

**AUDITORS' REPORT
TO THE MEMBERS OF
JAYPEE KARCHAM HYDRO CORPORATION LIMITED.**

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

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 written representations 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.

Place :NOIDA
Dated :28th May 2010

For M.P.SINGH & ASSOCIATES
Chartered Accountants



(Signature)
(CA R. NAGPAL)
Partner
M.No. 81594
Firm Regn No.002183C

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date on the accounts for the year ended 31st March 2010 of **JAYPEE KARCHAM HYDRO CORPORATION 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 year, 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) 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) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to any financial institution, bank or debenture holder.
- (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) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.
- (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. 263.58 crores have been used for long term investment.
- (xviii) Where the Company has made preferential allotment of shares during the period, the price at which shares have been issued is not prejudicial to the interest of the company.
- (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 :28th May 2010

For M.P.SINGH & ASSOCIATES
Chartered Accountants



R. Nagpal

(CA R. NAGPAL)

Partner

M.No. 81594

Firm Regn No.002183C

JAYPEE KARCHAM HYDRO CORPORATION LIMITED

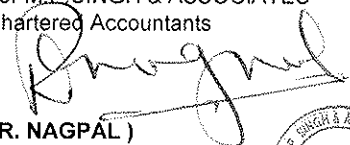
BALANCE SHEET AS AT 31ST MARCH - 2010

PARTICULARS	SCH	AS AT 31.03.2010		AS AT 31.03.2009	
		RUPEES		RUPEES	
SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS	A	13,250,000,000		9,250,000,000	
LOAN FUNDS					
SECURED LOANS	B	28,762,730,013		19,097,407,983	
TOTAL SOURCES OF FUNDS		42,012,730,013		28,347,407,983	
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	C	441,661,941		409,217,883	
Less: Depreciation		1,885,762		1,125,164	
Net Block		439,776,179		408,092,719	
Capital Work in Progress		37,176,018,779		18,091,062,602	
Incidental Expenditure during implementation pending allocation	D	6,511,659,415	44,127,454,373	3,072,518,162	21,571,673,483
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	E	2,028,242		2,794,559	
Cash & Bank Balances		608,934,356		3,742,896,537	
Other Current Assets		935,755		3,407,689	
Loans & Advances		2,171,734,686		7,032,712,124	
		2,783,633,039		10,781,810,909	
Less: Current Liabilities & Provisions					
Current Liabilities	F	4,781,105,386		3,904,645,238	
Provisions		137,346,693		121,525,851	
		4,918,452,079		4,026,171,089	
NET CURRENT ASSETS		(2,134,819,040)		6,755,639,820	
MISCELLANEOUS EXPENDITURE					
(to the extent not written off or adjusted)	G	-		20,094,680	
PROFIT AND LOSS ACCOUNT					
		20,094,680		-	
TOTAL APPLICATION OF FUNDS		42,012,730,013		28,347,407,983	

Accounting Policies and Notes to the Accounts H

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

For M.P. SINGH & ASSOCIATES
Chartered Accountants



(R. NAGPAL)

Partner
M.No.81594
Firm Regn. No.002183C



For and on Behalf of the Board


Managing Director


Chairman


Company Secretary

Place: Noida
Date: 28th May,2010

JAYPEE KARCHAM HYDRO CORPORATION LIMITED

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

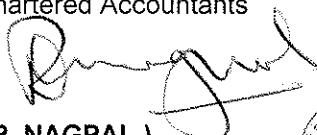
PARTICULARS	SCH	CURRENT YEAR	PREVIOUS YEAR
		RUPEES	RUPEES
INCOME		-	-
		-	-
EXPENDITURE			
Preliminary expenses written off - Prior Period		20,094,680	-
		20,094,680	-
Profit/(Loss) for the year		(20,094,680)	-
Balance loss carried to Balance Sheet		(20,094,680)	-

Accounting Policies and Notes to the Accounts H


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

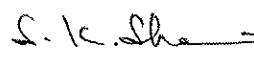
For M.P.SINGH & ASSOCIATES
Chartered Accountants

For and on Behalf of the Board


(R. NAGPAL)
Partner
M.No.81594
Firm Regn. No.002183C




Managing Director


Chairman

Place: Noida
Date: 28th May,2010


Company Secretary

JAYPEE KARCHAM HYDRO CORPORATION LIMITED

SCHEDULES TO BALANCE SHEET

AS AT 31.03.2010
RUPEES

AS AT 31.03.2009
RUPEES

SCHEDULE 'A' SHARE CAPITAL

Authorised

220,00,00,000 Equity Shares of Rs.10 each 22,000,000,000 20,000,000,000
(Previous Year 200,00,00,000 Equity Shares of Rs. 10 each)

Issued, Subscribed and Paid up

1325,000,000 Equity Shares of Rs. 10 each 13,250,000,000 9,250,000,000
(Previous Year 9250,00,000 Equity Shares of Rs.10 each fully paid up in cash)

13,250,000,000 9,250,000,000

Paid up Equity Share Capital for Rs.925 Crore is held by Jaiprakash Associates Limited, the Holding Company & Rs.400 Crore is held by Jaiprakash Power Ventures Limited.

SCHEDULE 'B' SECURED LOANS

TERM LOANS FROM :

Financial Insitutions 5,858,900,000 4,582,400,000
Banks 22,903,830,013 14,515,007,983
(Repayable within next 12 Months - Rs.250,00,00,000/-)

28,762,730,013 19,097,407,983

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JAYPEE KARCHAM HYDRO CORPORATION LIMITED

SCHEDULE 'C'

FIXED ASSETS

Particulars	GROSS BLOCK		DEPRECIATION			NET BLOCK		
	Opening balance as on 01.04.2009	Additions during the year	Deductions during the year	As at 31st March, 2010	Opening balance as on 01.04.2009	For the Year	Upto 31st March, 2010	As at 31st March, 2009
Land	403,422,883	16,628,244	-	420,051,127	-	-	-	403,422,883
Light Vehicles	3,206,081	3,433,258	-	6,639,339	943,220	452,020	1,395,240	2,262,861
Office Equipment	2,588,919	11,346,998	-	13,935,917	181,944	306,293	488,237	2,406,975
Furniture & Fixture	-	1,035,558	-	1,035,558	0	2,285	2,285	-
Total	409,217,883	32,444,058	-	441,661,941	1,125,164	760,598	1,885,762	408,092,719
Previous Year	35,382,702	373,835,181	-	409,217,883	714,729	410,435	1,125,164	408,092,719

Capital Work In Progress

37,176,018,779 18,091,062,602



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JAYPEE KARCHAM HYDRO CORPORATION LIMITED

SCHEDULES TO BALANCE SHEET

SCHEDULE 'D'

**STATEMENT OF INCIDENTAL EXPENDITURE DURING IMPLEMENTATION 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			3,072,518,162		1,669,038,666
Salary, Wages, Bonus and other benefit			75,927,732		58,403,483
Gratuity			2,523,057		632,150
Provident Fund			4,724,048		3,210,432
Staff Welfare Expenses			5,450,260		4,839,219
Lease Rent			859,801		1,331,000
Rent Other			4,610,504		3,093,840
Legal & Professional Expenses			12,034,103		2,320,899
Insurance - Others			281,805,176		39,774,166
Consultancy Charges			14,418,270		8,469,133
Filing Fee			55,255		11,296
Travelling Expenses			6,086,984		2,808,284
Telephone Expenses			322,764		237,395
Entry Tax paid			43,000		47,840
Bank Charges & Guarantee Commission			1,436,291		229,374
Interest on Term Loan			2,599,907,284		1,290,112,136
Finance Charges			52,927,380		15,211,848
Compensatory Afforestation			-		240,316
Catchment Area Treatment Plan			41,665,618		44,346,893
Compensation for Land			785,214		93,143,605
Environmental Management Plan Monitoring Cost			176,101,177		10,148,403
Local Area Development			177,851,802		76,185,796
Miscellaneous Expenses			2,324,182		3,912,971
Directors' Sitting Fee			760,000		800,000
Depreciation			760,598		410,435
<u>Auditor's Remuneration :-</u>					
- Audit Fee			827,250		551,500
- Reimbursement of expenses			1,630		-
Interest Earned on Deposits		(38,092,227)		(92,942,412)	
Less :Provision for Taxation		13,010,100		31,725,000	
:Provision for Fringe Benefit Tax		-		558,000	
:Provision for Wealth Tax		14,000	(25,068,127)	37,481	(60,621,931)
Total :			6,511,659,415		3,268,889,148
Less: Amount Capitalised - Land			-		(196,370,986)
Amount Carried Forward			6,511,659,415		3,072,518,162

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JAYPEE KARCHAM HYDRO CORPORATION LIMITED

SCHEDULES TO BALANCE SHEET

AS AT 31.03.2010
RUPEES

AS AT 31.03.2009
RUPEES

SCHEDULE 'E'

CURRENT ASSETS, LOANS & ADVANCES

A CURRENT ASSETS

i) Inventories (As per Inventories taken, valued and certified by the management) Stores and spares	2,028,242	2,794,559
ii) Cash & Bank Balances		
a) Cash	213,999	263,550
b) Balances with Scheduled Banks		
- in Current Account	324,393,245	1,463,846,149
- in Fixed Deposit Account-(Pledged with Govt. Deptt. - 55,760/-) (Previous year 50,000/- pledged with Govt. Deptt.)	284,327,112	2,278,786,838
iii) Other Current Assets -Interest Accrued on Fixed Deposit with Banks	935,755	3,407,689

	A	611,898,353	3,749,098,785
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B LOANS AND ADVANCES

(Unsecured, considered good)

Advance to Suppliers, Contractors & others	2,033,562,093	6,907,920,645
Security Deposit with Govt. Department	5,000,000	-
Staff Imprest and advances	505,825	102,428
Prepaid Expenses	1,816,596	853,309
Advance Tax Deposit & Tax Deducted at Source	130,850,172	123,835,742

	B	2,171,734,686	7,032,712,124
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TOTAL A+B		2,783,633,039	10,781,810,909
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SCHEDULE 'F'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	4,652,562,648	448,867,130
ii) Due to Staff	6,798,289	3,643,993
iii) Other Liabilities	121,744,449	3,452,134,115
	A	4,781,105,386
B PROVISIONS		
i) Provision for Taxation	130,314,683	117,304,583
ii) Provision for Gratuity	2,523,057	1,554,538
iii) Provision for Leave Encashment	3,016,682	1,188,459
iv) Provision for Fringe Benefit Tax	1,440,790	1,440,790
vi) Provision for Wealth Tax	51,481	37,481
	B	137,346,693
	TOTAL A+B	4,918,452,079
		4,026,171,089

SCHEDULE 'G'**MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

Preliminary Expenses	20,094,680	20,094,680
Less : Preliminary Expenses Written off	20,094,680	-
	-	20,094,680

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JAYPEE KARCHAM HYDRO CORPORATION LIMITED

SCHEDULE 'H'

ACCOUNTING POLICIES AND NOTES ON THE ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of Financial Statements:

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

Revenue Recognition:

Expenditure and Income are accounted for on accrual basis.

Fixed Assets:

Fixed assets are stated at cost of acquisition 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.

Expenditure during construction period

Expenditure incurred on the Project during implementation 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.

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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.

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 Transaction

- (i) Transactions in Foreign Currency are recorded in the Books of Account 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 period are expressed in Indian Currency at the rate of exchange prevailing on the date of the Balance Sheet.
- (iii) Foreign Exchange gain/loss will be adjusted against the cost of assets as per the requirement of Schedule VI to the Companies Act, 1956.

Borrowing Costs

Borrowing Costs attributable to the acquisition/construction of fixed assets will be capitalized as part of the cost of the respective assets upto the date of commissioning.

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.

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.

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(B) **NOTES ON ACCOUNTS**

(1) Contingent liabilities

(a) Outstanding amount of Bank Guarantee: Rs.10,87,98,991/- (Previous year – Rs.20,62,560/-)

(b) The Company had executed a Power Purchase Agreement (PPA) for sale of 704 MW power, out of 1000 MW power from the Project to Power Trading Corporation (India) Limited (PTC) on 21st March 2006 for a term of 35 years with the stipulation that the tariff for sale of power shall be as approved by Central Electricity Regulatory Commission (CERC) based on the completion cost as approved by Central Electricity Authority (CEA) / Central Electricity Regulatory Commission. It was subsequently found that the Electricity Act 2003 does not provide for the determination of tariff for sale of power by a Generating Company to a Trading Company and therefore based on the legal opinion the said PPA was considered to be void and PTC was informed accordingly. The PTC has challenged the position taken by the Company and the matter is pending in the Hon'ble High Court of Delhi.

(2) Estimated amount of Contracts remaining to be executed on Capital account (net of advances) is Rs. 609.18 crore plus US \$ 13.72 crore and Canadian Dollars 3,26,595.

(3) Security for Term Loans

The financial assistance sanctioned and disbursed/to be disbursed by financial institutions and banks by way of Rupee Term Loans together with all interest, guarantee commission, liquidated damages, fees and any other amount due and payable to the lenders, premia on prepayment, costs, charges, expenses and other monies whatsoever stipulated in or payable to the lenders, facility agent (ICICI Bank), security trustee (IDBI Trusteeship Services Ltd.), etc. under the loan agreements/financing documents are secured/to be secured by legal mortgage created in English Form on immovable property at Vadgaon, Taluka Mawal, District Pune, Maharashtra in favour of the security trustee and first mortgage and hypothecation of all the immovable and movable properties and assets, business and undertakings, both present and future, all intangible assets, undertaking and uncalled capital, assignment of all revenues and receivables of the Company from Project or otherwise, Company's rights under each of the Project documents duly acknowledged and consented by the relevant counter parties, charge on all licences, permits, approvals, assignments, concessions, and consents in connection with the Project, charge on all the Company's Accounts except Distribution Account on which there shall be a floating charge which would get converted into a fixed charge in case of any default, charge on all the construction and operating period insurance policies relating to the Project, ranking pari-passu in favour of the security trustee/lenders and pledge of Company's shares being 30% of issued and paid-up share capital of the Company (viz. 277,500,000 Equity shares held by Jaiprakash Associates Limited (JAL), the Holding Company and 120,000,000 Equity Shares held by Jaiprakash Power Ventures Limited), execution of Non Disposal and Safety Net Agreement by JAL in favour of security trustee, charge on letter of credit/guarantee/performance bond and on the Escrow Account for the benefit of the Company.

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- (4) 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 15th December 2009. Therefore Preliminary expenses being of earlier year, have been charged to Profit and Loss account as a prior period item. Had the same not been charged, the Loss would have been lower by Rs. 2,00,94,680 and debit balance in Profit and loss account would have been lower by Rs.200,94,680.
- (5) In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business, at least equal to the amount at which these are stated in the Balance Sheet.
- (6) (a) The Company has made a provision of Rs. 1,30,10,100/- as Income Tax for the year.
 (b) The Company has made a provision of Rs. 14,000/- as wealth tax for the year.
 (c) There are no Deferred Tax Liabilities / Assets as at 31st March, 2010.
- (7) Advance to Suppliers, Contractors and others shown under "Loan and Advances" in Schedule "D" includes Advance to JAL, holding company, Rs. 203,35,62,093/- (Previous Year Rs. 690,79,12,585/-). Maximum amount outstanding during the year Rs. 690,79,12,585/-.
- (8) Additional information pursuant to provisions of paragraphs 3 and 4 of Part - II of Schedule-VI to the Companies Act, 1956
- (a) Capacity & Production
- | | |
|--------------------|------------------------------|
| Licensed Capacity | 1000 MW (As per MoU) |
| Installed Capacity | Project under implementation |
| Actual Production | NIL |
- (b) Managerial remuneration paid to Directors.
- | | Current Year | Previous Year |
|----------------|---------------------|----------------------|
| Basic Pay | Rs.82,50,000/- | Rs. 43,50,000/- |
| Provident Fund | Rs. 9,90,000/- | Rs. 5,22,000/- |
| Perquisites | Rs. 55,58,647/- | Rs 30,57,720/- |
- (c) Expenditure in Foreign Currency:
 (Foreign Exchange Outgo)
- | | | |
|--------------------------|-------------------------|---------------------------|
| Technical Consultancy | Rs.1,04,87,352/- | Rs. 42,27,232/- |
| Foreign Travel | Rs 9,68,385/- | Rs. 14,52,690/- |
| Advance Against Contract | Rs.1,60,00,000/- | Rs.101,55,65,476/- |
| Total | Rs 2,74,55,737/- | Rs.102,12,45,398/- |

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

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

Relationships:

(a) Holding Company : Jaiprakash Associates Limited

(b) Fellow Subsidiary Companies :

- (1) Jaiprakash Power Ventures Limited
- (2) Jaypee Ganga Infrastructure Corporation Limited
- (3) Jaypee Powergrid 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) Jaypee Arunachal Power Limited(subsidiary of Jaiprakash Power Ventures Limited)
- (13) Sangam Power Generation Company Limited(w.e.f.23.07.2009) (subsidiary of Jaiprakash Power Ventures Limited)
- (14) Prayagraj Power Generation Company Limited(w.e.f..23.07.2009) (subsidiary of Jaiprakash Power Ventures Limited)
- (15) Jaypee Agra Vikas Limited(w.e.f.16.11.2009)

(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)
- (7) Sonebhadra Minerals Pvt. Limited
- (8) RPJ Minerals Pvt. Limited
- (9) Jaypee Petroleum Private Limited(subsidiary of Jaypee Ventures Private Limited)

Chaitanya *Sharma* *SR*



- (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 27.02.2010
- (14) Samsun Estates Private Limited(subsidiary of Jaypee Ventures Private Limited) w.e.f 27.02.2010
- (15) Sunvin Estates Private Limited(subsidiary of Jaypee Ventures Private Limited) w.e.f 27.02.2010
- (16) Manumanik Estates Private Limited(subsidiary of Jaypee Ventures Private Limited) w.e.f 27.02.2010
- (17) Arman Estate Private Limited(subsidiary of Jaypee Ventures Private Limited) w.e.f 27.02.2010
- (18) Suneha Estates Private Limited(subsidiary of Jaypee Ventures Private Limited) w.e.f 27.02.2010
- (19) Pee Gee Estates Private Limited(subsidiary of Jaypee Ventures Private Limited) w.e.f 27.02.2010
- (20) Vinamra Housing & Constructions Private Limited(subsidiary of Jaypee Ventures Private Limited) w.e.f 27.02.2010
- (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 Ventures Pvt Ltd, upto 25.02.2010)

(d) **Key Management Personnel:**

- | | | |
|-------|----------------------------|---|
| (i) | Shri Dharam Paul Goyal | Managing Director |
| (ii) | Shri Praveen Kumar Singh | Whole Time Director |
| (iii) | Shri Ravindra Mohan Chadha | Whole Time Director
(w.e.f. 1 st Jan. 2010) |

Bale *Praveen* *SS*



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

(Amount in Rs.)

Nature of Transactions	Referred In 1 (a) Above	Referred In 1(b)&1(c)	Referred In 1 (d)
<u>Expenditure</u>			
Capital Work in Progress	19,08,49,56,177/- (12,55,50,00,906/-)	-	-
Other Expenses	7,25,990/- (3,47,855/-)	-	-
Salary	-	-	1,47,98,647/-
Previous Year	-	-	(79,27,410/-)
<u>Outstanding</u>			
Advance given	2,03,32,99,279/- (7,132,354,073/-)	-	-
Amount Payable	464,72,93,401/- (44,57,99,095/-)	-	-
Salary Payable	-	-	8,68,460/- (5,36,500/-)

Previous Year figures are stated in brackets

(10) 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	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 16, of the Micro Small and Medium Enterprises 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 day during the 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

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- (11) Other Liabilities Include Book Overdraft of Rs. Nil (Previous year Rs. 88,80,10,576)
- (12) (a) Provident Fund-Defined Contribution Plan: All employees are entitled to Provident Fund benefits. Amount debited to statement of Incidental expenditure during construction is Rs. 43,38,915/-(Previous Year 29,39,592) as Provident Fund for the year.
- (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 30th 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 has been made 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 st March 2010		
	1. Current Service Cost.	12,72,770(6,65,960)	11,00,959(644,526)
	2. Interest Cost	1,24,363(73,791)	95,077(58,679)
	3. Employee Contribution	--	--
	4. Actuarial (Gains)/Losses	11,25,924(-1,07,601)	6,32,187(-2,48,237)
	5. Past Service Cost	--	--
	6. Settlement Cost	--	--
	7. Total Expenses	25,23,057(6,32,150)	18,28,223(4,54,968)
II	Net Asset / (Liability) recognized in the Balance Sheet as at 31 st March 2010.		
	1. Present Value of Defined Benefit obligation.	39,61,655(15,54,538)	30,16,682(11,88,459)
	2. Fair Value of Plan Assets.	14,38,598 (Nil)	--
	3. Funded Status (Surplus/Deficit)	25,23,057(15,54,538)	30,16,682(11,88,459)

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III	Change in Obligation during the year ended March 31, 2010.		
	1. Present value of Defined Benefit Obligation at the beginning of the year.	15,54,538(9,22,388)	11,88,459(7,33,491)
	2. Current Service Cost.	12,72,770(6,65,960)	11,00,959(6,44,526)
	3. Interest Cost	1,24,363(79,791)	95,077(58,679)
	4. Settlement Cost	--	--
	5. Past Service Cost.	--	--
	6. Employee Contributions	--	--
	7. Actuarial (Gains)/Losses	11,31,290(-107,601)	6,32,187(-248237)
	8. Benefit Payments	-1,21,306 (Nil)	--
	9. Present Value of Defined Benefit Obligation at the end of the year.	39,61,655(15,54,538)	30,16,682(11,88,459)
IV	Change in Assets during the year ended March 31 st , 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	15,54,538	-
	6. Actual Benefit Paid	-121306 (Nil)	---
	7. Actuarial Gains/ (Losses)	5,366 (Nil)	---
	8. Plan Assets at the end of the year.	14,38,598	---
	9. Actual Return on Plan Assets	---	---

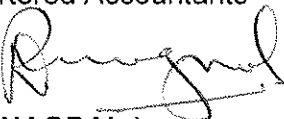
(c) Actuarial Assumptions

- (i) Discount Rate - 8%
- (ii) Mortality - LIC(1994-96) duly modified mortality tables
- (iii) Turnover Rate - Upto 30 years - 2%, 31-44 years -5%, Above 44 -3%
- (iv) Future Salary Increase - 8% (5.50%)

(14) All figures have been rounded off to the nearest rupee.

Signatures to Schedules "A" to "H"

for M.P.SINGH & ASSOCIATES
Chartered Accountants



(R. NAGPAL)
Partner



M.No. 81594
Firm Regn. No. 002183C

Place : Noida
Date: 28th May, 2010

For and on behalf of the Board


Managing Director


Chairman


Company Secretary

JAYPEE KARCHAM HYDRO CORPORATION LIMITED
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
PURSUANT TO PART IV OF THE COMPANIES ACT, 1956


I	Registration Details			
	Registration No.	06-025095	State Code	06
	Balance sheet Date	31.03.10		
II	Capital raised during the year (Amount in Rs. Thousands)			
	Public Issue	NIL	Rights Issue	NIL
	Bonus Issue	NIL	Private Placement	4,000,000
III	Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)			
	Total Liabilities	42,012,730	Total Assets	42,012,730
	Source of Funds			
	Paid Up Capital	13,250,000	Share Application Money	NIL
	Reserves & Surplus	-		
	Secured Loans	28,762,730	Unsecured Loans	NIL
	Application of Funds			
	Net Fixed Assets	44,127,454	Investments	-
	Net Current Assets	(2,134,819)	Misc. Expenditure	-
	Accumulated Losses	20,095		
IV	Performance of the Company (Amount in Rs. Thousands)			
	Turnover	NA	Total Expenditure	20,095
	Profit/Loss before Tax	(20,095)	Profit/Loss After Tax	(20,095)
	Earning per share in Rs.	0	Dividend Rate %	NA
V	Generic Names of three Principal Products/Services of Company (as per monetary terms)			
	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)

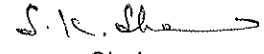
Partner

M. No. 81594

Firm Regn. No.002183C



For and on behalf of the Board


Managing Director
Chairman

Place: Noida

Date: 28th May,2010


Company Secretary

JAYPEE KARCHAM HYDRO CORPORATION LIMITED
Cash Flow Statement for the Year ended 31st March 2010

	CURRENT YEAR 2009-10 (Rs.)	PREVIOUS YEAR 2008-09 (Rs.)
A. Cash flow from Operating Activities		
Loss from Profit and Loss Account	(20,094,680)	-
Add: Preliminary expenses written off	20,094,680	-
Net cash inflow from operating activities----'A'	-	-
B. Cash flow from Investing Activities		
<u>Outflow</u>		
Investment in Fixed Assets and Capital work in Progress Incl Incidental Expenditure Pending allocation-Net of Interest Earned	(22,555,780,890)	(14,331,905,148)
(Increase)/Decrease in Inventories	766,317	(2,794,559)
(Increase)/Decrease in Other Current Assets	2,471,934	7,928,678
(Increase)/Decrease in Loans and Advances and others	4,860,977,438	(1,839,598,899)
<u>Inflow</u>		
Increase (Decrease) in Trade Payables	876,460,148	3,813,694,758
Increase (Decrease) in Provisions	15,820,842	22,772,534
Net cash used in investing activities-----'B'	(16,799,284,211)	(12,329,902,636)
C. Cash flow from Financing Activities		
<u>Inflow</u>		
Increase in Share Capital	4,000,000,000	1,750,000,000
Increase in Borrowings	9,665,322,030	13,269,207,983
<u>Outflow</u>		
Decrease in Borrowings	-	-
Net cash in financing activities---'C'	13,665,322,030	15,019,207,983
Net Increase/(Decrease) in cash or cash equivalents (A+B+C)	(3,133,962,181)	2,689,305,347
Cash & Cash Equivalents at the commencement of the year (Opening Balance)	3,742,896,537	1,053,591,190
Cash & Cash Equivalents at the end of the year (Closing Balance)	608,934,356	3,742,896,537

For M.P.SINGH & ASSOCIATES
Chartered Accountants

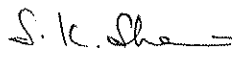
For and on behalf of the Board





(R. Nagpal)
Partner
M.No. 81594
Firm Regn. No.002183C


Managing Director


Chairman

Place : Noida
Dated : 28th May, 2010


Company Secretary