in these accounts.

The Amalgamation has been accounted for under the “Pooling of Interests method” as prescribed in Accounting Standard 14 - Accounting for Amalgamations [AS-14] issued by the Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and reserves of the Amalgamating Companies have been taken over at their book values on the Appointed dated i.e. 01.04.09 as detailed hereunder:

<u>Assets</u>	<u>Erstwhile Jaiprakash Power Ventures Limited (Amalgamating Company)</u>
	<u>(Rupees)</u>
Fixed Assets [including Capital Work-in-Progress]	16,028,217,564
Current Assets	2,695,457,978
Pre-Operative Expenses of New Projects (Pending Capitalisation)	572,355,117
Investments	4,363,499,891
Miscellaneous Expenditure	6,135,671
Total	<u>23,665,666,221</u>
<u>Liabilities</u>	<u>(Rupees)</u>
Reserve and Surplus:	5,534,150,371
Share Premium	3,929,866,085
Debenture Redemption Reserve	290,000,000
General Reserve.	300,000,000
Profit and Loss Account	<u>1,014,284,286</u>
Current Liabilities	523,792,430
Secured and Unsecured Loans	11,448,475,424
Deferred Revenue	<u>810,315,996</u>
Total	<u>18,316,734,221</u>
<u>Net Assets over Liabilities</u>	
Represented by Number of Equity Shares 534,893,200 of Rs. 10/- each	5,348,932,000
<u>Consideration</u>	
Number of Equity Shares of Rs. 10/- each [to be allotted by the Amalgamated Company]	1,604,679,600
Addition to Equity Share Capital	Rs.16,046,796,000
Balance debited to Goodwill on Amalgamation	Rs.10,697,864,000

Assets**Erstwhile Jaiprakash Power Ventures Limited (Amalgamating Company)****(No. of Shares)****Pursuant to sanction of the Scheme of Amalgamation:**

(a)	Authorised Share of the Company stands increased as under Equity Shares of Rs. 10/- each	3,900,000,000
(b)	Equity Shares of Rs. 10/- each [to be allotted by the Amalgamated Company]	160,46,79,600
(c)	Addition to Equity Shares Capital	Rs.16,046,796,000
(d)	Goodwill on Amalgamation.	Rs.10,697,864,000

As per Scheme of Amalgamation, the name of Company has been changed to Jaiprakash Power Ventures Limited w.e.f 23.12.2009.

(C) NOTES TO THE ACCOUNTS**1. Subsidiary**

The Consolidated Financial Statements present the Consolidated Accounts of Jaiprakash Power Ventures Limited (Formerly known as Jaiprakash Hydro Power Limited) with its following Subsidiaries:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest
[a] Bina Power Supply Company Limited	India	100%
[b] Jaypee Powergrid Limited	India	74%
[c] Jaypee Arunachal Power Limited	India	100%

The Company has also acquired Prayagraj Power Generation Company Limited and Sangam Power Generation Company Limited, as Wholly Owned Subsidiaries from the UPPCL on 23.07.2009. The company has invested an amount of Rs. 295.36 crore for acquiring of these companies. The Audited accounts upto 23.07.2009 of these companies have not been provided by the UPPCL, therefore, the accounts of these companies could not be consolidated.

2. Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Companies. Recognising this purpose, the Company has disclosed such Policies and Notes in the individual financial statements, which fairly present the needed disclosures.

3. Contingent Liability not provided for in respect of :

S. No.	Particulars	For the period from 01.04.2009 to 31.12.2009	For the period from 01.04.2008 to 31.12.2008
		(Rs.)	(Rs.)
(a)	Outstanding Letters of Credit	7,290,906	13,607,280
	Margin Money deposited against the above	737,095	630,000
(b)	Estimated amount of Contracts remaining to be executed on capital account and not provided for	54,110,150,000	4,638,300,000
(c)	Claims against the Company not acknowledged as debts	339,433,755	62,591,672

4. In the opinion of 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. (a) Jaiprakash Associates Limited (JAL), the holding Company of Jaiprakash Power Ventures Ltd.(JPVL) (Formerly known as Jaiprakash Hydro Power Limited), has furnished Corporate Guarantees for the financial assistance outstanding as on 31.12.2009 amounting to Rs. 2,055,745,018/- (Previous Period Rs. 2,268,278,457/-) to the Financial Institutions and Banks and have also pledged 294,999,900 Equity Shares of Rs.10/- each of JPVL (Formerly known as Jaiprakash Hydro Power Limited) held by it with IFCI Ltd. to collaterally secure the financial assistance granted to JPVL (Formerly known as Jaiprakash Hydro Power Limited), by the Financial Institutions and Banks, namely ICICI Bank, IDBI, PFC, LIC, IFCI, Bank of Baroda, Punjab National Bank, Indian Overseas Bank, State Bank of Indore, State Bank of Hyderabad, and Axis Bank. ICICI Bank, State Bank of Hyderabad,

IDBI, State Bank of Indore, Punjab National Bank, LIC and Indian Overseas Bank have since released the aforesaid corporate guarantees furnished by JAL and Bank of Baroda & IFCI (taken over loan from IIBI) have agreed to release the same subject to similar approval by other Term Lenders to JPVL (Formerly known as Jaiprakash Hydro Power Limited).

- (b) (i) 112,250,000 Equity Shares of Rs. 10/- each fully paid (previous period 38,250,000) held by the company of Jaypee Powergrid Ltd. (Subsidiary Company) are pledged with IDBI Trusteeship Services Ltd., as collateral security for the financial assistance granted by lenders to Jaypee Powergrid Ltd.
- (ii) 45,000,000 Equity Shares of Rs. 10/- each fully paid (previous period Nil) held by the company of Jaypee Karcham Hydro Corporation Ltd. (Fellow Subsidiary Company) are pledged with IDBI Trusteeship Services Ltd., as collateral security for the financial assistance granted by lenders to Jaypee Karcham Hydro Corporation Ltd.
- (iii) 114,320,861 Equity Shares of Rs. 10/- each fully paid (previous period Nil) held by the company of Bina Power Supply Company Ltd. (Subsidiary Company) are pledged with IDBI Trusteeship Services Ltd., as collateral security for the financial assistance granted by lenders to Bina Power Supply Company Ltd.
- (iv) 327,670,000 Equity Shares of Rs. 10/- each fully paid (previous period Nil) of Erstwhile Jaiprakash Power Ventures Limited (Amalgamating Company) held by Jaiprakash Associates Limited (JAL) Holding company are pledged with IDBI Trusteeship Services Ltd., as collateral security for the financial assistance granted by lenders to Erstwhile Jaiprakash Power Ventures Limited (Amalgamating Company).
- (v) 80,000,000 Equity Shares of Rs. 10/- each fully paid (previous period Nil) of Erstwhile Jaiprakash Power Ventures Limited (Amalgamating Company) held by Jaypee Ventures Pvt. Limited (JVPL) Associate company are pledged with IDBI Trusteeship Services Ltd., as collateral security for the financial assistance granted by lenders to Erstwhile Jaiprakash Power Ventures Limited (Amalgamating Company).
- (c) **400 MW Vishnuprayag HEP** : JAL, the Holding Company has furnished Corporate Guarantees for financial assistance outstanding as on 31.12.2009 amounting to US\$23,115,500.
6. **300 MW BASPA-II HEP**: The Himachal Pradesh Electricity Regulatory Commission (HPERC) have passed the Multi Year Tariff (MYT) Order for F.Y. 09, 10 and 11 on 30th March, 2009 and has also truedup the Tariff for F.Y. 04 to 08 based on actuals for the period. The Company has filed Review Application with HPERC for rectification of certain items of Tariffs for FY 04 to 08 and for FY 09. Accordingly, the receivables to the extent of Rs.42.78 Crores from HPSEB in respect of review items are subject to final decision on the Review Application/other legal remedies available to the Company.
7. As per accounting policy the Advance Against Depreciation amounting to Rs. 5,928 lacs (previous period Rs 1,764 lacs) has been treated as Deferred Revenue.
8. Earnings Per Share is computed in accordance with Accounting Standard — AS20 issued by the Institute of Chartered Accountants of India:
- | S. No. | Particulars | For the period
from 01.04.2009
to 31.12.2009 | For the period
from 01.04.2008
to 31.12.2008 |
|--------|---|--|--|
| (a) | Profit after Tax as per Accounts | 1,853,342,354 | 1,654,659,308 |
| (b) | Weighted Average of shares outstanding during the period | 491,000,600 | 491,000,600 |
| (c) | Earnings Per Share (Not Annualized) | 3.77 | 3.37 |
| (d) | Weighted Average of shares outstanding during the period for the purpose of diluted EPS | 2,095,680,200 | — |
| (e) | Earnings Per Share - diluted (Not Annualized) | 0.88 | — |
9. Provisions for Taxation have been made as per individual accounts of the Companies.
10. Capital Work-in-progress includes Civil Works, Machinery Under Erection and in transit Construction, Advance to Suppliers, Pre-operative Expenses and Incidental Expenditure Pending Allocation - Rs.156,552 Lacs (Previous period Rs. 22,193 lacs).

11. Managerial remuneration paid/payable by the Company and its subsidiaries to Managing / Whole-time Directors [excluding provisions for Gratuity & Leave Encashment on Retirement] :

	For the period from 01.04.2009 to 31.12.2009(*)	For the period from 01.04.2008 to 31.12.2008
	(Rs.)	(Rs.)
Salary	20,411,710	5,755,683
Provident Fund	1,899,145	690,682
Perquisites.	6,419,506	3,775,689
Gratuity and Ex-gratia	3,331,731	Nil

(*) Including remuneration paid to Directors of Amalgamating Company.

12. 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):

(a) **Holding Company:**

Jaiprakash Associates Limited.

(b) **Fellow Subsidiary Companies:**

- (i) Jaypee Karcham Hydro Corporation Limited
- (ii) Jaypee Infratech Limited
- (iii) Himalayan Expressway Ltd.
- (iv) JPSK Sports Pvt. Ltd.
- (v) Jaypee Ganga Infrastructure Corporation Ltd.
- (vi) Madhya Pradesh Jaypee Minerals Ltd.
- (vii) Bhilai Jaypee Cement Ltd.
- (viii) Gujarat Jaypee Cement & Infrastructure Ltd.
- (ix) Bokaro Jaypee Cement Ltd.
- (x) Jaypee Agra Vikas Limited (w.e.f. 16.11.2009)

(c) **Associate Companies/Concerns:**

- (i) Jaypee Ventures Pvt. Ltd
- (ii) Jaiprakash Kashmir Energy Ltd.
- (iii) JIL Information Technology Ltd. (Subsidiary of Jaypee Ventures Pvt. Ltd.)
- (iv) Gaur & Nagi Ltd. (Subsidiary of JIL Information Technology Ltd.)
- (v) Indesign Enterprises Pvt. Ltd
- (vi) RPJ Minerals Pvt. Ltd.
- (vii) Sonebhadra Minerals Pvt. Ltd.
- (viii) Jaypee Development Corporation Ltd. (Subsidiary of Jaypee Ventures Pvt. Ltd.)
- (ix) Jaypee Group Employees Welfare Trust
- (x) JEC Trust
- (xi) JCL Trust
- (xii) GACL Trust
- (xiii) JHL Trust
- (xiv) Jaypee Petroleum Pvt. Ltd. (Subsidiary of Jaypee Ventures Pvt. Ltd.)
- (xv) Jaypee Hydro-Carbons Pvt. Ltd. (Subsidiary of Jaypee Ventures Pvt. Ltd.)
- (xvi) Jaypee Spa Infocom Ltd. (Subsidiary of Jaypee Ventures Pvt. Ltd.)
- (xvii) Avni Hotels Pvt. Limited
- (xviii) Tiger Hills Holidays Resort Pvt. Limited (Subsidiary of Jaypee Development Corporation Limited)
- (xix) M.P. Jaypee Coal Limited
- (xx) Jaypee Group ESPS, 2009
- (xxi) Sarveshwari Stone Products Pvt. Ltd. (Subsidiary of RPJ Minerals Pvt. Ltd.)

(d) **Key Management Personnel:**

Jaiprakash Power Ventures Limited (Formerly known as Jaiprakash Hydro Power Limited)

- (i) Shri Manoj Gaur, Chairman
- (ii) Shri S.K. Sharma, Vice Chairman
- (iii) Shri Suresh Kumar, Executive Chairman (upto 30.06.2009(*))
- (iv) Shri Suren Jain, Managing Director (*)
- (v) Shri Arun Gupta, Whole-time Director (*)
- (vi) Shri Ravi Chadha, Whole-time Director (w.e.f. 01.04.2009(*))
- (vii) Shri J.N. Gaur, Whole-time Director
- (viii) Shri R.K. Narang, Whole-time Director,
- (ix) Shri Suresh Chandra, Whole-time Director
- (*) Directors of erstwhile Jaiprakash Power Ventures Limited (Amalgamating Company)

Jaypee Powergrid Limited

- [i] Shri Rajiv Ranjan Bhardwaj, Managing Director
- [ii] Shri Prabhakar Singh, Whole-time Director

Bina Power Supply Company Limited

- [i] Shri Suresh Kumar, Director
- [ii] Shri Suren Jain, Director

Sangam Power Generation Company Limited

- [[i] Shri Manoj Gaur, Director
- [ii] Shri Sameer Gaur, Director
- [iii] Shri Suren Jain, Director

Prayagraj Power Generation Company Limited

- [[i] Shri Manoj Gaur, Director
- [ii] Shri Sameer Gaur, Director
- [iii] Shri Suren Jain, Director

Jaypee Arunachal Power Limited

- [i] Shri Pankaj Gaur

2. Transactions carried out with related parties referred to above:

Nature of Transactions	Related Parties			
	Referred in 1(a) above	Referred 1(b) above	Referred in 1(c) above	Referred in 1(d) above
	(Amount in Rs.)			
<u>Expenses</u>				
Hiring Charges	220,600			
(Previous Period).	(186,517,194)			
Rent	4,896,000			
(Previous Period).	(3,397,770)			
Cement	—			
(Previous Period).	(10,877,600)			
Other Expenses	9,011,960	(—)	1,456,043	
(Previous Period).	(11,297,428)	(281,158)	(923,562)	
Salary & Perquisites				32,062,092
(Previous Period).				(10,222,054)
Services Availed	4,876,192	65,548	4,649,156	
(Previous Period).	(64,678)	(—)	(—)	
Execution of Work	389,289,535			
(Previous Period).	(—)			
<u>Outstandings - Payables</u>				
Amount payable	40,563,696		357,451	438,610
(Previous Period).	(344,852)		(6,845)	(476,390)
<u>Outstandings - Receivables</u>				
Amount Receivables	10,000,000			
(Previous Period).	(10,000,000)			
<u>Investment in Fellow Subsidiary</u>				
Share Capital:			2,000,000,000	
200,000,000 Equity Shares of Rs.10 each Jaypee Karcham Hydro Corporation Ltd. (Previous Period).			(—)	

Guarantees given by the holding company on behalf of the JPVL (Formerly known as Jaiprakash Hydro Power Limited) have been mentioned elsewhere in the Notes to Accounts.

13. The Company has decided to write off the Goodwill arising on Amalgamation from Share Premium Account for the period under review and accordingly the amount of Rs. 80.23 crore has been adjusted from Share Premium Account. Goodwill arising on Amalgamation will be written off over a period of ten years.
14. The Company has presently one operative segment i.e. Generation of Hydro-Power, hence, separate segment reporting is not applicable.

- 15 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	For the period	For the period
		from 01.04.2009 to 31.12.2009	from 1.04.2008 to 31.12.2008
		(Rs.)	(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 166, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of payment made to the suppliers beyond the appointed day.	Nil	Nil
c)	The amount of interest due and payable for the Period of delay in making payment (which have been paid but beyond the appointed during period) 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 period, 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

16. Previous period's figures have been regrouped/re-arranged wherever considered necessary to make them comparable to the figures for the period.
17. The Current period figures are not comparable with of the previous period as the previous period figures include Jaiprakash Power Venture Ltd (Formerly known As Jaiprakash Hydro Power Limited) and Jaypee Powergrid Ltd and the current period figures are of Jaiprakash Power Venture Ltd — Merged undertaking (Formerly known As Jaiprakash Hydro Power Limited), Jaypee Powergrid Ltd, Bina Power Supply Company Ltd and Jaypee Arunachal Power Limited.
18. In terms of 'Accounting Standard (AS) 28', the assets are not impaired because the recoverable amount of fixed assets collectively determined by the present value of estimated future cash flows is higher than its carrying value.
19. Profit & Loss Account and Cash Flow Statement are for the period from 1st April to 31st December, both for the current as well as the corresponding previous period.
20. All the figures have been rounded off to the nearest rupees in lacs except in the Notes to the Accounts.

Signature to Schedules "A" to "Q"
for **R.NAGPAL ASSOCIATES**
Chartered Accountants

For and on behalf of the Board

R. Nagpal
Partner
M No. 81594

Place: New Delhi
Date : 12 January, 2010