

JAYPEE POWERGRID LTD.

ANNUAL REPORT 2009-10

DIRECTORS' REPORT

To,
The Members,

The Directors of your Company have pleasure in presenting the fourth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010.

PROGRESS OF THE PROJECT

Progress at Site

The Directors of your Company wish to report that progress of the work at the site is as under:

- Around 83% of Foundations have been completed.
- More than two-third work pertaining to Tower Erection has been completed.
- Earthing and Stringing work has been completed to the extent of 60% and 40% respectively.

Contract for supply and erection of Reactors has been awarded. Supply of Conductors at site is complete.

The Contractors engaged for various packages are well equipped with infrastructure facilities and adequate manpower support and are functioning at various sites at Shoultu, Rampur, Solan, Rajgarh and Yamuna Nagar.

The Lenders' Engineers, M/s. Lahmeyer International, have been visiting the Project site periodically to evaluate the progress of the Project and have expressed their satisfaction with the progress. Tata Projects Limited, engaged for Field Quality Services for all activities relating to the transmission line have also expressed satisfaction.

All authorisations/approvals required for the project are in place. Apart from the above,

- The Company was granted approval for the diversion of forestland in Himachal Pradesh from Ministry for Environment & Forest on 21st July, 2009. Accordingly, payments for Compensatory Afforestation etc. have been deposited.
- Deptt. of Telecommunication, Airport Authority of India, Railways, National Highways Authority of India and Air Force have communicated their concurrence for construction of the transmission line.

The Project is expected to be completed well before the commissioning of 1000 MW Karcham Wangtoo Project.

Financial Progress

An amount of Rs.614 crores has already been spent as on 30th April,2010,against the presently estimated Project cost of Rs.885 crores, which has been met from Equity component and loans disbursed by the Banks.

Statement of Incidental Expenditure during construction, pending allocation

As per the Statement of Incidental Expenditure during construction, pending allocation, for the year ended 31st March, 2010, an amount of Rs.171.23 crores incurred by the Company has been carried to Balance Sheet which shall be capitalised at an appropriate time.

SHARE CAPITAL

During the year, the Company allotted five crore equity shares of Rs.10 each to Joint Venture (JV) Partners i.e. Jaiprakash Power Ventures Limited and Power Grid Corporation of India Limited and accordingly, the paid-up share capital of the Company increased from Rs.125 crores to Rs.175 crores.

Further, allotment of Shares in respect of Share Application money of Rs.47.5 crores which were received from the JV Partners at the close of the Financial Year has been made.

DIRECTORATE

Shri Manoj Gaur resigned as Director/Vice-Chairman w.e.f. 20th November, 2009. The Board places on record its deep appreciation for the valuable contribution of Shri Manoj Gaur during his tenure as Director/Vice-Chairman on the Board.

Shri Suren Jain and Shri Vinod Sharma, Directors shall retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

AUDIT COMMITTEE

The Audit Committee comprising of Shri G.P. Singh, Chairman, Shri Suren Jain, Member and Shri T.K. Wali, Member is in place and fully meets the requirement of Section 292 A of the Companies Act,1956.

DEPOSITS

The Company did not invite / accept any Fixed Deposits from the Public 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 Accounts for the year ended 31st March, 2010:-

- i. that in the preparation of the Annual Accounts, the applicable accounting standards had been followed and that there were no material departures;
- ii. that the Directors had, in consultation with the Statutory Auditors, selected such accounting policies and applied them consistently and made judgements 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, 2010;
- iii. that the Directors had taken proper and sufficient care for 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.

PARTICULARS OF EMPLOYEES

A statement showing the particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is annexed and forms integral part of the report.

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

The information with respect to conservation of energy as per Section 217(1)(e) of the Companies Act, 1956 is not applicable as the Project is still under construction stage.

As regards the information with respect to Technology Absorption, the Project is utilizing and absorbing the modern technology for the construction of the transmission line consistent with the leading practices adopted by Power Grid Corporation of India Limited, which is providing the consultancy for design and engineering. There has not been any Foreign Exchange earnings / outgo.

NOTES ON ACCOUNTS

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

AUDITORS

M/s. Awatar & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment.

APPRECIATION

The Directors of your Company wish to place on record their gratitude to the Government of India, Government of Himachal Pradesh and Undertakings of the Central & State Governments, Central Electricity Regulatory Commission, Central Electricity Authority, Banks and other authorities for their valuable and continued cooperation & support to the Company.

Your Directors also wish to place on record their appreciation for the efforts and contributions made by the employees at all levels.

On behalf of the Board

Date: 17th May, 2010
Place:Gurgaon

**Sd/-
S.K.CHATURVEDI
CHAIRMAN**

ANNEXURE TO THE DIRECTORS' REPORT

Information in pursuance to Sub-section 2A of Section 217 of the Companies Act, 1956 is given below:

Name of Employee, Designation/Nature of Duties, Gross Remuneration (Rs.), Qualification, Age (in years), Total Experience (in years), Date of commencement of Employment, Previous Employment:

A. Employed throughout the year and in receipt of remuneration aggregating Rs. 24,00,000/- or more

1. Shri Rajiv Ranjan Bhardwaj, Managing Director, Rs. 58,60,255/-, B.Sc.(Hons.) Chemistry; Passed Indian Audit and Accounts Service examination (UPSC) , 51, 27, 2nd March,2007, Jaypee Ventures Private Limited, New Delhi.
2. Shri Prabhakar Singh, Director (Project), Rs.29,56,042/-,B.E.(Elec),51,27,5th December,2008,Power Grid Corporation of India Limited.

Notes:

1. Gross remuneration includes Salary, House Rent Allowance and other perks like Medical Reimbursement, Leave Travel Assistance, Furnishing Allowance, Company's contribution towards Provident Fund etc. but excludes provision for Gratuity & Leave Encashment.
2. The nature of employment of Shri Rajiv Ranjan Bhardwaj and Shri Prabhakar Singh is contractual.
3. None of the above employees is related to any Director of the Company.

AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF
JAYPEE POWERGRID LIMITED**

1. We have audited the attached Balance Sheet of **JAYPEE POWERGRID LIMITED** ("the Company") as at 31st March, 2010 and 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. No Profit and Loss Account has been prepared since the Company has yet to commence its revenue operations and necessary details as per part II of Schedule VI of the Companies Act, 1956 have been disclosed in the "Statement of Incidental Expenditure During Construction Pending Allocation".
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 estimate made by the 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 Section 227 (4A) of the Companies Act, 1956, 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:
 - (i) 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;
 - (ii) 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;
 - (iii) the Balance Sheet and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, and;
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010; and
 - b) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Gurgaon
Date : 17.05.2010



For **AWATAR & CO.**
Chartered Accountants
Registration No. 000726N

Brijendra Agrawal
BRIJENDRA AGRAWAL
Partner
Membership No. : 087787

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
- (b) As explained to us, the Fixed Assets were physically verified by the Management during the year and no discrepancy had been noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off any substantial part of its fixed assets during the year and as such has not affected the going concern status of the Company.
- (ii) The Company does not have any inventory. Therefore, the provisions of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (iii) (a) The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clauses (b), (c) and (d) of clause 4(iii) of the Order are not applicable to the Company.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clauses (f) and (g) of clause 4(iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories, fixed assets and services and supplies. During the course of our audit, we have not observed any continuing major weakness in such internal controls.
- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public during the year. Therefore, the provisions of clause 4(vi) of the Order are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the maintenance of cost records is not applicable to the year under report.
- (ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income-tax, wealth tax, sales-tax, service tax, custom duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty, cess or any other statutory dues were in arrears as on 31st March 2010 for a period more than six months from the date they became payable.



- (x) The company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank. The Company has not borrowed any amounts by issue of debentures.
- (xii) In our opinion and according to the information and explanations given to us, 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. Therefore, provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from the banks or financial institutions. Therefore, provisions of clause 4(xv) of the Order are not applicable to the Company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- (xvii) In our opinion and 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 have been used for long term investment.
- (xviii) According to the information and explanations given to us, during the year covered by our audit report, the Company has made allotment of shares only to the promoters of the Company (viz. Jaiprakash Power Ventures Limited and Power Grid Corporation of India Limited, as mentioned in Note No. B(xi)(1)(1) of the Schedule 'H' of the annual accounts) for consideration which is not prejudicial to the interest of the Company and that there are no other party / companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the year under audit report.
- (xx) During the year covered by our audit report, the Company has not raised any money by way of public issue.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

Place : Gurgaon
Date : 17.05.2010



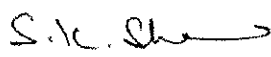




For AWATAR & CO.
Chartered Accountants
Registration No. 000726N

Brijendra Agrawal

BRIJENDRA AGRAWAL
Partner
Membership No. : 087787

JAYPEE POWERGRID LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	AS AT 31.03.2010 RUPEES	AS AT 31.03.2009 RUPEES
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	A	1,750,000,000	1,250,000,000
Share Application Money		475,000,000	-
Loan Funds			
Secured Loans	B	4,051,845,216	1,700,756,018
Total		6,276,845,216	2,950,756,018
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	C	6,096,712	6,124,364
<u>Less: Provision for Depreciation</u>		<u>1,533,817</u>	<u>956,458</u>
Net Block		4,562,895	5,167,906
Incidental Expenditure Pending Allocation	D	1,712,331,755	558,599,090
Capital Work-in-Progress		<u>4,598,624,450</u>	<u>1,954,487,894</u>
		6,315,519,100	2,518,254,890
Current Assets, Loans & Advances			
Cash and Bank Balances	E	470,396,361	733,185,826
Other Current Assets		294,758	18,879,918
Loans and Advances		<u>15,887,999</u>	<u>12,616,696</u>
		486,579,118	764,682,440
Less: Current Liabilities & Provisions			
Current Liabilities	F	540,228,866	337,903,243
Provisions		<u>3,409,295</u>	<u>12,663,228</u>
		543,638,161	350,566,471
Net Current Assets		(57,059,043)	414,115,969
Miscellaneous Expenditure (To the extent not written off or adjusted)	G	18,385,159	18,385,159
Total		6,276,845,216	2,950,756,018
Accounting Policies and Notes to the Accounts As per our report of even date attached to the Balance Sheet.			
H			
for AWATAR & CO. Chartered Accountants Registration No. 000726N  Brijendra Agrawal Partner Membership No. : 087787			For and on behalf of the Board  Sunil Kumar Sharma Director
Place : Gurgaon Date : 17.05.2010		 Anita Rikhy Dy. General Manager & Company Secretary	 Rajiv Bhardwaj Managing Director

		As At 31.03.2010		As At 31.03.2009								
Amount in Rs.												
JAYPEE POWERGRID LIMITED												
Schedule "A" Share Capital												
Authorised												
30,00,00,000 Equity Shares of Rs 10 each		3,000,000,000		3,000,000,000								
(Previous year 30,00,00,000 Equity Share of Rs 10/- each)												
Issued, Subscribed and Paid-up												
17,50,00,000 Equity Shares of Rs 10/- each												
(Previous year 12,50,00,000 Equity Share of Rs 10/- each)												
Out of the above, 12,95,00,000 Equity Shares are held by Jaiprakash Power Ventures Ltd (earlier known as Jaiprakash Hydro-Power Ltd), the Holding Company		1,750,000,000		1,250,000,000								
(Previous year 7,52,50,000 Equity Share of Rs. 10/- each)												
Total		1,750,000,000		1,250,000,000								
Schedule "B" Secured Loans												
(Including Interest accrued but not due)												
Term Loans from Banks		4,051,845,216		1,700,756,018								
Total		4,051,845,216		1,700,756,018								
Amount in Rs.												
Schedule "C" Fixed Assets												
Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK	
		Cost as at 01.04.2009	Addition During the Year	Sale/ Transfer during the Year	Cost as at 31.03.2010	Up to 31.03.09	For the year	Depreciation Reversed for the earlier year	Sale/ Transfer during the Year	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
1	Motor Vehicles	4,530,399	-	-	4,530,399	577,269	430,388	-	-	1,007,657	3,522,742	3,953,130
2	Office Equipment	526,673	30,535	108500	448,708	25,133	24,061	5055	988	43,151	405,557	501,540
3	Furniture & Fixtures	402,650	4,793	-	407,443	238,638	16,874	-	-	255,512	151,931	164,012
4	EDP Machinery & Equipment	664,642	45,520	-	710,162	115,418	112,079	-	-	227,497	482,665	549,224
Total		6,124,364	80,848	108500	6,096,712	956,458	583,402	5055	988	1,533,817	4,562,895	5,167,906
Previous Year		2,787,500	3,336,864	-	6,124,364	323,449	633,012	-	-	956,458	5,167,906	2,464,054
Capital Work in Progress											4,598,624,450	1,954,487,894



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S.K. Sharma

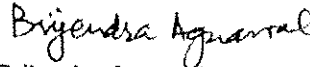
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JAYPEE POWERGRID LIMITEDSTATEMENT OF INCIDENTAL EXPENDITURE DURING CONSTRUCTION, PENDING ALLOCATION FOR
PERIOD ENDING 31ST MARCH, 2010

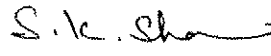
	AS AT 31.03.2010 RUPEES	AS AT 31.03.2009 RUPEES
Advertisement & Publicity	2,548,829	2,537,455
Auditor's Remuneration		
- For Audit	520,950	300,350
- For Tax Audit	77,622	22,472
Bank Charges	754,249	496,607
Books and Periodicals	151,624	145,355
Communication Expenses	1,059,228	552,771
Consultancy Expenses	221,800,009	145,778,683
Crop and Tree Compensation	61,970,094	8,866,889
Depreciation	1,539,860	956,458
Directors' Sitting Fee	1,560,000	1,020,000
Employees Remuneration & Benefits	47,970,795	25,590,720
Finance Charges	62,399,557	60,244,151
Forest Compensation	927,849,104	255,436,214
Interest on Term Loan	357,971,812	57,993,992
Legal and Professional Expenses	28,898,221	12,592,644
License Fee	600,000	400,000
Miscellaneous Expenses	4,874,184	2,319,652
Printing & Stationery Expenses	636,528	437,188
Gratuity Premium Paid	183,302	-
Provision for Gratuity/Leave Encashment	1,360,678	507,028
Provision for Taxation	16,140,260	14,236,873
Rent, Rates & Taxes	1,442,690	978,438
Travelling & Conveyance Expenses	12,384,770	6,246,365
Vehicle Running & Maintenance Expenses	4,760,549	2,321,010
TOTAL	1,759,454,915	599,981,315
Less:- - Interest on Short Term Deposit with Banks (TDS-Rs. 7,93,388/-, Previous Year-Rs. 88,39,836/-)	45,709,681	39,968,746
- Bidding Fee [Net of Expenses]	1,413,479	1,413,479
TOTAL CARRIED TO BALANCE SHEET	1,712,331,755	558,599,090

Accounting Policies and Notes to the Accounts
As per our report of even date attached to the
Balance Sheet.

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for **AWATAR & CO.**
Chartered Accountants
Registration No. 000726N

Brijendra Agrawal
Partner
Membership No. : 087787


For and on behalf of the Board


Sunil Kumar Sharma
Director


Rajiv Bhardwaj
Managing Director


Anita Rikhy
Dy. General Manager &
Company Secretary
Place : Gurgaon
Date : 17.05.2010

Amount in Rs.

JAYPEE POWERGRID LIMITED	As At 31.03.2010	As At 31.03.2009
Schedule "E" Current Assets, Loans & Advances		
A) Current Assets		
a) Cash & Bank Balances		
Cash in Hand	119,468	81,800
Balances with Scheduled Banks		
i) In Current Accounts	6,361,503	8,204,222
ii) In Fixed Deposits	53,918,604	51,677,561
Trust & Retention Account		
i) In Current Account	409,996,786	173,222,243
ii) In Fixed Deposits	-	500,000,000
b) Other Current Assets		
Interest Accrued on Fixed Deposits	269,415	779,039
Prepaid Expenses	25,343	-
Price Variation Recoverable	-	18,100,879
B) Loans and Advances		
a) Advances recoverable in cash or in kind or for value to be received.		
i) Contractors & Suppliers Advance	215,870	10,541
ii) Employees Imprest & Advances	243,691	2,249
iii) Others (for land)	1,000,000	500,000
b) Security Deposit - with Govt. Depts. & Public bodies	108,400	101,900
- Others	30,597	39,397
c) Advance Tax & Tax Deducted at Source	14,289,441	11,962,609
Total	470,396,361	733,185,826
	294,758	18,879,918
	15,887,999	12,616,696
	486,579,118	764,682,440
Schedule "F" Current Liabilities & Provisions		
A) Current Liabilities		
i) Sundry Creditors		
- Due to Micro, Small Scale, Medium Scale Enterprises	-	-
- Other Creditors	172,454,339	132,330,862
ii) Due to Staff	1,810,546	1,293,615
iii) Other Liabilities	365,963,981	204,278,766
B) Provisions		
a) Taxation		
i) Income Tax	1,964,000	11,685,000
ii) Wealth Tax	-	21,200
iii) FBT	-	450,000
b) Employee Benefits		
i) Gratuity	511,209	183,302
ii) Leave Encashment	849,469	323,726
c) Provision for Expenses	84,617	-
Total	540,228,866	337,903,243
	3,409,295	12,663,228
	543,638,161	350,566,471
Schedule "G" Miscellaneous Expenditure (To the extent not written off or adjusted)		
Preliminary Expenses	18,385,159	18,385,159
Total	18,385,159	18,385,159



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S. K. Sharma
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JAYPEE POWERGRID LIMITED

SCHEDULE "H"

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES

General:

- (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 inclusive of freight, duties, taxes and other incidental expenses related thereto.

Capital Work in Progress (CWIP):

Cost of material purchased/consumed, Erection charges thereon and Advances to Capital Suppliers are shown as Capital Work in Progress (CWIP) till the capitalisation of Project.

Depreciation:

Depreciation on assets is provided on straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Incidental Expenditure during construction period:

Incidental Expenditure incurred on the Project during implementation will be capitalized and apportioned to various assets on commissioning of the Project.

Preliminary Expenses:

Preliminary expenses shall be written off over a period of 3 years after the commencement of commercial operations.

Taxes on Income:

Taxes comprise of Current Tax and Wealth Tax. Provision for current tax is calculated in accordance with the provisions of the Income Tax Act, 1961 and is made annually based on the tax liability computed after considering tax allowances and exemptions. Provision for Wealth Tax is calculated in accordance with the provisions of the Wealth Tax Act, 1957 after considering tax allowances and exemptions.

Deferred Tax Assets and Deferred Tax Liability will be calculated by applying rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.



S. K. Sharma
Quik Entry

Employee Benefits:

a. Post-employment benefit plans:

Payments to defined contribution plans, such as provident fund are charged as an expense as they fall due.

For defined benefit plans, such as gratuity, the cost of providing benefits is determined based on actuarial valuation made by an independent actuary using projected unit credit method, as at each balance sheet date. The actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. Past service cost is recognized immediately in the profit and loss account.

b. Short term employees benefits:

The undiscounted portion of short-term employee benefits expected to be paid in exchange for the services rendered by the employees is recognized during the period when the employee renders service. These benefits include encashment of leave.

Provision, Contingent Liabilities and Contingent Assets:

The Company recognizes a provision when there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received. A disclosure for contingent liability is made when, as a result of obligating events, there is a possible obligation on a present obligation that may, but probably will not, require an outflow of resources. Contingent Assets are neither recognized nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

(B) NOTES ON ACCOUNTS

i) Contingent Liabilities not provided for

	(Amount Rs.)	
	2009-10	2008-09
a) Outstanding Letters of Credit	--	554,58,954
b) Estimated amount of Contract remaining to be executed on Capital Account (net of advances)	948,358,467	1,171,209,398
c) Claims against the Company not acknowledged as debt in respect of Land/Crop/Tree Compensation cases filed for damages during the installation of transmission line	17,69,340	--

ii) The joint venture between Jaiprakash Power Ventures Limited (Earlier known as Jaiprakash Hydro-Power Limited) and Power Grid Corporation of India Limited (POWERGRID) is governed by the Shareholders' Agreement dated 22nd February, 2007, Deed of Adherence dated 24th December, 2007 and Supplementary Shareholders Agreement dated 25th March, 2010.

The Company allotted 1,30,00,000 equity shares of Rs.10 each to Power Grid Corporation of India Limited and 3,70,00,000 equity shares of Rs. 10 each to Jaiprakash Hydro-Power Limited during 2009-10 and as such the total paid up capital as on 31st March 2010 stood at Rs.175 crores

Share Application money of Rs.13 crores and Rs.34.5 crores has been received from Power Grid Corporation of India Limited and Jaiprakash Power Ventures Limited respectively during the year.



 S.K. Sharma



- iii) Financing Charges of Rs 3,13,235/- have been paid to the Security Trustee and Facility Agent Fees of Rs 18,42,171/- has been paid during the year
- iv) Capital work in Progress includes advances for Fixed Capital Expenditure to Contractors/Suppliers of Rs 16,94,29,510/- (Previous Year- Rs 27,38,04,489/-)
- v) The Financial assistance sanctioned and disbursed/to be disbursed by Banks of Rupee Term Loans of Rs. 700 crores during the year together with payment of all interest at the agreed rates, additional interest in case of default, liquidated damages, reimbursement of all costs, charges and expenses and any other amount due and payable to the Lenders, Facility agent (ICICI Bank), Security Trustee (IDBI Trusteeship Services Ltd.) etc. under the loan documents/Financing documents are secured/to be secured by hypothecation of the Company's movable assets (present and future), intangible assets including but not limited to the goodwill, undertaking and uncalled capital, revenues and receivables from Project or otherwise, assignment/charge/security interest of the Company's rights under each of the Project Documents, assignment and/or charge of all licenses, permits, approvals, construction and operating period insurance policies in respect of or in connection with the project, operating cash flows and also including without limitation, the rights, title and interest in the undertakings of the Company, stocks of raw materials, semi-finished and finished goods, consumable stores and all monies, securities, contractor guarantees, performance bonds and any letter of credit provided by any person in favour of the Lenders/Security Trustee etc. ranking pari-passu among all participating Banks viz. ICICI Bank, Punjab National Bank, Central Bank of India, United Bank of India, Indian Overseas Bank, The Jammu and Kashmir Bank Ltd and further secured by way of pledge of 30% of issued and paid up share capital of the Company. As the paid up capital on 31.03.2010 was Rs 175 crores, 5,25,00,000 equity shares of Rs. 10 each fully paid up held by Jaiprakash Power Ventures Limited (Earlier known as Jaiprakash Hydro-Power Limited) have been pledged in favour of Security Trustee.
- vi) Profit and Loss Account has not been prepared, as the Company has not yet started operations. However, the necessary details as per Part-II of Schedule-VI to the Companies Act, 1956 have been disclosed in the "Statement of Incidental Expenditure During Construction, Pending Allocation"
- vii) In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value on realization in the ordinary course of business, at least equal to the amount at which these are stated in the Balance Sheet
- viii) The Trust and Retention Account (refer Schedule E) is maintained pursuant to the stipulations of the "Financing Agreements" executed with the Lenders
- ix) Retirement Benefits
- (a) Provident Fund - Defined Contribution Plan
All employees are entitled to Provident Fund benefits. Amount debited to Incidental Expenditure During Construction Rs 12,61,768
- (b) In accordance with applicable Indian Laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan). The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employees' last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contribution to a fund managed by the insurer (SBI Life Insurance Co. Limited). Under this plan, the settlement obligation remains with the Company, although the Employee Gratuity Trust administers the plan and determines the contribution premium required to be paid by the Company
- (c) Leave Encashment - Defined Benefit Plan
The Company has a scheme of encashment of accumulated leaves. The scheme is unfunded and is recognized in Incidental Expenses During Construction - Pending Allocation on the basis of actuarial valuation on annual basis.



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The Summarized position of defined benefits recognized in the IEDC and Balance Sheet are as under

Sl. No.	Particulars	2009-10		2008-09	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
I	Expenses recognized in the Statement of Profit & Loss Account for the Period ended 31st March 2010.				
1.	Current Service Cost.	283741	405682	119205	212208
2.	Interest Cost	14664	25898	5503	10579
3.	Employee Contribution	-	-	-	-
4.	Actuarial (Gains)/Losses	212804	191320	(10189)	(31303)
5.	Past Service Cost	-	-	-	-
6.	Settlement Cost	-	-	-	-
7.	Total Expenses	511209	622900	114519	191484
II	Net Asset/ (Liability) recognized in the Balance Sheet as at 31st March 2010.				
1.	Present Value of defined Benefit Obligation.	626146	849469	183302	323726
2.	Fair Value of Plan Assets	114937	-	-	-
3.	Funded Status (Surplus/Deficit)	(511209)	(849469)	(183302)	(323726)
4.	Net Asset (Liability) as at March 31, 2010.	(511209)	(849469)	(183302)	(323726)
III	Change in Obligation during the Period ended March 31, 2010.				
1.	Present Value of defined Benefit Obligation at the beginning of the year.	183302	323726	68786	132242
2.	Current Service Cost.	283741	405682	119205	212208
3.	Interest Cost	14664	25898	5503	10579
4.	Settlement Cost.	-	-	-	-
5.	Past Service Cost.	-	-	-	-
6.	Employee Contributions.	-	-	-	-
7.	Actuarial (Gains) / Losses	212804	191320	(10192)	(31303)
8.	Benefit Payments	(68365)	(97157)	-	-



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	9	Present Value of Defined Benefit Obligation at the end of the year.	626146	849469	183302	323726
IV	Change in Assets during the Period ended March, 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.	183302	-	-	-
	6.	Actual Benefit Paid.	(68365)	-	-	-
	7.	Actuarial Gains / (Losses)	-	-	-	-
	8.	Plan Assets at the end of the year.	-	-	-	-
	9.	Actual Return on Plan Assets	-	-	-	-

Note: The information on composition of the plan assets held by the funds managed by the insurer is not provided since the same is not available.

(d) Actuarial Assumptions

Sl No.	Particular	2009-10	2008-09
01.	Discount Rate	8%	8%
02.	Mortality	As per LIC (1994-96)	As per LIC (1994-96)
03.	Turnover Rate	-- --	-- --
	Future Salary Increase	8%	5.5%

x) 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	Not Applicable
Installed Capacity	Not Applicable
Actual Production	Not Applicable

(b) Expenditure in Foreign Currency:
(Foreign Exchange Outgo)

NIL



S.K. Sharma

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.

xi) Additional information as required under Part IV of Schedule VI to the Companies Act 1956:

As per Accounting Standard 18 (AS 18) "Related Party Disclosures", issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related party, as defined in the said Standard, are given below:-

I. List of Related Parties and relationships:

(a) Holding Companies:

- [i] Jaiprakash Power Ventures Limited (earlier known as Jaiprakash Hydro-Power Limited)
- [ii] Jaiprakash Associates Limited, being holding company of Jaiprakash Power Ventures Limited

(b) Fellow Subsidiary Companies:

- [i] Jaypee Karcham Hydro Corporation Ltd.
- [ii] Jaypee Infratech Ltd
- [iii] Himalyan Expressway Ltd.
- [iv] Jaypee Ganga Infrastructure Corporation Ltd.
- [v] Bina Power Supply Company Ltd. (subsidiary of Jaiprakash Power Ventures Ltd.)
- [vi] Madhya Pradesh Jaypee Minerals Ltd
- [vii] Bhilai Jaypee Cement Ltd.
- [viii] Gujarat Jaypee Cement & Infrastructure Ltd.
- [ix] JPSK Sports Pvt. Ltd
- [x] Bokaro Jaypee Cement Ltd.
- [xi] Jaypee Arunachal Power Ltd. (JV subsidiary of Jaiprakash Power Ventures Ltd.)
- [xii] Sangam Power Generation Company Limited. (w.e.f.23.07.2009)
- [xiii] Prayagraj Power Generation Company Limited. (w.e.f.23.07.2009)
- [xiv] Jaypee Agra Vikas Limited (w.e.f.16.11.2009)

(c) Associate Companies:

- [i] Jaypee Ventures Pvt. Ltd
- [ii] Jaiprakash Kashmir Energy Ltd.
- [iii] JIL Information Technology Ltd. (subsidiary of Jaypee Ventures Pvt. Ltd.)
- [iv] Gaur & Nagi Ltd. (subsidiary of JIL Information Technology Ltd.)
- [v] Indesign Enterprises Pvt. Ltd. (subsidiary of Jaypee Ventures Pvt. Ltd.) (w.e.f. 24.08.2009)
- [vi] RPJ Minerals Pvt. Ltd.
- [vii] Sonebhadra Minerals Pvt. Ltd.
- [viii] Jaypee Development Corporation Ltd (subsidiary of Jaypee Ventures Pvt. Ltd.)
- [ix] Jaypee Petroleum Pvt. Ltd. (subsidiary of Jaypee Ventures Pvt. Ltd.)
- [x] Jaypee Hydro-Carbons Pvt. Ltd. (subsidiary of Jaypee Ventures Pvt. Ltd.)
- [xi] Tiger Hills Holiday Resort Pvt. Ltd. (subsidiary of Jaypee Development Corporation Ltd.) (w.e.f.27.10.2009)



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S.K. Sharma

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- [xii] Sarveshwari Stone Products Pvt Ltd.(subsidiary of RPJ Minerals Pvt Ltd) (w e f.23.10.2009)
- [xiii] Rock Solid Cement Ltd (subsidiary of RPJ Minerals Pvt. Ltd)
- [xiv] Ja ypee Coal Limited.
- [xv] Jaypee Coal Fields Limited.
- [xvi] An vi Hotels Private Limited (subsidiary of Jaypee Ventures Pvt Ltd.) (w e f. 01.05.2009)
- [xvii] Vasujai Estates Private Limited (subsidiary of Jaypee Ventures Pvt. Ltd.) (w e f.27.02.2010)
- [xviii] Samsun Estates Private Limited (subsidiary of Jaypee Ventures Pvt. Ltd.) (w e f.27.02.2010)
- [xix] Sun vin Estates Private Limited (subsidiary of Jaypee Ventures Pvt Ltd.) (w e f.27.02.2010)
- [xx] Manumanik Estates Private Limited (subsidiary of Jaypee Ventures Pvt. Ltd.) (w e f.27.02.2010)
- [xxi] Arman Estates Private Limited (subsidiary of Jaypee Ventures Pvt. Ltd.) (w.e.f.27.02.2010)
- [xxii] Suneha Estates Private Limited (subsidiary of Jaypee Ventures Pvt. Ltd.) (w e f.27.02.2010)
- [xxiii] Pee Gee Estates Private Limited (subsidiary of Jaypee Ventures Pvt. Ltd.) (w e f.27.02.2010)
- [xxiv] Vinamra Estates Private Limited (subsidiary of Jaypee Ventures Pvt. Ltd.) (w e f.27.02.2010)

(d) Key Management Personnel:

- [i] Shri Rajiv Ranjan Bhardwaj, Managing Director
- [ii] Shri Prabhakar Singh, Whole - time Director

(e) The Shareholding of the Company:

S. No.	Name of present Shareholder(s)	Proposed Shareholding as per Deed of Adherence executed on 24 th December, 2007 read with Shareholders' Agreement.	Present Shareholding as on 31 st March,2010 [No. of equity shares and (%)]
1	Jaiprakash Power Ventures Ltd (JPVL) (Earlier known as Jaiprakash Hydro-Power Ltd.)	Holding and Promoter Company, to hold at least 51% and not more than 74% Equity Shares	12,95,00,000 (74%)
2	Power Grid Corporation of India Ltd.(POWERGRID)	To hold 26% Equity Shares.	4,55,00,000 (26.0%)

NOTE: Pursuant to the order of the High Court of Himachal Pradesh at Shimla dated November 20, 2009, erstwhile Jaiprakash Power Ventures Limited merged with Jaiprakash Hydro Power Limited. Further, the name of Jaiprakash Hydro Power Limited was changed to Jaiprakash Power Ventures Limited and a fresh certificate of incorporation consequent upon change of name was issued on December 23, 2009. In view of above, the rights and obligations of erstwhile Jaiprakash Power Ventures Limited shall now be discharged by Jaiprakash Power Ventures Ltd. (JPVL) (Earlier Known as Jaiprakash Hydro-Power Ltd.).



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II Transactions during the period with Related Parties.

Transactions related to parties referred in I(a) to I(c) above:

S. No.	Nature of Transaction	Related Party	2009-10 (Rs.)	2008-09 (Rs.)
1	Issue of Equity Share Capital	Jaiprakash Power Ventures Ltd. (Earlier known as Jaiprakash Hydro-Power Ltd.)	37,00,00,000/-	67,85,00,000/-
		Power Grid Corporation of India Ltd.	13,00,00,000/-	29,90,00,000/-
		Jaiprakash Power Ventures Ltd. (Now amalgamated into Jaiprakash Hydro-Power Ltd.)		17,25,00,000/-
2	Receipt of Share Application money	Jaiprakash Power Ventures Ltd. (Earlier known as Jaiprakash Hydro-Power Ltd.)	34,50,00,000/-	--
		Power Grid Corporation of India Ltd.	13,00,00,000/-	--
3	Advance paid for extension bays	Power Grid Corporation of India Ltd.	9,01,91,571/-	1,21,50,283/-
4	Consultancy	Power Grid Corporation of India Ltd.	7,07,75,826/-	7,86,51,996/-
5	Advance paid for supply and erection of Reactors	Jaiprakash Associates Limited	1,48,46,395/-	--

Transaction related to parties referred in "I (d)" above:

Managerial remuneration paid/payable to the Whole-time Directors:

		(Amount Rs.)	
S. No.	Nature of Transaction	2009-10	2008-09
1.	Salary	45,68,710	31,30,683
2.	Employer's Cont. to PF	5,48,245	3,75,682
3.	Other Perks	36,99,342	22,09,739
	Total	88,16,297	57,16,104

Remuneration includes Salary, House Rent Allowance and other perquisites like Medical Reimbursement, Company's Contribution towards Provident Fund, Gas, Electricity etc. (excluding provisions for Gratuity & Leave Encashment on retirement)

An application for obtaining approval of Central Government has been filed for re-appointment at existing remuneration of Shri Rajiv Ranjan Bhardwaj, Managing Director (w.e.f. 2nd March, 2010) as the



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proposed remuneration exceeds the ceiling limits as per Schedule XIII of the Companies Act, 1956. Same has been approved by the Remuneration Committee and Shareholders of the Company

- xii) As per management there are no Small Scale Industrial Undertakings, to whom the Company owes more than Rs. 1 lakh outstanding for more than 30 days as on 31st March, 2010.
- xiii) 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	Amount (Rs.)
a)	The principal amount and interest due thereon remaining unpaid to any supplier - Principal Amount - Interest Amount	Nil Nil
b)	The amount of interest paid by the buyer in terms of section 16, along with the amounts of payment made to the supplier beyond the appointed day	Nil
c)	The amount off 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
d)	The amount of interest accrued and remaining unpaid	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	Nil

- xiv) Provision of Rs. 19,64,000/- towards Income Tax (Previous Year Rs.1,16,85,000/-), and Rs. Nil towards Wealth Tax (Previous Year Rs. 21,200/-) has been made for the current year

As commercial operations have not yet commenced, there is no Deferred Tax Asset / Liability as on 31st March, 2010.

- xv) All figures have been rounded off to the nearest rupee.
- xvi) Previous year figures have been re-grouped / re-arranged wherever considered necessary to make them conform to the figures for the current year

Signatures to Schedules "A" to "H"

For **A W A T A R & C O.**
Chartered Accountants

Brijendra Agrawal

(Brijendra Agrawal)
Partner
M. No.: 087787



For and on behalf of the Board

S. K. Sharma

(Sunil Kumar Sharma)
Director

Rajiv Bhardwaj
(Rajiv Bhardwaj)
Managing Director

Anita Rikhy

(Anita Rikhy)
Dy General Manager &
Company Secretary

Place: Gurgaon
Date : 17th May, 2010

JAYPEE POWERGRID LIMITED

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

I Registration Details			
Registration No	154627	State Code No.	55
Balance Sheet Date	31.03.2010		
II Capital raised during the period (Amount in Rs.Thousands)			
Public Issue	Nil	Private Placement	500,000
Bonus Issue	Nil	Others	Nil
Rights Issue	Nil		
III Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)			
Total Liabilities			6,276,845
Total Assets			6,276,845
Sources of Funds			
Paid-up Capital			1,750,000
Share Application Money			475,000
Reserves & Surplus			-
Secured Loans			4,051,845
Unsecured Loans			-
			<u>6,276,845</u>
Application of Funds			
Net Fixed Assets (including expenditure during construction)			6,315,519
Investments			-
Net Current Assets			(57,059)
Miscellaneous Expenditure			18,385
Accumulated Losses			-
			<u>6,276,845</u>
IV Performance of Company (Amount in Rs. Thousands)			
Turnover)	Not Applicable
Total Expenditure)	since the
Profit/Loss Before Tax (+)	:)	Project is under
Profit/Loss After Tax (+)	:)	implementation
Earning per Share in Rs.)	
Dividend Rate (%))	
V Generic Names of three Principal Products/Services of the Company (as per Monetary terms)			
Items Code No.(ITC Code)			NA
Product/Services Description			Transmission of Electricity

for **AWATAR & CO.**
Chartered Accountants
Registration No. 000726N

Brijendra Agrawal

Brijendra Agrawal
Partner
Membership No : 087787

Place : Gurgaon
Date : 17.05.2010



For and on behalf of the Board

S.K. Sharma

Sunil Kumar Sharma
Director

Anita Rikhy
Anita Rikhy
Dy. General Manager &
Company Secretary

Rajiv Bhardwaj

Rajiv Bhardwaj
Managing Director

JAYPEE POWERGRID LIMITED
Cash Flow Statement for the period ending 31st March 2010

Amount in Rs.

	2009-2010	2008-2009
A. Cash flow from operating activities		
Add:		
(Increase)/Decrease in Loans and Advances and others	15,313,857	(25,292,641)
Deduct:		
Increase (Decrease) in Trade Payables	202,325,623	334,490,061
Net cash inflow from operating activities ----'A'	217,639,480	309,197,420
B. Cash flow from Investing activities		
Outflow		
Investment in Fixed Assets/Capital Work in Progress	(3,806,518,143)	(2,355,431,182)
Inflow		
Other Income		
Net cash used in investing activities-----'B'	(3,806,518,143)	(2,355,431,182)
C. Cash flow from Financing activities		
Inflow		
Increase in Share Capital	975,000,000	500,000,000
Increase in Term Loans	2,351,089,198	1,700,756,018
Outflow		
Preliminary Expenses	-	-
Net cash in financing activities-----'C'	3,326,089,198	2,200,756,018
Net increase/(Decrease) in cash or cash equivalent (A+B+C)	(262,789,465)	154,522,256
Cash & cash equivalent at the commencement of the year (Opening balance)	733,185,826	578,663,570
Cash & cash equivalent at the end of the year (closing balance)	470,396,361	733,185,826

Accounting Policies and Notes to the Accounts H

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

for **AWATAR & CO.**
Chartered Accountants
Registration No. 000726N

For and on behalf of the Board

Brijendra Agrawal

Brijendra Agrawal
Partner
Membership No. : 087787



S. K. Sharma

Sunil Kumar Sharma
Director

Rajiv Bhardwaj

Rajiv Bhardwaj
Managing Director

Anita Rikhy

Anita Rikhy
Dy. General Manager &
Company Secretary

Place : Gurgaon
Date : 17.05.2010