

**PRAYAGRAJ POWER
GENERATION COMPANY LTD.**

ANNUAL REPORT 2009-10

DIRECTORS' REPORT

To,
The Members

The Directors of your Company are pleased to present the Third Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010.

PROJECT

The Directors of your Company wish to report that your Company was incorporated by Uttar Pradesh Power Corporation Limited for implementation of 3*660 MW Thermal Power Project (with permission to construct two additional generation units of 660MW each) in Tehsil Bara of district Allahabad, Uttar Pradesh.

The Project is located at about 40 k.m. from Allahabad District Head Quarters, Uttar Pradesh and is accessible from National Highway- 76 and the Railway access is about 3 k.m. from Lohgara Railway Station. The annual Coal requirement for the Project would be around 8 million tonnes (approx.) at 80% Plant Availability Factor (PAF) and 9.6 million tonnes at 95% PAF. The scheduled COD of first unit is 54 months from the zero date and scheduled COD of the Power Station is 64 months from the zero date.

CHANGE IN MANAGEMENT CONTROL

As the members are aware that the Company was incorporated by Uttar Pradesh Power Corporation Limited as a State Government Company. Jaiprakash Associates Limited (JAL) was declared as Successful Bidder for the project of the Company vide LOI dated 2nd March, 2009 and Jaiprakash Power Ventures Limited (JPVL), an affiliate of JAL, had executed the Share Purchase Agreement (SPA) amongst Uttar Pradesh Power Corporation Ltd. (UPPCL), the Company, JPVL and JAL, as confirming party for acquiring / purchase of 100% equity share capital of the Company on 23rd July 2009.

Accordingly, all the requisite steps are being/ have been taken for implementation of the Project as mentioned hereinafter.

STATUS OF LAND AND VARIOUS APPROVALS

The Directors wish to report that the Project land required for the Project would be 930 Hectares and around 773.76 Hectare of Land has been acquired by UPPCL and Deed of Conveyance had been signed between UPPCL & the Company for transfer of property including an area of 725.788

Hectare of Land and the balance is expected shortly. Steps are being taken to acquire the balance land of the Project.

Your Company has received requisite statutory/ regulatory approvals presently required for setting up the project including (i) Environment Clearance (ii) Water Linkage (iii) Coal Linkage and (iv) Height Clearance from Airport Authority of India. Your Company has applied to DISCOM (PuVVUNL) for temporary connection through 11KV in near vicinity of the Project and also applied for 33 KV permanent connection from Shankargarh Substation. Your Company has also applied for Mega Power Status with Ministry of Power and for NOC from UP Pollution Control Board relating to (a) collection, storage, and disposal of waste, & (b) Site clearance, safe report and safety audit.

PHYSICAL PROGRESS

The construction of temporary base camp is in progress and the same is expected to be completed by November/ December 2010.

Detailed Project Report (DPR) has been submitted to Uttar Pradesh Power Corporation Limited.

The Directors of the Company are pleased to report that your Company has awarded LOA to BHEL for of Design, Engineering, Manufacture, Assembly, Testing & Inspection, Transportation, Erection, Testing, and Commissioning for Boiler Turbine Generator (BTG) Package including Auxiliary Boiler.

FINANCIAL PROGRESS

The Directors of the Company are further pleased to report that SBI Capital Markets Ltd. were mandated to syndicate debt for first phase of 1980 MW (3*660MW) of Thermal Power Project. Accordingly, State Bank of India has agreed to underwrite project debt requirement of Rs. 8085 Crores, simultaneously sanctioning a Rupee Term Loan of Rs. 2000 Crores. The entire financial tie- up of the Project would be achieved in the early part of next financial year.

Phase-I (1980MW) of the Project is planned for commissioning by 2014 and the Phase- II (1320MW) would be commissioned by 2016.

DIRECTORATE

During the year under report Shri Manoj Gaur, Shri Sunil Kumar Sharma, Shri Sunny Gaur, Shri Sameer Gaur, Shri Suren Jain, Shri Arun Gupta and Shri Rakesh Sharma were appointed as Directors of the Company and

Shri Arun Singh, Shri Harish Chandra Singh, Shri Navneet Kumar Sehgal, Shri Narendra Bhooan and Shri Suresh Kumar Agarwal representing erstwhile management of Uttar Pradesh Power Corporation Ltd. had resigned from the Directorship of the Company.

The Board places on record its appreciation for the valuable contribution made by the outgoing Directors during their tenure as Directors of the Company.

Shri Rakesh Sharma was appointed as Managing Director of the Company w.e.f. 1st April 2010 for a period of three years. Further, Shri Arun Gupta was appointed as Whole- time Director of the Company w.e.f. 1st April 2010 for a period of three years.

Shri Manoj Gaur and Shri Sunil Kumar Sharma shall retire by rotation at ensuing Annual General Meeting of the Company and being eligible, offers themselves for re-appointment.

CHANGE IN SHARE CAPITAL

During the year under report, the Authorised Share Capital of the Company stands increased from Rs. 80 Crore to Rs. 4000 Crore. Paid up Share Capital of the Company increased from Rs. 5 Lacs to Rs. 243.19 Crores by issue and allotment of 24, 31, 39,800 Equity Shares to Jaiprakash Power Ventures Ltd., the holding Company. As the members are aware, each Equity Share of the face value of Rs. 1000/- of the Company was sub-divided into 100 Equity Shares of the face value of Rs.10/-each in accordance with altered Articles of Association of the Company.

DIVIDEND

As the Project of the Company is under implementation, there are no distributable profits and as such no dividend for the year has been recommended.

FIXED DEPOSITS

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

NOTES ON ACCOUNTS

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

PARTICULARS OF EMPLOYEES

During the year under report, none of the employees was in receipt of remuneration prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

AUDITORS

During year under Report, your Company ceased to be State Government Company, accordingly M/s. Rajendra K. Goel & Co., Chartered Accountants, Auditors were appointed by the members of the company at the Extra-Ordinary General Meeting dated 29th September 2009. They should retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment.

Accordingly, the proposal has been included in the notice for the ensuing Annual General Meeting for the re- appointment of M/s Rajendra K. Goel & Co., Chartered Accountants as the Statutory Auditors of the Company to hold office from the date of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

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

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

There were no foreign exchange earnings or outgo during the year under report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors based on the representation received from the operating management and after due enquiry, confirm the following in respect of the audited annual accounts for the year ended 31st March, 2010: -

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed and that there were no material departures;
- ii) that the Directors had, in consultation with the Statutory Auditors, selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended March 31, 2010;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

PERSONNEL RELATIONS

The employee relations were cordial during the year under review.

ACKNOWLEDGEMENT

The Board of Directors places on record its sincere appreciation for and gratitude to the Government of Uttar Pradesh, Uttar Pradesh Power Corporation Ltd., U. P. State Electricity Board, U. P. Electricity Regulatory Commission, Ministry of Railways, Ministry of Environment and Forests, Ministry of Coal, and other concerned Central & State Government Departments, State Bank of India and ICICI Bank Ltd. for their valuable support & continued co-operation to the Company.

On Behalf of the Board

**MANOJ GAUR
CHAIRMAN**

Place: Noida

Date: 25th May 2010

To
The Members,
Prayagraj Power Generation Company Limited,
Sector-128
Noida-201304

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Auditor's Report

Dear Sirs,

1. We have audited the attached Balance Sheet of "Prayagraj Power Generation Company Limited" as at 31st March, 2010 and also the annexed Profit & Loss Account, Statement of Expenditure during Construction period and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s). An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. As required by the Companies (Auditors Report) Order, 2003, issued by the Central Government of India, in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in annexure a statement on the matters specified in paragraph 4 and 5 of the said order to the extent applicable to the Company.
4. In addition to above, we state that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the company in so far as appears from our examination of the books.
 - c) The Balance Sheet referred to in this report is in agreement with the books of account.
 - d) In our opinion and to the best of our information, the Balance Sheet complies with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on records by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March 2010 from being



appointed as a Director, in terms of clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956.

- f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;
- (i) In case of Balance Sheet, of the state of affairs of the Company as at 31st March 2010.
 - (ii) In case of Profit & Loss Account, of the Loss of the Company for the year ended on 31st March 2010.
 - (iii) In case of statement of Pre-operative expenditure during construction period, of the expenditure of the Company for the year ended on and as at 31st March 2010.
 - (iv) In the case of Cash Flow Statement, of the cash flow of the Company for the year ended on 31st March 2010.

For: Rajendra K Goel & Co.
Chartered Accountants



R.K. Goel
(Partner)

M.No. 6154

F.R.N. 001457N

Place: Noida

Dated: 25th May, 2010.

Continued

Rajendra K. Goel & Co.

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2010 of **PRAYAGRAJ POWER GENERATION COMPANY LIMITED**

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed Assets have been physically verified by the management during the year and to the best of our knowledge and information given to us, no material discrepancies have been noticed on such physical verification.
- (c) 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) The Company does not have any Inventory. Therefore, the provisions of clause 4 (ii) of the companies (Auditor's Report) Order, 2003 is not Applicable to the Company.
- (iii) The Company has not granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and Services and Supply. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) Based on the audit procedures applied by us and according to the information and explanations given to us, there are no transactions during the year referred to in section 301 of the Companies Act, 1956.
- (vi) The company has not accepted any deposit from the public during the year.
- (vii) During the period under observation, the Company had an internal audit system commensurate with its size & nature of its business wherein it was observed that all transactions are carried out under the personal supervision of the Senior Officials/ Directors of the Company.
- (vii) According to the information and explanations given to us, the maintenance of Cost Records is not applicable to the year under report.
- (ix) (a) As per records produced before us and according to the information and explanations given to us the company is generally regular in depositing undisputed statutory dues applicable to it like provident fund, Income Tax, Customs duty, Cess etc. with appropriate authorities, and there were no arrears of such dues at the year end which have remained outstanding for a period of more than six months from the date they became payable except Rs. 5,02,424/- on account of VAT, for which registration under the relevant Act is under process and due liability, along with interest there on, shall be paid there after.
- (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.



- CONTINUATION
- (x) Rs. 6,45,586/- appears as loss in the Profit & Loss account, which is due to Preliminary expenses written off at the end of the financial year, however Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanation given by the management, we are of the opinion that company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- (xii) The company has not granted any loans and advances on the bases of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the company is not a chit fund or a nidhi/mutual benefit fund/society hence, clause (xiii) of Para 4 of the order is not applicable.
- (xiv) In our opinion the company is not dealing in or trading of shares, debentures and other investments. Accordingly, clause (xiv) of Para 4 of the order is not applicable.
- (xv) The Company has given second charge on its assets as a collateral security for the financial assistance granted by the Bank to Jaiprakash Power Venture Limited amounting to Rs.1,000 crores, the terms and conditions of which are not prejudicial to the interest of the Company.
- (xvi) In our opinion & according to the information & explanation given to us, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information & explanation given to us and on an overall examination of the balance sheet of the company, we find that no fund raised on short term basis have been used for long term investment.
- (xviii) According to the information and explanation given to us, we are of the opinion that during the year the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information & explanation given to us, the company has not issued any debentures during the year under audit report.
- (xx) During the year the Company has not raised any money by way of public issues.
- (xxi) According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

For Rajendra K. Goel & Co.
Chartered Accountants



(R.K.GOEL)
Partner
M.No.: 6154
F.R.N. 001457N

Place: **New Delhi**
Dated: **25th May, 2010**

Prayagraj Power Generation Company Ltd.

Sector -128, Noida
PROFIT & LOSS ACCOUNT

(Amount in Rs.)

Particulars	Schedule	(Amount in Rs.)	
		For the Year ended on 31.03.2010	For the Year ended on 31.03.2009
INCOME			
Income		-	-
		-	-
EXPENDITURE			
Expenses		-	-
		-	-
Profit/(Loss) Before Prior Period items and Tax		-	-
Less: Prior Period Expenses (Preliminary expenses)		645,586	-
Profit/(Loss) Before Tax		(645,586)	-
Less: Provision for Tax		-	-
Profit/(Loss) after Tax		(645,586)	-
Profit/(Loss) Brought Forward from Previous Year		-	-
Balance Carried to Balance Sheet		(645,586)	-

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

For and on behalf of the Board

For Rajendra K. Goel & Co.
(Chartered Accountant)

(R.K. Goel)
Partner
M.No. 5154
F.R.N. 001457N



[Signature]

Director

[Signature]

Managing Director

[Signature]

Chairman

Place: Noida
Date: 25th May, 2010.

Prayagraj Power Generation Company Ltd.

Sector -128, Noida

BALANCE SHEET

(Amount in Rs.)

Particulars	Schedule	AS AT 31-03-2010	AS AT 31-03-2009
<u>SOURCES OF FUNDS</u>			
SHAREHOLDERS FUNDS :			
Share Capital	A	2,431,898,000	800,000,000
LOAN FUND			
Secured Loans	B	6,000,000,000	-
		8,431,898,000	800,000,000
<u>APPLICATION OF FUNDS</u>			
FIXED ASSETS			
Gross Block	C	465,307,233	163,297
Less : Accumulated Depreciation		45,818	22,276
Net Block		465,261,415	141,021
Pre-operative Expenses During Construction Period	D	146,640,956	65,851,830
CURRENT ASSETS, LOANS & ADVANCES			
Cash & Bank Balances	E	1,074,022,093	3,774,389
Other Current Assets		408,955	2,286,861
Loans & Advances		6,749,559,058	989,373,698
		7,823,990,106	995,434,948
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	F	2,760,845	262,073,385
Provisions		1,879,218	-
Net Current Assets		7,819,350,043	733,361,563
MISCELLANEOUS EXPENDITURE			
(to the extent not written off)			
Preliminary Expenses	G	-	645,586
Profit & Loss Account		645,586	-
Accounting Policies and Notes to Accounts	H		
		8,431,898,000	800,000,000

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

For and on behalf of the Board

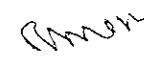
For Rajendra K. Goel & Co.
(Chartered Accountant)

R.K. Goel
Partner
M.No. 6154
F.R.N. 001457N



Place: Noida
Date: 25th May, 2010


Director


Managing Director


Chairman

Prayagraj Power Generation Company Ltd.
Sector -128, Noida

Cash Flow Statement
For the year ended on 31st March 2010

	Particulars	Current Year		Previous Year	
		Amount	Amount	Amount	Amount
A	Cash Flow from Operating Activities				
	Profit/(Loss) before tax and Prior Period items	-		-	
	Cash Flow before Working Capital Changes	-		-	
	Adjustment For :				
	(Increase)/Decrease in Loans & Advance	(5,760,185,360)		(630,603,522)	
	(Increase)/Decrease in other Current Assets	1,877,906		200,403	
	Increase/(Decrease) in Current Liabilities	(257,433,322)		254,257,279	
	Net Cash Flow from Operating Activities	(6,015,740,776)	(6,015,740,776)	(376,145,840)	(376,145,840)
B	Cash Flow from Investing Activities				
	Pre Operative exp during the year as per Pre operative exp Schedule before Provision of Tax	(33,320,473)		(32,433,413)	
	(Purchases) of Fixed Assets	(465,307,233)		-	
	Interest Income	5,605,335		-	
	Net Cash Flow from Investing Activities	(493,022,371)	(493,022,371)	(32,433,413)	(32,433,413)
C	Cash Flow From Financing Activities				
	Increase/(Decrease) in Share Capital	1,631,898,000		799,500,000	
	Increase/(Decrease) in Share Application Money	-		(394,907,000)	
	Increase/(Decrease) In Short Term Loan	6,000,000,000		-	
	Interest on Short Term Loan	(3,142,692)		-	
	Finance Charges	(49,737,457)		-	
	Net Cash Flow From Financing Activities (A+B+C)	7,579,010,851	7,579,010,851	404,593,000	404,593,000
	Net Increase/ (Decrease) in Cash & Cash Equivalent		1,070,247,705		(3,986,253)
	Cash & Cash Equivalent at the beginning of the year		3,774,389		7,760,642
	Cash & Cash Equivalent at the end of the year		1,074,022,093		3,774,389

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

For and on behalf of the Board

For Rajendra K. Goel & Co.
(Chartered Accountant)

(R.K. Goel)
Partner
M.No. 6154
F.R.N. 0014574

Place: Noida
Date: 25th May 2010.



[Signature]
Director

[Signature]
Managing Director

[Signature]
Chairman

Prayagraj Power Generation Company Ltd.
Sector -128, Noida

(Amount in Rs.)

AS AT
31-03-2010

AS AT
31-03-2009

SCHEDULE - 'A' : SHARE CAPITAL

AUTHORISED :

4,00,00,00,000 Equity Shares of Rs 10/- each (Previous year 8,00,000 Equity Shares of Rs 1000/ each)

40,000,000,000

800,000,000

ISSUED, SUBSCRIBED AND PAID UP

24,31,89,800 Equity Shares of Rs. 10/- each (Previous year 500 Equity Shares of Rs 1000/ each)

2,431,898,000

500,000

The total equity shares are held by Jaiprakash Power Venture Ltd., the Holding Company (Previous Year 500 equity shares of Rs. 1000/- each by Uttar Pradesh Power Corp. Ltd. the Holding Company)

Share Application Money

-

799,500,000

2,431,898,000

800,000,000

SCHEDULE - 'B' LOAN FUNDS

SECURED LOANS :

Short Term Loan from Bank
(Refer Notes to Accounts No. 2)

6,000,000,000

-

6,000,000,000

-



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Prayagraj Power Generation Company Ltd.

Sector -128, Noida

Fixed Assets

Schedule -C

Particulars	Gross Block		Depreciation		Net Block	
	As at 1.4.2009	Additions	Deductions/ Adjustments	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Land - Free hold	-	464,356,908	-	-	464,356,908	-
Furniture	-	57,692	-	900	56,792	-
Computers	126,699	110,700	126,699	7,680	109,434	106,161
Office Equipments	36,598	10,750	36,598	638	10,655	34,860
Vehicle	-	771,183	-	43,556	727,627	-
TOTAL	163,297	465,307,233	163,297	52,775	465,261,415	141,021
Previous Year	163,297	-	-	22,276	141,021	163,297

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Prayagraj Power Generation Company Ltd.
Sector -128, Noida

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

(Amount in Rs.)

PARTICULARS	For the Year ended on 31.03.2010	For the Year ended on 31.03.2009	As at 31.03.2010	As at 31.03.09
Consultancy Fees for various study reports	7,829,559	2,011,694	16,975,012	9,145,453
Employees remuneration & Benefits	1,097,093	-	1,097,093	-
Bank Charges	668,452	-	668,452	-
Legal & Professional Expenses	15,995,910	14,260	19,520,170	3,524,260
Administrative & General Expenses	687,056	1,380,600	3,127,269	2,440,213
Helipad Expenses	255,855	-	255,855	-
Travelling & Conveyance Expenses	556,909	323,838	960,129	403,220
Vehicle Running & Hiring Charges	234,835	90,892	325,727	90,892
Interest on Short Term Loan	3,149,692	-	3,149,692	-
Finance Charges	49,737,457	-	49,737,457	-
Audit Fee	110,300	30,000	165,300	55,000
Rent -Office Cum Residence	42,000	-	42,000	-
Equipment Hiring Charges	771,803	-	771,803	-
Depreciation	52,776	22,276	75,052	22,276
Fixed Assets Written off	134,063	-	134,063	-
UPERC Fee	-	25,800,000	45,600,000	45,600,000
Application Fee - Coal India	-	-	500,000	500,000
NOC Charges (Pollution Control)	500,000	-	500,000	-
Reimbursement to UPPCL- Deputed- Regular Staff	2,748,625	2,527,993	6,462,139	3,713,514
Reimbursement to UPPCL- Deputed- Contract Employee	19,152	254,136	376,154	357,002
	84,591,536	32,455,689	150,443,366	65,851,830
Less:				
Interest Income	5,605,335	-	5,605,335	-
(TDS Amounting to Rs. 5,60,534/- Previous year Nil)				
Provision For taxation	(1,802,924)	-	(1,802,924)	-
Total- Carried to Balance Sheet	80,789,125	32,455,689	146,640,956	65,851,830

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

For and on behalf of the Board

For Rajendra K. Goel & Co.
(Chartered Accountant)

(R.K. Goel)
Partner
M.No. 6154
F.R.N. 001457N



Place: Noida
Date: 25th May, 2010.

Director

Managing Director

Chairman

Prayagraj Power Generation Company Ltd.
Sector -128, Noida

(Amount in Rs.)

AS AT
31-03-2010

AS AT
31-03-2009

SCHEDULE - 'E' CURRENT ASSETS, LOANS & ADVANCES

A) CASH AND BANK BALANCES

Cash in Hand	20,730	-
Balances with Scheduled Banks		
- In Current Accounts	785,193,332	3,774,389
- In Fixed Deposits	288,808,031	-
(Includes Rs. 90,61,300 Pledged with the Bank as margin money against Bank Gaurentee)		
	1,074,022,093	3,774,389

B) OTHER CURRENT ASSETS

Income accrued on FDR's	404,462	-
Prepaid Interest	993	-
UPPCL (CPC)	-	412
Receivable from SPGCL	-	2,187,101
Sonebhadra PGCL	3,500	3,500
Recoverable Advance to Feedback	-	95,848
	408,955	2,286,861

**C) LOANS AND ADVANCES
(UNSECURED, CONSIDERED GOOD)**

Advance Recoverable in Cash or in Kind or for Value to be received		
- Advance for Land	93,574,899	509,373,698
- Advance to Suppliers for Capital Equipments	5,940,832,345	-
Other Advances for the Project	234,561,424	-
Staff Imperest	1,856	-
Security deposit - with Government Companies (NCL)	480,000,000	480,000,000
- with Others	28,000	-
Tax Deducted at source	560,534	-
	6,749,559,058	989,373,698
	7,823,990,106	995,434,948

TOTAL (A+B+C)



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R. N.

Prayagraj Power Generation Company Ltd.
Sector -128, Noida

(Amount in Rs.)

AS AT
31-03-2010

AS AT
31-03-2009

SCHEDULE -'F' CURRENT LIABILITIES AND PROVISIONS

A) CURRENT LIABILITIES :

Sundry Creditors	-	-
- Due to Micro, Small Scale, Medium Scale enterprises	617,553	257,989,978
- Others	163,323	-
Due to Staff	1,979,969	4,083,407
Other Current Liabilities		
	2,760,845	262,073,385

B) PROVISIONS :

Provision for Taxation	1,802,924	-
Provision for Leave Encashment	58,883	-
Provision for Gratuity	17,411	-
	1,879,218	-
TOTAL (A+B)	4,640,063	262,073,385

SCHEDULE -'G' PRELIMINARY EXPENSES

(to the extent not written off)

Preliminary Expenses	-	645,586
	-	645,586



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Prayagraj Power Generation Company Ltd.
Sector 128, Noida

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

A. Significant Accounting Policies:

a) Basis of Preparation of Financial Statements

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

b) Revenue Recognition

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

c) Fixed Assets

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

d) Depreciation

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

e) Expenditure during Construction Period

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

f) Foreign Currency Transactions

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

g) Investments

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

h) Inventory

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



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i) Employees Benefits

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

a) Provident Fund and Pension contribution- as a percentage of salary/wages as per provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952.

b) Gratuity and Leave Encashment is defined benefit obligation. The liability is provided for on the basis on Projected Unit Credit Method adopted in the actuarial valuation made at the end of each financial year.

j) Borrowing Costs

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

k) Taxes on Income

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

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

l) Amortization of Miscellaneous expenditure

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

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

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

B. Notes to Accounts:

1. The Company is setting up a 1980 MW (Phase-I), domestic coal based thermal power project at Tehsil Bara, District Allahabad, Uttar Pradesh. The Company was originally promoted by Uttar Pradesh Power Corporation Limited (UPPCL) for development of the proposed thermal power project. Pursuant to Case-2 bidding process, in accordance with "Competitive Bidding Guidelines", Jaiprakash Associates Limited (JAL) was identified as the selected bidder for owning, implementing and operating the project. Jaiprakash Power Ventures Limited (JPVL), an affiliate of JAL, was later accorded approval to purchase 100% share capital of the Company (PPGCL). Accordingly, share purchase agreement was executed among JPVL, JAL, PPGCL and UPPCL on July 23, 2009 whereby JPVL purchased 100% equity shares of PPGCL from UPPCL. As such the Company became 100% subsidiary of JPVL since 23rd July, 2009 and the Company obtained the Certificate of Commencement of Business on 30th December 2009. The Case-2 bidding process requires, inter-alia, the provision of Land for the project site. This being so, the cost of Land and the Rehabilitation and Resettlement (R&R) expenses are provided by the procurers before bidding process. In case the actual expenses on this account are more than the amount declared prior to bidding, the balance shall be payable to the Company by the procurers.

2. Contingent Liabilities:

(i) Outstanding amount of Bank Guarantee	Rs.	6,04,08,152/-
(Previous year Rs Nil)		
Margin Money against above	Rs.	90,61,300/-
(Previous year Rs. Nil)		



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- (ii) In respect of second charge on the assets of the Co. in favor of the Bank for financial assistance to JPVL . Rs. 10,00,00,00,000/-
- (iii) Estimated amount of contracts remaining to be executed on Capital Account and not provided for: Rs. 24,32,51,00,000/-
USD 21,04,04,100/-
and EURO 22,72,54,800/-
(Previous year Rs. Nil)

3 The Company has taken a Short Term Loan of Rs. 600 Crores from State Bank of India as per the followings terms & conditions.

- a) Purpose - To make advance payment to Bharat Heavy Electricals Limited for supply of BTG Equipments.
- b) Tenor - Not exceeding one year from the date of first disbursement.
- c) Security -- a) First Hypothecation charge on movable project assets of the Company by way of deed of hypothecation.
b) Pledge of 30% paid up Share Capital of the Company & Non Disposal Undertaking for 21% paid up Share Capital of the Company.
- d) Guarantee - Corporate Guarantee of Jaiprakash Power Venture Ltd.
- e) Rate of Interest - At 0.25% below SBAR, present effective rate of 11.50% p.a. with monthly rests. Interest to be paid at monthly interval on 1st day of the next month.
- f) Repayment - Principal is to be repaid in full from the proceeds of the first disbursement of the regular term loan to be raised for financing the project. In the unlikely event of the regular term loan not being availed by the Company, the principal shall be repaid by way of a bullet payment at the end of one year from the date of first disbursement.
- g) Other Covenants - The Company shall furnish proof for having made the payment to BHEL. Bank's usual covenants shall be applicable.

4. In the opinion of the Board of Directors, the "Current Assets, Loans and Advances", have a value on realisation, in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.

5. Additional Information pursuant to the provisions of Paragraph 3 and 4 of Part-II of Schedule VI to the Companies Act, 1956:

a) Capacity and Production
(Licensed Capacity) 1980 MW
Installed Annual Capacity Project under implementation
Net Saleable Design Energy at Interconnection Point -----do-----
Average Saleable Secondary Energy at Interconnection Point -----do-----

(b) Value of imports on C.I.F. basis	<u>2009-2010</u> Rs.	<u>2008-2009</u> Rs.
- Payment to Suppliers of Capital Equipment	Nil	Nil
- Payment for supplies of spares	Nil	Nil

(c) Expenditure in Foreign Exchange:	<u>2009-2010</u> Rs.	<u>2008-2009</u> Rs.
Expenditure in foreign currency	Nil	Nil

(d) Details of Stores & Spares Consumed:	<u>2009-2010</u>		<u>2008-2009</u>	
	Rs.	%	Rs.	%
(i) Indigenous	Nil	Nil	Nil	Nil
(ii) Imported	Nil	Nil	Nil	Nil



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(e) Earnings in Foreign Exchange	2009-2010	2008-2009
	Rs	Rs.
Earning in foreign Currency	Nil	Nil

6. Managerial remuneration paid/payable to Whole Time Directors

	2009-2010	2008-2009
	(Rs.)	(Rs.)
Salary	Nil	Nil
Provident Fund	Nil	Nil
Perquisites	Nil	Nil

7. 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	2009-10 Amount (Rs.)	2008-09 Amount (Rs.)
a)	The principal amount and interest due thereon remaining unpaid to any supplier -Principal Amount -Interest Amount	Nil Nil Nil	Nil Nil Nil
b)	The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of payment made to the supplies beyond the appointed day.	Nil	Nil
c)	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed during year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
d)	The amount of interest accrued and remaining unpaid	Nil	Nil
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

8. 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:

- (i) Jaiprakash Power Venture Limited
- (ii) Jaiprakash Associate Limited (Holding Company of JPVL)

(b) Fellow subsidiaries:

- (i) Jaypee Karcham Hydro Corporation Limited Subsidiary of JAL
- (ii) Jaypee Infratech Limited Subsidiary of JAL
- (iii) Himalayan Expressway Ltd. Subsidiary of JAL
- (iv) Bhilai Jaypee Cement Limited. Subsidiary of JAL
- (v) Bokaro Jaypee Cement Limited Subsidiary of JAL
- (vi) Gujarat Jaypee Cement & Infrastructure Limited Subsidiary of JAL
- (vii) Madhya Pradesh Jaypee Minerals Limited Subsidiary of JAL
- (viii) JPSK Sports Pvt. Ltd. Subsidiary of JAL
- (ix) Jaypee Aurnachal Power Ltd., Subsidiary of JPVL
- (x) Bina Power Supply Company Ltd., Subsidiary of JPVL
- (xi) Jaypee Powergrid Limited Subsidiary of JPVL
- (xii) Sangam Power Generation Ltd Subsidiary of JPVL
- (xiii) Jaypee Agra Vikas Limited Subsidiary of JAL
- (xiv) Jaypee Ganga Infrastructure Corporation Ltd Subsidiary of JAL



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(c) Associates:

- (i) Jaypee Ventures Pvt. Limited.
- (ii) Indesign Enterprises Pvt Ltd.
- (iii) JIL Information Technology Limited
- (iv) Gaur & Nagi Limited
- (v) Jaiprakash Kashmir Energy Ltd.
- (vi) Sonebhadra Minerals Pvt. Ltd.
- (vii) RPJ Minerals Pvt. Ltd.
- (viii) Jaypee Development Corporation Ltd.
- (ix) Jaypee Petroleum Pvt. Ltd.
- (x) Jaypee Hydro-Carbons Pvt. Ltd.
- (xi) Tiger Hills Holiday Resorts Pvt. Ltd.
- (xii) ANVI Hotels Pvt. Ltd.
- (xiii) Vasujai Estates Pvt. Ltd.
- (xiv) Samsun Estates Pvt Ltd
- (xv) Sunvin Estates Pvt Ltd
- (xvi) Manumanik Estates Private Limited
- (xvii) Arman Estate Private Limited
- (xviii) Suneha Estates Pvt Ltd
- (xix) Pee Gee Estates Private Limited
- (xx) Vnamra Housing & Constructions Private Limited
- (xxi) Sarveshwari Stone Products Pvt. Ltd.
- (xxii) Rock Solid Cement Limited
- (xxiii) MP Jaypee Coal Limited
- (xxiv) MP Jaypee Coal Fields Limited

(d) Key management Personnel:

- (i) Shri Manoj Gaur
- (ii) Shri Sameer Gaur
- (iii) Shri Suren Jain

(2) Transactions carried out with related parties referred to above:

Nature of Transactions	Related parties		(Rs in Lakhs)
	Referred in 1(a)(i) above	Referred in 1(a)(ii) above	
Expenses			
Consultancy Fees (Previous Year)			3.30 Nil
Corporate Guarantee (for short term Loan) (Previous Year)			60,000.00 Nil
Second Charge on the Assets of the Co. in favour of Bank for financial assistance (Previous Year)	1,00,000.00		Nil

Note: During the year, Jaiprakash Power Ventures Limited, the Holding Company, has purchased the Equity Shares from UUPCL, as mentioned in Point 1 of Notes to Accounts.

9. As the Company has not yet started operation, the necessary details as per part-II of Schedule- VI to the Company Act, 1956 have been disclosed in the Schedule "D"- "Statement of Pre-Operative Expenditure during Construction Period". The profit and Loss account has been prepared for the purpose of writing off the Preliminary expenditure as per the requirement of AS-26.
10. As Commercial operations have not yet commenced, therefore there is no deferred tax liability as on 31st March 2010.



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11. Gratuity and Leave encashment – Defined Benefit Plan – Provision made as per Actuarial Valuation for the Current year (Previous year NIL)

Actuarial Assumptions:

Discount Rate 8%
 Mortality LIC(1994-1996)
 Turn over Rate Upto 30 years 3%, from 31-44 years 2%, Above 44 years 1%.

S. No.	Particulars	Non Funded	
		Gratuity	Leave Encashment
I. Expenses recognized in the statements of Profit and Loss Account for the year ended 31st March, 2010			
(i)	Current Service Cost	17,411	58,883
(ii)	Interest Cost	-----	-----
(iii)	Employee Contribution	-----	-----
(iv)	Actuarial (Gains)/ Losses	-----	-----
(v)	Past Service Cost	-----	-----
(vi)	Settlement Cost	-----	-----
(vii)	Total Expenses	17,411	58,883
II. Net Assets/(Liability) recognized in the Balance Sheet as at 31 st March, 2010			
(i)	Present Value of Defined Benefit Obligation	17,411	58,883
(ii)	Fair Value of Plan Assets	-----	-----
(iii)	Funded Status (Surplus)/(Deficit)	-----	-----
(iv)	Net Asset/(Liability) as at 31st March, 2010	(17,411)	(58,883)
III. Change in obligation during the Year ended 31st March, 2010			
(i)	Present Value of Defined Benefit Obligation at the beginning of the year	17,411	58,883
(ii)	Current Service Cost	-----	-----
(iii)	Interest Cost	-----	-----
(iv)	Settlement Cost	-----	-----
(v)	Past Service Cost	-----	-----
(vi)	Actuarial (Gains)/ Losses	-----	-----
(vii)	Benefit Payments	-----	-----
(viii)	Present Value of Defined Benefit Obligation at the end of the year	17,411	58,883
IV. Change in Assets during the Year ended 31st March, 2010			
(i)	Present Assets at the beginning of the year	-----	-----
(ii)	Assets acquired on amalgamation in previous year	-----	-----
(iii)	Settlements	-----	-----
(iv)	Expected return on Plan Assets	-----	-----
(v)	Contribution by Employer	-----	-----
(vi)	Actual Benefit paid	-----	-----
(vii)	Actuarial Gains/(Losses)	-----	-----
(viii)	Plan Assets at the end of the year	-----	-----
(ix)	Actual return on Plan Assets	-----	-----

Note: There are no Previous Year figures as there were no Employees in the Previous Year, hence no provision was made.



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12. All the figures have been rounded off to the nearest rupees.
13. Previous year's figures have been regrouped/re-arranged wherever considered necessary to make them conform to the figures for the year.
14. **Balance Sheet Abstract and Company's General Business Profile Pursuant to Part-IV of Schedule VI of the Companies Act 1956.**

I Registration Details:

Registration No. : U40101UP2007SGC032835
 State Code No. : 55
 Balance Sheet Date : 31st March 2010

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

Public issue	Nil	Bonus issue	Nil
Right issue	Nil	Private Placement	24, 31,398

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

Total (Liabilities)	84, 31,898	Total Assets	84, 31,898
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Sources of Funds (Rs. in Thousand)

Share Capital	24, 31,898	Secured Loan	60, 00,000
Reserve	Nil	Unsecured Loan	Nil

Application of Funds (Rs. in Thousand)

Fixed Assets including		Accumulated Loss	646
Pre-operative Expenditure	6, 11,902		
Net Current Assets	78, 19,350		

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

Turnover		N.A.
Total Expenditure including Prior Period Expenses		646
Profit/ (Loss) Before Tax		(646)
Profit/(Loss) After Tax		(646)
Earning Per Share		Nil
Dividend Rate %		Nil

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

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

For Rajendra K Goel & Co
 Chartered Accountants

R.K.Goel
 Partner
 M.No. 6154
 F.R.N. 001457N



(Director)

For and on behalf of the Board

(Managing Director)

(Chairman)

Place : New Delhi
 Dated: 25th May, 2010.