

JAYPEE ARUNACHAL POWER LIMITED

ANNUAL REPORT 2009-10

**DIRECTORS' REPORT**

To,  
The Members

Your Directors have pleasure in presenting the **Second Annual Report** together with the Audited Accounts of the Company for the **year ended 31<sup>st</sup> March 2010**.

**FINANCIAL RESULTS**

The Company has not yet commenced operations hence Profit & Loss Account has not been prepared. However, Incidental Expenditure incurred pending allocation amounts to Rs. 162.76 crore.

**PROGRESS ON THE PROJECT :**

Your Company is taking necessary steps to implement 2700 MW Lower Siang Hydro-Electric Project and 500 MW Hironong Hydro-electric Project in the State of Arunachal Pradesh. The Projects were originally awarded to Jaiprakash Associates Limited (JAL) by the Govt of Arunachal Pradesh (GoAP) vide two separate Memorandum of Agreements both dated 22<sup>nd</sup> February, 2006. A tripartite Agreement dated 13<sup>th</sup> December, 2007 was entered into between GoAP, JAL and Jaiprakash Power Ventures Ltd. (JPVL) whereby GoAP accorded its consent to incorporate a SPV in the name of Jaypee Arunachal Power Limited for implementation of Lower Siang and Hironong HE Projects and JAL assigned all its rights, obligations, privileges and benefits of the Projects to JPVL.

Your Company was incorporated on April 23, 2008 to set up the said Projects. The Certificate of Commencement of Business was received by the Company on 12<sup>th</sup> June, 2008. Accordingly, on 1<sup>st</sup> October, 2008, an agreement was signed between JPVL and your Company for transferring/assigning all assets, rights, liabilities obligations, privileges and benefits of the Project to your Company as a going concern and your Company will reimburse all the expenditure incurred on the Projects by JPVL.

All approvals/consents presently required have been obtained and the Projects are now being implemented by your Company.

Contd.....2

### **PHYSICAL PROGRESS**

The Company has spent Rs 145.82 crore on the 2700 MW Lower Siang HE Project in acquisition of investigation data and assets from the previous developer, preparation of DPR, infrastructure facilities, land acquisition and payment of upfront premium etc. The Detailed Project Report for this project has been concurred by Central Electricity Authority with the estimated completion cost of Rs 19990.74 crores. The defence clearance has also been obtained. In-Principle approval for Mega Power Project Status has been granted by Ministry of Power, Govt. of India. The request for final approval will be submitted after finalization of PPAs.

The Company is taking necessary steps to obtain necessary statutory approvals/clearances such as environmental clearance, forest clearance and land acquisition etc. The draft EIA/EMP report has been submitted to State Pollution Control Board for conducting public hearing. The same is expected to take place in September, 2010 and the Environmental clearance is likely to be accorded by November, 2010. The field work for the Forest diversion case is almost completed and its report is expected to be finalized at State level by September, 2010. The main works of the Project are scheduled to commence in January, 2011.

The first phase of the project i.e. 1500 MW is scheduled to be commissioned in 2016 and second phase i.e. 1200 MW in 2020.

The company has also spent Rs 15.68 crores on 500 MW Hirong HE Project for survey and investigation works carried out for preparation of Detailed Project Report and infrastructural facilities etc. The survey and investigation works have been completed and Detailed Project report has been submitted to Central Electricity Authority. The preparation of EIA/EMP report is in progress.

### **SHARE CAPITAL**

The Authorised Share Capital of the Company is Rs 200 crore. During the year under report, the Paid-up Share Capital of the Company has increased from Rs. 5 Lakh to Rs. 162.50 Crores.

### **DIRECTORATE**

Shri Sunil Kumar Sharma and Shri Pankaj Gaur, Directors shall retire by rotation and, being eligible, offer themselves for re-appointment.

Contd.....3

**AUDIT COMMITTEE**

Provisions of Section 292A of the Companies Act, 1956 for constitution of the Audit Committee are not applicable to the Company.

**AUDITORS**

M/s R. Nagpal Associates, Chartered Accountant, are recommended by the Board to be re-appointed as Company's Auditors, for the Financial Year 2010-2011, at the ensuing Annual General Meeting. They have, pursuant to Section 224(1B) of the Companies Act, 1956, furnished a certificate regarding their eligibility for re-appointment as Statutory Auditors of the Company.

**FIXED DEPOSITS**

The Company has neither invited nor accepted any deposit during the period under report within the meaning of Section 58A of Companies Act, 1956 & Rules made there under.

**PARTICULARS OF EMPLOYEES**

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

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

Section 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable, as the Company is not engaged in manufacturing activity.

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

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**DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

**NOTES ON ACCOUNTS**

The observations of Auditors and Notes on Accounts are self – explanatory.

**ACKNOWLEDGEMENT**

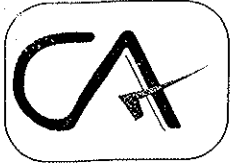
Your Directors wish to thank to all concerned for their valuable support & continued co-operation to the Company.

Place: Noida  
Date : 27.05.2010

On Behalf of the Board



**Sunil Kumar Sharma**  
Chairman



**R. NAGPAL ASSOCIATES**  
CHARTERED ACCOUNTANTS

B-8/14, VASANT VIHAR,  
NEW DELHI - 110 057  
TELEPHONE : 26146892  
FAX : 26148150  
EMAIL : ravinagpal@vsnl.net

**AUDITORS' REPORT  
TO THE MEMBERS OF  
JAYPEE ARUNACHAL POWER LIMITED.**

We have audited the attached Balance Sheet of JAYPEE ARUNACHAL POWER LIMITED as at 31st March 2010 and the annexed Profit and Loss Account and Cash Flow Statement for the year ended on that date and Cash Flow Statement for the year ended 31st March 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- (1) As required by the Companies (Auditor's Report) Order 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of Section 227(4-A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (2) Further to our comments in the Annexure referred to in paragraph 1 above:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account have been kept by the Company as required by law so far as appears from our examination of those books;
  - (c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement referred to in this report, are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement referred to in this report, comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (e) On the basis of communication received from the directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010, and
    - ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended 31st March 2010
    - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended 31st March 2010.

For R. NAGPAL ASSOCIATES  
Chartered Accountants



*R. Nagpal*

(CA R. NAGPAL)

Partner

M.No. 81594

Firm Regn No.002626N

Place :NOIDA  
Dated :27<sup>th</sup> May 2010

## ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date on the accounts for the year ended 31<sup>st</sup> March 2010 of **JAYPEE ARUNACHAL POWER LIMITED**.

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) A substantial portion of the Fixed Assets have been physically verified by the management during the year and to the best of our knowledge and information given to us, no material discrepancies have been noticed on such physical verification.  
  
(c) No Fixed assets have been disposed off during the period, so as to affect the Company as a going concern.
- (ii) (a) The Inventory has been physically verified by the management at reasonable intervals during the period.  
  
(b) In our opinion the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
  
(c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) The Company has not granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) Based on the audit procedures applied by us and according to the information and explanations given to us we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section. The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public during the year.
- (vii) We are of the opinion that during the period under observation, the Company had an internal audit system commensurate with its size & nature of its business wherein it was observed that all transactions are carried out under the personal supervision of senior officials/directors of the Company.
- (viii) As the Company is in the implementation stage, Clause (viii) of Para 4 of the Order is not applicable.
- (ix) (a) As per records produced before us and according to the information and explanations given to us the Company is generally regular in depositing undisputed statutory dues applicable to it like, Income-tax etc with the appropriate authorities, and there were no arrears of such dues at the year-end which have remained outstanding for a period of more than six months from the date they became payable.  
  
(b) As per records produced before us and according to the information and explanations given to us there are no dues of income-tax, Sales-tax, Customs duty, Wealth tax, Service Tax, Excise Duty or Cess which have not been deposited on account of any dispute.
- (x) As the Company is in the implementation stage, Clause (x) of Para 4 of the Order is not applicable.
- (xi) As the Company has not issued any debentures nor taken any loans from banks or financial institutions, Clause (xi) of Para 4 of the Order is not applicable.



- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the Company is not a chit fund or a nidhi/mutual benefit fund/society. Hence, Clause (xiii) of Para 4 of the Order is not applicable.
- (xiv) In our opinion the Company is not dealing in or trading in shares, debentures or other investments. Accordingly, Clause (xiv) of Para 4 of the Order is not applicable.
- (xv) The company has not given any guarantee for loans taken by others from banks or financial institutions; hence Clause (xv) of Para 4 of the Order is not applicable.
- (xvi) The Company has not taken any term loans; hence Clause (xvi) of Para 4 of the Order is not applicable.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we find that funds raised on short term basis amounting to Rs. 3.23 crores have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) As the Company has not issued any debentures, Clause (xix) of Para 4 of the Order is not applicable.
- (xx) As the Company has not raised any money by way of public issues, Clause (xx) of Para 4 of the Order is not applicable.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

Place :NOIDA  
Dated :27<sup>th</sup> May 2010

For R. NAGPAL ASSOCIATES  
Chartered Accountants



*(Signature)*  
CA. R. NAGPAL)  
Partner  
M.No. 81594  
Firm Regn No.002626N



JAYPEE ARUNACHAL POWER LIMITED  
BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	SCH	AS AT 31.03.2010		AS AT 31.03.2009	
		RUPEES		RUPEES	
<b>SOURCES OF FUNDS</b>					
Share Capital	A	1,625,000,000		500,000	
Share Application Money		-		1,199,500,000	
<b>TOTAL SOURCES OF FUNDS</b>		<b>1,625,000,000</b>		<b>1,200,000,000</b>	
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	B	14,177,673		1,803,290	
Less: Depreciation		832,205		210,137	
Net Block		13,345,468		1,593,153	
Capital Work in Progress		3,686,684		790,519,564	
Incidental Expenditure during construction pending allocation	C	1,627,604,454	1,644,636,607	365,705,723	1,157,818,440
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Inventory	D	1,385,764			
Cash & Bank Balances		4,113,443		26,779,460	
Other Current Assets		10,503		2,003	
Loans & Advances		35,244,131		4,257,729	
		40,753,841		31,039,192	
<b>Less: Current Liabilities &amp; Provisions</b>					
Current Liabilities	E	71,944,868		1,159,481	
Provisions		1,090,745		343,317	
		73,035,613		1,502,798	
<b>NET CURRENT ASSETS</b>		(32,281,773)		29,536,394	
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)					
	F	-		12,645,166	
<b>PROFIT AND LOSS ACCOUNT</b>					
		12,645,166			
<b>TOTAL APPLICATION OF FUNDS</b>		<b>1,625,000,000</b>		<b>1,200,000,000</b>	

Accounting Policies and Notes to the Accounts G

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

For R. NAGPAL ASSOCIATES  
Chartered Accountants

( R. NAGPAL )  
Partner  
M.No.81594  
Firm Regn No.: 002626N



For and on Behalf of the Board

S. K. Sharma  
Director

*[Signature]*  
Director

Place: Noida  
Date: 27th May, 2010

**JAYPEE ARUNACHAL POWER LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

PARTICULARS	SCH	CURRENT YEAR	PREVIOUS YEAR
		RUPEES	RUPEES
<b>INCOME</b>		-	-
		-	-
<b>EXPENDITURE</b>			
Preliminary expenses written off - Prior Period		12,645,166	-
		12,645,166	-
Profit/(Loss) for the year		(12,645,166)	-
Balance loss carried to Balance Sheet		(12,645,166)	-

Accounting Policies and Notes to the Accounts

G

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

For R. NAGPAL ASSOCIATES  
Chartered Accountants

For and on Behalf of the Board

( R. NAGPAL )  
Partner  
M.No.81594  
Firm Regn No : 002626N



Director

Director


Place: Noida  
Date: 27th May, 2010

**JAYPEE ARUNACHAL POWER LIMITED**

SCHEDULES TO BALANCE SHEET

	AS AT 31.03.2010 RUPEES	AS AT 31.03.2009 RUPEES
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
Authorised		
<u>20,00,00,000 Equity Shares of Rs. 10/- each</u>	2,000,000,000	2,000,000,000
Issued, Subscribed and Paid up		
16,25,00,000 Equity Shares of Rs. 10/- each fully paid up in cash	1,625,000,000	500,000
( Previous year 50,000 Equity Shares of Rs. 10/- each fully paid up in cash)		
	<u>1,625,000,000</u>	<u>500,000</u>

The entire paid up Equity Share Capital is held by Jaiprakash Power Ventures Limited, the Holding Company.

S. K. Sharma 



**JAYPEE ARUNACHAL POWER LIMITED**

**SCHEDULE 'B'**

**FIXED ASSETS**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Opening balance as on 01.04.2009	Assets acquired from NHPC/JPL	Additions during the Year	Total	Up to 31.03.2009	For the Year	Total Depreciation upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Leasehold Land	-	225,957	-	225,957	-	2,495	2,495	Rs. 223,462	Rs. -
Building	-	1,297,154	-	1,297,154	-	5,213	5,213	Rs. 1,291,941	Rs. -
Plant & Machinery	-	1,312,064	1,078,242	2,390,306	-	48,682	48,682	Rs. 2,341,624	Rs. -
Furniture & Fixtures	-	240,578	3,275	243,853	-	3,928	3,928	Rs. 239,925	Rs. -
Computers	98,898	53,374	407,518	559,790	20,525	40,475	61,000	Rs. 445,416	Rs. 78,373
Office Equipments	61,150	1,466,939	2,577,137	4,105,226	12,691	76,598	89,289	Rs. 2,548,998	Rs. 48,459
Light Vehicles	1,643,242	258,851	3,453,294	5,355,387	176,921	444,677	621,598	Rs. 4,474,938	Rs. 1,466,321
<b>Total</b>	<b>1,803,290</b>	<b>4,854,917</b>	<b>7,519,466</b>	<b>14,177,673</b>	<b>210,137</b>	<b>622,068</b>	<b>832,205</b>	<b>11,566,304</b>	<b>1,593,153</b>
<b>Previous Year</b>	<b>-</b>	<b>-</b>	<b>1,803,290</b>	<b>1,803,290</b>	<b>-</b>	<b>210,137</b>	<b>210,137</b>	<b>1,593,153</b>	<b>-</b>

Capital Work In Progress

3,686,684

790,519,564

*S.K. Sharma*



JAYPEE ARUNACHAL POWER LIMITED

SCHEDULES TO BALANCE SHEET

SCHEDULE 'C'

STATEMENT OF INCIDENTAL EXPENDITURE DURING CONSTRUCTION PENDING ALLOCATION FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	SCH	AS AT 31.03.2010		AS AT 31.03.2009	
		RUPEES		RUPEES	
OPENING BALANCE			365,705,723		-
Salary, Wages, Bonus and other benefit			20,672,073		11,577,861
Provident Fund, ESI & Admin Charges			774,910		661,357
Staff Welfare Expenses			3,642,727		1,058,186
Rent			2,555,659		3,169,760
Rates & Taxes			559,198		108,915
Legal & Professional Expenses			20,223		11,015
Vehicle Running & Maintenance Expenses			3,402,883		1,654,592
Network Expense			236,646		407,991
Car Hire Charges			277,913		-
Insurance - Others			361,082		112,104
Consultancy Charges			66,208,000		268,008,000
Testing Fee			97,226		-
Filing Fee			-		106,981
Travelling Expenses			3,805,905		2,637,869
Telephone Expenses			877,944		315,947
Power, Water & Electricity Charges			565,072		126,191
Repair & Maintenance Camp			23,717,970		2,379,183
Bank Charges & Guarantee Commission			12,789		32,340
Upfront fee			330,000,000		65,100,000
Cost for acquisition of Project			785,664,647		-
Projects Development Expenses			-		2,273,600
Environmental Management Plan Monitoring Cost			1,048,275		-
Local Area Development			884,187		-
Miscellaneous Expenses			15,745,434		5,363,397
Depreciation			622,068		210,137
Auditor's Remuneration			-		-
- Audit Fee			110,300		110,300
- Reimbursement of expenses			1,400		-
Total			1,627,570,254		365,425,726
Less: Interest Earned on Deposit		(8,500)		(2,003)	
Add : Provision for Taxation - Previous Year		656		-	
Provision for Taxation - Current Year		2,627		-	
Provision for Wealth Tax- Current Year		15,000		-	
Provision for FBT - Previous Year		24,417	34,200	282,000	279,997
Amount Carried Forward			1,627,604,454		365,705,723

S. K. Sharma



JAYPEE ARUNACHAL POWER LIMITED

SCHEDULES TO BALANCE SHEET

**SCHEDULE 'D'**

AS AT 31.03.2010  
RUPEES

AS AT 31.03.2009  
RUPEES

**CURRENT ASSETS, LOANS & ADVANCES**

**A CURRENT ASSETS**

i) Inventories (As per Inventories taken, valued and certified by the management)			
- Stock at weighted average cost		1,385,764	-
ii) Cash & Bank Balances			
a) Cash		1,373,208	1,514
b) Balances with Scheduled Banks			
- in Current Account		2,640,235	26,677,946
- in Fixed Deposit Account (Pledged with Govt. Deptt.)		100,000	100,000
iii) Other Current Assets			
-Interest Accrued on Fixed Deposit with Banks		10,503	2,003
	A	5,509,710	26,781,463

**B LOANS AND ADVANCES**

(Unsecured, considered good)

Advance recoverable in cash or in kind for value to be received		33,606,655		3,154,590
Security deposit with - Public Bodies & Govt. Departments.	302,745		67,821	
- Others	354,400	657,145	138,240	206,061
Staff Imprest and advances		80,226		860,842
Imprest - Others		52,386		-
Prepaid Expenses		847,719		36,236
	B	35,244,131		4,257,729
<b>TOTAL A+B</b>		<b>40,753,841</b>		<b>31,039,192</b>



*S. K. Sharma*

**SCHEDULE 'E'**AS AT 31.03.2010  
RUPEESAS AT 31.03.2009  
RUPEES**CURRENT LIABILITIES & PROVISIONS****A CURRENT LIABILITIES**

i) Sundry Creditors		
--Due to Micro, Small Scale, Medium Scale Enterprises	-	-
--Other Creditors	62,938,101	99,626
ii) Due to Staff	4,269,178	866,610
iii) Other Liabilities	4,737,589	193,245
	<b>A</b>	<b>71,944,868</b>

**B PROVISIONS**

i) Provision for Taxation	2,627	-
ii) Provision for Gratuity	570,709	19,851
iii) Provision for Leave Encashment	502,409	41,466
iv) Provision for Wealth Tax	15,000	282,000
	<b>B</b>	<b>1,090,745</b>

TOTAL A+B

73,035,613

1,502,798

**SCHEDULE 'F'****MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

Preliminary Expenses	12,645,166	12,645,166
Less : Preliminary Expenses Written off	12,645,166	
	-	12,645,166

S. K. Nagpal

## SCHEDULE 'G'

### ACCOUNTING POLICIES AND NOTES ON THE ACCOUNTS

#### (A) SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of preparation of Financial Statements:**

- (a) The accounts are prepared on historical cost basis and on the principles of a going concern.
- (b) Accounting policies not specifically referred to otherwise, are consistent and in consonance with generally accepted accounting principles and Accounting Standards issued by the Institute of Chartered Accountants of India.

##### **Revenue Recognition:**

Expenditure and Income are accounted for on accrual basis.

##### **Fixed Assets**

Fixed assets are stated at cost of acquisition or construction inclusive of freight, erection and commissioning charges, duties and taxes, expenditure during construction period, Interest on borrowings and financing cost up to the date of acquisition / installation.

##### **Depreciation**

Depreciation on Fixed Assets is provided on Straight Line Method as per the classification and in the manner specified in Schedule – XIV to the Companies Act, 1956.

##### **Employee Benefits**

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

- (i) Provident Fund and Pension contribution – as a percentage of salary/wages is a Defined Contribution Scheme.
- (ii) Gratuity and Leave Encashment is a defined benefit obligation. The liability is provided for on the basis of actuarial valuation made at the end of each financial year. The actuarial valuation is made on Projected Unit Credit method.

##### **Expenditure during Construction Period**

Expenditure incurred on the Project during Construction is capitalised and apportioned to various assets on commissioning of the Project.

##### **Preliminary Expenses**

Preliminary Expenses are written off in profit and Loss account.

##### **Amortization of Lease Hold Land**

Lease hold land will be amortized after commencement of commercial operations, in the balance Lease period.

S. K. Sharma





## Taxes on Income

Current Tax is determined as per the provisions of the Income Tax Act in respect of the Taxable Income.

Deferred tax resulting from timing difference between the book and the tax profits is accounted for, at the current rate of tax, to the extent that the timing differences are expected to crystallize.

## Foreign Currency Transactions:

- (i) Monetary assets and liabilities related to foreign currency transactions and outstanding at the close of the year are expressed in Indian Rupees at the rate of exchange prevailing on the date of Balance Sheet.
- (ii) Transactions in foreign currency are recorded in the books of accounts in Indian Rupees at the rate of exchange prevailing on the date of transaction.

## Earning Per Share

Basic earning Per Equity Share is computed by dividing the net profit or loss after tax by the weighted average number of Equity Shares outstanding during the period.

## Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes substantial period of time to get ready for intended use or sale. All other borrowing costs are charged to revenue.

## Taxes on Income

Current Tax is determined as per the provisions of the Income Tax Act in respect of the Taxable Income.

Deferred tax resulting from timing difference between the book and the tax profits is accounted for, at the current rate of tax, to the extent that the timing differences are expected to crystallize.

## 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.

## (B) NOTES ON ACCOUNTS

1. Contingent Liabilities Rs. Nil as on 31<sup>st</sup> March, 2010(Previous Year - Nil)
2. The Company has taken over the project from its Holding Company Jaiprakash Power Ventures Limited by reimbursing them Rs. 114.30 Cr. This includes Rs. 78.78 Cr. paid to NHPC for detailed Projects Reports as well as to take over the assets at site. The process of inventorisation and taking over the assets has been completed whereby the company has capitalised fixed Assets taken over and balance has been shown as cost for acquisition of project along with technical data & test reports and transferred to Incidental Expenditure during construction.



S. K. Sharma

3. As the Company has not yet started operation, the necessary details as per part-II of Schedule- VI to the Company Act, 1956 have been disclosed in the Schedule "D"- "Statement of Incidental Expenditure during implementation, pending Allocation.". The Profit and Loss Account has been prepared for the purpose of writing off the Preliminary Expenditure in accordance with the opinion of Expert Advisory Committee of Institute of Chartered Accounts of India dated 15<sup>th</sup> December 2009. Therefore Preliminary expenses being of earlier year, have been charged to Profit and Loss account as a prior period item. Had the same not been charged, the Loss would have been lower by Rs. 12,645,166 and debit balance in Profit and loss account would have been lower by Rs. 12,645,166.
4. In the opinion of Board of Directors, the "Current Assets, Loans and Advances" have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.
5. There are no Deferred Tax Liabilities / Assets as at 31<sup>st</sup> March, 2010 and 31<sup>st</sup> March, 2009.
6. (a) The Company has made a provision of Rs. 2,627/- as Income Tax for the year.  
(b) The Company has made a provision of Rs. 15,000/- as wealth tax for the Year.
7. Additional information pursuant to provisions of paragraphs 3 and 4 of Part - II of Schedule-VI to the Companies Act, 1956

(a) Capacity & Production

(i) Lower Siang H.E. Project

Licensed Capacity	-	1600 MW (As per MoA)
	-	2400 MW (As per DPR Submitted in June, 2008)
	-	2700 MW (As per Review recommendation Of CEA/ CWC proposed Revised Capacity).
Installed Capacity	-	2700MW (Revised DPR submitted in Sep'09 and concurred by CEA). No installation as yet.
Actual Production	-	NIL

(ii) Hirong

Licensed Capacity	-	500 MW (As per MoA). Preparation of DPR is under progress.
Installed Capacity	-	NIL-
Actual Production	-	NIL



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- (b) Managerial remuneration paid to Directors. - NIL
- (c) Expenditure in foreign currency - NIL

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

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

**(a) Holding Company :**

- (i) Jaiprakash Power Ventures Limited
- (ii) Jaiprakash Associates Limited, holding company of Jaiprakash Power Ventures Limited.

**(b) Fellow Subsidiary Companies:**

- (1) Jaypee Karcham Hydro Corporation Limited
- (2) Jaypee Ganga Infrastructure Corporation Limited
- (3) Jaypee Power grid Limited (subsidiary of Jaiprakash Power Ventures Limited)
- (4) Himalayan Expressway Limited
- (5) Jaypee Infratech Limited
- (6) JPSK Sports Private Limited
- (7) Madhya Pradesh Jaypee Minerals Limited
- (8) Bhilai Jaypee Cement Limited
- (9) Bokaro Jaypee Cement Limited
- (10) Gujarat Jaypee Cement & Infrastructure Limited
- (11) Bina Power Supply Company Limited (subsidiary of Jaiprakash Power Ventures Limited)
- (12) Sangam Power Generation Company Limited (w.e.f.23.07.2009) (subsidiary of Jaiprakash Power Ventures Limited)
- (13) Prayagraj Power Generation Company Limited (w.e.f.23.07.2009) (subsidiary of Jaiprakash Power Ventures Limited)
- (14) Jaypee Agra Vikas Limited (w.e.f.16.11.2009)

S.K. Sharma



(c) **Associate Companies:**

- (1) Jaypee Ventures Private Limited
- (2) Jaypee Development Corporation Limited (subsidiary of Jaypee Ventures Private Limited)
- (3) JIL Information Technology Limited (subsidiary of Jaypee Ventures Private Limited)
- (4) Gaur & Nagi Limited (subsidiary of JIL Information Technology Limited)
- (5) Jaiprakash Kashmir Energy Limited
- (6) Indesign Enterprises Pvt. Limited (subsidiary of Jaypee Ventures Private Limited) w.e.f 24.08.2009
- (7) Sonebhadra Minerals Pvt. Limited
- (8) RPJ Minerals Pvt. Limited
- (9) Jaypee Petroleum Private Limited (subsidiary of Jaypee Ventures Private Limited)
- (10) Jaypee Hydro-Carbons Private Limited (subsidiary of Jaypee Ventures Private Limited)
- (11) Tiger Hills Holiday Resort Private Limited (subsidiary of Jaypee Development Corporation Limited) w.e.f.27.10.2009
- (12) Anvi Hotels Private Limited (subsidiary of Jaypee Ventures Private Limited) w.e.f 01.05.2009
- (13) Vasujai Estates Private Limited (subsidiary of Jaypee Ventures Private Limited) w.e.f.27.10.2009
- (14) Samsun Estates Private Limited (subsidiary of Jaypee Ventures Private Limited) w.e.f.27.10.2009
- (15) Sunvin Estates Private Limited (subsidiary of Jaypee Ventures Private Limited) w.e.f.27.10.2009
- (16) Manumanik Estates Private Limited (subsidiary of Jaypee Ventures Private Limited) w.e.f.27.10.2009
- (17) Arman Estate Private Limited (subsidiary of Jaypee Ventures Private Limited) w.e.f.27.10.2009
- (18) Suneha Estates Private Limited (subsidiary of Jaypee Ventures Private Limited) w.e.f.27.10.2009
- (19) Pee Gee Estates Private Limited (subsidiary of Jaypee Ventures Private Limited) w.e.f.27.10.2009
- (20) Vinamra Housing & Constructions Private Limited (subsidiary of Jaypee Ventures Private Limited) w.e.f.27.10.2009



S. P. Nagpal

- (21) Sarveshwari Stone Products Private Limited (subsidiary of RPJ Minerals Private Limited) w.e.f.23.10.2009
- (22) Rock Solid Cement Limited (subsidiary of RPJ Minerals Private Limited)
- (23) MP Jaypee Coal Limited (w.e.f. 14.05.2009)
- (24) MP Jaypee Coal Fields Limited (w.e.f. 04.01.2010)
- (25) Jaypee Spa Infocom Limited (Subsidiary of Jaypee Venture Pvt. Ltd., (up to 25.02.2010)

**(d) Key Management Personnel:**

(i) Shri Pankaj Gaur Director

(2) Transactions carried out with related parties referred to above in ordinary course of business:

Nature of Transaction	Referred in (a) above	Referred in (b) above	Referred in (c) above	Referred in (d) above
Share Capital	162,50,00,000 (5,00,000)	-		
Share Application Money	- (119,95,00,000)	-	-	-
<b>Expenditure</b>				
Project Transfer	-		(114,30,35,549)	
Miscellaneous Expenses	-	-	(99,626)	-
Consultancy			6,61,80,000 (-)	
<b>Outstanding</b>		-	-	-
Amount receivable from JAL(Payable for Last Year)	6,655 (99,626)	-	-	-
Amount Payable	6,655 (99,626)	-	5,45,62,000 (-)	-

(Previous Year Figures are in Brackets)

S. K. Shee



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

S.No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
a)	The principal amount and interest due thereon remaining unpaid to any supplier  -Principal Amount  -Interest Amount	Nil  Nil	Nil  Nil
b)	The amount of interest paid by the buyer in terms of section 166, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of payment made to the supplier 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

10. (a) **Provident Fund-Defined Contribution Plan:**

All employees are entitled to Provident Fund benefits. Amounts debited to statement of Incidental Expenditure during construction is Rs. 6, 93,261(Previous Year 6, 35,215) during the year.



*S. K. Sharma*

(b) **Gratuity** -The Liability for Gratuity is provided on the basis of Actuarial Valuation made at the end of each financial year. The Actuarial Valuation is made on Projected Unit Credit Method as per AS 15(revised). Jaiprakash Associates Limited (JAL) (the company's holding company) has constituted a Gratuity Fund Trust under the name Jaiprakash Associates Employees Gratuity Fund Trust vide Trust Deed dated 30<sup>th</sup> March,2009 for JAL and its subsidiaries and appointed SBI Life Insurance Co. Ltd. for the management of the Trust Funds for the benefits of Employees. As a subsidiary of JAL, the company is participating in the Trust Fund by contributing its liability accrued upto the close of each financial year to the Trust Fund.

(c) **Leave Encashment** - Defined Benefit Plans – Provision made has been as per actuarial valuation.

Sl. No.	Particulars	Funded	Non Funded
		Gratuity	Leave Encashment
I	Expenses recognized in the Statement of Incidental Expenditure during construction Pending allocation for the year ended 31 <sup>st</sup> March 2010.		
	1. Current Service Cost.	3,65,274	3,46,935
		(19,851)	(41,466)
	2. Interest Cost	1,588(-)	3,317 (-)
	3. Employee Contribution	- (-)	- (-)
	4. Actuarial (Gains)/Losses	2,03,847(-)	1,10,691(-)
	5. Past Service Cost	-(-)	-(-)
	6. Settlement Cost	-(-)	-(-)
	7. Total Expenses	5,70,709	4,60,943
		(19,851)	(41,466)
II	Net Asset / (Liability) recognized in the Balance Sheet as at 31 <sup>st</sup> March 2010		
	1. Present Value of Defined Benefit Obligation.	5,84,848	5,02,409
		(19,851)	(41,426)
	2. Fair Value of Plan Assets.	14,139	-
	3. Funded Status (Surplus/Deficit)	(5,70,709)	(5,02,409)
		(19,851)	(41,466)
	4. Net asset/(Liability) recognized in balance sheet	(5,70,709)	(5,02,409)
		(-19,851)	(- 41,466)
III	Change in Obligation during the year ended March 31, 2010.		
	1. Present value of Defined Benefit Obligation at the beginning of the year.	19,851(-)	41,466 (-)
	2. Current Service Cost.	3,65,724	3,46,935
		(19,851)	(41,466)
	3. Interest Cost	1,588 (-)	3,317(-)
	4. Settlement Cost	- (-)	- (-)
	5. Past Service Cost.	-(-)	-(-)
	6. Employee Contributions	-(-)	-(-)
	7. Actuarial (Gains)/Losses	2,03,847(-)	1,10,691(-)
	8. Benefit Payments	5,712 (-)	-(-)
	9. Present Value of Defined Benefit Obligation at the end of the year.	5,84,848	5,02,409
		(19,851)	(41,466)



S. K. Sharma

IV	Change in Assets during the year ended March 31 <sup>st</sup> , 2010.		
	1. Plan Assets at the beginning of the year.	-(-)	-
	2. Assets acquired on amalgamation in previous year.	-(-)	-
	3. Settlements	-(-)	-
	4. Expected return on Plan Assets	-(-)	-
	5. Contribution by Employer	19,851(-)	-
	6. Actual Benefit Paid	5,712(-)	-
	7. Actuarial Gains/ (Losses)	-(-)	-
	8. Plan Assets at the end of the year.	14,139(-)	-
	9. Actual Return on Plan Assets		-

(Previous Year Figures are in Brackets)

(c) **Actuarial Assumptions**

(i)	Discount Rate	-	8%
(ii)	Mortality	-	LIC (1994-96) duly modified mortality tables
(iii)	Turnover Rate	-	Upto 30 years - 3%, 31-44 years -2%, Above 44 -1%
(iv)	Future Salary Increase	-	8.00 %( Previous Year 5.50%)

11. All figures have been rounded off to the nearest rupee.

12. Figures of the current year are not comparable with the figures of the previous year as it was from 23<sup>rd</sup> April, 2008 to 31<sup>st</sup> March 2009.

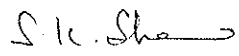

**Signature to Schedules "A" to "G"**

For R.Nagpal Associates  
Chartered Accountants

R.Nagpal  
Partner  
M.No.81594  
Firm Registration No.002626N

For and on behalf of the Board

Director

Director

Place: Noida

Dated: 27<sup>th</sup> May, 2010




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

<b>I Registration Details</b>			
Registration No.	U40105DL2008PLC177067	State Code	55
Balance sheet Date	31.03.2010		
<b>II Capital raised during the year (Amount in Rs. Thousands)</b>			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	1,624,500
<b>III Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)</b>			
Total Liabilities	1,625,000	Total Assets	1,625,000
<b>Source of Funds</b>			
Paid Up Capital	1,625,000	Share Application Money	NIL
Reserves & Surplus			
Secured Loans	-	Unsecured Loans	NIL
<b>Application of Funds</b>			
Net Fixed Assets	1,644,637	Investments	-
Net Current Assets	(32,282)	Misc. Expenditure	-
Accumulated Losses	12,645		
<b>IV Performance of the Company (Amount in Rs. Thousands) *</b>			
Turnover	NA	Total Expenditure	12645
Profit/Loss before Tax	(12,645)	Profit/Loss After Tax	(12,645)
Earning per share in Rs.	NA	Dividend Rate %	NA
* Not Applicable as the project is under implementation			
<b>V Generic Names of three Principal Products/Services of Company (as per monetary terms)</b>			
Item Code No. (ITC Code)	8502.30		
Product Description	HYDRO POWER		

As per our report of even date attached to the Annual Accounts


for M.P. SINGH & ASSOCIATES  
Chartered Accountants

( R. NAGPAL )  
Partner  
M. No. 81594  
Firm Reg. No. 002626N



For and on behalf of the Board

S. K. Sharma  
Director

  
Director


Place : Noida  
Date : 27th May, 2010

**JAYPEE ARUNACHAL POWER LIMITED**

**Cash Flow Statement for the Year ended 31st March 2010**

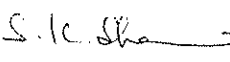
	CURRENT YEAR 2009-10 Rs.	PREVIOUS YEAR 2008-09 Rs.
<b>A. Cash flow from Operating Activities</b>		
Loss from Profit and Loss Account	(12,645,166)	
Add: Preliminary expenses written off	12,645,166	
<b>Net cash inflow from operating activities-----'A'</b>	<u>-</u>	<u>-</u>
<b>B. Cash flow from Investing Activities</b>		
<u>Outflow</u>		
Investment in Fixed Assets and Capital work in Progress Incl		
Incidental Expenditure Pending allocation-Net of Interest Earned	(486,818,167)	(1,157,818,440)
(Increase)/Decrease in Inventories	(1,385,764)	-
(Increase)/Decrease in Other Current Assets	(8,500)	(2,003)
(Increase)/Decrease in Loans and Advances and others	<u>(30,986,402)</u>	<u>(4,257,729)</u>
<u>Inflow</u>		
Increase (Decrease) in Trade Payables	70,785,387	1,159,481
Increase (Decrease) in Provisions	<u>747,428</u>	<u>343,317</u>
<b>Net cash used in investing activities-----'B'</b>	<u>(447,666,017)</u>	<u>(1,160,575,374)</u>
<b>C. Cash flow from Financing Activities</b>		
<u>Inflow</u>		
Increase in Share Capital	1,624,500,000	500,000
Increase in Borrowings	<u>(1,199,500,000)</u>	<u>1,199,500,000</u>
<u>Outflow</u>		
Miscellaneous Expenditure incurred		(12,645,166)
<b>Net cash in financing activities---'C'</b>	<u>425,000,000</u>	<u>1,187,354,834</u>
<b>Net Increase/(Decrease) in cash or cash equivalents (A+B+C)</b>	<u>(22,666,017)</u>	<u>26,779,460</u>
Cash & Cash Equivalents at the commencement of the year ( Opening Balance )	26,779,460	-
Cash & Cash Equivalents at the end of the year (Closing Balance)	4,113,443	26,779,460


For R. NAGPAL ASSOCIATES  
Chartered Accountants

  
(R. Nagpal)  
Partner  
M.No. 81594  
Firm Registration No. 002626N



I or and on behalf of the Board

  
Director

  
Director

Place : Noida  
Dated : 27th May, 2010