

JPSK SPORTS PVT. LTD.

(Now renamed as Jaypee Sports International Limited)

ANNUAL REPORT 2009-10





Dewan P.N. Chopra & Co.

Chartered Accountants

Anil Kumar Chopra
B.COM. (HONS.), F.C.A.

57-H, Connaught Circus, New Delhi - 110 001
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To The Members of
JPSK SPORTS PRIVATE LIMITED

AUDITOR'S REPORT

We have audited the attached Balance Sheet of **JPSK SPORTS PRIVATE LIMITED**, Sector-128, Noida, as at 31st March 2010, the Profit & Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 assurances about whether financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure 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.

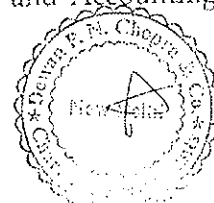
1. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the



matters specified in Paragraphs 4 & 5 of the said Order to the extent applicable to the Company.

2. Further to our comments in the Annexure referred to in paragraph 1 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, the Company has kept proper books of account as required by law so far as appears from our examination of those books.
- iii. The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, the Profit & 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 Companies Act, 1956, to the extent applicable.
- v. On the basis of written representation received from directors and taken on record by Board of the directors, we report that none of the directors of the Company is disqualified as on 31st March 2010 from being reappointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the Balance sheet, the Profit & Loss Account and the Cash Flow Statement read with Notes to Accounts and Accounting Policies,



give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: -

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- b) in the case of Profit & Loss Account of, the loss of the Company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For Dewan P. N. Chopra & Co.

Chartered Accountants

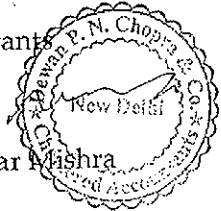
Ashwani Kumar Mishra

Ashwani Kumar Mishra

Partner

M. No. 078668

FRN 000472N



Place: New Delhi

Dated: 12/5/2010

The Annexure referred to in paragraph 1 of Our Report of even date to the members of JPSK SPORTS PRIVATE LIMITED for the year ended 31st March 2010

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

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the management has physically verified the fixed assets at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, no fixed assets have been disposed off during the year, so as to affect the going concern assumption.
- (ii) (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, 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) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventory. As explained to us, no material discrepancy was noticed on physical verification of stocks by the management as compared to book records.



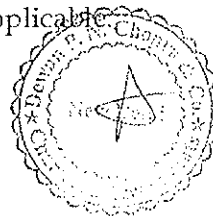
(iii) According to the information and explanations given to us and on the basis of our examination of the books of account, no loan has been granted to or taken from any parties covered in the register maintained under Section 301 of the Companies Act, 1956. In view of our observations, other sub-clauses of clause (iii) are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are generally reasonable internal control procedures for the purchase of Inventory, fixed assets commensurate with the size of the company and the nature of its business. There is no transaction for sale of goods or services during the year. No continuing failures to correct major weakness in internal control system were observed.

(v) (a) As per information & explanations given to us, the contracts and arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) As per information & explanations given to us and according to our verification of the records, the transactions made in pursuance of such contracts and arrangements have been made at the prices which are reasonable having regard to the prevailing market prices at the time of transactions.

(vi) As per the information & explanations given to us, the company has not accepted any deposits from the public; hence the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed there under are not applicable.



- (vii) As per information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) As per information and explanations given to us, the company is not required to maintain cost records under clause (d) of Section 209 (1) of the Act.
- (ix)(a) As per the records produced before us and according to the information and explanations given by the management, the company is generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess etc. with the appropriate authorities to the extent applicable to is. There are no undisputed dues at the end of the period which have remained outstanding for a period of more than six months from the date they become payable.
- (b) As per the 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 one which has been registered for a period of less than five years, and is in the Pre-feasibility/implementation stage, hence Clause (x) of the Para 4 of the order is not applicable to it.
- (xi) Based on our audit procedures and as per 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) According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to information and explanations given to us, the company is not a chit fund or a nidhi / mutual benefit fund/ society. Hence, this clause is not applicable.
- (xiv) According to the information and explanations given to us, the company is not a dealer or trader of shares, securities, debentures etc. Hence, this clause is not applicable.
- (xv) As per the information and explanations given to us, the Company has not given any guarantee for any loan taken by others from a bank or financial institution.
- (xvi) Based on our audit procedures and as per the information and explanations given by the management and on an overall examination of the Balance Sheet of the Company as at 31st March, 2010 we report that the term loans have been applied for the purpose for which they were obtained.
- (xvii) Based on the information and explanations given to us by the management and on an overall examination of the Balance Sheet of the Company as at 31st March, 2010 we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) Based on the audit procedures performed and as per the information and explanations given to us, the company has during the year not made any



preferential allotment of shares to parties listed in the register maintained u/s 301 of the Act.

- (xix) The Company has not issued any debentures during the period under audit.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) Based on the audit procedures performed and as per the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of any such case by the management.

Place: New Delhi

Dated: 12/5/2010

For Dewan P. N. Chopra & Co.

Chartered Accountants

Ashwan Kumar Mishra

Ashwani Kumar Mishra

Partner

M. No. 078668

FRN 000472 N



JPSK Sports Private Limited

BALANCE SHEET as at 31st March, 2010

(in Rupees)

| SOURCES OF FUNDS | SCHEDULE | March 31, 2010 | March 31, 2009 |
|--|----------|-----------------------|--------------------|
| SHAREHOLDERS FUNDS | | | |
| Share Capital | A | 5,520,000,000 | 10,000,000 |
| Share Application Money | | | 115,000,000 |
| LOAN FUNDS | | | |
| Unsecured Loans | B | 12,965,721,784 | |
| TOTAL FUNDS EMPLOYED | | 18,485,721,784 | 125,000,000 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross Block | C | 5,944,137,300 | 4,343,012 |
| Less: Depreciation | | 895,978 | 97,642 |
| Net Block | | 5,943,241,322 | 4,245,370 |
| Capital Work-in-Progress | | 1,053,458,904 | 70,945,481 |
| Incidental Expenditure during Construction Period, Pending Allocation | D | 44,613,818 | 23,711,500 |
| | | 7,041,314,044 | 98,902,431 |
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| Project under development | E | 11,279,140,851 | |
| Inventories | | 94,120,540 | 629,311 |
| Cash & Bank balances | | 394,841,799 | 22,887,133 |
| Other Current Assets | | 6,096,383 | 3,237 |
| Loans & Advances | | 287,528,717 | 10,260,879 |
| | | 12,061,728,290 | 33,780,560 |
| LESS: CURRENT LIABILITIES & PROVISIONS | | | |
| Current Liabilities | F | 632,922,251 | 7,212,794 |
| Provisions | G | 4,551,147 | 659,798 |
| | | 637,473,398 | 7,872,592 |
| NET CURRENT ASSETS | | 11,424,254,892 | 25,907,968 |
| MISCELLANEOUS EXPENDITURE | | | |
| (To the extent not written off or adjusted) | G | | 189,601 |
| Profit & Loss Account | | 20,152,848 | |
| TOTAL APPLICATION OF FUNDS | | 18,485,721,784 | 125,000,000 |
| Accounting Policies and Notes to the Accounts | H | | |

As per our report of even date annexed

For Dewan P N Chopra & Co.
Chartered Accountants

Ashwani Kumar Mishra
Ashwani Kumar Mishra
Partner
M.No. 078668
Firm Regn. No. 000472N



Place: Noida
Dated: 12th May, 2010

For and on behalf of the Board

Manoj Gaur
Manoj Gaur
Chairman

Sameer Gaur
Sameer Gaur
Managing Director & CEO

P N Kumar
P N Kumar
Company Secretary

JPSK SPORTS PRIVATE LIMITED

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

| | 2009-2010 | (In Rupees) Previous Year |
|--|--------------------------|-------------------------------|
| INCOME | - | - |
| EXPENDITURE | | |
| Preliminary Expenses Written off -Prior Period | 189,601 | - |
| Preliminary Expenses Written off | <u>19,963,247</u> | - |
| | <u><u>20,152,848</u></u> | - |
| Profit/ (Loss) for the Year | (20,152,848) | - |
| Balance Carried to Balance Sheet | (20,152,848) | - |

As per our report of even date annexed

For Dewan P N Chopra & Co.
Chartered Accountants

Ashwani Kumar
Ashwani Kumar Mishra
Partner
M.No. 078668
Firm Regn. No. 000472N



Place: Noida
Dated: 12th May, 2010

For and on behalf of the Board

A handwritten signature in black ink, appearing to be "Manoj Gaur".

Manoj Gaur
Chairman

A handwritten signature in black ink, appearing to be "Sameer Gaur".

Sameer Gaur
Managing Director & CEO

A handwritten signature in black ink, appearing to be "P N Kumar".

P N Kumar
Company Secretary

(in Rupees)

March 31, 2010

March 31, 2009

SCHEDULE 'A'

SHARE CAPITAL

Authorised

600,000,000 Equity Shares of Rs.10/- each
(Previous Year : 1,000,000 Equity Shares of Rs 10/- Each)

6,000,000,000

10,000,000

Issued, Subscribed & Paid up

552,000,000 Equity Shares of Rs.10/- each fully paid-up.
(Previous year :1,000,000 Equity Shares of Rs.10/- each fully paid-up)

5,520,000,000

10,000,000

5,520,000,000

10,000,000

Out of the above shares, 499,877,000 Equity Shares of Rs 10/- each are held by Jaiprakash Associates Limited, the holding company
(Previous Year : 617,000 Equity Shares of Rs 10/- each)

SCHEDULE "B"

UNSECURED LOANS

Term Loan from Banks
Deferred Payment for Land

2,000,000,000

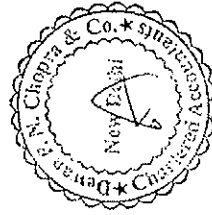
10,965,721,704

12,965,721,704



SCHEDULE "C"
FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------------|---------------------|------------------------------|------------------------------------|---------------------|--------------------|--------------|---------------------------------------|--------------------|---------------------|---------------------|--|
| | As On 01.04.2009 | Additions during the year | Sale / Adjustment / Transfer | As On 31.03.2010 | Upto 31.03.2009 | For the year | On Sale / Adjustment / Transfer | Upto 31.03.2010 | As On 31.03.2010 | As On 31.03.2009 | |
| Leasehold Land | | 5,917,435,886 | | 5,917,435,886 | | | | | 5,917,435,886 | | |
| Plant & Machinery | 1,842,165 | 12,341,285 | | 14,183,481 | 25,502 | 234,538 | | 260,040 | 13,923,441 | 1,316,684 | |
| Furniture & Fixtures | 299,756 | 2,365,328 | | 2,665,084 | 5,537 | 36,859 | | 42,396 | 2,622,688 | 294,219 | |
| Office Equipment | 13,210 | 3,277,466 | | 3,290,706 | 2,639 | 144,390 | | 147,029 | 3,143,677 | 10,601 | |
| Computers | 557,232 | 2,017,917 | | 2,575,149 | 19,367 | 180,179 | | 209,566 | 2,365,583 | 537,845 | |
| Motor Vehicles | 1,630,566 | 2,356,406 | | 3,986,994 | 44,577 | 192,370 | | 236,947 | 3,750,047 | 1,586,011 | |
| Total | 4,343,012 | 5,939,784,288 | - | 5,944,137,300 | 97,642 | 798,336 | - | 895,978 | 5,943,241,322 | 4,245,370 | |
| Previous Year | | 4,343,012 | | 4,343,012 | | 97,642 | | 97,642 | 4,245,370 | | |
| Capital work-in-Progress | | | | | | | | | 1,053,458,904 | 70,945,481 | |



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SCHEDULE 'D'
INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD, PENDING ALLOCATION

(In Rupees)

| | March 31, 2010 | March 31, 2009 |
|---|--------------------|-------------------|
| Opening Balance as on 01.04.2009 | 23,711,580 # | |
| Salary, Wages, Bonus and other Benefits | 50,847,265 | 12,771,423 |
| Contribution to Provident Fund | 1,605,011 | 410,809 |
| Rates & Taxes | 394,809 | 342,474 |
| Travelling & Conveyance | 9,316,920 | 3,181,065 |
| Vehicle Running & Maintenance | 809,992 | 910,769 |
| Technical & Consultancy Charges | 12,426,019 | 4,929,377 |
| Advertisement Expenses | 441,016 | 206,699 |
| Business Promotion | 505,680 | 38,399 |
| Insurance | 216,167 | 14,293 |
| Postage, Telephone and Telex | 810,371 | 70,717 |
| Bank Charges & Bank Guarantee Commission | 11,062,259 | 37,184 |
| Electricity & Power Charges | 2,598,460 | - |
| Office & Camp Maintenance | 437,790 | - |
| Repair & Maintenance- Machinery | 16,128 | - |
| Printing & Stationery | 246,820 | 98,745 |
| Security Expenses | 1,779,906 | - |
| Miscellaneous | 6,366,025 | 170,568 |
| Auditors' Remuneration | | |
| - Audit Fee | 330,900 | 220,600 |
| - Taxation Matters | 330,900 | - |
| Depreciation | 798,336 | 97,642 |
| | <u>125,052,354</u> | <u>23,500,764</u> |
| Add : Provision for Taxation | 2,415,700 | 210,816 |
| | <u>127,468,054</u> | <u>23,711,580</u> |
| Less : 65% being Common Expenses, apportioned to Project Under Development | 82,854,236 | - |
| Total Carried to Balance Sheet | <u>44,613,818</u> | <u>23,711,580</u> |

Exclusive of Land Compensation amounting to Rs 1,57,83,632 apportioned to Capital Work-in-Progress & Project Under Development in the Ratio of 35% : 65%.

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(in Rupees)

SCHEDULE 'E'

CURRENT ASSETS, LOANS & ADVANCES

| | March 31, 2010 | March 31, 2009 |
|--|-----------------------|-------------------|
| A) CURRENT ASSETS | | |
| INVENTORIES (As per inventories taken, valued and certified by the Management) | | |
| (a) Project Under Development (At Cost) | 11,279,140,851 | - |
| (b) Stores and Spares (At weighted average cost) | 94,120,540 | 629,311 |
| CASH AND BANK BALANCES | | |
| (a) Cash & Cheques in hand | 4,110,896 | 203,295 |
| (b) Balances with Scheduled Banks | | |
| - In Current Accounts | 49,630,903 | 22,583,838 |
| - In Fixed Deposit Account | 341,100,000 | 100,000 |
| (Inclusive of Deposit of Rs. 10,11,00,000/- pledged as Margin Money & with Government Department, Previous year Rs 1,00,000/-) | | |
| OTHER CURRENT ASSETS | | |
| Interest accrued on Fixed Deposits | 6,096,383 | 3,237 |
| TOTAL (A) | 11,774,199,573 | 23,519,681 |
| B) LOANS & ADVANCES | | |
| (Unsecured, considered good) | | |
| Advances to Suppliers, contractors & others | 11,134,268 | 16,038 |
| Advances for Land | 157,634,191 | - |
| Staff Imprest & Advances | 730,347 | 51,207 |
| Prepaid Expenses | 106,151,239 | 9,636 |
| Deposits: | | |
| With Govt. Depts. & Public Bodies | 10,600,000 | 10,000,000 |
| With Others | 265,500 | - |
| Income Tax Deducted at Source & Fringe Benefit Tax | 1,013,172 | 184,000 |
| TOTAL (B) | 287,528,717 | 10,260,879 |
| TOTAL (A+B) | 12,061,728,290 | 33,780,560 |

SCHEDULE 'F'

CURRENT LIABILITIES & PROVISIONS

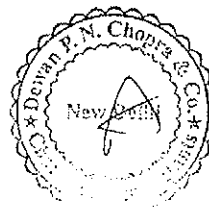
| | | |
|---|--------------------|------------------|
| A. CURRENT LIABILITIES | | |
| Sundry Creditors | | |
| (i) Due to Micro, Small and Medium Enterprises | - | - |
| (ii) Others | 272,467,736 | 2,129,604 |
| Advances from Customers | 253,246,789 | - |
| Other Liabilities | 25,061,753 | 4,252,861 |
| Due to Staff | 4,199,304 | 830,329 |
| Interest Accrued but not due on Deferred Payment for Land | 77,936,669 | - |
| TOTAL (A) | 632,922,251 | 7,212,794 |
| B. PROVISIONS | | |
| For Taxation | 2,415,700 | - |
| For Fringe Benefit Tax | 210,816 | 210,816 |
| For Gratuity | 533,184 | 124,511 |
| For Leave Encashment | 1,391,447 | 324,471 |
| TOTAL (B) | 4,551,147 | 659,796 |
| TOTAL (A+B) | 637,473,398 | 7,872,592 |

SCHEDULE 'G'

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

| | | |
|---|----------|----------------|
| Preliminary Expenses b/f from Previous Year | 189,601 | 189,601 |
| Less: Written off | 189,601 | - |
| TOTAL | - | 189,601 |



SCHEDULE 'H'

ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES

General:

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

Revenue Recognition:

Constructed Properties

Revenue from real estate development is recognised as per AS-9 based on the "percentage of completion method". Total sale consideration as per the legally enforceable agreements to sell entered into with the buyer is recognised as revenue based on the percentage of actual project costs incurred thereon to total estimated project cost, subject to such actual cost incurred being 30 percent or more of the total estimated project cost. Project cost includes cost of land, estimated cost of construction and development of such properties. The estimates of the saleable area and costs are reviewed periodically and effect of any changes in such estimates is recognized in the period such changes are determined. Where aggregate of the payment received from customers provide insufficient evidence of their commitment to make the complete payment, revenue is recognized only to the extent of payment received.

Undeveloped Land


Revenue from sale / sub-lease of undeveloped land is recognised when full consideration is received against agreement to sell / sub-lease; all significant risks and rewards are transferred to the customer and possession is handed over.

Developed Land

Revenue from sale / sub-lease of developed land / plot is recognised when a firm agreement has been entered into and more than thirty (30) percent of the consideration is received and where no significant uncertainty exists regarding the amount of the consideration that will be derived from such sales and it is not unreasonable to expect ultimate collection, and all significant risks and rewards are transferred to the customer.

The risks and rewards are effectively transferred to the customers when:

- (i) a legally enforceable agreement for sale/ sub-lease has been entered into with the buyer and all the conditions of the agreement are satisfied even though the legal title is not passed or the possession of the leased plot is not given to the buyer.
- (ii) the buyer has a right under the sub-lease to sell or transfer his interest in the property, subject to the condition that the purchaser or transferee agrees in writing to abide by the terms and conditions of the sale/ sub-lease.

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Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/ materialize.

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 costs upto 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.

Capital Work-in-Progress

Capital work-in-progress represents capital expenditure incurred in respect of core activity i.e. development of Sports Project and is carried at cost, which includes land development expenses, construction costs, advances to contractors and others, borrowing costs capitalised and other direct expenditure.

Inventories

The closing stocks are valued on the basis of weighted average cost method.

Project under Development

The stock of land and plot is valued at cost (average cost) or as revalued on conversion to stock-in-trade, as applicable. Cost shall include acquisition cost of land, land development expenses, internal development costs, construction costs, material costs, borrowing costs and cost of services etc.

Expenditure during Construction Period

- (i) Expenditure during construction period, pending allocation, not directly attributable / identifiable to the Core and Non-core activities i.e. development of Sports Project and Real Estate are apportioned to Capital work-in-Progress and Project under Development in the year in which such expenses are incurred in the ratio of 35% and 65%.
- (ii) Expenditure incurred on the Project / Assets during Construction / Implementation is capitalised and apportioned to Project / Assets on commissioning of the Project.

Impairment of Assets

If the carrying amount of Fixed Assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of net selling price or the value in use determined by the present value of estimated future cash flows.

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Investments

Investments are stated at cost and where there is permanent diminution in the value of Investments a provision is made, wherever applicable. Dividend is accounted for as and when received.

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.

Lease Rentals

- (i) **Operating leases:** Rentals are expensed with reference to lease terms.
- (ii) **Financial Leases:** The lower of the fair value of the assets or present value of the minimum lease rentals is capitalised as Fixed Assets and corresponding amount shown as Lease Liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to the Profit and Loss Account.

Miscellaneous Expenditure

Preliminary Expenses are written off in the year in which the same are incurred in terms of Accounting Standard (AS-26).

Borrowing Costs

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

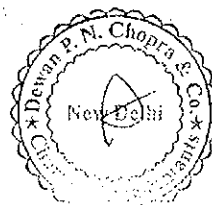
Foreign Currency Transactions

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

Taxes on Income

- (i) Current Tax is determined as per the provisions of the Income Tax Act in respect of the Taxable Income.
- (ii) Deferred Tax Liability is computed as per Accounting Standard (AS-22). Deferred Tax Asset and Deferred Tax Liability are computed by applying tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

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Earnings Per Share

Basic earnings 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 year.

Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

(B) NOTES TO THE ACCOUNTS

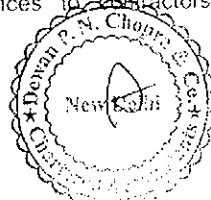
1. The Company has become a subsidiary company of Jaiprakash Associates Limited with effect from 7th March 2008, resultantly, a public company in terms of Section 3 (1) (iv) of the Companies Act, 1956.
2. Contingent liabilities not provided for in respect of:
 - (i) Outstanding amount of Bank Guarantees (Net of Margin Money) : Rs. 90,00,00,000/- (Previous year – Nil)
 - (ii) An irrevocable standby letter of credit issued through an overseas associate company for (US \$ 40,126,472.96) Rs. 181,53,21,637/- (previous year Rs. 205,40,74,151/-)
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) Rs.266,10,56,251/- (previous year Rs. 1527,92,00,000).
4. In the opinion of Board of Directors, the "Current Assets, Loans and Advances" have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.
5. The Company has been allocated Special Development Zone with an area of approximate 1000 hectares along with Yamuna Expressway by Yamuna Expressway Industrial Development Authority (YEA) for development of Sports as Core Activity.

Land admeasuring 1036.7313 hectares (inclusive of 99.9320 ha for Village Development and Abadi Extension, as per terms of allotment) has been allotted to the Company by YEA. Lease Deeds in respect of 901.0645 ha have been executed during the year and lease Deeds for the balance 35.7348 ha have since been / are being executed, whereas land about 63.2007 ha is expected to be allotted shortly.

Principal amount of half yearly instalments amounting to Rs. 121,40,31,238/- for land admeasuring 901.0645 ha in respect of which Lease Deeds have been executed and 99.9320 ha for Village Development & Abadi Extension payable to YEA during the Financial Year 2010-11.
6. Incidental Expenditure during Construction Period, Pending Allocation in schedule 'D' has been prepared giving the necessary disclosures as required under Part II of Schedule VI to the Companies Act, 1956.
7. Capital work-in-progress represents capital expenditure incurred in respect of core activity i.e. development of Sports Project, which includes land development expenses, internal development charges, construction costs, advances to contractors, stores and spares

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consumed, technical consultancy fee and other expenditure: Rs. 105,34,58,904/- (previous year Rs.7,09,45,481/-)

8. Project under Development represents expenditure incurred in respect of Non-core activity i.e. development of Real Estate, which includes acquisition cost of land, land development expenses, internal development costs, construction costs, material costs, borrowing costs and cost of services etc. : Rs. 1127,91,40,851/- (previous year : Nil)
9. Short term loans of Rs. 200 crore are repayable / adjustable against the regular project term loans sanctioned / being sanctioned during the Financial Year 2010-11.
10. Jaiprakash Associates Limited, the holding company has furnished corporate guarantee to Yes Bank for the performance bank guarantee of Rs. 100 crore issued in favour of Yamuna Expressway Industrial Development Authority.
11. Interest received Rs. 78,01,722/- on temporary placement of funds in Fixed Deposit with Banks, has been adjusted against interest paid as per AS-16.
12. 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 | As on 31.03.2010 | As on 31.03.2009 |
|-------|--|------------------------|------------------------|
| 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 Enterprise Development Act, 2006 along with the amounts of payment made to the supplier beyond the appointed day. | Nil | Nil |
| c) | The amount of interest due and payable for the period of delay in making payment (which have been paid beyond the appointed date 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 |

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| | | | |
|----|---|-----|-----|
| 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 |
|----|---|-----|-----|

13. Balances of some of the Creditors, Loans and Advances are subject to confirmation from the respective parties. The management does not expect any material difference affecting the Financial Statements for the year.

14. Managerial remuneration paid / payable to Whole Time Director (appointed w.e.f. 1st September, 2009, exclusive of provisions for gratuity and leave encashment on retirement).

2009-10

Rupees

| | |
|--------------------------------|-----------|
| Salary | 10,50,000 |
| House Rent Allowance | 6,30,000 |
| Contribution to Provident Fund | 1,26,000 |
| Perquisites | 5,17,679 |

23,23,679

=====

15. Additional information pursuant to the provisions of paragraphs 3 and 4 of Part -II of Schedule -VI to the Companies Act, 1956

Expenditure in foreign currency (including expenditure during construction period)

(In Rupees)

| | <u>2009-10</u> | <u>Previous Year</u> |
|----------------|----------------|----------------------|
| Salaries | 45,23,961 | --- |
| Travelling | 13,10,218 | --- |
| Technical fees | 42,76,76,446 | --- |
| Others | 4,55,857 | --- |

16. (a) The provision for taxation made includes Rs.4,700/- towards provision for Wealth Tax (previous year - Nil)

(a) There are no Deferred Tax Liabilities / Assets as at 31st March, 2010.

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17. Related Party Disclosures, as required in terms of Accounting Standard [AS] - '18' are given below:

(I) Relationships:

(a) Holding Company: Jaiprakash Associates Limited

(b) Fellow Subsidiary Companies (including their subsidiaries) :

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

(c) Associate Companies:

- i) Jaypee Ventures Private Limited
- ii) Jaypee Development Corporation Limited (subsidiary of Jaypee Ventures Private Limited)
- iii) JIL Information Technology Limited (subsidiary of Jaypee Ventures Private Limited)
- iv) Gaur & Nagi Limited (subsidiary of JIL Information Technology Limited)
- v) Jaiprakash Kashmir Energy Limited
- vi) Indesign Enterprises Pvt. Limited (subsidiary of Jaypee Ventures Private Limited) (w.e.f. 24.08.2009)
- vii) Sonbhadra Minerals Pvt. Limited
- viii) RPJ Minerals Pvt. Limited
- ix) Jaypee Petroleum Private Limited (subsidiary of Jaypee Ventures Private Limited)

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- x) Jaypee Hydro-Carbons Private Limited(subsidiary of Jaypee Ventures Private Limited)
- xi) Tiger Hills Holiday Resort Private Limited(subsidiary of Jaypee Development Corporation Limited)(w.e.f. 27.10.2009)
- xii) Anvi Hotels Private Limited(subsidiary of Jaypee Ventures Private Limited)(w.e.f. 01.05.2009)
- xiii) Vasujai Estates Private Limited(subsidiary of Jaypee Ventures Private Limited)(w.e.f. 27.02.2010)
- xiv) Samsun Estates Private Limited(subsidiary of Jaypee Ventures Private Limited) (w.e.f. 27.02.2010)
- xv) Sunvin Estates Private Limited(subsidiary of Jaypee Ventures Private Limited) (w.e.f. 27.02.2010)
- xvi) Manumanik Estates Private Limited(subsidiary of Jaypee Ventures Private Limited) (w.e.f. 27.02.2010)
- xvii) Arman Estate Private Limited(subsidiary of Jaypee Ventures Private Limited) (w.e.f. 27.02.2010)
- xviii) Suneha Estates Private Limited(subsidiary of Jaypee Ventures Private Limited) (w.e.f. 27.02.2010)
- xix) Pee Gee Estates Private Limited(subsidiary of Jaypee Ventures Private Limited) (w.e.f. 27.02.2010)
- xx) Vinamra Housing & Constructions Private Limited (subsidiary of Jaypee Ventures Private Limited) (w.e.f. 27.02.2010)
- xxi) Sarveshwari Stone Products Private Limited(subsidiary of RPJ Minerals Private Limited) (w.e.f. 23.10.2009)
- xxii) Rock Solid Cement Limited(subsidiary of RPJ Minerals Private Limited) (w.e.f. 8.03.2010)
- xxiii) MP Jaypee Coal Limited(w.e.f. 14.05.2009)
- xxiv) MP Jaypec Fields Limited(w.e.f. 04.01.2010)

(d) Key Management Personnel:

- i) Shri Manoj Gaur, Chairman
- ii) Shri Ashok Khurana, Vice Chairman
- iii) Smt. Rita Dixit, Vice Chairperson
- iv) Smt. Rekha Dixit, Whole Time Director
- v) Shri Sameer Gaur, Managing Director & CEO

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

| Nature of Transactions | Referred in (a) above (Rupees) | Referred in (b) above (Rupees) | Referred in (c) above (Rupees) | Referred in (d) above (Rupees) |
|-------------------------------------|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Receipts | | | | |
| Share Capital | 499,00,00,000 (61,70,000) | - | 50,00,00,000 (11,00,000) | - (10,000) |
| Share Application Money | (11,50,00,000) | - | - | - |
| Expenditure | | | | |
| Managerial Remuneration | | | | 23,23,679 |
| Contract Expenses | 16,04,88,587 | | | |
| Purchases | 2,25,90,480 | | | |
| Expenses | 7,08,296 | 10,66,642 | 4,20,240 (2,06,699) | - |
| Outstanding as at 31.03.2010 | 13,30,23,575 (1,31,639) | - | - | - |

Previous year figures are given in brackets.

18. (a) Provident Fund-Defined Contribution Plan:

All employees are entitled to Provident Fund benefits. Rs. 16,05,011/- debited to Incidental Expenditure during construction, Pending allocation during the year. (Previous year Rs.4,10,809/-)

(b) Gratuity and Leave Encashment-Defined Benefit Plans – Provision has been made as per actuarial valuation.

(In Rupees)

| | | 2009-10 | | Previous Year | |
|---|---|----------|------------------|---------------|------------------|
| | | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| I | Expenses recognised in the Statement of Incidental Expenditure during construction period, pending allocation for the year ended 31 st March 2010. | | | | |



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| | | 2009-10 | | Previous Year. | |
|-----|--|------------|-------------------|----------------|------------------|
| | | Gratuity | Leave Encashment' | Gratuity | Leave Encashment |
| | 1. Current Service Cost. | 4,91,402 | 11,12,631 | 1,24,511 | 3,24,471 |
| | 2. Interest Cost | 9,961 | 25,958 | | |
| | 3. Employee Contribution | | | | |
| | 4. Actuarial (Gains)/Losses | 31,821 | (71,613) | | |
| | 5. Past Service Cost | | | | |
| | 6. Settlement Cost | | | | |
| | 7. Total Expenses | 5,33,184 | 10,66,976 | 1,24,511 | 3,24,471 |
| II | Net Asset / (Liability) recognised in the Balance Sheet as at 31 st March 2010. | | | | |
| | 1. Present Value of Defined Benefit Obligation. | 6,43,791 | 13,91,447 | 1,24,511 | 3,24,471 |
| | 2. Fair Value of Plan Assets | 1,10,607 | | | |
| | 3. Funded Status (Surplus/Deficit) | (5,33,184) | (13,91,447) | (1,24,511) | (3,24,471) |
| | 4. Net Asset/(Liability) as at March 31, 2010. | (5,33,184) | (13,91,447) | (1,24,511) | (3,24,471) |
| III | Change in Obligation during the year ended 31 st March, 2010. | | | | |
| | 1. Present value of Defined Benefit Obligation at the beginning of the year. | 1,24,511 | 3,24,471 | | |
| | 2. Current Service Cost. | 4,91,402 | 11,12,631 | 1,24,511 | 3,24,471 |
| | 3. Interest Cost | 9,961 | 25,958 | | |
| | 4. Settlement Cost | | | | |
| | 5. Past Service Cost. | | | | |
| | 6. Employee Contributions | | | | |
| | 7. Actuarial (Gains)/Losses | 32,251 | (71,613) | | |
| | 8. Benefit Payments | (14,334) | | | |
| | 9. Present Value of Defined Benefit Obligation at the end of the year. | 6,43,791 | 13,91,447 | 1,24,511 | 3,24,471 |
| IV | Change in Assets during the year ended 31 st 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 | 1,24,511 | | | |
| | 6. Actual Benefit Paid | (14,334) | | | |
| | 7. Actuarial Gains/ (Losses) | 430 | | | |
| | 8. Plan Assets at the end of the year. | 1,10,607 | | | |
| | 9. Actual Return on Plan Assets | | | | |

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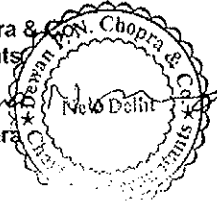
- (c) Actuarial Assumptions
- (i) Discount Rate - 8%
 - (ii) Mortality - LIC(1994-96) duly modified mortality tables
 - (iii) Turnover Rate - Upto 30 years -2%, 31-44years -5%, Above 44 -3%
 - (iv) Future Salary Increase - 5.50%

19. All the figures have been rounded off to the nearest rupee.(except in the Notes to the Accounts)
20. Figures for the previous year have been regrouped / recast / rearranged wherever considered necessary to conform to this year's classification.
21. Figures of the current year are not comparable with those of the previous year as the previous year was for the period from 20th October, 2007 to 31st March, 2009.

As per our report of even date annexed

For Dewan P N Chopra & Co.
Chartered Accountants

Ashwani Kumar Mishra
Ashwani Kumar Mishra
Partner
M.No. 078668
Firm Regn. No. 000472N



For and on behalf of the Board

Manoj Gaur
Manoj Gaur
Chairman

Sameer Gaur
Sameer Gaur
Managing Director & CEO

Place: Noida
Dated: 12th May, 2010

P N Kumar
P N Kumar
Company Secretary

JPSK Sports Private Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2010

(in Rupees)

| | 31st March, 2010 | 31st March, 2009 |
|--|-----------------------|--------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | "A" | - |
| B CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Inflow: | | |
| (a) Interest Income | 7,801,722 | - |
| Outflow : | | |
| (a) Fixed Assets | 5,939,794,288 | 4,343,012 |
| (b) Capital Work in Progress | 982,513,422 | 70,945,481 |
| (c) Incidental Expenditure pending allocation (excluding depreciation) | 20,622,820 | 23,613,938 |
| (d) Project Under Development | 11,249,293,723 | - |
| (e) Inventories | 93,491,230 | 629,311 |
| (f) Loans and Advances & Other Current Assets | 283,360,985 | 10,254,116 |
| (g) Current Liabilities and Provisions | (629,600,806) | (7,872,592) |
| (h) Miscellaneous Expenditure | 19,963,247 | 109,601 |
| NET CASH USED IN INVESTING ACTIVITIES | "B" | <u>102,112,867</u> |
| C CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Inflow : | | |
| (a) Share Capital | 5,395,000,000 | 10,000,000 |
| (b) Share Application Money | - | 115,600,000 |
| (c) Loans | 12,965,721,784 | - |
| | <u>16,360,721,784</u> | <u>125,000,000</u> |
| Outflow: | | |
| (a) Repayment of Borrowings | - | - |
| (b) Interest Paid | 20,584,931 | - |
| (c) Upfront Fees | 16,545,000 | - |
| | <u>37,129,931</u> | - |
| NET CASH FROM FINANCING ACTIVITIES : | "C" | <u>125,000,000</u> |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | | 22,887,133 |
| CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR | | 22,887,133 |
| CASH AND CASH EQUIVALENTS AS AT 31.03.2010 (CLOSING BALANCE) | | 394,941,799 |

As per our report of even date annexed

For Dewan P N Chopra & Co.
Chartered Accountants

Ashwani Kumar Mishra
Partner
M.No. 078668
Firm Regn. No. 300472N



Place: Noida
Dated: 12th May, 2010

For and on behalf of the Board

Manoj Gaur
Chairman

Sameer Gaur
Managing Director & CEO

P N Kumar
Company Secretary

JPSK Sports Private Limited

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

| | | | |
|------------|---|----------------|---------------------------------|
| I | Registration Details: | | |
| | Registration No. | 34078 | State Code No. 20 |
| | Balance Sheet Date | 31.03.2010 | |
| II | Capital raised during the Year(Amount in Rs. Lakhs) | | |
| | Public Issue | Nil | Rights Issue Nil |
| | Bonus Issue | Nil | Private Placement 55100 |
| | | | Preferential Allotment Nil |
| III | Position of Mobilisation and Deployment of Funds (Amount in Rs. Lakhs) | | |
| | | As at | |
| | | 31.03.2010 | |
| | Total Liabilities | 184,857 | |
| | Total Assets | 184,857 | |
| | Sources of Funds | | |
| | Paid up Capital | 55,200 | |
| | Share Application Money | - | |
| | Loan Fund | <u>129,657</u> | |
| | | <u>184,857</u> | |
| | Application of Funds | | |
| | Net Fixed Assets(including Incidental Expenditure Pending Allocation) | 70,413 | |
| | Net Current Assets | 114,243 | |
| | Miscellaneous Expenditure | <u>201</u> | |
| | | <u>184,857</u> | |
| IV | Performance of Company(Amount in Rs. Lakhs) | | |
| | Other Income | Nil | Project is under implementation |
| | Total Expenditure | Nil | |
| | Profit/(Loss) before Tax | Nil | |
| | Profit/(Loss) after Tax | Nil | |
| | Basic Earnings Per Share in Rs. | Nil | |
| | Diluted Earnings Per Share in Rs. | Nil | |
| V | Generic Names of three Principal Products/Services of the Company(as per Monetary terms) | | |
| | Item Code No. (ITC Code) | 74900 | |
| | Product/Services Description | Sports | |

As per our report of even date annexed

For Dewan P N Chopra & Co.
Chartered Accountants

Ashwani Kumar
Ashwani Kumar Mishra
Partner
M.No. 078668
Firm Regn. No. 000472N



For and on behalf of the Board

Manoj Gaur
Manoj Gaur
Chairman

Sameer Gaur
Sameer Gaur
Managing Director & CEO

P N Kumar
P N Kumar
Company Secretary

Place: Noida
Dated: 12th May, 2010