

JAYPEE

POWERGRID LIMITED

Board of Directors

S.K. Chaturvedi, Chairman

Sunil Kumar Sharma

Suren Jain

G.P. Singh

R.K. Narayan

Vinod Sharma

T.K. Wali

Rajiv Bhardwaj, Managing Director

Prabhakar Singh, Director (Project)

Bankers

Axis Bank Limited

Central Bank of India

ICICI Bank Limited

Indian Overseas Bank

Oriental Bank of Commerce

Punjab National Bank

State Bank of India

The Jammu & Kashmir Bank Limited

United Bank of India

Company Secretary

Anita Rikhy

Registered Office

'JA House', 63, Vasant Lok,

Vasant Vihar, New Delhi

Te.: +91(11) 26141540, 26147411

Fax: +91(11) 26142726

Auditors

Awatar & Co.

Chartered Accountants

1203, Rohit House

3, Tolstoy Marg,

New Delhi - 110 001

Website & E-mail Address

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DIRECTORS' REPORT

To,

The Members,

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

PROGRESS OF THE PROJECT

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

The Directors of your Company wish to inform that:

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

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

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

SHARE CAPITAL

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

DIRECTORATE

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

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

AUDIT COMMITTEE

The Audit Committee comprising of Shri G.P. Singh, Chairman, Shri Suren Jain, Member and Shri T.K. Wali, Member is in place and fully meets the requirement of Section 292 A of the Companies Act, 1956.

DEPOSITS

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representation received from the operating management

and after due enquiry, confirm the following in respect of the Audited Accounts for the year ended 31st March, 2011:-

- i. that in the preparation of the Annual Accounts, the applicable accounting standards had been followed and that there were no material departures;
- ii. that the Directors had, in consultation with the Statutory Auditors, selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended 31st March, 2011;
- iii. that the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. that the Directors had prepared the Annual Accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

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

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

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

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

NOTES ON ACCOUNTS

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

AUDITORS

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

APPRECIATION

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

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

On behalf of the Board

Place : New Delhi
Date : 3rd May, 2011

S.K.CHATURVEDI
CHAIRMAN

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

JAYPEE POWERGRID LIMITED

1. We have audited the attached Balance Sheet of JAYPEE POWERGRID LIMITED ("the Company") as at 31st March, 2011 and Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimate made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, and;
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
- b) in the case of the Profit and Loss Account, of the LOSS of the Company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For A W A T A R & C O.
Chartered Accountants
Registration No. 000726N

BRIJENDRA AGRAWAL

Partner

Place : New Delhi

Date : 3rd May, 2011

Membership No. : 087787

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
 - (b) As explained to us, the Fixed Assets were physically verified by the Management during the year and no discrepancy had been noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off any substantial part of its fixed assets during the year and as such has not affected the going concern status of the Company.
- (ii) (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures for physical of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventories and no discrepancies were noticed on physical verification as compared with the book records.
- (iii) (a) The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clauses (b), (c) and (d) of clause 4(iii) of the Order are not applicable to the Company.
 - (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clauses (f) and (g) of clause 4(iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories, fixed assets and services and supplies. During the course of our audit, we have not observed any continuing major weakness in such internal controls.

- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public during the year. Therefore, the provisions of clause 4(vi) of the Order are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, is not applicable to the Company.
- (ix) (a) According to the information and explanations given to us, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income-tax, wealth tax, sales-tax, service tax, custom duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty, cess or any other statutory dues were in arrears as on 31st March 2011 for a period more than six months from the date they became payable.
- (x) The company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank. The Company has not borrowed any amounts by issue of debentures.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from the banks or financial institutions. Therefore, provisions of clause 4(xv) of the Order are not applicable to the Company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- (xvii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, during the year covered by our audit report, the Company has made allotment of shares only to the promoters of the Company (viz. Jaiprakash Power Ventures Limited and Power Grid Corporation of India Limited, as mentioned in Note No. B(xi)(II)(1) of the Schedule 'H' of the annual accounts) for consideration which is not prejudicial to the interest of the Company and that there are no other party / companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the year under audit report.
- (xx) During the year covered by our audit report, the Company has not raised any money by way of public issue.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For A W A T A R & C O.
Chartered Accountants
Registration No. 000726N

BRIJENDRA AGRAWAL
Partner
Membership No. : 087787

Place : New Delhi
Date : 3rd May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

		(In ₹)	
SCHEDULE		AS AT 31.03.2011 (Audited)	AS AT 31.03.2010 (Audited)
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	A	2,500,000,000	1,750,000,000
Share Application Money		-	475,000,000
Loan Funds			
Secured Loans	B	5,769,457,939	4,051,845,216
Total		8,269,457,939	6,276,845,216
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	C	12,780,587	6,096,712
Less: Provision for Depreciation		2,147,891	1,533,817
Net Block		10,632,696	4,562,895
Incidental Expenditure Pending Allocation	D	2,394,485,724	1,712,331,755
Capital Work-in-Progress		5,554,759,719	4,598,624,450
		7,959,878,139	6,315,519,100
Current Assets, Loans & Advances			
Cash and Bank Balances	E	502,970,434	470,396,361
Other Current Assets		542,076	294,758
Loans and Advances		16,601,646	15,887,999
		520,114,156	486,579,118
Less: Current Liabilities & Provisions			
Current Liabilities	F	227,121,224	540,228,866
Provisions		1,798,291	3,409,295
		228,919,515	543,638,161
Net Current Assets		291,194,641	(57,059,043)
Miscellaneous Expenditure	G	-	18,385,159
(To the extent not written off or adjusted)			
Profit and Loss Account		18,385,159	-
Total		8,269,457,939	6,276,845,216
Accounting Policies and Notes to the Accounts	H		

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

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

Brijendra Agrawal
 Partner
 Membership No. 087787

Suren Jain
 Director

Rajiv Bhardwaj
 Managing Director

 Place : New Delhi
 Date : 3rd May, 2011

Anita Rikhy
 Addl. General Manager & Company Secretary

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

		(In ₹)	
Schedule		AS AT 31.03.2011 (AUDITED)	AS AT 31.03.2010 (AUDITED)
INCOME			
Total			
		-	-
EXPENDITURE			
Preliminary expenses written off - Prior Period		18,385,159	-
Total		18,385,159	-
Profit/(Loss) for the year			
		(18,385,159)	-
Balance loss carried to Balance Sheet			
Total		(18,385,159)	-
Accounting Policies and Notes to the Accounts		H	
As per our report of even date attached to the Balance Sheet.			
for AWATAR & CO. Chartered Accountants Registration No. 000726N		For and on behalf of the Board	
Brijendra Agrawal Partner Membership No. 087787		Suren Jain Director	Rajiv Bhardwaj Managing Director
Place : New Delhi Date : 3rd May, 2011		Anita Rikhy Addl. General Manager & Company Secretary	
		(in ₹)	
Schedule "A"		AS AT 31.03.2011	As At 31.03.2010
Share Capital		(AUDITED)	(AUDITED)
Authorised			
30,00,00,000 Equity Shares of ₹ 10/- each (Previous year 30,00,00,000 Equity Share of ₹10/- each)		3,000,000,000	3,000,000,000
Issued, Subscribed and Paid-up			
25,00,00,000 Equity Shares of ₹10/- each (Previous year 17,50,00,000 Equity Share of ₹ 10/- each) Out of the above, 18,50,00,000 Equity Shares are held by Jaiprakash Power Ventures Ltd. (earlier known as Jaiprakash Hydro-Power Ltd.), the Holding Company. (Previous year 12,95,00,000 Equity Share of ₹ 10/- each)		2,500,000,000	1,750,000,000
Total		2,500,000,000	1,750,000,000
Schedule "B" Secured Loans			
(Including Interest accrued but not due)			
Term Loans from Banks (Amount payable in next 12 months - ₹ 125,368,851)		5,769,457,939	4,051,845,216
Total		5,769,457,939	4,051,845,216

SCHEDULE 'C'
FIXED ASSETS

(In Rupees)

S. No.	Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK	
		Cost as at 01.04.2010	Addition during the year	Sale/Transfer during the year	Cost as at 31.03.2011	Up to 31.03.2010	For the year	Depreciation Reversed for the earlier year	Sale/Transfer during the year	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
1	Land	–	6,327,352	–	6,327,352	–	–	–	–	–	6,327,352	–
2	Motor Vehicles	4,530,399	–	–	4,530,399	1,007,657	430,388	–	–	1,438,045	3,092,354	3,522,742
3	Office Equipment	448,708	203,576	–	652,284	43,151	28,798	–	–	71,949	580,335	405,557
4	Furniture & Fixtures	407,443	98,763	–	506,206	255,512	35,563	–	–	291,075	215,131	151,931
5	EDP Machinery & Equipment	710,162	54,184	–	764,346	227,497	119,325	–	–	346,822	417,524	482,665
	Total	6,096,712	6,683,875	–	12,780,587	1,533,817	614,074	–	–	2,147,891	10,632,696	4,562,895
	Previous Year	6,124,364	80,848	108,500	6,096,712	956,458	583,402	5,055	988	1,533,817	4,562,895	5,167,906
	Capital Work in Progress										5,554,759,719	4,598,624,450

STATEMENT OF INCIDENTAL EXPENDITURE DURING CONSTRUCTION, PENDING ALLOCATION FOR PERIOD ENDING 31st MARCH, 2011
SCHEDULE 'D'

	As at 31.03.2011 Audited	As at 31.03.2010 Audited
Advertisement & Publicity	2,603,829	2,548,829
Auditor's Remuneration		
- For Audit	962,150	520,950
- For Tax Audit	144,905	77,622
Bank Charges	844,230	754,249
Books and Periodicals	157,991	151,624
Communication Expenses	1,520,893	1,059,228
Consultancy Expenses	228,017,056	221,800,009
Crop and Tree Compensation	146,272,147	61,970,094
Depreciation	2,147,891	1,539,860
Directors' Sitting Fee	2,000,000	1,560,000
Employees Remuneration & Benefits	73,266,182	47,970,795
Finance Charges	65,943,342	62,399,557
Forest Compensation	939,002,285	927,849,104
Interest on Term Loan	880,509,426	357,971,812
Internal Auditor Fee	220,600	–
Legal and Professional Expenses	56,175,411	28,898,221
License Fee	800,000	600,000
Miscellaneous Expenses	9,008,427	4,874,184
Printing & Stationery Expenses	848,154	636,528
Gratuity Premium Paid	925,269	183,302
Provision for Gratuity/Leave Encashment	1,718,291	1,360,678
Provision for Taxation	14,176,427	16,140,260
Rent, Rates & Taxes	1,903,390	1,442,690
Travelling & Conveyance Expenses	19,994,065	12,384,770
Vehicle Running & Maintenance Expenses	7,817,102	4,760,549
TOTAL	2,456,979,463	1,759,454,915
Less:- Interest on Short Term Deposit with Banks	61,080,260	45,709,681
(TDS - ₹ 15,36,109/-, Previous Year - ₹ 7,93,388/-)		
- Bidding Fee [Net of Expenses]	1,413,479	1,413,479
TOTAL CARRIED TO BALANCE SHEET	2,394,485,724	1,712,331,755

Accounting Policies and Notes to the Accounts As per our report of even date attached to the Balance Sheet. for AWATAR & CO. Chartered Accountants Registration No. 000726N

Brijendra Agrawal
 Partner
 Membership No. 087787
 Place : New Delhi
 Date : 3rd May, 2011

Suren Jain
 Director
Anita Rikhy
 Addl. General Manager & Company Secretary

 For and on behalf of the Board
Rajiv Bhardwaj
 Managing Director

Schedule "E"
Current Assets, Loans & Advances

As At 31.03.2011 (AUDITED) As At 31.03.2010 (AUDITED)

	As At 31.03.2011 (AUDITED)	As At 31.03.2010 (AUDITED)
A) Current Assets		
a) Cash & Bank Balances		
Cash in Hand	115,886	119,468
Balances with Scheduled Banks		
i) In Current Accounts	14,674,244	6,361,503
ii) In Fixed Deposits	57,006,191	53,918,604
Trust & Retention Account		
i) In Current Account	31,174,113	409,996,786
ii) In Fixed Deposits	400,000,000	502,970,434
– 470,396,361		
b) Other Current Assets		
Interest Accrued on Fixed Deposits	448,550	269,415
Other Assets	23,473	
Inventories - Stores & Spares	70,053	25,343
294,758	542,076	
B) Loans and Advances		
a) Advances recoverable in cash or in kind or for value to be received.		
i) Contractors & Suppliers Advance	300,000	215,870
ii) Employees Imprest & Advances	111,099	243,691
iii) Others (for land)	–	1,000,000
b) Security Deposit - with Govt. Depts. & Public bodies	109,400	108,400
- Others	30,597	30,597
c) Advance Tax & Tax Deducted at Source	16,050,550	14,289,441
Total	520,114,156	486,579,118

Schedule "F"
Current Liabilities & Provisions

	As At 31.03.2011 (AUDITED)	As At 31.03.2010 (AUDITED)
A) Current Liabilities		
i) Sundry Creditors		
- Due to Micro, Small Scale, Medium Scale Enterprises	–	–
- Other Creditors	1,861,562	172,454,339
ii) Due to Staff	2,271,599	1,810,546
iii) Other Liabilities	222,988,063	227,121,224
365,963,981	540,228,866	
B) Provisions		
a) Taxation		
i) Income Tax	–	1,964,000
ii) Wealth Tax	–	–
iii) FBT	–	–
b) Employee Benefits		
i) Gratuity	474,707	511,209
ii) Leave Encashment	1,243,584	849,469
ii) Leave Encashment		
c) Provision for Expenses	80,000	84,617
3,409,295	1,798,291	
Total	228,919,515	543,638,161

Schedule "G"	As At	(Amount in ₹)
Miscellaneous Expenditure	31.03.2011	As At
	(AUDITED)	31.03.2010
		(AUDITED)
(To the extent not written off or adjusted)	18,385,159	18,385,159
Preliminary Expenses		
Less: Preliminary Expenses Written off		-
Total	18,385,159	18,385,159

SCHEDULE "H"
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
(A) SIGNIFICANT ACCOUNTING POLICIES
General:

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

Revenue Recognition:

Expenditure and Income are accounted for on accrual basis.

Fixed Assets:

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

Capital Work in Progress (CWIP):

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

Depreciation:

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

Incidental Expenditure during construction period:

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

Preliminary Expenses:

Preliminary expenses are written off in Profit & Loss Account.

Taxes on Income:

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

Deferred Tax Assets and Deferred Tax Liability will be calculated by applying rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Employee Benefits:
a. Post-employment benefit plans:

Payments to defined contribution plans, such as provident fund are charged as an expense as they fall due.

For defined benefit plans, such as gratuity, the cost of providing benefits is determined based on actuarial valuation made by an independent actuary using projected unit credit method, as at each balance sheet date. The actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. Past service cost is recognized immediately in the profit and loss account.

b. Short term employees benefits:

The undiscounted portion of short-term employee benefits expected to be paid in exchange for the services rendered by the employees is recognized during the period when the employee renders service. These benefits include encashment of leave.

Provision, Contingent Liabilities and Contingent Assets:

The Company recognizes a provision when there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received. A disclosure for contingent liability is made when, as a result of obligating events, there is

a possible obligation on a present obligation that may, but probably will not, require an outflow of resources. Contingent Assets are neither recognized nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

(B) NOTES ON ACCOUNTS
i) Contingent Liabilities not provided for:
(Amount ₹)

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

- ii) The joint venture between Jaiprakash Power Ventures Limited (Earlier known as Jaiprakash Hydro-Power Limited) and Power Grid Corporation of India Limited (POWERGRID) is governed by the Shareholders' Agreement dated 22nd February, 2007, Deed of Adherence dated 24th December, 2007 and Supplementary Shareholders Agreement dated 25th March, 2010.

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

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

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

- v) The Financial assistance sanctioned and disbursed/to be disbursed by Banks of Rupee Term Loans of ₹ 700 crores during the year together with payment of all interest at the agreed rates, additional interest in case of default, liquidated damages, reimbursement of all costs, charges and expenses and any other amount due and payable to the Lenders, Facility agent (ICICI Bank), Security Trustee (IDBI Trusteeship Services Ltd.) etc. under the loan documents/Financing documents are secured/to be secured by hypothecation of the Company's movable assets (present and future), intangible assets including but not limited to the goodwill, undertaking and uncalled capital, revenues and receivables from Project or otherwise, assignment/charge/security interest of the Company's rights under each of the Project Documents, assignment and/or charge of all licenses, permits, approvals, construction and operating period insurance policies in respect of or in connection with the project, operating cash flows and also including without limitation, the rights, title and interest in the undertakings of the Company, stocks of raw materials, semi-finished and finished goods, consumable stores and all monies, securities, contractor guarantees, performance bonds and any letter of credit provided by any person in favour of the Lenders/ Security Trustee etc. ranking pari-passu among all participating Banks viz, ICICI Bank, Punjab National Bank, Central Bank of India, United Bank of India, Indian Overseas Bank, The Jammu and Kashmir Bank Ltd. and further secured by way of pledge of 30% of issued and paid up share capital of the Company. As the paid up capital on 31.03.2011 was ₹ 250 crores divided into 25 crore equity shares of ₹10 each, 7.5 crores equity shares of ₹10 each fully paid up held by Jaiprakash Power Ventures Limited (Earlier known as Jaiprakash Hydro-Power Limited) have been pledged in favour of Security Trustee.

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

- vii) In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value on realization in the ordinary course of business, at least equal to the amount at which these are stated in the Balance Sheet.

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

- ix) Retirement Benefits:

(a) Provident Fund - Defined Contribution Plan

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

(b) In accordance with applicable Indian Laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan). The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employees' last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contribution to a fund managed by the insurer (SBI Life Insurance Co. Limited). Under this plan, the settlement obligation remains with the Company, although the Employee Gratuity Trust administers the plan and determines the contribution premium required to be paid by the Company.

(c) Leave Encashment - Defined Benefit Plan

The Company has a scheme of encashment of accumulated leaves. The scheme is unfunded and is recognized in Incidental Expenses During Construction – Pending Allocation on the basis of actuarial valuation on annual basis.

The Summarized position of defined benefits recognized in the IEDC and Balance Sheet are as under:

Sl. No.	Particulars	2010-11		2009-10	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
I	Expenses recognized in the Statement of Profit & Loss Account for the Period ended 31st March 2011.				
	1. Current Service Cost.	406,345	415,490	283,741	405,682
	2. Interest Cost	50,092	67,958	14,664	25,898
	3. Expected return on plan assets	(10,344)	–	–	–
	4. Actuarial (Gains)/Losses	259,372	(25,734)	212,804	191,320
	5. Past Service Cost	–	–	–	–
	6. Settlement Cost	–	–	–	–
	7. Total Expenses	705,465	457,714	511,209	622,900
II	Net Asset/ (Liability) recognized in the Balance Sheet as at 31st March 2011.				
	1. Present Value of defined Benefit Obligation.	1,331,611	1,243,584	626,146	849,469
	2. Fair Value of Plan Assets	856,904	–	114,937	–
	3. Funded Status (Surplus/Deficit)	(474,707)	(1,243,584)	(511,209)	(849,469)
	4. Net Asset (Liability) as at March 31, 2011.	(474,707)	(1,243,584)	(511,209)	(849,469)
III	Change in Obligation during the Period ended March 31, 2011.				
	1. Present Value of defined Benefit Obligation at the beginning of the year.	626,146	849,469	183,302	323,726
	2. Current Service Cost.	406,345	415,490	283,741	405,682
	3. Interest Cost.	50,092	67,958	14,664	25,898
	4. Settlement Cost.	–	–	–	–
	5. Past Service Cost.	–	–	–	–
	6. Employee Contributions.	–	–	–	–
	7. Actuarial (Gains)/Losses	249,028	(25,734)	212,804	191,320
	8. Benefit Payments	–	(63,599)	(68,365)	(97,157)
	9. Present Value of Defined Benefit Obligation at the end of the year.	1,331,611	1,243,584	626,146	849,469
IV	Change in Assets during the Period ended March, 2011.				
	1. Plan Assets at the beginning of the year.	114,937	–	–	–
	2. Assets acquired on amalgamation in previous year.	–	–	–	–
	3. Settlements.	–	–	–	–
	4. Expected return on Plan Assets.	10,344	–	–	–
	5. Contribution by Employer.	741,967	–	183,302	–
	6. Actual Benefit Paid.	–	–	(68,365)	–
	7. Actuarial Gains/(Losses)	(10,344)	–	–	–
	8. Plan Assets at the end of the year.	856,904	–	114,937	–
	9. Actual Return on Plan Assets.	(10,344)	–	–	–

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

(d) Actuarial Assumptions

Sl No.	Particular	2010-11	2009-10
1.	Discount Rate	8%	8%
2.	Mortality	As per LIC (1994-96)	As per LIC (1994-96)
3.	Turnover Rate	–	–
4.	Future Salary Increase	8%	8%

x) Additional information pursuant to provisions of paragraphs 3 and 4 of Part-II of Schedule-VI to the Companies Act, 1956 :

(a) Capacity & Production

Licensed Capacity	Not Applicable
Installed Capacity	Not Applicable
Actual Production	Not Applicable

(b) Expenditure in Foreign Currency:

(Foreign Exchange Outgo) NIL

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

xi) Additional information as required under Part IV of Schedule VI to the Companies Act 1956:

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

I. List of Related Parties and relationships:

(a) Holding Companies:

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

(b) Fellow Subsidiary Companies:

- [i] Jaypee Karcham Hydro Corporation Ltd.
- [ii] Jaypee Infratech Ltd.
- [iii] Himalyan Expressway Ltd.
- [iv] Jaypee Ganga Infrastructure Corporation Ltd.
- [v] Bina Power Supply Company Ltd. (subsidiary of Jaiprakash Power Ventures Ltd.)
- [vi] Bhilai Jaypee Cement Ltd.
- [vii] Gujarat Jaypee Cement & Infrastructure Ltd.
- [viii] Bokaro Jaypee Cement Ltd.
- [ix] Jaypee Arunachal Power Ltd. (JV subsidiary of Jaiprakash Power Ventures Ltd.)
- [x] Sangam Power Generation Company Limited.
- [xi] Prayagraj Power Generation Company Limited.
- [xii] Jaypee Agra Vikas Limited.
- [xiii] Jaypee Sports International Ltd. (subsidiary of Jaiprakash Associates Ltd. w.e.f. 28.07.2010)
- [xiv] Jaypee Fertilizers & Industries Ltd. (subsidiary of Jaiprakash Associates Ltd. w.e.f. 03.06.2010)
- [xv] Jaypee Cement Corporation Ltd. (subsidiary of Jaiprakash Associates Ltd. w.e.f. 22.02.2011)
- [xvi] Jaypee Meghalaya Power Ltd. (subsidiary of Jaiprakash Power Ventures Ltd. w.e.f. 26.08.2010)

(c) Associate Companies:

- [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] RPJ Minerals Pvt. Ltd.
 [vi] Sonebhadra Minerals Pvt. Ltd.
 [vii] Jaypee Development Corporation Ltd. (subsidiary of Jaypee Ventures Pvt. Ltd.)
 [viii] Tiger Hills Holiday Resort Pvt. Ltd. (subsidiary of Jaypee Development Corporation Ltd.)
 [ix] Sarveshwari Stone Products Pvt. Ltd. (subsidiary of RPJ Minerals Pvt. Ltd.)
 [x] Rock Solid Cement Ltd. (subsidiary of RPJ Minerals Pvt. Ltd.)
 [xi] MP Jaypee Coal Limited.
 [xii] MP Jaypee Coal Fields Limited.
 [xiii] Anvi Hotels Private Limited (subsidiary of Jaypee Ventures Pvt. Ltd.)
 [xiv] Jaypee Uttar Bharat Vikas Private Limited (w.e.f.21.06.2010)
 [xv] Kanpur Fertilizers & Cement Ltd. (subsidiary of Jaypee Uttar Bharat Vikas Private Limited (w.e.f. 26.09.2010)
 [xvi] Madhya Pradesh Jaypee Minerals Ltd. (subsidiary of Madhya Pradesh State Mining Co. Ltd. (w.e.f. 03.03.2011)
 [xvii] Jaiprakash Agri Initiatives Company Ltd. (subsidiary of Jaypee Ventures Pvt. Ltd.)
 [xviii] Jaypee International Logistics Company Pvt. Ltd. (subsidiary of Jaypee Ventures Pvt. Ltd.
 [xix] Indesign Enterprises Private Limited
 [xx] Indus Hotels UK Limited
 [xxi] GM Global Mineral Mining Private Limited
 [xxii] Ibonshourne Limited

(d) Key Management Personnel:

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

(e) The Shareholding of the Company:

S. No.	Name of present Shareholder(s)	Proposed Shareholding as per Deed of Adherence executed on 24th December, 2007 read with Shareholders' Agreement.	Present Shareholding as on 31st March, 2011 [No. of equity shares and (%)]
1	Jaiprakash Power Ventures Ltd. (JPVL) (Earlier known as Jaiprakash Hydro-Power Ltd.)	Holding and Promoter Company, to hold at least 51% and not more than 74% Equity Shares	185,000,000 (74 %)
2	Power Grid Corporation of India Ltd. (POWERGRID)	To hold 26% Equity Shares.	65,000,000 (26 %)

II. Transactions during the period with Related Parties.
Transactions related to parties referred in I(a) to I(c) above:

S. No.	Nature of Transaction	Related Party	2010-11 (₹)	2009-10 (₹)
1.	Issue of Equity Share Capital	Jaiprakash Power Ventures Ltd. (Earlier known as Jaiprakash Hydro-Power Ltd.)	555,000,000/-	370,000,000/-
		Power Grid Corporation of India Ltd.	195,000,000/-	130,000,000/-
2.	Receipt of Share Application money	Jaiprakash Power Ventures Ltd. (Earlier known as Jaiprakash Hydro-Power Ltd.)	-	345,000,000/-
		Power Grid Corporation of India Ltd.	-	130,000,000/-
3.	Advance paid for extension bays	Power Grid Corporation of India Ltd.	8,418,058/-	90,191,571/-
4.	Consultancy	Power Grid Corporation of India Ltd.	-	70,775,826/-
5.	Advance paid for supply and erection of Reactors	Jaiprakash Associates Limited	-	14,846,395/-

Transaction related to parties referred in "I (d)" above:
Managerial remuneration paid/payable to the Whole-time Directors:

(Amount ₹)

S. No.	Nature of Transaction	2010-11	2009-10
1.	Salary	4,598,709	4,568,710
2.	Employer's Cont. to PF	551,845	548,245
3.	Other Perks	3,508,820	3,699,342
	Total	8,659,374	8,816,297

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

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

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

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

S No.	Particulars	Amount (₹)
a)	The principal amount and interest due thereon remaining unpaid to any supplier - Principal Amount - Interest Amount	Nil Nil
b)	The amount of interest paid by the buyer in terms of section16, along with the amounts of payment made to the supplier beyond the appointed day	Nil
c)	The amount off due and payable for the year of delay in making payment (which have been paid but beyond the appointed during year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil
d)	The amount of interest accrued and remaining unpaid	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	Nil

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

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

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

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

Signatures to Schedules "A" to "H"

For A W A T A R & C O.
 Chartered Accountants
 Registration No. 000726N

For and on behalf of the Board

Brijendra Agrawal
 Partner
 Membership No. 087787

Suren Jain
 Director

Rajiv Bhardwaj
 Managing Director

Place: New Delhi
 Date : 3rd May, 2011

Anita Rikhy
 Addl. General Manager & Company Secretary

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
 PURSUANT TO PART IV OF THE COMPANIES ACT, 1956**

I Registration Details			
Registration No.	154627	State Code No.	55
Balance Sheet Date	31.03.2011		
II Capital raised during the period (Amount in ₹ Thousands)			
Public Issue	Nil	Private Placement	750,000
Bonus Issue	Nil	Others	Nil
Rights Issue	Nil		
III Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)			
Total Liabilities			8,269,458
Total Assets			8,269,458
Sources of Funds			
Paid-up Capital			2,500,000
Share Application Money			-
Reserves & Surplus			-
Secured Loans			5,769,458
Unsecured Loans			-
			8,269,458
Application of Funds			
Net Fixed Assets (including expenditure during construction)			7,959,878
Investments			-
Net Current Assets			291,195
Miscellaneous Expenditure			-
Accumulated Losses			18,385
			8,269,458
IV Performance of Company (Amount in ₹ Thousands)			
Turnover		NA (Project under implementation)	
Total Expenditure	18,385.16		
Profit/Loss Before Tax (+)	(18,385.16)		
Profit/Loss After Tax (+)	(18,385.16)		
Earning per Share in ₹		NA (Project under implementation)	
Dividend Rate (%)		NA (Project under implementation)	
V Generic Names of three Principal Products/Services of the Company (as per Monetary terms)			
Items Code No. (ITC Code)		NA	
Product/Services Description		Transmission of Electricity	

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

For and on behalf of the Board

Brijendra Agrawal
 Partner
 Membership No. 087787

Suren Jain
 Director

Rajiv Bhardwaj
 Managing Director

Place : New Delhi
 Date : 3rd May, 2011

Anita Rikhy
 Addl. General Manager & Company Secretary

CASH FLOW STATEMENT FOR THE PERIOD ENDING 31ST MARCH, 2011

	(In ₹)	
	2010-2011	2009-2010
A. Cash flow from operating activities		
Add:		
(Increase)/Decrease in Loans and Advances and others	(960,964)	15,313,857
Deduct:		
Increase (Decrease) in Trade Payables	(313,107,642)	202,325,623
Net cash inflow from operating activities ----'A'	(314,068,606)	217,639,480
B. Cash flow from Investing activities		
Outflow		
Investment in Fixed Assets/ Capital Work in Progress	(1,645,970,043)	(3,806,518,143)
Inflow		
Other Income		
Net cash used in investing activities-----'B'	(1,645,970,043)	(3,806,518,143)
C. Cash flow from Financing activities		
Inflow		
Increase in Share Capital	275,000,000	975,000,000
Increase in Term Loans	1,717,612,723	2,351,089,198
Outflow		
Preliminary Expenses	-	-
Net cash in financing activities-----'C'	1,992,612,723	3,326,089,198
Net increase/(Decrease) in cash or cash equivalent (A+B+C)	32,574,074	(262,789,465)
Cash & cash equivalent at the commencement of the year (Opening balance)	470,396,361	733,185,826
Cash & cash equivalent at the end of the year (closing balance)	502,970,434	470,396,361
Accounting Policies and Notes to the Accounts H		
As per our report of even date attached to the Balance Sheet.		

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

For and on behalf of the Board

Brijendra Agrawal
 Partner
 Membership No. 087787

Suren Jain
 Director

Rajiv Bhardwaj
 Managing Director

Place : New Delhi
 Date : 3rd May, 2011

Anita Rikhy
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