

SANGAM POWER
GENERATION COMPANY LIMITED

Board of Directors

Manoj Gaur, Chairman
Sunil Kumar Sharma
Pankaj Gaur
Sameer Gaur
Rakesh Sharma
Suren Jain
G P Singh
Naveen Kumar Singh
Siddheswar Sen, Whole-time Director
V. K. Agarwal, Whole-time Director

Company Secretary

Samir Raheja

Banker/Lender

ICICI Bank Limited

Registered & Corporate Office

Sector 128, Distt. Gautam Budh Nagar
Noida-201 304, Uttar Pradesh
Tel.: +91-120-4609000
Fax: +91-120-4609464

Auditors

Chaturvedi & Partners
Chartered Accountants
New Delhi

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DIRECTORS' REPORT

To,
The Members

The Directors of your Company are pleased to present the Fourth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2011.

PROGRESS OF THE PROJECT

As reported last year, your Company was incorporated by Uttar Pradesh Power Corporation Limited (UPPCL) for the implementation of 1320 MW (2x660 MW) Thermal Power Project (with the permission to construct additional generation unit of 660 MW) in Tehsil Karchana of District Allahabad, Uttar Pradesh. It has been decided to put up three generation units of 660 MW each with an aggregate capacity of 1980 MW in the first phase itself.

In terms of the Share Purchase Agreement dated 23rd July, 2009, all the shares of the Company were acquired from UPPCL by Jaiprakash Power Ventures Limited (JPVL), thereby making your Company as its wholly owned subsidiary. Your Company has obtained various Statutory/ Regulatory approvals required for the current stage of the project and is in the process of obtaining other requisite approvals in due course.

Order for Boilers, Turbines, Generators (BTG) have been placed with the Vendors, against which advances have been paid to them. Conveyance Deed for 512.921 Hectares of land has been executed but physical possession of the acquired land is yet to be handed over. The activity relating to the implementation of the project shall commence after the handing over of physical possession of the land.

The estimated project cost is Rs.10,800 crore which is to be met from equity to the extent of Rs.2,700 crore and debt to the extent of Rs.8,100 crore. ICICI Bank Limited has been mandated to syndicate the debt requirement of the project against which ICICI Bank Limited has agreed to undertake the debt portion upto Rs.8,100 crore.

DIRECTORATE

During the year under review, Shri Siddheswar Sen and Shri V.K.Agarwal were appointed as Whole-time Directors for a period of three years w.e.f 1st August, 2010 and 15th November, 2010 respectively.

Shri Pankaj Gaur and Shri Sameer Gaur, Directors shall retire by rotation at ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

AUDIT COMMITTEE

An Audit Committee has been constituted by the Board consisting of Shri G.P. Singh, Shri Sameer Gaur and Shri Suren Jain to meet the requirements of Section 292A of the Companies Act, 1956.

CHANGE IN CAPITAL STRUCTURE

During the year under report, the paid up Share Capital of the Company stands increased from Rs.1,51,97,72,000 to Rs.5,51,97,72,000 by issue and allotment of 40,00,00,000 Equity Shares to Jaiprakash Power Ventures Ltd., the Holding Company.

FIXED DEPOSITS

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

NOTES ON ACCOUNTS

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

PARTICULARS OF EMPLOYEES

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

AUDITORS

M/s. Chaturvedi & Partners, Chartered Accountants, Auditors of the Company shall retire at the conclusion of ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

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

The information required to be disclosed as per Section 217 (1)(e) of the

Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 with regard to Conservation of Energy and Technology Absorption are not applicable, as the Project is still under construction stage.

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representation received from the operating management and after due enquiry, confirm the following in respect of the audited annual accounts for the year ended 31st March, 2011: -

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed and that there were no material departures;
- ii) that the Directors had, in consultation with the Statutory Auditors, selected such accounting policies and applied them consistently and made 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, 2011;
- 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; and
- iv) that the Directors had prepared the annual accounts on a going concern basis.

PERSONNEL

The industrial relations were cordial during the year under review.

ACKNOWLEDGEMENT

The Board of Directors places on record its sincere appreciation and gratitude to various departments of Central Government, the Government of Uttar Pradesh, UPPCL, UP State Electricity Board, UP Electricity Regulatory Commission and ICICI Bank Ltd. for their valuable support & continued co-operation to the Company.

On behalf of the Board

Place : New Delhi
Date : May 03, 2011

MANOJ GAUR
CHAIRMAN

AUDITORS' REPORT

TO THE MEMBERS OF

SANGAM POWER GENERATION COMPANY LIMITED

1. We have audited the attached Balance Sheet of SANGAM POWER GENERATION COMPANY LIMITED, as at March 31, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' (the 'Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- c. The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- e. On the basis of written representations received from the directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 and give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - in case of Profit & Loss Account, of the Loss of the Company for the year ended on March 31, 2011; and
 - in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
- For **CHATURVEDI & PARTNERS**
Chartered Accountants
Firm Registration No. 307068E
R N CHATURVEDI
Partner
Membership No. 092087
- Place : Noida
Date : May 03, 2011

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - Fixed assets have been physically verified by the management during the year pursuant to a programme for physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no discrepancies were noticed on such verification.
 - The Company has not disposed off any of its fixed assets during the year.
 - The Company did not hold any inventory during the year. Accordingly clauses (ii) (a) to (ii) (c) of Para 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
 - The Company has neither 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 Act. Accordingly clauses (iii) (a) to (iii) (g) of Para 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
 - In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets. During the year, the Company did not have any transaction for purchase of inventory and / or sale of goods and services. During the course of our audit, we have neither observed nor have been informed of any continuing failure to correct major weaknesses in internal control system of the Company.
 - In our opinion and according to the information and explanations given to us, there were no contracts or arrangements, the particulars of which needed to be entered in the register required to be maintained under Section 301 of the Companies Act, 1956.
 - According to the information and explanations given to us, the Company has not accepted any deposit from the public within the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
 - In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
 - The Company is regular in depositing undisputed statutory dues including income tax, sales tax and cess with the appropriate authorities. Provisions of other statutory dues including provident fund, investor education and protection fund, employees' state insurance, wealth tax, service tax, custom duty and excise duty are not applicable to the Company for the current year.
 - According to the information and explanations given to us, no undisputed amounts payable in respect of income tax and cess were in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.
 - According to the information and explanation given to us, there are no dues of income tax and sales tax which have not been deposited on account of any dispute.
 - The Company has been registered for a period less than five years and is yet to commence commercial operations. Accordingly clause (x) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
 - In our opinion and according to the records of the Company examined by us and the information and explanations given to us, the Company has not raised money from any financial institution or bank as at the Balance Sheet date. The Company has not issued any debentures.
 - The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly clause (xii) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
 - In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly clause (xiii) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
 - The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly clause (xiv) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
 - According to the information and explanations given to us, the Company has given the guarantee of Rs. 100,000 lacs on its assets (as a second charge) for loan taken by Jaiprakash Power Venture Limited (Holding Company) from banks or financial institutions during the year. The Company, being a wholly owned subsidiary, terms and conditions are not prejudicial to the interest of the Company.
 - In our opinion, and according to the information and explanations given to us, term loans have been applied for the purposes for which they were raised.
 - According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis which have been used for long-term investment.
 - The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. Accordingly clause (xviii) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
 - The Company does not have any debentures issued and outstanding as at the year end. Accordingly clause (xix) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
 - The Company has not raised any money by public issue. Accordingly, clause (xx) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
 - According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.
- For **CHATURVEDI & PARTNERS**
Chartered Accountants
Firm Registration No.307068E
R N CHATURVEDI
Partner
Membership No.092087
- Place : Noida
Date : May 03, 2011

BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital A	5,519,772,000	1,519,772,000
TOTAL SOURCES OF FUNDS	5,519,772,000	1,519,772,000
APPLICATION OF FUNDS		
Fixed Assets B		
Gross Block	713,730,699	359,812,070
Less : Depreciation & Amortisation	325,845	1,950
CWIP including Capital Advances	3,320,727,665	579,810,120
Pre-operative Expenses C	1,025,143,294	924,030,614
Current Assets, Loans and Advances D		
Cash and Bank Balances	153,150,934	210,535,561
Loans and Advances	312,372,461	301,881,344
	465,523,395	512,416,905
Less : Current Liabilities & Provisions E		
Current Liabilities	5,244,305	854,214,831
Provisions	434,673	2,545,551
	5,678,978	856,760,382
Net Current Assets	459,844,417	(344,343,477)
Miscellaneous Expenditure		
Profit and Loss Account	651,770	651,770
TOTAL APPLICATION OF FUNDS	5,519,772,000	1,519,772,000
Significant Accounting Policies and Notes to Accounts F		
As per our report of even date attached		
For CHATURVEDI & PARTNERS Chartered Accountants Firm Registration No. 307068E		For and on behalf of the Board
R N CHATURVEDI Partner Membership No. 092087 Place : New Delhi Date : May 03, 2011	Rakesh Sharma Managing Director Samir Raheja Company Secretary	Manoj Gaur Chairman

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

SCHEDULE	For the Year ended March 31, 2011 Rs.	For the Year ended March 31, 2010 Rs.
INCOME		
Income	-	-
EXPENDITURE		
Expenditure	-	-
Profit/(Loss) before Tax	-	-
Provision for Income Tax	-	-
Profit/(Loss) for the year after Tax	-	-
Prior Period Expenses (Preliminary Expenses written off)	-	(651,770)
Brought Forward Profit / (Loss)	(651,770)	-
Balance carried to balance sheet	(651,770)	(651,770)
Significant Accounting Policies and Notes to Accounts F		
As per our report of even date attached		
For CHATURVEDI & PARTNERS Chartered Accountants Firm Registration No. 307068E		For and on behalf of the Board
R N CHATURVEDI Partner Membership No. 092087 Place : New Delhi Date : May 03, 2011	Rakesh Sharma Managing Director Samir Raheja Company Secretary	Manoj Gaur Chairman
SCHEDULE-A : SHARE CAPITAL		
	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
Authorised		
400,00,00,000 Equity Shares of Rs. 10 each	40,000,000,000	40,000,000,000
(Previous year 400,00,00,000 Equity Shares of Rs. 10 each)		
Issued, Subscribed and Paid up		
551,977,200 Equity Shares of Rs. 10 each	5,519,772,000	1,519,772,000
(Previous year 151,977,200 Equity Shares of Rs.10 each)		
(Of the above 551,977,200 Equity Shares (Previous year 151,977,200) are held by Jaiprakash Power Ventures Limited- the Holding Company and its nominees)		
Total	5,519,772,000	1,519,772,000

SCHEDULE - B
FIXED ASSETS

(Amount in Rs.)

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 31.3.2010	Additions	Sale/ Adjustment	As at 31.03.2011	Upto 31.03.2010	For the year	On Sale Adjustment	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land										
– Free Hold	359,810,120	315,107,120	–	674,917,240	–	–	–	–	674,917,240	359,810,120
– Lease Hold	–	36,561,259	–	36,561,259	–	–	–	–	36,561,259	–
Computers	–	303,477	–	303,477	–	23,947	–	23,947	279,530	–
Office Equipments	–	371,606	–	371,606	–	84,140	–	84,140	287,466	–
Furniture & Fixtures	1,950	270,626	–	272,576	1,950	97,988	–	99,938	172,638	–
Vehicles	–	1,304,541	–	1,304,541	–	117,820	–	117,820	1,186,721	–
Total	359,812,070	353,918,629	–	713,730,699	1,950	323,895	–	325,845	713,404,854	359,810,120
Previous Year	168,798	359,812,070	168,798	359,812,070	19,512	1,950	19,512	1,950	359,810,120	

Note:- Agreement for leasehold land with Land Management Committee is yet to be entered.

SCHEDULE-C :

	As at March 31,2011 Rs.	As at March 31,2010 Rs.
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**STATEMENT OF PRE-OPERATIVE EXPENSES/
INCIDENTAL EXPENDITURE DURING
CONSTRUCTION**

Opening Balance	924,030,614	38,098,899
Advertisement & Publicity	–	40,088
Audit Fees	110,300	146,480
Communication Expenses	85,259	13,202
Depreciation	323,895	8,044
Fixed Asset Written Off	–	143,192
Front End Fee for Term Loan	–	848,758,500
Helipad Expenses	–	239,085
Interest & Financial Charges	178,229,650	481,688
Insurance Charges	26,886	–
Legal & Professional Charges	15,394,887	20,132,243
Licence & Application Fees	544,900	–
Medical Expenses	70,803	11,744
Miscellaneous Expenses	326,787	214,184
Site Development Expenses	3,049,455	–
Office & Camp Maintenance Expenses	85,822	24,350
Power, Water & Electricity Charges	290,404	110,931
Printing & Stationery	140,808	63,203
Rent, Rate & Taxes	1,983,952	127,000
Salary & Wages	8,281,473	3,544,051
Staff Welfare Expenses	19,991	3,394
Temporary Connection Charges (11 KV)	–	805,555
Temporary Connection Charges (33 KV)	–	15,934,191
Travelling & Conveyance Expenses	1,338,647	130,862
Value Added Tax	32,334	794,976
Vehicle Running & Maintenance Expenses	777,644	225,143
	1,135,144,511	930,051,005
Less: Interest Received (Gross)	107,455,666	7,914,172
(Tax Deducted at Source Rs.107,45,567/-, Previous Year Rs.7,91,419/-)		
Add: Income Tax Expenses	2,545,551	(2,545,551)
Less: Preliminary Expenses charged to Profit and Loss account	–	651,770
Total	1,025,143,294	924,030,614

SCHEDULE-D:

	As at March 31,2011 Rs.	As at March 31,2010 Rs.
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CURRENT ASSETS, LOANS & ADVANCES

CASH & BANK BALANCES		
Cash in hand	37,774	19,328
Balance with Scheduled Banks		
– in Current Account	41,744,781	6,653,828
– in Fixed Deposit Account (Pledged with Govt. Deptt/Banks Rs.3,37,57,842, Previous Year Rs.1,79,90,000)	111,368,379	203,862,405
Total	153,150,934	210,535,561
LOANS & ADVANCES		
(Unsecured, Considered good unless otherwise stated)		
Advances Recoverable in Cash or in kind or for value to be received		
Interest Accrued	424,564	786,382
Other Advances	108,541	–
Staff Imprest & Advances	–	44,543
Security Deposit		
– With Govt. Corporations	300,250,000	300,250,000
– With Others	15,000	9,000
Tax Deducted at Source & Advance Tax	11,574,356	791,419
Total	312,372,461	301,881,344

SCHEDULE-E:
CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES		
Sundry Creditors		
Due to Micro, Small Scale, Medium Scale enterprises	–	–
Due to Others	3,339,479	767,950,706
(Closing Balance of ultimate holding Company-Rs. 2,799,763, Maximum Balance outstanding during the year Rs. 2,799,763)		
Expenses Payable	503,382	577,805
Other Liabilities	1,401,444	85,686,320
Total	5,244,305	854,214,831
PROVISIONS		
For Income Tax	–	2,545,551
For Leave Encashment	265,888	–
For Gratuity	168,785	–
Total	434,673	2,545,551

SCHEDULE: F

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I. Significant Accounting Policies:

a) Basis of Preparation of Financial Statements

- (i) The financial statements are based on the historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP), comprising of mandatory Accounting Standards notified in Section 211 (3C) and other provisions of the Companies Act, 1956.
- (ii) Accounting policies not specifically referred to otherwise are being consistently followed and are in accordance with generally accepted accounting principles.

b) Revenue Recognition

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

c) Fixed Assets

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

d) Depreciation

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

e) Expenditure during Construction Period

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

f) Foreign Currency Transactions

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

g) Investments

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

h) Inventory

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

i) Employees Benefits

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

- a) Provident Fund and Pension contribution-as a percentage of salary/wages as per provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952.
- b) Gratuity and Leave Encashment is defined benefit obligation. The liability is provided for on the basis on Projected Unit Credit Method adopted in the actuarial valuation made at the end of each financial year.

j) Borrowing Costs

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

k) Taxes on Income

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

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

l) Amortization of Miscellaneous expenditure

Preliminary Expenditure is written off as per the provisions of AS-26 in the first year of the operation.

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

Provisions involving substantial degrees of estimation in measurement are recognized when there is a present obligation as a result of past events and if it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes (as per AS-29). Contingent Assets are neither recognized nor disclosed in the financial statements.

II. Notes to the Accounts

1. The Company is setting up a 1980 MW, domestic coal based thermal power project at Tehsil Karchhana, District Allahabad, Uttar Pradesh and Company is 100% subsidiary of Jaiprakash Power Ventures Limited.

2. Contingent Liabilities:

Particulars	Amount
(i) Outstanding amount of Bank Guarantees (Previous year Rs. 1,79,90,000)	INR 3,37,45,000
Margin Money against above (Previous year Rs. 1,79,90,000)	INR 3,37,57,842
(ii) In respect of second charge on the assets of the Company in favour of the IDBI Trusteeship Services Limited for financial assistance provided by bank(s) to Jaiprakash Power Ventures Limited (Previous Year Rs. 10,00,00,00,000)	INR10,00,00,00,000
(iii) Estimated amounts of Contracts remaining to be executed on Capital Account (Net of advances) and not Provided for Previous year (Rs. 12,22,727)	INR 43,46,36,07,650 USD 9,18,20,000 JPY 1970,81,90,000 EURO 7,83,10,000

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

4. Managerial remuneration and benefits paid / payable to Whole-time Directors

Particulars	For the Year ended March 31, 2011 Amount (Rs.)	For the Year ended March 31, 2010 Amount (Rs.)
Salary and Perquisites	35,60,272	—
	35,60,272	—

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

S. No.	Particulars	For the Year ended March 31, 2011 Amount (Rs.)	For the Year ended March 31, 2010 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 Section16 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

6. 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) Bina Power Supply Company Limited
- (c) Jaypee Arunanchal Power Limited
- (d) Prayagraj Power Generation Company Limited
- (e) Jaypee Meghalya Power Limited (w.e.f. 26.08.2010)
- (f) Jaypee Karcham Hydro Corporation Limited (w.e.f. 02.12.2010)

iv. Fellow Subsidiaries of the Holding Company

- (a) Jaypee Infratech Limited
- (b) Himalyan Expressway Limited
- (c) Jaypee Sports International Limited
- (d) Jaypee Ganga Infrastructure Corporation Limited
- (e) Bhilai Jaypee Cement Limited
- (f) Gujarat Jaypee Cement & Infrastructures Limited
- (g) Bokaro Jaypee Cement Limited
- (h) Jaypee Agra Vikas Limited
- (i) Jaypee Fertilizers & Industries Limited (w.e.f. 03.06.2010)
- (j) Jaypee Cement Corporation Limited (w.e.f. 22.02.2011)

v. Associate Companies/Concerns

- (a) Jaypee Ventures Private Limited
- (b) Jaypee Development Corporation Limited (subsidiary of Jaypee Ventures Private Limited)
- (c) JIL Information Technology Limited (subsidiary of Jaypee Ventures Private Limited)
- (d) Gaur & Nagi Limited (subsidiary of JIL Information Technology Limited)
- (e) Jaiprakash Kashmir Energy Limited
- (f) Madhya Pradesh Jaypee Minerals Limited (w.e.f. 03.03.2011)
- (g) Sonebhadra Minerals Pvt. Limited
- (h) RPJ Minerals Pvt. Limited
- (i) Tiger Hills Holiday Resort Private Limited (subsidiary of Jaypee Development Corporation Limited)
- (j) Anvi Hotels Private Limited (subsidiary of Jaypee Ventures Private Limited)
- (k) Sarveshwari Stone Products Private Limited (subsidiary of RPJ Minerals Private Limited)
- (l) Rock Solid Cement Limited (subsidiary of RPJ Minerals Private Limited)
- (m) MP Jaypee Coal Limited
- (n) MP Jaypee Coal Fields Limited
- (o) Jaiprakash Agri Initiatives Company Limited (subsidiary of Jaypee Ventures Private Limited)
- (p) Jaypee International Logistics Company Private Limited (subsidiary of Jaypee Ventures Private Limited)
- (q) Jaypee Uttar Bharat Vikas Private Limited (w.e.f. 21.06.2010)

- (r) Kanpur Fertilizers & Cement Limited (w.e.f. 26.09.2010, subsidiary of Jaypee Uttar Bharat Vikas Private Limited)
- (s) Indesign Enterprise Private Limited (subsidiary of Jaypee Ventures Private Limited)
- (t) Indus Hotels UK Limited (subsidiary of Indesign Enterprise Private Limited)
- (u) GM Global Mineral Mining Private Limited (subsidiary of Indesign Enterprise Private Limited)
- (v) Ibonshourne Limited (subsidiary of Indesign Enterprise Private Limited)
- (w) OHM Products Mining Private Limited

vi. Key Management Personnel

- (a) Shri Rakesh Sharma, Managing Director
- (b) Shri Siddheshwar Sen, Whole Time Director (w.e.f. 01.08.2010)
- (c) Shri V.K. Agarwal, Whole Time Director (w.e.f. 15.11.2010)

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

(Rs. in Lakhs)

Particulars	Referred in (i) above	Referred in (ii) above	Referred in (iii) above	Referred in (iv) above
Guarantees				
– Second Charge on the Assets of the Company in favour of IDBI Trusteeship Services Limited for Financial Assistance provided by the bank(s) to Jaiprakash Power Ventures Limited as referred to in 1 (a) (i) above	1,00,000 (1,00,000)			
– Performance Bank Guarantee Given on Behalf of the Company		9,900.00 (9,900.00)		
Expenses				
– Jaiprakash Associates Limited		54.97 (–)		
Payment made on behalf of Fellow Subsidiary				
– Prayagraj Power Generation Company Limited			428.25 (–)	
Creditors				
– Jaiprakash Associates Limited		28.00 (–)		
– Jaiprakash Power Ventures Limited	0.34 (–)			–
Key Management Personnel				
Shri Siddheshwar Sen				24.46 (–)
Shri V.K. Agarwal				11.14 (–)

7. (a) 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 United Credit method as per AS15 (revised). Jaiprakash Associates Limited {JAL} (the ultimate holding company) has constituted a Gratuity Fund under the name Jaiprakash Associates Employees Gratuity Fund Trust vide Trust Deed dated March 30, 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 ultimate subsidiary of JAL (The Company being subsidiary of Jaiprakash Power Ventures Limited {JPVL} and JPVL being 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.
- (b) Leave Encashment–Defined Benefit Plans–Provision has been made as Actuarial valuation.

S. No.	Particulars	Non-Funded (Amount in Rs.)	
		Gratuity	Leave Encashment
I	Expenses Recognized in the Statement of Preoperative Expenditure During Project Implementation, Pending Allocation for the Year ended March 31, 2011		
	1 Current Service Cost	168,785	265,888
	2 Interest Cost	-	-
	3 Employee Contribution	-	-
	4 Actuarial (Gain)/Loss	-	-
	5 Past Service Cost	-	-
	6 Settlement Cost	-	-
	Total Expenses	168,785	265,888
II	Net Assets/(Liability) recognized in the Balance Sheet as at March 31, 2011		
	1 Present Value of Defined Benefit Obligation	168,785	265,888
	2 Fair Value of Plan Assets	-	-
	3 Funded Status (Surplus/Deficit)	-	-
	4 Net Assets / (Liability) as at March 31, 2011	(165,785)	(265,888)
III	Change in Obligation during the year ended March 31, 2011		
	1 Present value of Defined Benefit Obligation at the beginning of the year	-	-
	2 Current Service Cost	168,785	265,888
	3 Interest Cost	-	-
	4 Settlement Cost	-	-
	5 Past Service Cost	-	-
	6 Employee Contribution	-	-
	7 Actuarial (Gain)/Loss	-	-
	8 Benefit Payments	-	-
	9 Present Value of Defined Benefit at the end of the year	168,785	265,888
IV	Change in Assets during the year ended March 31, 2011		
	1 Plan Assets at the beginning of the year	-	-
	2 Assets acquired on amalgamation in the previous year	-	-
	3 Settlements	-	-
	4 Expected return on Plan Assets	-	-
	5 Contribution by Employer	-	-
	6 Actual Benefit Paid	-	-
	7 Actuarial (Gain)/Losses	-	-
	8 Plan Assets at the end of the year	-	-
	9 Actual Return on Plan Assets	-	-

Actuarial Assumptions

- (i) Discount Rate 8%
(ii) Mortality LIC (1994-96)
(iii) Future Salary Increase 8%

There is no previous year figure as there were no employees on the payroll of the Company, hence no provision was made.

7. As Commercial operations have not yet commenced, therefore there is no deferred tax liability as on March 31, 2011.
8. Additional information pursuant to paragraph 3 and 4 of Part II of Schedule VI of the Companies Act, 1956.

Particulars

Capacity MW

Licensed Capacity 1,980 MW

The nature of Company's business/ activities during the year is such that other additional information of Part II of Schedule VI of the Companies Act, 1956 are not applicable.

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

As per our report even date attached

For **CHATURVEDI & PARTNERS**
Chartered Accountants
Firm Registration No. 307068E

For and on behalf of the Board

R N CHATURVEDI
Partner
Membership No. 092087

Rakesh Sharma
Managing Director

Manoj Gaur
Chairman

Place : New Delhi
Date : May 03, 2011

Samir Raheja
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2009 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(353,918,629)	(359,812,070)
(Increase)/Decrease in Pre-Operative/ Incidental Expenses under construction and capital advances	(3,810,497,101)	(277,275,778)
Interest Received	107,031,102	4,577,202
NET CASH GENERATED (USED IN) INVESTING ACTIVITIES	(4,057,384,628)	(632,510,646)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Share Capital	4,000,000,000	820,793,500
NET CASH FROM FINANCING ACTIVITIES	4,000,000,000	820,793,500
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(57,384,628)	188,282,854
Cash and cash equivalents at the beginning of the year	210,535,562	22,252,708
Cash and cash equivalents at the end of the year	153,150,934	210,535,562

Note : 1. The Cash Flow Statement has been as per the indirect method as set out in the Accounting Standard (AS-3) on Cash Flow Statement issued under the Companies Accounting Standards Rules, 2006.

2. (a) The Cash and Cash equivalents comprise of the following :

Particulars	Amount as at March 31, 2011 Rs.	Amount as at March 31, 2010 Rs.
Cash in Hand	37,774	19,328
Balance with Scheduled Banks :-		
In Current Account	41,744,781	6,653,829
In Fixed Deposit	111,368,379	203,862,405
Total	153,150,934	210,535,562

- (b) Cash and Cash Equivalents in fixed deposit includes security deposit with the Government Corporations.

For **CHATURVEDI & PARTNERS**
Chartered Accountants
Firm Registration No. 307068E

For and on behalf of the Board

R N CHATURVEDI
Partner
Membership No. 092087

Rakesh Sharma
Managing Director

Manoj Gaur
Chairman

Place : New Delhi
Date : May 03, 2011

Samir Raheja
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1 Registration Details

Registration No.	:	032843	State Code	:	20
Balance Sheet date	:	31.03.2011			

2 Capital Raised During the Year (Amount in Rs. Thousands)

Public Issue	:	NIL	Right Issue	:	NIL
Bonus Issue	:	NIL	Private Placement	:	4,000,000

3 Position of mobilisation and deployment of funds (Amount Rs. Thousands)

Total Liabilities		5,519,772	Total Assets	:	5,519,772
Sources of Funds					
Paid-up Capital	:	5,519,772	Secured Loans	:	–
Reserves & Surplus	:	–	Unsecured Loans	:	–
Application of funds					
Net Fixed Assets	:	713,405	Accumulated Loss	:	652
Capital work in progress	:	3,320,728			
Pre-operative Expenditure	:	1,025,143			
Net Current Assets	:	459,844			

4 Performance of Company (Amount Rs. Thousands)

Turnover	:	–	Total Expenditure	:	–
Profit Before Tax	:	–	Profit After Tax	:	–

5 Generic Names of three principal Products of the Company

Item Code No. (ITC Code)		N.A.
Product Description		N.A.

6 Earning Per Share

As per our report of even date attached

For **CHATURVEDI & PARTNERS**

Chartered Accountants

Firm Registration No. 307068E

R N CHATURVEDI

Partner

Membership No. 092087

Place : New Delhi

Date : May 03, 2011

For and on behalf of the Board

Rakesh Sharma

Managing Director

Manoj Gaur

Chairman

Samir Raheja

Company Secretary