

Board of Directors

Jaiprakash Gaur, Executive Chairman
Manoj Gaur
Sunil Kumar Sharma
Sunny Gaur
Sameer Gaur
Suren Jain
Rakesh Sharma
Jagannath Gupta, Independent Director
Kuldip Chand Ganjwal, Independent Director
Urvashi Gaur
Gajendra Pal Singh
Raj Kumar Narang
Rangi Lal Gupta
Ravindra Kumar Singh

Company Secretary

Rajeev Kumar

CFO

Ramesh Chand Sharma

Registered Office

Sector 128, Noida- 201304
Uttar Pradesh

Statutory Auditors

M/s Dass Gupta & Associates
Chartered Accountants
New Delhi

Internal Auditors

M/s RRCA & Associates
Chartered Accountants
New Delhi

Secretarial auditors

Ms. Deepti Srivastava
Practicing Company Secretary
New Delhi

Bankers/Lenders

Andhra Bank
Bank of India
Bank of Baroda
Canara Bank
Corporation Bank
IDBI Bank
Indian Overseas Bank
ICICI Bank Limited
IDBI Bank Limited
Life Insurance Corporation Ltd
L&T Infrastructure Finance Co. Ltd
Oriental Bank of Commerce
PTC India Financial Service Ltd
Punjab National Bank
State Bank of India
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
UCO Bank
Union Bank of India
United Bank of India
India Infrastructure Finance Co.(UK) Ltd

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DIRECTORS' REPORT

To,
The Members

The Directors of your Company are pleased to present the Eighth Annual Report together with the Audited Financial Statements of the Company for the Year ended 31st March, 2015.

STATUS OF PROGRESS OF THE PROJECT

You are aware that, the Company, acquired from Uttar Pradesh Power Corporation Limited (UPPCL) through competitive bidding process by Jaiprakash Power Ventures Limited, is implementing 1980 MW (3x660 MW) Thermal Power Project (with permission to add two additional generation units of 660MW each) in Tehsil Bara of district Allahabad, Uttar Pradesh.

Your Company has executed Power Purchase Agreement with UPPCL for 25 years for 90% sale of power with balance 10% to be sold on merchant basis. Fuel Supply Agreement between the Company & NCL has been executed on 29th August, 2013, for Coal linkages for Phase-I of 1980MW.

All Statutory/ Regulatory approvals required for the current stage of the project are in place. The supplies from BHEL for Boiler, Turbine and Generator for Phase-I of the Project are in progress. All major packages have been awarded and supply of materials is in progress.

The delay in receiving startup power has delayed the commissioning activities of the power plant. Startup power was finally received on 10th November, 2014 and pre-commissioning activities related to Unit-1 have commenced thereafter.

The revised Project Cost of ₹ 13,870 crores, as approved by the lenders, would be financed through ₹ 4,021 crores as equity and ₹ 9,849 crores as Debt. Your Company has already tied up of ₹ 1,330 crores (approx.) of additional Debt requirements for ₹ 1,764 crores of the revised project cost, the balance tie up in process.

An expenditure of approx. ₹ 11,622 crores has been incurred on the implementation of the project upto April, 2015.

Boiler Light Up of Unit-I had been achieved on 31st March, 2015. At the current stage of the implementation of the project, it is envisaged to achieve COD of the project by March, 2016.

SHARE CAPITAL

The paid up Share Capital of the Company increased from ₹ 2148.19 crores to ₹ 3123.19 crores by further issue and allotment of 62.50 crores Equity Shares of ₹ 10/- each and 35 crores 11% non-cumulative, non-convertible, redeemable Preference Shares of ₹ 10/- each to Jaiprakash Power Ventures Ltd., the holding Company.

During the year under review, your Company has not issued any Shares with differential rights, sweat equity shares and equity shares under employees' stock option scheme. Your Company has not bought back its own shares during the year under review.

DIVIDEND & TRANSFER TO RESERVES

In the absence of any commercial operations, no dividend is recommended to be declared for the year under report. No amount can be transferred to the Reserves.

DIRECTORATE AND KEY MANAGERIAL PERSONNEL

During the year under report, the following changes took place in the Board of the Company:

The Board on the recommendation of Nomination and Remuneration Committee appointed Dr. Jagannath Gupta and Shri Kuldeep Chand Ganjwal as Additional Directors (Independent) w.e.f 30th September, 2014 and 31st March, 2015 respectively in compliance with the provisions of Section 149 of the Companies Act, 2013 and Rules made thereunder providing for appointment of minimum two Independent Directors. Resolutions for approval of their respective appointment as Independent Directors have been included in the Notice for ensuing Annual General Meeting.

Independent Directors have given declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

The Board on the recommendation of Nomination and Remuneration Committee appointed Smt. Urvashi Gaur as an Additional Director of the Company w.e.f. 26th March, 2015 in compliance with the provisions of Section 149 of the Companies Act, 2013 and Rules made thereunder providing for appointment of Woman Director.

Shri Hemant Kumar Sharma ceased to be Director / Managing Director of the Company w.e.f. 28th February, 2015 consequent upon his resignation due to personal reasons.

The Board places on record its appreciation for the valuable contribution of Shri Hemant Kumar Sharma during his tenure as Director /Managing Director of the Company.

Shri Manoj Gaur, Shri Sunil Kumar Sharma, Shri Suren Jain and Shri Rakesh Sharma would retire as Directors by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

During the year under report, the meetings of Board of Directors were held on 22nd April, 2014, 15th May, 2014, 26th May, 2014, 31st May, 2014, 2nd July, 2014, 14th July, 2014, 7th August, 2014, 19th August, 2014, 30th September, 2014, 15th December, 2014, 27th December, 2014, 9th February, 2015, 13th February, 2015, 28th February, 2015, 5th March, 2015, 26th March, 2015 and 31st March, 2015.

The Board has confirmed and noted that Shri Jaiprakash Gaur, Executive Chairman and Shri Rajeev Kumar, Company Secretary as Key Managerial Personnel of the Company in compliance with the provisions of Section 203 of the Companies Act, 2013 read with Rule 8 & Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Further Shri Ramesh Chand Sharma was appointed as Chief Financial Officer of the Company and designated as Key Managerial Personnel of the Company w.e.f. 30th March, 2015.

CRITERIA FOR EVALUATION OF DIRECTORS' PERFORMANCE

In keeping with the provisions of the Companies Act, 2013, Nomination and Remuneration Policy considers various aspects including engagement, strategic planning and consensus building while evaluating the performance of the Independent Directors and so far as evaluation of the performance of Non-Independent and Non-Executive Directors are concerned, engagement, strategic planning, team spirit and consensus building, effective leadership and domain knowledge were considered as parameters of performance. The Nomination and

Remuneration Committee considered management qualities, team work abilities, result / achievement, domain knowledge, understanding and awareness, leadership qualities, motivation/ commitment/ diligence, integrity / ethic/ values as also receptivity performance as performance indicators for Executive Directors.

Nomination and Remuneration Committee while evaluating the potential candidates, considers a variety of personal attributes, including experience, intellect, foresight, judgement and transparency and match these with the requirements set out by the Board. Broadly, the following criteria have been set for selection of Independent Directors based on:

- (i) Independence from Management.
- (ii) Other significant relationship which may cause a conflict of interest.
- (iii) Capability of taking fair decisions without being influenced.
- (iv) Independent Directors are expected to balance the decision making process of the Board by constructively challenging the Company's strategy and exercise due diligence.
- (v) Independent Directors should contribute constructively in the Board's deliberations.

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of Independence as provided under law. The Company has received declarations from all the Independent Directors that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013.

The Nomination and Remuneration Policy for the members of the Board of Directors of the Company takes into consideration their role and responsibilities.

EVALUATION OF BOARD OF DIRECTORS, COMMITTEES AND INDIVIDUAL DIRECTORS

- Nomination and Remuneration Committee of the Board carried out the evaluation of the Board of Directors and their performance on the basis of the provisions contained in the Nomination and Remuneration Policy of the Company as well as the criteria formulated for evaluating the performance of Independent Directors, Non-Independent & Non-Executive Directors and Executive Directors.
- The Board evaluated the performance of Board as a whole, performance of the Committees and also the performance of Independent Non-Executive Directors after taking into account information received from the Directors, covering various aspects such as board structures and composition, diversity of skills and experience, effectiveness of board process, information on effectiveness of board processes, information on functioning, establishment and determination of responsibilities of Committees and quality of relationship between the Board and the management.
- The Board also evaluated the performance of the Committees and found their performance and their functioning within the mandate of the Board.
- As the appointment of one of the Independent Director was made during the middle of the year and of another one at the end of the year, their performance was reviewed

on the basis of such parameters / criteria including their knowledge about the Company's project and vision.

NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee of the Company comprises of Shri Kuldip Chand Ganjwal, Chairman, Dr. J. N. Gupta, Shri Sunny Gaur and Shri Suren Jain, members. The constitution of the same is in terms of the provisions of Section 178(1) of the Companies Act, 2013. The terms of reference of Nomination & Remuneration Committee are in conformity with the provisions of Section 178 of the Companies Act, 2013 and the Rules made thereunder.

The Committee is responsible for:

- (i) Recommending desirable changes in the Board composition and size, committees structures and other aspects of the Board's functioning.
- (ii) Formulating criteria for determining qualifications, positive attributes and independence of an Independent Director.
- (iii) Conducting search and recommending new Board members in light of the provisions of the Companies Act, 2013.
- (iv) Identifying persons who are qualified to become Directors and who may be appointed as senior management in accordance with the criteria laid down, and recommend to the Board for their appointment.
- (v) Recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other senior employees, and while formulating such policy, to ensure that :
 - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the desired persons;
 - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- (vi) Formulating criteria for evaluation of Directors and the Board and carrying out evaluation of each Director's performance
- (vii) Carrying out any other function as is mandated by the Board from time to time and / or is enforced by any statutory notification, amendment or modification, as may be applicable.

NOMINATION & REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee adopted a policy for selection and appointment of Directors, Senior Management and their remuneration. Brief features of the said Policy are:

- a) Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director;
- b) Nomination and Remuneration Committee shall identify persons who are qualified to become Director and persons

who may be appointed in Key Managerial and Senior Management positions;

- c) While selecting Independent Directors the Nomination and Remuneration Committee shall identify persons of integrity who possess relevant expertise and experience required for the position;
- d) The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof, an amount as may be approved by the Board of Directors within the limits prescribed under the Companies Act, 2013 and the Rules made thereunder. The sitting fees for Independent Directors and Women Directors shall not be less than the sitting fee payable to other Directors;

The Company shall reimburse actual expenses incurred by the Directors in the performance of their duties as per the rules and policies of the Company.

- e) An Independent Director shall not be entitled to any stock option of the Company;
- f) Other employees of the Company shall be paid remuneration as per the Company's HR policies. The break up of the pay scale and quantum of perquisites shall be as per the Company's HR policy;

Remuneration of other Employees shall be reviewed / decided on an annual basis or earlier if deemed necessary, based on performance appraisal of individual employee.
- g) The age, term of appointment and retirement of Managing Director/ Whole-time Director shall be determined in accordance with the provisions of Companies Act, 2013 read with Rules made thereunder;
- h) Managing Director/Whole-time Director and Key Managerial Personnel shall be paid the remuneration within the overall limit prescribed under the Companies Act, 2013 and the Rules made thereunder as recommended by the Nomination and Remuneration Committee subject to the approval of the Board.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of Dr. Jagannath Gupta, Chairman, Shri Kuldip Chand Ganjwal and Shri Raj Kumar Narang, members and the constitution of the same is in terms of the provisions of Section 177(2) of the Companies Act, 2013.

The terms of reference of the Audit Committee are in conformity with the provisions of Section 177 of the Companies Act, 2013 and the Rules made thereunder. The Audit Committee along with such matter as may be referred by Board, is responsible for the following: -

- (i) the recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) examination of the financial statement and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;

- (v) scrutiny of inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the Company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management systems; and
- (viii) monitoring the end use of funds raised through public offers and related matters.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The details of Related Party Transactions as required under Accounting Standard – 18 are set out in Note no. 24 to the Financial Statements. Information in prescribed Form AOC- 2 pursuant to Section 134 (3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as "Annexure- 1" to this Report.

All Related Party Transactions that were entered into during the financial year were in the ordinary course of business and were on an arm's length basis.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no significant material orders passed by the Regulators / Courts/ Tribunals which may impact the going concern status of the Company and its future operations.

AUDITORS

STATUTORY AUDITORS

M/s. Dass Gupta & Associates, Chartered Accountants (Firm Registration No. 000112N), were appointed as Statutory Auditors of the Company in the last Annual General Meeting (AGM) for a period of five consecutive years till the conclusion of Twelfth AGM of the Company to be held in the year 2019, subject to ratification of their appointment at every AGM. A written consent for their appointment and a certificate from the Statutory Auditors to the effect that their reappointment, if made, would be in accordance with the conditions as may be prescribed and they fulfill the criteria laid down in Section 141 of the Companies Act, 2013, has been obtained.

Based on the recommendations of the Audit Committee, the Board has recommended the ratification of appointment of M/s. Dass Gupta & Associates, Chartered Accountants as Statutory Auditors of the Company to hold office till the conclusion of the Twelfth AGM of the Company to be held in the year 2019, subject to ratification of their appointment in every AGM.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board on the recommendations of the Audit Committee, had appointed Shri Ashok Tyagi, (Membership no. FCS: 2968), Practicing Company Secretary to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2015.

Secretarial Audit Report for the financial year ended on 31st March, 2015, issued by Shri Ashok Tyagi, Company Secretaries, in form MR-3 forms part of this report and marked as "Annexure- 2".

The said report does not contain any qualification or observation requiring explanation or comments from Board under section 134(3)(f)(ii) of the Companies Act, 2013.

INTERNAL AUDITORS

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, the Company on the recommendations of the Audit Committee had appointed M/s RRCA & Associates, Chartered Accountants as Internal Auditors of the Company for the financial year 2015-16.

INTERNAL FINANCIAL CONTROL

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Internal Auditor of the Company for insufficiency or inadequacy of such controls.

AUDITORS' REPORT

The Auditors' Report to the Shareholders on the Accounts of the Company for the Financial Year ended 31st March, 2015 does not contain any qualification or adverse remark.

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

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Directors wish to report that your Company had neither granted any loans nor made any investments. Details of Guarantees covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes no. 19 to the Financial Statements.

MATERIAL CHANGES AND COMMITMENTS

In terms of Section 134(3) (i) of the Companies Act, 2013, it is reported that, except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

RISK MANAGEMENT

Pursuant to the provisions of the Companies Act, 2013, the Company has also framed a Risk Management Policy, which *inter-alia*:

- a) defines framework for identification, assessment, monitoring, mitigation and reporting of risks; and
- b) ensures that all the current and future material risk exposures are identified, assessed, quantified, appropriately mitigated, minimized and managed and critical risks which impact the achievement of Company's objectives or threatens its existence are periodically reviewed.

CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company has formed a Corporate Social Responsibility Committee comprising of Dr. Jagannath Gupta (Independent Director) as Chairman, Shri Sameer Gaur and Shri Rakesh Sharma as Members.

The purpose of the Committee is to assist the Board in setting Company's CSR policy and program(s).

The responsibilities of the CSR Committee are:

1. To formulate and recommend to the Board, a CSR policy for undertaking permissible CSR activities;
2. To recommend the amount of expenditure to be incurred on CSR activities;
3. To monitor and review the operation and effectiveness of Company's Corporate Social Responsibility policies and programs;
4. To make any amendments or modifications in CSR Policy as required by law or otherwise; and
5. To perform such functions as the Board may from time to time assign to it.

The Company has formulated CSR Policy on the lines of the provisions of the Companies Act, 2013 and the Rules made thereunder. Since the Company's project is still under construction stage, no amount is required to be deployed on CSR activities. However the brief features of CSR Policy are as under:

- The Company would spend not less than 2% of the average Net Profits of the Company, calculated in accordance with the Section 198 of the Companies Act, 2013, made during the three immediately preceding financial years ;
- CSR activities shall be undertaken by the Company, as projects/ programs of activities as prescribed under Schedule VII of the Companies Act, 2013; and
- The Board may decide to undertake CSR activities either by itself or through a registered trust or a registered society or a company established by the Company, or its holding or subsidiary or associate company under Section 8 of the Act or otherwise.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, based on the representation received from the operating management and after due enquiry, confirm in respect of the Audited Annual Accounts for the year ended 31st March, 2015 that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed and that there were no material departures;
- b) the Directors had, in consultation with the Statutory Auditors, selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended 31st March, 2015;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis; and
- e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

VIGIL MECHANISM

The Company has in terms of the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014, formulated Vigil Mechanism for Directors and employees under which protected disclosures can be made.

DEPOSITS

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the details relating to deposits as also requirement for furnishing of details of deposits which are not in compliance with Chapter V of the Act is not applicable.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules forms part of this Annual Report and is provided as "Annexure- 3" in this report.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return as provided under Section 92(3) of the Companies Act, 2013 (in the prescribed form MGT- 9) is annexed herewith as "Annexure- 4".

DISCLOSURES UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company does not has any woman employee on its rolls, however the Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

The information on conservation of energy and technology absorption stipulated under Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, are not applicable, as the Project is still under construction stage.

The information on foreign exchange earnings and outgo stipulated under Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, are given in Notes to the Financial Statements under Note No. 22.

ACKNOWLEDGEMENT

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

On behalf of the Board

Place: Noida
Date : 29th May, 2015

JAIPRAKASH GAUR
Executive Chairman
DIN: 00008085

ANNEXURE-1 TO DIRECTORS' REPORT

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of Section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

There were no contracts or arrangements or transactions entered by the Company during the financial year 2014-15, which were not at arms length basis.

2. Details of material contracts or arrangements or transactions at arm's length basis.

| SL. No. | Particulars | Details |
|---------|---|---------|
| a) | Name (s) of the related party & nature of relationship | N.A. |
| b) | Nature of contracts/arrangements/ transaction | N.A. |
| c) | Duration of the contracts / arrangements / transaction | N.A. |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | N.A. |
| e) | Date of approval by the Board | N.A. |
| f) | Amount paid as advances, if any | N.A. |

On behalf of the Board

Place: Noida
Date : 29th May, 2015

JAIPRAKASH GAUR
Executive Chairman
DIN: 00008085

**ANNEXURE- 2 TO DIRECTORS' REPORT
FORM NO. MR-3
SECRETARIAL AUDIT REPORT**

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Prayagraj Power Generation Company Limited
{U40101UP2007SGC032835}
Sector-128, Noida,
Bhangel,
Uttar Pradesh-201304.

SECRETARIAL AUDIT REPORT

I have conducted the Secretarial Audit of the compliances for the financial year ended March 31, 2015 of applicable statutory provisions and the adherence to good corporate practices by **Prayagraj Power Generation Company Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the statutory compliances and expressing my opinion thereon.

Management's Responsibility for Secretarial Compliances

The Company's Management is responsible for preparation and maintenance of Secretarial Records and for devising proper systems to ensure compliance with the provisions of all applicable laws and regulations.

Auditor's Responsibility

My responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.

Opinion

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance- mechanism in place to the extent, in the manner, subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

- The Companies Act, 1956 (wherever applicable) / the Companies Act, 2013 and Rules made under that Act;
- The Memorandum and Articles of Association of the Company;
- Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

- Employment Exchanges (Compulsory Notification of Vacancies) Rules, 1960
- U.P VAT Act;
- Entry Tax Act, 1976;
- Indian Stamp Act, 1899;
- Payment of Gratuity Act, 1972;
- Employees Provident Funds and Miscellaneous Provisions Act, 1952 and Employees Provident Fund Scheme, 1952;
- Employees Deposit- Linked Insurance Scheme, 1976;
- Service Tax Rules;
- Income Tax Act, 1961 and Income Tax Rules, 1962;
- Payment of Bonus Act, 1965 and other Labour Legislations

Based on our examination and verification of records produced to us and according to the information and explanations given to us by the Company, in our opinion, the Company has complied with the provisions of the Companies Act, 1956 as well as Companies Act, 2013, wherever applicable (the Act) and Rules made under the Act and the Memorandum and Articles of Association of the Company with regard to:

- a) Maintenance of statutory registers and documents and making necessary entries therein;
- b) Contracts, Common Seal, Registered Office and publication of the Name of the Company;
- c) Filing of the requisite forms and returns with the Registrar of Companies and Central Government within the time prescribed or within the extended time with additional fee as prescribed under the Act and rules made there under;
- d) Service of documents by the Company on its Members, Auditors;
- e) Convening and holding of the meetings of Directors and Committees of the Directors;
- f) Convening and holding of the 7th Annual General Meeting of the Company on September 30, 2014;
- g) Convening and holding of the Extra Ordinary General Meeting of the Company on May 17, 2014, May 26, 2014, August 07, 2014 and March 31, 2015;
- h) Minutes of the proceedings of General Meeting, Board Meetings and Board Committees were properly recorded in loose leaf form, which are being bound in a book form at regular intervals;
- i) Appointment and Remuneration of Auditors;
- j) Composition and terms of reference of Audit Committee;
- k) Borrowings and Registration, Modification and Satisfaction of Charges, wherever applicable;
- l) Deposit of both the Employees and Employers contribution relating to Provident Fund;
- m) Form of Balance Sheet Statement of Profit and Loss and disclosures to be made therein as per the revised Schedule VI to the Act issued by the Ministry of Corporate Affairs (MCA);

- n) Establishing a Vigil Mechanism and providing to complainants, if any, unhindered access to the Chairman of the Audit Committee;
- o) Constituting the Corporate Social Responsibility Committee, formulating and adopting Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company;
- p) Appointment of Internal Auditor;
- q) Appointment of Woman Director;
- r) Appointment of the Key Managerial Personnel as per the provisions of Section 203 of the Companies Act, 2013 and;
- s) Appointment of Independent Director as per the provisions of the Companies Act, 2013.

I further report that

- (1) The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- (2) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (3) Majority decisions are carried as there was no dissent raised by any member of the Board.
- (4) The Directors have disclosed their interest and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities as and when required and their disclosures have been noted and recorded by the Board;
- (5) The Company has obtained all the necessary approvals under the various provisions of the Act.
- (6) There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act and other applicable laws, Rules, Regulations and Guidelines framed under these Acts against on the Company, its Directors and Officers.

I further report that there are adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period:

- (1) The Company has taken approval of members by way of Special Resolution for borrowings upto ₹ 15,000

Crores (Rupees Fifteen Thousand Crores only) in terms of provisions of Section 180(1) (c) of the Companies Act, 2013;

- (2) The Company has made allotment of Equity/Preference Shares to Jaiprakash Power Ventures Limited as per the details given below:

| S. No | Type of Shares | Number of Shares | Date of Allotment |
|-------|-------------------|------------------|-------------------|
| 1. | Equity Shares | 20,00,00,000 | May 15, 2014 |
| 2. | Preference Shares | 20,00,00,000 | May 31, 2014 |
| 3. | Preference Shares | 15,00,00,000 | July 14, 2014 |
| 4. | Equity Shares | 12,50,00,000 | August 19, 2014 |
| 5. | Equity Shares | 28,00,00,000 | February 13, 2015 |
| 6. | Equity Shares | 2,00,00,000 | March 05, 2015 |

(Ashok Tyagi)

Company Secretaries

FCS No: 2968

C P No: 7322

Place: New Delhi
Date: May 29th, 2015

ANNEXURE- 3 TO DIRECTORS' REPORT

Name of Employees, Designation/Nature of Duties, Gross Remuneration (₹), Qualification, Age (in years), Total experience (in years), Date of commencement of Employment, Previous Employment, Percentage of Equity Shares held in the Company:

- a) Employed throughout the year and in receipt of remuneration aggregating ₹ 60,00,000/- or more:-NIL
- b) Employed for part of the year and in receipt of remuneration aggregating ₹ 5,00,000/- or more per month:-
 - (i) Shri Hemant Kumar Sharma, Managing Director (DIN:00030717), ₹ 1,01,98,568/-, B.E. (Civil), 59, 37, 01.03.2012, Satluj Jal Vidyut Nigam Limited, 0.00%

Notes:

- 1. Gross remuneration includes salary, house rent allowance and other perquisites like medical reimbursement, leave travel assistance, Company's contribution towards provident fund, gratuity etc.
- 2. Shri Hemant Kumar Sharma ceased to be Director/ Managing Director of the Company w.e.f. 28th February, 2015 consequent to his resignation.
- 3. Shri Hemant Kumar Sharma was not related to any Director or Key Managerial Personnel or their respective relatives.

ANNEXURE- 4 TO DIRECTORS' REPORT

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

| | | |
|-----|--|---|
| i | CIN | U40101UP2007SGC032835 |
| ii | Registration Date | 12TH JULY, 2007 |
| iii | Name of the Company | PRAYAGRAJ POWER GENERATION COMPANY LIMITED |
| iv | Category/Sub-category of the Company | PUBLIC COMPANY |
| v | Address of the Registered office & contact details | SECTOR-128, NOIDA-201304 (UTTAR PRADESH) |
| vi | Whether listed company | NO |
| vii | Name, Address & contact details of the Registrar & Transfer Agent, if any. | ALANKIT ASSIGNMENTS LIMITED, ALANKIT HOUSE, 2E/21, JHANDEWALAN EXTENSION, NEW DELHI-110055. PHONE NO.:+91-11-42541234, 23541234 |

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

| SL. No | Name & Description of main products/services | NIC Code of the Product /service | % to total turnover of the company |
|--------|--|----------------------------------|------------------------------------|
| 1 | Generation of Power | N.A. | NIL |
| 2 | | | |
| 3 | | | |
| 4 | | | |

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

| SI No | Name & Address of the Company | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|-------|---|-----------------------|--------------------------------|------------------|--------------------|
| 1 | JAIPRAKASH POWER VENTURES LIMITED JUIT COMPLEX, WAKNAGHAT,P.O. DUMEHAR BANI,KANDAGHAT-173215, DISTT. SOLAN (H.P.) | L40101HP1994PLC015483 | HOLDING | 87.74% | 2(87) |
| 2 | JAIPRAKASH ASSOCIATES LIMITED, SECTOR-128, NOIDA-201304, UTTAR PRADESH | L14106UP1995PLC019017 | HOLDING | 12.26% | 2(87) |

IV (i) SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---------------------------------|---|------------|-------------------|-------------------|---|-----------------|-------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Central Govt. or State Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corporates | 1878189200 | 600 | 1878189800 | 100 | 2483189200 | 20000600 | 2503189800 | 100 | 33.28 |
| d) Bank/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL:(A) (1) | 1878189200 | 600 | 1878189800 | 100 | 2483189200 | 20000600 | 2503189800 | 100 | 33.28 |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|----------|------------|-------------------|---|----------|------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (2) Foreign | | | | | | | | | |
| a) NRI- Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Banks/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any other... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL (A) (2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Shareholding of Promoter (A)= (A)(1)+(A)(2) | 1878189200 | 600 | 1878189800 | 100 | 2483189200 | 20000600 | 2503189800 | 100 | 33.28 |
| B. PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Banks/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Central govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) State Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Venture Capital Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g) FIIS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL (B)(1): | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (2) Non Institutions | | | | | | | | | |
| a) Bodies corporates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Indian | | | | | | | | | |
| ii) Overseas | | | | | | | | | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL (B)(2): | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 1878189200 | 600 | 1878189800 | 100 | 2483189200 | 20000600 | 2503189800 | 100 | 33.28 |

(ii) SHARE HOLDING OF PROMOTERS

| Sl No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|--------|-----------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No of shares | % of total shares of the company | % of shares pledged encumbered to total shares | NO of shares | % of total shares of the company | % of shares pledged encumbered to total shares | |
| 1 | JAIPRAKASH ASSOCIATES LIMITED | 340000000 | 18.1 | 0 | 340000000 | 13.58 | 0 | 0 |
| 2 | JAIPRAKASH POWER VENTURES LIMITED | 1538189800 | 81.9 | 70.89 | 2163189800 | 86.42 | 66.56 | 40.63 |
| | Total | 1878189800 | 100 | | 2503189800 | 100 | | 33.28 |

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

| Sl No. | Shareholders Name | Shareholding at the beginning of the year 01.04.2014 | | | Date | Increase/ (Decrease) in shareholding | Reason | Cumulative holding during the year 01.04.2014 to 31.03.2015 | |
|--------|-----------------------------------|---|-------------------------------------|---|--------------------|--|------------------------------------|--|-------------------------------------|
| | | No of shares | % of total shares of the company | % of shares pledged encumbered to total shares | | | | No of shares | % of total shares of the company |
| 1 | JAIPRAKASH ASSOCIATES LIMITED | 340,000,000 | 18.1 | 0.00 | - | - | | 340000000 | 13.58 |
| 2 | JAIPRAKASH POWER VENTURES LIMITED | 1538189800* | 81.9 | 70.89 | | | | | |
| | | | | | 15th May 2014 | 200,000,000 | Allotment of further Equity Shares | 1,738,189,800 | |
| | | | | | 19th August 2014 | 125,000,000 | Allotment of further Equity Shares | 1,863,189,800 | |
| | | | | | 13th February 2015 | 280,000,000 | Allotment of further Equity Shares | 2,143,189,800 | |
| | | | | | 5th March 2015 | 20,000,000 | Allotment of further Equity Shares | 2163189800* | 86.42 |
| | Total | 1878189800* | 100 | | - | | | 2503189800* | 100 |

*600 Equity Shares are held by 6 individual Shareholders, beneficial interest of these Shares are held by Jaiprakash Power Ventures Ltd.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

| Sl. No | For Each of the Top 10 Shareholders | Shareholding at the end of the year | | Cumulative Shareholding during the year | |
|--------|--|-------------------------------------|-------------------------------------|---|-------------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 0 | 0 | | |
| | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | | | | |
| | At the end of the year (or on the date of separation, if separated during the year) | | | 0 | 0 |

(v) Shareholding of Directors & KMP

| Sl. No | Name | Shareholding at the beginning of the year 01.04.2015 | | Date | Increase/ Decrease in Shareholding | Reason | Shareholding at the end of the year 01.04.14 to 31.03.15 | |
|--------|--|---|-------------------------------------|------|--|------------------------------|---|-------------------------------------|
| | | No of shares | % of total shares of the company | | | | No of shares | % of total shares of the company |
| 1 | Shri Jaiprakash Gaur, Executive Chairman | 0 | 0.00 | - | 0 | Nil Movement during the year | 0 | 0.00 |
| 2 | Shri Gajendra Pal Singh, Joint Chairman | 0 | 0.00 | - | 0 | Nil Movement during the year | 0 | 0.00 |
| 3 | Shri Manoj Gaur, Director | 100* | 0.00 | - | 0 | Nil Movement during the year | 100* | 0.00 |
| 4 | Shri Sunil Kumar Sharma, Director | 100* | 0.00 | - | 0 | Nil Movement during the year | 100* | 0.00 |
| 5 | Shri Suren Jain, Director | 100* | 0.00 | - | 0 | Nil Movement during the year | 100* | 0.00 |

| Sl. No | Name | Shareholding at the beginning of the year 01.04.2015 | | Date | Increase/ Decrease in Shareholding | Reason | Shareholding at the end of the year 01.04.14 to 31.03.15 | |
|--------|---|--|----------------------------------|------|------------------------------------|------------------------------|--|----------------------------------|
| | | No of shares | % of total shares of the company | | | | No of shares | % of total shares of the company |
| 6 | Shri Sunny Gaur, Director | 100* | 0.00 | - | 0 | Nil Movement during the year | 100* | 0.00 |
| 7 | Shri Sameer Gaur, Director | 100* | 0.00 | - | 0 | Nil Movement during the year | 100* | 0.00 |
| 8 | Smt. Urvashi Gaur, Director | 0 | 0.00 | - | 0 | Nil Movement during the year | 0 | 0.00 |
| 9 | Dr. Jagannath Gupta, Independent Director | 0 | 0.00 | - | 0 | Nil Movement during the year | 0 | 0.00 |
| 10 | Shri Kuldip Chand Ganjwal, Independent Director | 0 | 0.00 | - | 0 | Nil Movement during the year | 0 | 0.00 |
| 11 | Shri Raj Kumar Narang, Director | 0 | 0.00 | - | 0 | Nil Movement during the year | 0 | 0.00 |
| 12 | Shri Ravindra Kumar Singh, Director | 0 | 0.00 | - | 0 | Nil Movement during the year | 0 | 0.00 |
| 13 | Dr. Rangi Lal Gupta, Director | 0 | 0.00 | - | 0 | Nil Movement during the year | 0 | 0.00 |
| 14 | Shri Rakesh Sharma, Director | 0 | 0.00 | - | 0 | Nil Movement during the year | 0 | 0.00 |
| 15 | Shri Rajeev Kumar, Company Secretary | 0 | 0.00 | - | 0 | Nil Movement during the year | 0 | 0.00 |

*beneficial interest of these Shares are held by Jaiprakash Power Ventures Ltd.

V Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Amount in ₹)

| Sl. No. | Particulars | Secured Loans Excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|-----------|--|----------------------------------|-----------------|----------|-----------------------|
| A) | Indebtedness at the beginning of the financial year | | | | |
| i) | Principal Amount | 63,617,238,998 | - | - | 63,617,238,998 |
| ii) | Interest due but not paid | - | - | - | - |
| iii) | Interest accrued but not due | - | - | - | - |
| | Total (i+ii+iii) | 63,617,238,998 | - | - | 63,617,238,998 |
| B) | Change in Indebtedness during the financial year | | | | |
| | Addition | 22,344,661,002 | - | - | 22,344,661,002 |
| | Reduction | - | - | - | - |
| | Net Changes | 22,344,661,002 | - | - | 22,344,661,002 |
| C) | Indebtedness at the end of the financial year | | | | |
| i) | Principal Amount | 85,961,900,000 | - | - | 85,961,900,000 |
| ii) | Interest due but not paid | - | - | - | - |
| iii) | Interest accrued but not due | - | - | - | - |
| | Total (i+ii+iii) | 85,961,900,000 | - | - | 85,961,900,000 |

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

i) Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sl. No. | Particulars of Remuneration | Shri H. K. Sharma Managing Director* (Please refer note no. 2) |
|----------|--|--|
| 1 | Gross salary | |
| a) | Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961. | 10,058,126 |
| b) | Value of perquisites u/s 17(2) of the Income tax Act, 1961 | 1,164,624 |
| c) | Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | - |
| 2 | Stock option | - |
| 3 | Sweat Equity | - |
| 4 | Commission | - |
| | as % of profit | - |
| | others (specify) | - |
| 5 | Employers contribution to PF | 598,950 |
| | Total (A) | 11,821,700 |
| | Ceiling as per the Act | N.A. |

1. Shri Jaiprakash Gaur is Executive Chairman of the Company and does not draw any remuneration from the Company

*2. Shri Hemant Kumar Sharma ceased to be Director/Managing Director of the Company w.e.f. 28th February, 2015

ii) Remuneration to other directors: NIL

iii) Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

| Sl. No | Particulars of Remuneration | Company Secretary | CFO (Please see note) | Total |
|----------|---|-------------------|--------------------------|------------------|
| 1 | Gross salary | | | |
| a) | Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 1,005,969 | - | 1,005,969 |
| b) | Value of perquisites u/s 17(2) Income Tax Act, 1961 | 21,600 | - | 21,600 |
| c) | Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961 | - | - | - |
| 2 | Stock option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | as % of profit | - | - | - |
| | others (specify) | - | - | - |
| 5 | Employers contribution to PF | 39,456 | - | 39,456 |
| | Total | 1,067,025 | | 1,067,025 |

Shri Ramesh Chand Sharma was appointed as CFO of the Company w.e.f 30th March, 2015 but he does not draw any remuneration during the year.

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/Compounding fees imposed | Authority (RD/ NCLT/Court) | Appeal made if any (give details) |
|-------------------------------------|------------------------------|-------------------|---|-------------------------------|--------------------------------------|
| A. COMPANY | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |
| B. DIRECTORS | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |

INDEPENDENT AUDITOR'S REPORT

To,
The Members of,
M/s PRAYAGRAJ POWER GENERATION COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Prayagraj Power Generation Company Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and Nil Profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and 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 account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 19 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Dass Gupta & Associates**
Chartered Accountants
Firm Reg. No: 000112N

Place: Noida
Date : 29th May, 2015

(Pankaj Mangal)
(Partner)
(Membership No. 097890)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph - 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date.)

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:-

- (i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As explained to us the Company has a phased program of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The management during the year has physically verified all fixed assets and no material discrepancy were noticed on such verification.
- (ii) (a) The management has physically verified the inventory during the year. In our opinion the frequency of such verification is reasonable.
- (b) In our opinion and according to information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to information and explanation given to us, the company is maintaining proper records of its inventory and no material discrepancies were noticed on physical verification of inventory as compared to book records.
- (iii) (a) In our opinion and according to the information and explanations given to us, the company has not granted any loan, secured or unsecured, to companies, firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (b) Since there are no such loans, the comments regarding terms and conditions, repayment of the principal amount & interest thereon and overdue amount are not required.
- (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 for the purchase of inventory, fixed assets and with regard to the sale and services. Further, on the basis of our examination of the books and records of the company, and according to information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- (v) In our opinion and according to the information and explanation given to us, the company has not accepted

any deposits from the public within the meaning of Section 73 to 76 and any other relevant provisions of the Act and the rules framed there under. As per the information and explanations given to us no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal against the company.

- (vi) According to the information and explanations given to us, the maintenance of the cost records are not applicable for the year under report.
- (vii) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it. There were no arrears of such dues at the yearend which have remain outstanding for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and as per the books and records examined by us, the particulars of dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Custom Duty and value added tax, Cess which has not been deposited on account of any dispute is as under:

| Name of the Statute | Nature of Dues | Period/year | Amount (in ₹) | Forum before which dispute is pending |
|--|----------------|--------------|-----------------|--|
| Uttar Pradesh Tax on Entry of Goods into local areas (Amendment Act, 2008) | Entry Tax | 2011-14 | 9,42,44,843/-* | Hon'ble Supreme Court |
| Income Tax Act 1961 | Income Tax | A.Y. 2010-11 | 19,33,450/-** | Hon'ble Commissioner of income Tax (Appeals), Lucknow. |
| | | A.Y. 2011-12 | 1,11,00,380/-** | Hon'ble Commissioner of income Tax (Appeals), Lucknow. |
| | | A.Y. 2012-13 | 3,72,58,120/- | Hon'ble Commissioner of income Tax (Appeals), Lucknow. |

* Out of which ₹ 9,03,59,297/- has been deposited and also Bank Guarantee given for ₹ 38,85,546/- under protest against this liability.

** Out of which ₹ 5,00,000/- for AY 2010-11 and ₹ 25,00,000/- for AY 2011-12 has been deposited under protest against this liability.

- (c) According to the information and explanations given to us and based on documents and records examined by us, the company is not required to transfer any amount to investor education and protection fund in accordance with the provisions of the Companies Act, 1956 and rules made there under.
- (viii) Since the project of the company is under implementation and no any commercial operation was start up to the end of the year the clause (viii) of para 3 of the order is not applicable.
- (ix) Based on the examination of the books of account and related records and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to any financial institutions or banks.
- (x) According to the information and explanations given to us and based on documents and records examined by us, the company has given residual charge on its assets as a security for the financial assistance granted by the bank to Jaiprakash Power Venture Limited amounting to ₹ 1500 Crores, the terms and conditions of which are not pre-judicial to the interest of the company.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- (xii) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For Dass Gupta & Associates
Chartered Accountants
Firm Reg. No: 000112N

Place: Noida
Date : 29th May, 2015

(Pankaj Mangal)
(Partner)
(Membership No. 097890)

BALANCE SHEET AS AT 31ST MARCH, 2015

(Amount in ₹)

| PARTICULARS | Note No. | As at 31.03.15 | As at 31.03.14 |
|---|----------|------------------------|------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 2 | 31,231,898,000 | 21,481,898,000 |
| (b) Reserves and Surplus | 3 | (645,586) | (645,586) |
| (c) Money received against Share Warrants | | 31,231,252,414 | 21,481,252,414 |
| (2) Share application money pending allotment | | - | 2,000,000,000 |
| (3) Non Current Liabilities | | | |
| (a) Long-term borrowings | 4 | 80,961,900,000 | 63,617,238,998 |
| (b) Deferred tax liabilities (Net) | | - | - |
| (c) Other Long-term liabilities | 5 | 3,167,960,844 | 4,043,343,748 |
| (d) Long-term provisions | 6 | 3,788,247 | 84,133,649,091 |
| (4) Current Liabilities | | | |
| (a) Short-term borrowings | 7 | 5,000,000,000 | - |
| (b) Trade payables | | - | - |
| (c) Other current liabilities | 8 | 5,369,323,439 | 10,065,355,002 |
| (d) Short-term provisions | 9 | 625,238 | 10,369,948,677 |
| TOTAL | | 125,734,850,182 | 101,212,007,760 |
| II. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 10 | 1,289,093,707 | 1,162,722,581 |
| (ii) Intangible assets | | - | - |
| (iii) Capital work-in-progress | 11 | 120,000,805,989 | 93,762,929,573 |
| (iv) Intangible assets under development | | - | - |
| (b) Non-current investments | | - | - |
| (c) Long-term loans and advances | 12 | 498,150,101 | 2,838,463,082 |
| (d) Other non-current assets | 13 | 141,080,990 | 130,447,026 |
| | | 121,929,130,787 | 97,894,562,262 |
| (2) Current assets | | | |
| (a) Current investments | | - | - |
| (b) Inventories | 14 | 188,511,579 | 19,800,354 |
| (c) Trade receivables | | - | - |
| (d) Cash and Bank balances | 15 | 1,727,551,848 | 301,768,685 |
| (e) Short-term loans and advances | 16 | 1,843,970,431 | 2,961,587,194 |
| (f) Other current assets | 17 | 45,685,537 | 3,805,719,395 |
| TOTAL | | 125,734,850,182 | 101,212,007,760 |

Significant Accounting Policies 1

The accompanying notes form an integral part of these financial statements

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

For and on behalf of the board

For Dass Gupta & Associates
(Chartered Accountants)
F.R.N. 000112N

(Jaiprakash Gaur)
Executive Chairman
DIN 00008085

(Manoj Gaur)
Director
DIN 00008480

(Pankaj Mangal)
Partner
M.No. 097890

(Suren Jain)
Director
DIN 00011026

Place: Noida
Dated: 29th May, 2015

(Rajeev Kumar)
Company Secretary

(Ramesh Chand Sharma)
CFO

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2015

(Amount in ₹)

| Particulars | Note No. | For the Year ended on 31.03.2015 | For the Year ended on 31.03.2014 |
|---|----------|----------------------------------|----------------------------------|
| 1. Revenue from Operations | | - | - |
| 2. Other Income | | - | - |
| 3. Total (1+2) | | - | - |
| 4. Expenses : | | | |
| Cost of material consumed | | - | - |
| Employee benefits expenses | | - | - |
| Finance costs | | - | - |
| Depreciation and amortization expenses | | - | - |
| Other expenses | | - | - |
| Total Expenses | | - | - |
| 5. Profit before exceptional and extraordinary items and tax (3-4) | | - | - |
| 6. Exceptional items | | - | - |
| 7. Profit before extraordinary items and tax (5-6) | | - | - |
| 8. Extraordinary items | | - | - |
| 9. Profit before tax (7-8) | | - | - |
| 10. Tax expenses : | | | |
| (i) Current Tax | | - | - |
| (ii) Deferred Tax | | - | - |
| 11. Profit/(Loss) from continuing operations (9-10) | | - | - |
| 12. Profit/(Loss) from discontinuing operations | | - | - |
| 13. Tax expenses of discontinuing operations | | - | - |
| 14. Profit/(Loss) from discontinuing operations (after tax) (12-13) | | - | - |
| 15. Profit/(Loss) for the period (11+14) | | - | - |
| 16. Earning per equity share | | | |
| (i) Basic | | - | - |
| (ii) Diluted | | - | - |

The accompanying notes form an integral part of these financial statements

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

For and on behalf of the board

For Dass Gupta & Associates
(Chartered Accountants)
F.R.N. 000112N

(Jaiprakash Gaur)
Executive Chairman
DIN 00008085

(Manoj Gaur)
Director
DIN 00008480

(Pankaj Mangal)
Partner
M.No. 097890

(Suren Jain)
Director
DIN 00011026

Place: Noida
Dated: 29th May, 2015

(Rajeev Kumar)
Company Secretary

(Ramesh Chand Sharma)
CFO

Note -1 to the Financial Statements

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) Premium on Leasehold Land is amortized over the period of Lease.
- (ii) Depreciation is provided on straight line method at the rates/ useful life specified in Schedule –II to the Companies Act, 2013.

e) Expenditure during Construction Period

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

f) Foreign Currency Transactions

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

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

- (i) Inventory of Stores and Spares are valued at weighted average cost method.
- (ii) Material in transit is valued at cost.

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) Preliminary Expenditure

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

m) Provisions, Contingent Liabilities and Contingent Assets

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

n) Impairment of Assets

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

Reversal of impairment loss is recognized immediately as income in the Statement of Profit & Loss.

o) Intangible Assets

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

p) Segment Reporting

Revenue, operating results, assets and liabilities has been relationship to the operating activities of the segment. Assets, liabilities, revenue and expenses which are not allocable to separate segment on a reasonable basis, are included under "Unallocated".

q) Earnings per Share

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

(Amount in ₹)

| Particulars | As at 31-03-2015 | As at 31-03-2014 |
|---|-----------------------|-----------------------|
| Note 2 | | |
| SHARE CAPITAL | | |
| AUTHORISED : | | |
| i) 4,00,00,00,000 Equity Shares (Previous year 4,00,00,00,000 Equity Shares) of ₹ 10/- each | 40,000,000,000 | 40,000,000,000 |
| ii) 2,00,00,00,000, 11% Preference Shares (Previous year 1,00,00,00,000) of ₹ 10/- each | 20,000,000,000 | 10,000,000,000 |
| | <u>60,000,000,000</u> | <u>50,000,000,000</u> |
| ISSUED, SUBSCRIBED AND PAID UP | | |
| 250,31,89,800 Equity Shares (Previous year 187,81,89,800 Equity Shares) of ₹ 10/- each fully paid up | 25,031,898,000 | 18,781,898,000 |
| 27,00,00,000, 11% non-cumulative optionally convertible Preference Shares (Previous year 27,00,00,000) of ₹ 10/- each fully paid up | 2,700,000,000 | 2,700,000,000 |
| 35,00,00,000, 11% non-cumulative Non convertible Preference Shares (Previous year Nil) of ₹ 10/- each fully paid up | 3,500,000,000 | - |
| | <u>31,231,898,000</u> | <u>21,481,898,000</u> |
| i (a). Reconciliation of no. of equity shares | No. of Shares | No. of Shares |
| Balance as at the beginning of the year | 1,878,189,800 | 1,538,189,800 |
| Add: Shares Issued to Jaiprakash Power Ventures Ltd. during the year | 625,000,000 | 100,000,000 |
| Add: Shares Issued to Jaiprakash Associates Ltd. during the year | | 240,000,000 |
| Balance as at the end of the year | <u>2,503,189,800</u> | <u>1,878,189,800</u> |
| i (b). Reconciliation of no. of 11% non-cumulative optionally convertible Preference Shares | No. of Shares | No. of Shares |
| Balance as at the beginning of the year | 270,000,000 | - |

| Particulars | As at 31-03-2015 | As at 31-03-2014 |
|---|----------------------|----------------------|
| Add: Shares Issued to Jaiprakash Power Ventures Ltd. during the year | | 270,000,000 |
| Balance as at the end of the year | <u>270,000,000</u> | <u>270,000,000</u> |
| i (c). Reconciliation of no. of 11% non-cumulative non convertible Preference Shares | No. of Shares | No. of Shares |
| Balance as at the beginning of the year | - | - |
| Add: Shares Issued to Jaiprakash Power Ventures Ltd. during the year | 350,000,000 | |
| Balance as at the end of the year | <u>350,000,000</u> | - |

- ii (a) All the Equity Shares is having a par value of ₹ 10 per shares. The holders of the equity shares are entitled to receive dividend as declared from time to time and are entitled to voting rights proportionate to their share holding at the meeting of share holders.
- ii (b) All the 11% non-cumulative optionally convertible Preference Shares is having a par value of ₹ 10 per share. The holders of these shares are entitled to receive preferential dividend @ 11% which is non-cumulative. The holders of these shares are having an option to convert these shares in to equity shares of ₹ 10/- each after the expiry of 108 months from the date of allotment of these shares. Further to this the holders of these shares are entitled to attend General Meeting without voting right except in cases as provided in the Companies Act 2013. These Preference Shares are issued for a initial period of 10 years and can be extended for another 10 years maximum if agreed by both the parties and shall be redeemed at the option of the company at any time in whole or in part in one or more trenches.
- ii (c) All the 11% non-cumulative non convertible Preference Shares is having a par value of ₹ 10 per share. The holders of these shares are entitled to receive preferential dividend @ 11% which is non-cumulative. Further to this the holders of these shares are entitled to attend General Meeting without voting right except in cases as provided in the Companies Act 2013. These Preference Shares are issued for a initial period of 10 years and can be extended for another 10 years maximum if agreed by both the parties and shall be redeemed at the option of the company at any time in whole or in part in one or more trenches.
- iii. Jaiprakash Power Ventures Ltd., the Holding Company and its nominees holds 216,31,89,800 equity shares (86.42%) (Previous year 153,81,89,800 Equity shares (81.90%) and Jaiprakash Associates Ltd. Holds 34,00,00,000 Equity shares (13.58%) (Previous year 34,00,00,000 Equity Shares(18.10%)). Further to this Jaiprakash Power Ventures Ltd. holds 62,00,00,000 Preference Shares of ₹ 10 each (100%) (Previous year 27,00,00,000 Preference Shares of ₹ 10 each (100%))

(Amount in ₹)

| Particulars | As at 31-03-2015 | As at 31-03-2014 |
|---|---------------------|---------------------|
| Note 3 | | |
| RESERVES & SURPLUS | | |
| SURPLUS | | |
| Balance as at the beginning of the year | (645,586) | (645,586) |
| Amount Transferred surplus/ (Deficit) from the Statement of Profit and Loss during the year | - | - |
| Balance as at the end of the year | (645,586) | (645,586) |

| Particulars | As at 31-03-2015 | As at 31-03-2014 |
|---|-----------------------|-----------------------|
| Note 4 | | |
| NON CURRENT LIABILITIES | - | - |
| LONG TERM BORROWINGS | | |
| SECURED LOANS : | | |
| Term Loans: | | |
| a) Indian Rupee Loan from Bank ₹* | 63,838,000,000 | 55,347,238,998 |
| b) Indian Rupee Loan from Financial Institutions* | 9,872,000,000 | 8,270,000,000 |
| c) ECB Loan from Financial Institutions* | 7,251,900,000 | - |
| Total | 80,961,900,000 | 63,617,238,998 |

*The securities and terms & conditions of the term loans are given below:-

Purpose:

To part finance the capital expenditure of the Project

Tenor:

Original tenor is 14.5 years door to door and revised 15 years 7 months door to door.

Security:

First charge on immovable & movable, present and future, assets of the Company.

First charge on all book debts, operating cash flow, receivables, commissions, revenues of whatsoever nature and wherever arising, of the company, present and future, intangibles, goodwill and uncalled capital, present and future;

First charge on the Trust and Retention Account, Debt Service Reserve Account, and other reserves and any other bank accounts of the company wherever maintained, present and future;

First charge or creation of Security interest of;

- All the rights title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents, duly acknowledged and consented by the relevant counter parties to such Project Documents;
- All the rights, title interest, benefits, claims and demands whatsoever of the Company in the Clearances;
- All the rights, title, interest, benefits, claims and demands whatsoever, of the Company in letter(s) of credit,

guarantees, performance bonds, corporate guarantees, bank guarantees provided by any party to the Project Documents; and

- All Insurance Contracts/ proceeds under Insurance Contracts;

A pledge of shares by the Sponsor representing 51% (fifty one percent) of the total paid up equity capital of the company.

The shares of the Company to be pledged shall be free from any restrictive covenants/lien or other encumbrance other than an encumbrance permitted under this Agreement under any contract/ arrangement including shareholder agreement/ joint venture agreement/ financing arrangement with regard to pledge/ transfer of the shares including transfer upon enforcement of the pledge and shall have voting rights of at least 51% (fifty one percent); As on 31.03.2015 Jaiprakash Power Ventures Ltd. had pledged 143,98,26,798 no. (previous year 109,04,76,798 no.) Equity Shares in favour of SBICAP Trustee Company Ltd.

A first charge on the Project Land and pari passu charge along with Karchana Project Lenders on the right of way for the land for the railway siding and the water pipeline, to the extent such right of way is shared with the Karchana Project.

Rate of Interest:

At Base Rate plus 4% with monthly rests. Interest to be paid at monthly interval on last day of the month.

Base rate as on 31.03.2015 is 10.00%

Repayment:

Originally Principal was to be repaid 75% (Seventy Five percent) of the Rupee loan in 40 equal quarterly installments starting from the end of the Mortatorium Period from Dec 31, 2014 till Dec 31, 2024. On December 30, 2024 the entire balance of 25% (twenty five percent) of the Rupee Loan shall be payable by a single bullet installment.

Revised Principal is to be repaid 75% (Seventy Five percent) of the Rupee loan in 40 equal quarterly installments will start after a Mortatorium Period of 3 months from Scheduled Commercial Operation Date and is scheduled from 30.04.2016 till January 31, 2026 the entire balance of 25% (twenty five percent) shall be payable by a single bullet installment.

(Amount in ₹)

| Particulars | As at 31-03-2015 | As at 31-03-2014 |
|------------------------------------|----------------------|----------------------|
| NOTE - 5 | | |
| OTHER LONG TERM LIABILITIES | | |
| Trade payables | - | - |
| Other Liabilities | | |
| Payables for capital expenditure | 3,167,960,844 | 4,043,343,748 |
| Others | - | - |
| Total | 3,167,960,844 | 4,043,343,748 |

- a) Other Liabilities- 'Payable for capital expenditure' includes deposit from contractors.

b) Disclosure w.r.t. Micro, Small and Medium Enterprises as required by MSMED Act, 2006 is made in Note No. 23.

(Amount in ₹)

| Particulars | As at 31-03-2015 | As at 31-03-2014 |
|-------------------------------------|---------------------|---------------------|
| NOTE - 6 | | |
| NON-CURRENT LIABILITIES | | |
| LONG TERM PROVISIONS | | |
| (a) Provision for employee benefits | 3,788,247 | 3,254,086 |
| Total | 3,788,247 | 3,254,086 |

a) Disclosure required by AS 15 on 'Employees Benefits' has been made in Note no 26.

(Amount in ₹)

| Particulars | As at 31-03-2015 | As at 31-03-2014 |
|-----------------------------|----------------------|---------------------|
| NOTE - 7 | | |
| CURRENT LIABILITIES | | |
| SHORT TERM BORROWING | | |
| Short Term Loan | 5,000,000,000 | - |
| Total | 5,000,000,000 | - |

During the year company has taken the short term loan from State Bank of India against additional loan sanctioned for cost overrun for nine month which will be repaid or adjusted against the additional loan, with an interest rate SBI base rate plus margin of 3.50%. The short term loan is secured by Corporate Guarantee of Jaiprakash Power Ventures Ltd. (Holding Company).

NOTE - 10
TANGIBLE ASSETS

(Amount In ₹)

| Description of Assets Cost or Valuation | Land | | Building | Plant and Equipment | Furniture and Fixtures | Vehicle | Office Equipment | Computer | Total |
|---|--------------------|-------------------|--------------------|------------------------|---------------------------|------------------|---------------------|------------------|----------------------|
| | Free hold | Lease hold | | | | | | | |
| At 31 March 2014 | 727,156,931 | - | 400,275,092 | 30,348,022 | 16,812,389 | 3,224,715 | 11,674,805 | 5,272,596 | 1,194,764,550 |
| Additions | 26,881,473 | 60,795,831 | - | 36,952,967 | 17,807,304 | 2,613,540 | 4,372,571 | 422,070 | 149,845,757 |
| Acquisitions through amalgamation | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Transfer to assets held for sale (discontinuing operation) | - | - | - | - | - | - | - | - | - |
| Other adjustments | - | - | - | - | - | - | - | - | - |
| - Exchange difference | - | - | - | - | - | - | - | - | - |
| - Borrowing costs | - | - | - | - | - | - | - | - | - |
| At 31 March 2015 | 754,038,404 | 60,795,831 | 400,275,092 | 67,300,989 | 34,619,693 | 5,838,255 | 16,047,376 | 5,694,666 | 1,344,610,306 |
| Description of Assets | Land | | Building | Plant and Equipment | Furniture and Fixtures | Vehicle | Office Equipment | Computer | Total |
| | Free hold | Lease hold | | | | | | | |
| Depreciation | | | | | | | | | |
| At 31 March 2013 | - | - | 19,573,452 | 1,715,212 | 8,421,430 | 704,360 | 178,784 | 1,448,731 | 32,041,969 |
| Charge for the year | - | - | 13,349,329 | 3,124,351 | 1,828,826 | 506,191 | 1,945,830 | 2,022,711 | 22,777,238 |
| Amortisation | - | 697,392 | - | - | - | - | - | - | 697,392 |
| Disposals/Adjustment | - | - | - | - | - | - | - | - | - |
| At 31 March 2015 | - | 697,392 | 32,922,781 | 4,839,563 | 10,250,256 | 1,210,551 | 2,124,614 | 3,471,442 | 55,516,599 |
| Net Block | | | | | | | | | |
| At 31 March 2014 | 727,156,931 | - | 380,701,640 | 28,632,810 | 8,390,959 | 2,520,355 | 11,496,021 | 3,823,865 | 1,162,722,581 |
| At 31 March 2015 | 754,038,404 | 60,098,439 | 367,352,311 | 62,461,426 | 24,369,437 | 4,627,704 | 13,922,762 | 2,223,224 | 1,289,093,707 |

Note:

- I In the view of Management there is no impairment in the value of Assets.
- II In accordance with requirement prescribed under schedule-II of Companies Act, 2013, the Company has adopted the useful lives as prescribed in Schedule-II
- III In line with the notification dated 29th Aug 2014 issued by Ministry of Corporate Affairs (MCA), the company will comply with the requirements of paragraph 4 of Notes to Schedule II of Companies Act, 2013, relating to componentization, from financial year 2015-16.
- IV Previous year comparative figures have been regrouped and recast to the extent practicable, wherever necessary.

(Amount in ₹)

| Particulars | As at 31-03-2015 | As at 31-03-2014 |
|--|----------------------|-----------------------|
| NOTE - 8 | | |
| CURRENT LIABILITIES | | |
| OTHER CURRENT LIABILITIES | | |
| Payable for Capital expenditure for Thermal Project | 1,956,390,446 | 9,823,693,259 |
| Payable for Capital expenditure for Bara Cement Grinding Unit | 188,896,951 | 188,896,951 |
| Payables for capital expenditure* | 3,167,960,844 | |
| Other Payables | | |
| Statutory dues | 27,405,300 | 28,694,426 |
| Book Overdraft** | 3,750,654 | 49,694 |
| Others*** | 24,919,244 | 24,020,673 |
| Total | 5,369,323,439 | 10,065,355,002 |

* Payable for capital expenditure' includes deposit from contractors.

** Book Overdraft will be adjusted against CLTD amount on presentation of cheques issued.

*** Other Payables- 'Others' includes payable to employees and deposit from contractors/sub-contractors.

(Amount in ₹)

| Particulars | As at 31-03-2015 | As at 31-03-2014 |
|-------------------------------------|---------------------|---------------------|
| NOTE - 9 | | |
| CURRENT LIABILITIES | | |
| SHORT TERM PROVISIONS | | |
| (a) Provision for employee benefits | 625,238 | 1,563,512 |
| Total | 625,238 | 1,563,512 |

a) Disclosure required by AS 15 on 'Employees Benefits' has been made in Note no 26.

NOTE - 11

NON CURRENT ASSETS

Capital Work In progress and incidental expenditure during construction pending allocation

| | | | | (Amount in ₹) | |
|-----------|--|------------------|----------------|------------------|---------------|
| S. No. | Particulars | AS AT 31.03.2015 | | AS AT 31.03.2014 | |
| A. | Direct cost of project under construction : | | | | |
| | Opening Balance of Capital Work In progress | 76,930,191,059 | | 47,046,444,762 | |
| | Add: Addition during the year | 15,561,931,731 | | 29,883,746,297 | |
| | Less: Capitalisation during the year | - | | - | |
| | Closing balance of Capital Work In progress (A) | 92,492,122,790 | | 76,930,191,059 | |
| B | Incidental expenditure during construction pending allocation | | | | |
| | Opening balance | 16,367,008,724 | | 8,306,149,697 | |
| | Add: Addition during the year | | | | |
| | Employee Benefit Expenses | | | | |
| | Salary, Wages, Bonus & other Benefits | 115,289,213 | | 94,461,643 | |
| | Contribution to Provident and other funds | 4,414,531 | | 3,829,472 | |
| | Gratuity | 69,382 | | 902,252 | |
| | Leave incashment | 1,617,112 | | 1,344,834 | |
| | Staff welfare Expenses | 184,155 | | 259,363 | |
| | Directors Remmunaration | 9,566,562 | 131,140,955 | 9,566,562 | 110,364,126 |
| | Finance Cost | | | | |
| | Interest | 10,142,721,921 | | 7,564,364,248 | |
| | Financial Charges & Other expenses | 205,297,054 | 10,348,018,975 | 21,169,320 | 7,585,533,568 |
| | Depreciation and amortisation expense | 23,474,630 | 23,474,630 | 14,065,464 | 14,065,464 |
| | Other Expenses | | | | |
| | Power, Water & Electricity Charges | 156,696,029 | | 118,307,746 | |
| | Repair & Maintenance Charges: Machinery | 39,880 | | 131,739 | |
| | Repair & Maintenance Charges: Others | 2,218,641 | | 1,189,009 | |
| | Advertisement Expenses | 44,654 | | 219,728 | |
| | Postage & Courier Expenses | 54,798 | | 60,427 | |
| | Printing & Stationery expenses | 1,076,628 | | 943,922 | |
| | Plantation expenses | 455,933 | | 2,267,884 | |
| | Security & Medical Expenses | 54,162,584 | | 58,963,554 | |
| | Insurance Charges : Assets | 3,761 | | 30,177 | |
| | Insurance Charges :Others | 101,113,097 | | 109,606,043 | |
| | Telephone & Telex Charges | 792,396 | | 738,270 | |
| | Royalty Paid | 4,391,437 | | 6,874,959 | |
| | Other Administrative & General Expenses | 1,232,708 | | 7,327,896 | |
| | internal Auditor's fee & Expenses | 607,863 | | 581,820 | |
| | Legal & Professional Expenses | 47,851,534 | | 87,606,219 | |
| | Rent , Rates and Taxes | 2,969,849 | | 2,813,726 | |
| | Charity & Donation | 1,970,000 | | 100,000 | |
| | Corporate Social Responsibility | 419,925 | | 1,942,284 | |

(Amount in ₹)

| S. No. | Particulars | AS AT 31.03.2015 | | AS AT 31.03.2014 | |
|----------|---|------------------|-----------------|------------------|----------------|
| | Testing Fee | 1,900,255 | | 201,020 | |
| | Travelling and Conveyance Exp. | 6,434,446 | | 5,967,876 | |
| | Vehicle Running & Hiring Charges | 6,097,947 | | 9,021,146 | |
| | Material Consumption Diesel & Petrol during Boiler light up | 30,584,214 | | - | |
| | Statutory Audit Fee and Expenses | 567,057 | 421,685,636 | 563,800 | 415,459,245 |
| | BARA CEMENT GRINDING UNIT | | | | |
| | Printing & Stationery Expenses | - | | 5,894 | |
| | Freight & Other Expenses | - | | 188,900 | |
| | Insurance | 2,936,814 | | 3,644,625 | |
| | Consultancy Charges | - | | 7,550,773 | |
| | Travelling Expenses | 287,893 | | 3,646 | |
| | Finance & Bank Charges | 562 | | 1,597,426 | |
| | Legal & Professional Charges | 3,370 | 3,228,639 | 3,000 | 12,994,264 |
| | Sub Total | | 27,294,557,559 | | 16,444,566,364 |
| | Less: | | | | |
| | i) a) Interest Income on FDR (including TDS for the year amounting to Rs 112,48,969/-(Previous year Rs.77,55,764/-) | 112,489,686 | | 77,557,640 | |
| | b) Interest Income Others | 112,489,686 | | - | 77,557,640 |
| | Sub Total | | 112,489,686 | | 77,557,640 |
| | Total B | | 27,182,067,873 | | 16,367,008,724 |
| C | CONSTRUCTION STORES | | | | |
| | BTG Equipments (Material in Transit) | 47,749,376 | | 107,297,042 | |
| | Stock with Contractor | 278,865,950 | | 358,432,749 | |
| | Total C | | 326,615,326 | | 465,729,791 |
| | Total Capital work in Progress and Construction Stores (A+B+C) | | 120,000,805,989 | | 93,762,929,573 |

(Amount in ₹)

| Particulars | As at 31-03-2015 | As at 31-03-2014 |
|---|--------------------|----------------------|
| NOTE - 12 | | |
| NON CURRENT ASSETS | | |
| LONG TERM LOANS AND ADVANCES | | |
| (Unsecured considered good) | | |
| a) CAPITAL ADVANCES | | |
| Against Bank Guarantee | - | 1,895,221,180 |
| Other Loans & Advances | | |
| Others (Advances given to Contractors and Suppliers) | - | 444,755,501 |
| b) SECURITY DEPOSIT WITH NCL/ GOVT. CORPORATIONS | 498,150,101 | 498,486,401 |
| c) ADVANCE TAX, TDS AND TCS | | |
| Total | 498,150,101 | 2,838,463,082 |

*Related Parties includes only Jaiprakash Associates Ltd., Maximum advance outstanding during the year Rs 19,53,68,112/- (previous year Rs 84,06,94,107/-)

(Amount in ₹)

| Particulars | As at 31-03-2015 | As at 31-03-2014 |
|--|---------------------|---------------------|
| NOTE - 13 | | |
| NON CURRENT ASSETS | | |
| BANK BALANCES | | |
| a) Deposits with more than 12 months original maturity* | 141,080,990 | 130,447,026 |
| *(Including FDR's amounting to ₹ 13,97,12,646/- (Previous year ₹ 13,04,47,026/-) Pledged with the Bank as margin money against Bank Guarantees | | |
| Total | 141,080,990 | 130,447,026 |

(Amount in ₹)

| Particulars | As at 31-03-2015 | As at 31-03-2014 |
|-----------------------|---------------------|---------------------|
| NOTE - 14 | | |
| CURRENT ASSETS | | |
| INVENTORIES | | |
| Fuel | 141,920,024 | - |
| Stores & Spares | 46,591,555 | 19,800,354 |
| Total | 188,511,579 | 19,800,354 |

(Amount in ₹)

| Particulars | As at 31-03-2015 | As at 31-03-2014 |
|---|----------------------|---------------------|
| NOTE - 15 | | |
| CURRENT ASSETS | | |
| CASH AND BANK BALANCES | | |
| Cash and Cash Equivalents | | |
| Balances with Banks | | |
| i) In Current Accounts | | |
| a) Thermal Project | 300,925,467 | 4,687,186 |
| b) Bara Cement Grinding Unit | 1,090,209 | 4,838,125 |
| ii) In Trust & Retention Account | | 6,685,888 |
| iii) Deposits with original maturity less than 3 months* | 1,124,124,852 | 277,153,547 |
| Sub Total | 1,411,320 | 612,542 |
| Cash in Hand | 1,427,551,848 | 293,977,288 |
| Other Bank Balances | | |
| a) Deposits with original maturity from 3 months to 12 months | 300,000,000 | 7,791,397 |
| Total | 1,727,551,848 | 301,768,685 |

*(Including FDR's amounting to ₹ 38,85,546/-) Pledged with the Bank as margin money against Bank Guarantees

(Amount in ₹)

| Particulars | As at 31-03-2015 | As at 31-03-2014 |
|--|----------------------|----------------------|
| NOTE - 16 | | |
| CURRENT ASSETS | | |
| SHORT TERM LOANS AND ADVANCES | | |
| (Unsecured, considered Good) | | |
| CAPITAL ADVANCES | | |
| Against Bank Guarantee | 689,175,063 | - |
| Other Loans & Advances | | |
| Related Parties* | - | 195,368,212 |
| Others (Advances given to Contractors and Suppliers) | 51,129,920 | - |
| Loans to Employees | 261,512 | 15,000 |
| ADVANCE TAX, TDS AND TCS | 47,253,981 | 35,899,316 |
| Balance with Govt. Authorities | 12,392,634 | 11,873,247 |
| Others** | 1,043,757,321 | 2,718,431,420 |
| Total | 1,843,970,431 | 2,961,587,194 |

*Related Parties includes only Jaiprakash Associates Ltd., Maximum advance outstanding during the year ₹ 19,53,68,112/- (previous year ₹ 84,06,94,107/-).

**Other includes suppliers, contractors, and advance given against taxes (Related party ₹ 23921/- of Jaiprakash Power Ventures Ltd. (previous year Nil).

(Amount in ₹)

| Particulars | As at 31-03-2015 | As at 31-03-2014 |
|--|---------------------|---------------------|
| NOTE - 17 | | |
| CURRENT ASSETS | | |
| OTHER CURRENT ASSETS | | |
| Interest Accrued but not due on FDR | 24,818,488 | 4,184,259 |
| Security deposit - with Others (Unsecured considered good) | - | - |
| Others* | 20,867,049 | 30,105,006 |
| Total | 45,685,537 | 34,289,265 |

*Other includes Imprest to employees and prepaid expenses.

Note 18 to the Financial Statements:

The Company is setting up a 1980 MW (Phase-I), domestic coal based thermal power project "the Project" at Tehsil Bara, District Allahabad, Uttar Pradesh and Company is subsidiary of Jaiprakash Power Ventures Limited. Further the Company is also in the process of setting up Cement Grinding Unit "a division of the Company", inside the Project area for utilisation of fly ash generated from the Project for manufacture of cement.

Note 19 to the Financial Statements:

Contingent Liabilities:

| | | (Amount in ₹) | |
|-------|--|------------------|------------------|
| | | 31.03.2015 | 31.03.2014 |
| (I) | Outstanding amount of Letter of credit | 3,31,56,858/- | 1,50,11,023/- |
| | (Margin money against the above) | (3,41,43,318/-) | - |
| (II) | Outstanding amount of Bank Guarantee | 19,60,29,223/- | 18,28,29,223/- |
| | (Margin Money against above) | (14,35,98,192/-) | (13,14,82,371/-) |
| | (Rupee Term loan earmarked against above) | (49,95,750/-) | (49,95,750/-) |
| (III) | Second charge on the assets of the Company in favour of the Bank for financial assistance to JPVL. | - | 8,58,00,00,000/- |
| (IV) | Residual charge on the assets of the Company in favour of the JPVL Banks for financial assistance (outstanding ₹ 1190,00,00,000/- previous year Nil) | 1500,00,00,000/- | - |
| (V) | Mining Royalty -Mining Department Allahabad raised a demand for mining royalty for civil excavation at Project site (Company filed appeal along with stay application against this demand before the Court of Commissioner, Allahabad A.D.M. (admin.)) | 4,45,47,830/- | 4,45,47,830/- |
| (VI) | Entry Tax – As per Interim Order passed by Hon'ble Supreme Court dated 23.01.2012, appeal against the Judgment of Allahabad High Court questioning the validity of the U.P. Tax on entry of goods into Local Areas Act, 2007. (Against the total liability of ₹ 9,42,44,843/- (previous year ₹ 9,11,66,092/-) ₹ 90359297/- paid (previous year Rs. 8,72,80,546 /-) and bank guarantee given ₹ 38,85,546/- (previous year ₹ 38,85,546/-)) | 9,42,44,843/- | 9,11,66,092/- |
| (VII) | Income tax matters under appeal | 5,02,91,950/- | 1,30,33,830/- |

Note 20 to the Financial Statements:

Capital commitment and other commitments:

| | | 31.03.2015 | 31.03.2014 |
|---|------|------------------|-------------------|
| Estimated amount of contracts remaining to be executed on Capital Account and not provided for: | INR | 9,34,62,09,412/- | 15,03,71,42,315/- |
| | USD | 28,09,292 | 3,30,16,293 |
| | EURO | 45,15,675 | 3,16,87,731 |

Note 21 to the Financial Statements:

In the opinion of the Board of Directors, the "Non Current Assets, Current Assets, Long Term Loans and Advances and Short Term Loans & 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.

Note 22 to the Financial Statements:

| (a) | Value of Import calculated on C.I.F. Basis | 2014-2015 | 2013-2014 |
|------|--|----------------|----------------|
| | | (Amount in ₹) | (Amount in ₹) |
| i) | Components and spare parts | NIL | NIL |
| ii) | Capital Goods | 2,44,13,748/- | 2,68,26,400/- |
| (b) | Expenditure in Foreign Exchange: | 2014-2015 | 2013-2014 |
| | | (Amount in ₹) | (Amount in ₹) |
| i) | Professional Consultancy | 12,18,606/- | - |
| ii) | Travelling Exp. | - | 2,03,264 /- |
| iii) | Interest & Finance Charges | 18,15,46,354/- | 10,72,56,188/- |
| (c) | Expenditure in Foreign Exchange: | 2014-2015 | 2013-2014 |
| | | (Amount in ₹) | (Amount in ₹) |
| i) | Value of Imported Spare parts Consumed | NIL | NIL |
| (d) | Earnings in Foreign Exchange | 2014-2015 | 2013-2014 |
| | | (Amount in ₹) | (Amount in ₹) |
| i) | Earning in foreign Currency | NIL | NIL |

Note 23 to the Financial Statements:

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 | 2014-15 Amount (₹) | 2013-14 Amount (₹) |
|--------|---|--------------------|--------------------|
| a) | The principal amount and interest due thereon remaining unpaid to any supplier | | |
| | -Principal Amount | NIL | NIL |
| | -Interest Amount | NIL | NIL |
| b) | The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of payment made to the supplies beyond the appointed day. | NIL | NIL |
| c) | The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed during year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. | NIL | NIL |
| d) | The amount of interest accrued and remaining unpaid | NIL | NIL |
| e) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006 | NIL | NIL |

Note 24 to the Financial Statements:

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

(1) List of Related Parties and Relationship

- i. **Holding Company**
Jaiprakash Power Ventures Limited
- ii. **Ultimate Holding Company**
Jaiprakash Associates Limited
- iii. **Fellow Subsidiaries**
 - (a) Jaypee Powergrid Limited
 - (b) Jaypee Arunachal Power Limited
 - (c) Sangam Power Generation Company Limited
 - (d) Jaypee Meghalya Power Limited
 - (e) Himachal Baspa Power Company Ltd.
 - (f) Himachal Karcham Power Company Ltd.
- iv. **Fellow Subsidiaries of the ultimate Holding Company**
 - (a) Jaypee Infratech Limited
 - (b) Bhilai Jaypee Cément Limited
 - (c) Himalayan Expressway Limited
 - (d) Gujarat Jaypee Cement & Infrastructures Limited
 - (e) Jaypee Sports International Limited
 - (f) Jaypee Ganga Infrastructure Corporation Limited
 - (g) Jaypee Agra Vikas Limited
 - (h) Jaypee Fertilisers & Industries Limited
 - (i) Jaypee Cement Corporation Limited
 - (j) Himalyaputra Aviation Ltd.
 - (k) Jaypee Assam Cement Ltd.
 - (l) Jaypee Cement Cricket (India) Ltd.
 - (m) Jaypee Healthcare Ltd.
 - (n) Jaypee Cement Hockey (India) Ltd.
 - (o) Jaiprakash Agri Initiatives Company Limited (subsidiary of Jaypee Cement Corp. Ltd.
 - (p) Bokaro Jaypee Cement Limited (Upto 29-11-2014)
- v. **Associate Companies/Concerns**
 - (a) MP Jaypee Coal Limited (JV Associate Co.)
 - (b) MP Jaypee Coal Fields Limited (JV Associate Co.)
 - (c) Madhya Pradesh Jaypee Minerals Limited (JV Associate Co.)
 - (d) Jaypee Uttar Bharat Vikas Private Limited (JV Associate Co.)
 - (e) Kanpur Fertilizers & Cement Limited (JV Associate Co.)
 - (f) Jaypee Infra Ventures (A Private Company With Unlimited Liability) (JIV)
 - (g) Jaypee Development Corporation Limited (JDCL) (Subsidiary of JIV)
 - (h) Andhra Cements Limited (subsidiary of JDCL)
 - (i) JIL Information Technology Limited (JILIT) (Subsidiary of JIV)
 - (j) Gaur & Nagi Limited (Subsidiary of JILIT)
 - (k) Jaypee International Logistics Company Private Limited (subsidiary of JIV)
 - (l) Tiger Hills Holiday Resort Private Limited (subsidiary of JDCL)
 - (m) Anvi Hotels Private Limited (subsidiary of JIV)
 - (n) RPJ Minerals Private Limited (RPJMPL)
 - (o) Sarveshwari Stone Products Private Limited (subsidiary of RPJMPL)
 - (p) Rock Solid Cement Limited (subsidiary of RPJMPL)
 - (q) Sonebhadra Minerals Private Limited
 - (r) Jaiprakash Kashmir Energy Limited
 - (s) Indesign Enterprises Private Limited (subsidiary of JIV)
- (vi) **KMP based Associate Companies**
 - a. Ceekay Estates Private Limited
 - b. Jaypee Jan Sewa Sansthan ('Not For Profit' Private Limited Company)
- (vii) **Key management Personnel:**
 1. Shri Jaiprakash Gaur – Executive Chairman
 2. Shri Hemant Kumar Sharma Managing Director (up to 28.02.2015)

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

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

(₹ In Lakhs)

| Particulars | For the Year ended March 31, 2015 | For the Year ended March 31, 2014 |
|--|-----------------------------------|-----------------------------------|
| With Holding Company | | |
| Second Charge on the Assets of the Company in favour of Bank for Financial Assistance to Jaiprakash Power Ventures Limited as referred to in 1 (i) above | - | 30,000.00 |
| Residual Charge on Assets of the Company in favour of Banks for Financial Assistance to Jaiprakash Power Ventures Limited as referred to in 1 (i) above | 119000.00 | - |
| Jaypee Nigrie Super Thermal Power Project (a unit of 1(i) above) - Purchases | 17.19 | 298.29 |
| Outstanding (debit)/ credit | 315.48 | 298.29 |
| Jaypee Bina Thermal Power Project (a unit of 1(i) above) – Purchases | 118.57 | - |
| Outstanding (debit)/ credit | 118.57 | - |
| Advance received for Bara Cement Grinding Unit | 800.00 | 800.00 |
| Ultimate-Holding Company | | |
| Jaiprakash Associates Limited | | |
| Transaction during the year | | |
| - Purchases | 2996.64 | 5843.32 |
| - Civil Work Contract | 22918.48 | 46402.77 |
| - Expenses incurred on behalf of Co. (net) | 197.00 | 0.48 |
| Outstanding (debit)/ credit | 608.14 | 653.47 |
| Performance Bank Guarantee given on behalf of the company | 15000.00 | 15000.00 |
| Corporate Guarantee received during the year | 2500.00 | 3500.00 |
| Corporate Guarantee closing balance | 15549.14 | 13049.14 |
| Advance received for Bara Cement Grinding Unit | 1088.97 | 1088.97 |
| Fellow Subsidiaries of the ultimate Holding Company | | |
| Jaypee Cement Corporation Limited | | |
| - Purchases | - | 187.50 |
| Himalyaputra Aviation Ltd. | | |
| Expenses | 42.37 | 54.85 |
| Associate Company | | |
| Jaypee Development Corporation Limited | | |
| - Services | 541.71 | 589.65 |
| Outstanding (debit)/ credit | 371.86 | 260.32 |
| Transactions with Key Management Personnel: | | |
| Salary, Perquisite and other benefits. | 118.22 | 101.99 |

Note 25 to the Financial Statements:

As Commercial operations have not yet commenced, therefore there is no deferred tax liability as on 31st March 2015.

Note 26 to the Financial Statements:

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

Actuarial Assumptions:

| Particulars | 2014-15 | 2013-14 |
|---------------|--|--|
| Discount Rate | 8.5% | 8.5% |
| Mortality | IALM (2006-2008) | IALM (2006-2008) |
| Turnover Rate | Up to 30 years 2%, from 31-44 years 5%, Above 44 years 3%. | Up to 30 years 2%, from 31-44 years 5%, Above 44 years 3%. |

| S. No. | Particulars | Non Funded | | | |
|--------|--|-------------|-------------|------------------|-------------|
| | | Gratuity | | Leave Encashment | |
| | | 2014-15 | 2013-14 | 2014-15 | 2013-14 |
| I. | Expenses recognized in the statements of Profit and Loss Account for the year ended 31st March, 2015 | | | | |
| (i) | Current Service Cost | 9,12,448 | 9,86,524 | 10,81,704 | 13,58,794 |
| (ii) | Interest Cost | 1,74,879 | 98,187 | 2,34,617 | 1,38,127 |
| (iii) | Employee Contribution | --- | --- | --- | --- |
| (iv) | Actuarial (Gains)/ Losses | (10,18,622) | (1,82,459) | 3,00,791 | (2,79,452) |
| (v) | Past Service Cost | --- | --- | --- | --- |
| (vi) | Settlement Cost | --- | --- | --- | --- |
| (vii) | Total Expenses | 69,382 | 9,02,252 | 16,17,112 | 12,17,469 |
| II. | Net Assets/(Liability) recognized in the Balance Sheet as at 31st March, 2015 | | | | |
| (i) | Present Value of Defined Benefit Obligation | 21,26,780 | 20,57,398 | 22,86,705 | 27,60,200 |
| (ii) | Fair Value of Plan Assets | --- | --- | --- | --- |
| (iii) | Funded Status Surplus/(Deficit) | (21,26,780) | (20,57,398) | (22,86,705) | (27,60,200) |
| (iv) | Net Asset/(Liability) as at 31st March, 2015 | (21,26,780) | (20,57,398) | (22,86,705) | (27,60,200) |
| III. | Change in obligation during the year ended 31st March, 2015 | | | | |
| (i) | Present Value of Defined Benefit Obligation at the beginning of the year | 21,26,780 | 20,57,398 | 27,60,200 | 16,25,029 |
| (ii) | Current Service Cost | 9,12,448 | 9,86,524 | 10,81,704 | 13,58,794 |
| (iii) | Interest Cost | 1,74,879 | 98,187 | 2,34,617 | 1,38,127 |
| (iv) | Settlement Cost | --- | --- | --- | --- |

| S. No. | Particulars | Non Funded | | | |
|--------|--|-------------|------------|------------------|------------|
| | | Gratuity | | Leave Encashment | |
| | | 2014-15 | 2013-14 | 2014-15 | 2013-14 |
| (v) | Past Service Cost | --- | --- | --- | --- |
| (vi) | Actuarial (Gains)/ Losses | (10,18,622) | (1,82,459) | 3,00,791 | (2,79,452) |
| (vii) | Benefit Payments | --- | --- | (20,90,607) | (82,298) |
| (viii) | Present Value of Defined Benefit Obligation at the end of the year | 21,26,780 | 20,57,398 | 22,86,70 | 27,60,200 |
| IV. | Change in Assets during the year ended 31st March, 2015 | | | | |
| (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 27 to the Financial Statements:

As Commercial Operations have not yet commenced, thereafter the EPS has not been calculated as on 31st March 2015.

Note 28 to the Financial Statements:

All the figures have been rounded off to the nearest rupees, all the figures have been in INR unless otherwise stated.

Note 29 to the Financial Statements:

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

For and on behalf of the board

For Dass Gupta & Associates
(Chartered Accountants)
F.R.N. 000112N

(Jaiprakash Gaur)
Executive Chairman
DIN 00008085

(Manoj Gaur)
Director
DIN 00008480

(Pankaj Mangal)
Partner
M.No. 097890

(Suren Jain)
Director
DIN 00011026

Place: Noida
Dated: 29th May 2015

(Rajeev Kumar)
Company Secretary

(Ramesh Chand Sharma)
CFO

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2015

(Amount in ₹)

| Particulars | Year ended 31.03.15 | | Year ended 31.03.14 | |
|---|---------------------|------------------|---------------------|------------------|
| | Amount | Amount | Amount | Amount |
| A Cash Flow from Operating Activities | - | | - | |
| B Cash Flow from Investing Activities | | | | |
| (Purchases) of Fixed Assets | (149,845,757) | | (109,570,764) | |
| (Increase)/ Decrease in Pre-operative Expenditures/ Capital Work-in-Progress including Construction Material & Capital Advances | (18,543,722,503) | | (23,280,716,521) | |
| Interest Received (Net of TDS) | 80,500,792 | | 71,076,608 | |
| Less Tax paid on Interest | | | - | |
| Net Cash Flow from Investing Activities | (18,613,067,467) | (18,613,067,467) | (23,319,210,677) | (23,319,210,677) |
| C Cash Flow From Financing Activities | | | | |
| Increase/(Decrease) in Share Capital | 9,750,000,000 | | 6,100,000,000 | |
| Increase/(Decrease) in Share Application Money | (2,000,000,000) | | 2,000,000,000 | |
| Increase/(Decrease) in Term Loan | 22,344,661,002 | | 20,147,238,998 | |
| Interest on Loans | (10,142,721,921) | | (7,564,364,248) | |
| Finance Charges | (205,297,054) | | (21,169,320) | |
| Net Cash Flow From Financing Activities | 19,746,642,027 | 19,746,642,027 | 20,661,705,430 | 20,661,705,430 |
| Net Incerase/ (Decrease) in Cash & Cash Equivalent (A+B+C) | | 1,133,574,560 | | (2,657,505,247) |
| Cash & Cash Equivalent at the begining of the year | | 293,977,288 | | 2,951,482,535 |
| Cash & Cash Equivalent at the end of the year | | 1,427,551,848 | | 293,977,288 |

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

For Dass Gupta & Associates
(Chartered Accountants)
F.R.N. 000112N

(Pankaj Mangal)
Partner
M. No. 097890

Place: Noida
Dated: 29th May 2015

(Rajeev Kumar)
Company Secretary

For and on behalf of the board

(Jaiprakash Gaur)
Executive Chairman
DIN 00008085

(Manoj Gaur)
Director
DIN 00008480

(Suren Jain)
Director
DIN 00011026

(Ramesh Chand Sharma)
CFO