

## **DIRECTORS' REPORT**

To,  
The Members

The Directors of your Company are pleased to present the Seventh Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2014.

### **STATUS OF THE PROJECT**

As the members are aware your Company had executed Conveyance Deed in respect of land for the project but physical possession was not handed over by the District Administration to the Company due to continuous agitation by local villagers. As such no physical activity could be started on the ground. Your Company has requested UPPCL for amicable settlement for closing the agreement(s) and refund of dues / investments for the project paid by the Company.

### **CHANGE IN CAPITAL STRUCTURE**

During the year under report, there was no change in the capital structure of the Company.

### **DIRECTORATE**

Shri Siddheswar Sen resigned from the Board as Whole-time Director w.e.f 31<sup>st</sup> March, 2013 but continue as Non-Executive Director on the Board of the Company and the Company is yet to fill the vacancy of Whole-time Director.

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

### **AUDIT COMMITTEE**

The Audit Committee constituted by the Board comprising of Shri G.P.Singh, Shri Sameer Gaur and Shri Suren Jain is in place and meets the requirements of Section 292A of the Companies Act, 1956.

## **FIXED DEPOSITS**

The Company did not invite/accept any Fixed Deposit from the public during the year under report.

## **NOTES ON ACCOUNTS**

The observation/qualification of Auditors in the Auditors' Report and notes to the financial statements are self-explanatory. In view of the facts stated therein, financial statements have been prepared on the basis that the Company is a going concern and no adjustments to the carrying value of assets and liabilities were made. As explained in Note 15 to the Notes to Accounts, considering the status of project no provision for impairment / write off of capital work in progress has been considered necessary.

## **PARTICULARS OF EMPLOYEES**

During the year under report, there was no employee who was in receipt of monthly remuneration of Rs.5 lacs or more. Accordingly, the information as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, may kindly be treated as nil.

## **AUDITORS**

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

As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained a written certificate from the Auditors to the effect that their re-appointment, if made, would be in conformity with the limits prescribed in Section 141(3) of Companies Act, 2013 and they fulfill the criteria laid down under Section 141 of the Companies Act, 2013. Further, a Resolution has been included in the notice of ensuing Annual General Meeting for their re-appointment as Statutory Auditors of the Company till the conclusion of 12<sup>th</sup> Annual General Meeting, subject to the ratification of their appointment at every Annual General Meeting.

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

The information required to be disclosed as per Section 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 with regard to Conservation of Energy and Technology Absorption are not applicable, as the Project is still under preliminary/construction stage.

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

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representation received from the operating management and after due enquiry, confirm the following in respect of the audited annual accounts for the year ended 31<sup>st</sup> March, 2014 :

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed and that there were no material departures;
- ii) that the Directors had, in consultation with the Statutory Auditors, selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended 31<sup>st</sup> March, 2014;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that the Directors had prepared the annual accounts on a going concern basis.


### **ACKNOWLEDGEMENT**

The Board of Directors places on record its sincere appreciation and gratitude to various departments of Central Government, the Government of Uttar Pradesh, UPPCL, UP State Electricity Board, Banks and staff at all levels.

On Behalf of the Board

Place: New Delhi  
Date : 15<sup>th</sup> May, 2014

  
Suren Jain  
Director  
(DIN 00011026)

  
Sunil Kumar Sharma  
Director  
(DIN 00008125)

# CHATURVEDI & PARTNERS

## Chartered Accountants

212A, Chiranjiv Tower, 43 Nehru Place, New Delhi-110019

Phone : 011-46654665 Fax : 011-46654655

Email : delhi@chaturvedica.com

### INDEPENDENT AUDITORS' REPORT

The Members of  
**SANGAM POWER GENERATION COMPANY LIMITED**

#### Report on the Financial Statements

We have audited the accompanying financial statements of **SANGAM POWER GENERATION COMPANY LIMITED ("the Company")**, which comprise the Balance sheet as at March 31, 2014 the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance and cash flow of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read together with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### Basis for Qualified Opinion

*We refer to note 15 to the financial statements wherein Expenditure incurred during the construction and incidental to setting up of the project have been carried forward as 'Capital Work in Progress' and no provision for impairment/write-off considered necessary by the management. The Company has approached UPPCL for amicable settlement for closing the agreement(s) and payment of dues and investments made by it. As there have been no further development/steps in this matter, the financial statements have been prepared on the basis that the Company is a going concern. In view of this, no adjustments to the carrying value of assets and liabilities were made.*



Other Offices : Kolkata • Mumbai • Chennai • Lucknow • Hyderabad

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us *except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph mentioned above*, the financial statements 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:

- i. *in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014.*
- ii. *in the case of the Statement of Profit and Loss, there is no profit or loss for the year ended on that date; and*
- iii. *in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*


### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 (the Order), as amended issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d. *Except for the effect of the matters described in the Basis for Qualified Opinion paragraph*, in our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read together with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
  - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

New Delhi  
May 15, 2014



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

  
**R N CHATURVEDI**  
Partner  
Membership No. 092087

**ANNEXURE 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 fixed assets.
- b. Fixed assets have been physically verified by the management during the year pursuant to a programme for physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no discrepancies were noticed on such verification.
- c. The Company has not disposed off any fixed assets during the year.
- ii. The Company did not hold any inventory during the year. Accordingly clauses (ii) (a) to (ii) (c) of Para 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.
- iii. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly clauses (iii) (a) to (iii) (g) of Para 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of goods, service and assets. During the year, the Company did not have any transaction for purchase of inventory and / or sale of goods and services. During the course of our audit, we have neither observed nor have been informed of any continuing failure to correct major weaknesses in internal control system of the Company.
- v. In our opinion and according to the information and explanations given to us, there were no contracts or arrangements, the particulars of which needed to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- vi. According to the information and explanations given to us, the Company has not accepted any deposit from the public within the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. As the Company is in the construction stage, requirement of cost records to be maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 is not applicable for the year.
- ix. a. The Company is regular in depositing undisputed statutory dues including income tax, sales tax, service tax and cess with the appropriate authorities. Provisions of other statutory dues including provident fund, investor education and protection fund, employees' state insurance, wealth tax, custom duty and excise duty are not applicable to the Company for the current year.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax and cess were in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.
- c. According to the information and explanation given to us, there are no dues of income tax and sales tax which have not been deposited on account of any dispute.



- x. In our opinion, the accumulated losses of the company are not more than fifty per-cent of its net-worth. Further, the company has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
- xi. In our opinion and according to the records of the company examined by us and the information and explanations given to us, the Company has not raised money from any financial institution or bank as at the Balance Sheet date. The Company has not issued any debentures.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly clause (xii) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xiii. In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/society. Accordingly clause (xiii) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xiv. The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly clause (xiv) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xv. According to the information and explanations given to us, the Company has given the guarantee of ₹ 75,000 lacs on its assets (as a second charge) for loan taken by Jaiprakash Power Venture Limited (Holding Company) from banks or financial institutions. The Company, being a wholly owned subsidiary, terms and conditions are not prejudicial to the interest of the Company.
- xvi. In our opinion, and according to the information and explanations given to us, no term loans have been raised by the company during the year. Accordingly, clause (xvi) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. Accordingly clause (xviii) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xix. The Company does not have any debentures issued and outstanding as at the year end. Accordingly clause (xix) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xx. The Company has not raised any money by public issue. Accordingly, clause (xx) of Para 4 of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

New Delhi  
May 15, 2014



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

  
**R N CHATURVEDI**  
Partner  
Membership No.092087

**SANGAM POWER GENERATION COMPANY LIMITED**

**BALANCE SHEET AS AT MARCH 31, 2014**

(Amount in Rupees)

Particulars	Note No.	As at 31-03-2014		As at 31-03-2013	
<b>I. EQUITY AND LIABILITIES</b>					
(1) Shareholder's Funds					
(a) Share Capital	2	5,51,97,72,000		5,51,97,72,000	
(b) Reserves and Surplus	3	(6,51,770)		(6,51,770)	
(c) Money received against share warrants		-	5,51,91,20,230	-	5,51,91,20,230
(2) Share application money pending allotment		-		-	
(3) Non-Current Liabilities					
(a) Long-term borrowings		-		-	
(b) Deferred tax liabilities (Net)		-		-	
(c) Other Long term liabilities		-		-	
(d) Long term provisions	4	3,27,449	3,27,449	6,83,277	6,83,277
(4) Current Liabilities					
(a) Short-term borrowings		-		-	
(b) Trade payables		-		-	
(c) Other current liabilities	5	39,85,667		1,23,92,857	
(d) Short-term provisions	6	44,505	40,30,172	4,94,782	1,28,87,639
<b>Total</b>			<b>5,52,34,77,851</b>		<b>5,53,26,91,146</b>
<b>II. ASSETS</b>					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	7	71,28,08,859		71,30,07,524	
(ii) Intangible assets		-		-	
(iii) Capital work-in-progress	8	1,07,09,14,771		1,06,42,13,807	
(iv) Intangible assets under development		-		-	
(b) Non-current investments		-		-	
(c) Deferred tax assets (net)		-		-	
(d) Long term loans and advances	9	3,63,50,33,292		3,63,40,43,744	
(e) Other non-current assets		-	5,41,87,56,922	-	5,41,12,65,076
(2) Current assets					
(a) Current investments					
(b) Inventories		-		-	
(c) Trade receivables		-		-	
(d) Cash and Bank balances	10	10,45,01,539		12,12,17,222	
(e) Short term loans and advances	11	9,662		12,524	
(f) Other current assets	12	2,10,328	10,47,20,920	1,96,324	12,14,76,076
<b>Total</b>			<b>5,52,34,77,851</b>		<b>5,53,26,91,146</b>

Significant Accounting Policies

The Accompanying Notes (1-22) are an integral part of the Financial Statements

As per our report of even date attached

For Chaturvedi & Partners

Chartered Accountants

F.R.N. 307068E

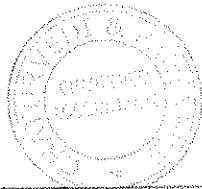
  
R. N. Chaturvedi

Partner

Membership No. 092087

Place: Noida

Date : May 15, 2014

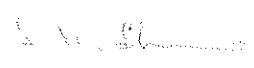


For and on behalf of the Board



Suren Jain  
Director

DIN 00011026



Sunil Kumar Sharma  
Director

DIN 00008125

  
Sanir Raheja

Company Secretary



**SANGAM POWER GENERATION COMPANY LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014**

(Amount in Rupees)

Particulars	Note No	For the Year ended on 31-03-2014	For the Year ended on 31-03-2013
I. Revenue from operations		-	-
II. Other income		-	-
III. Total Revenue (I + II)		-	-
IV. Expenses:			
Cost of materials consumed		-	-
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
Employee benefit expense		-	-
Financial costs		-	-
Depreciation and amortization expense		-	-
Other expenses		-	-
Total Expenses		-	-
V. Profit before exceptional and extraordinary items and tax (III - IV)		-	-
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		-	-
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		-	-
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Profit/(Loss) from the period from continuing operations (VII - VIII)		-	-
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		-	-
XVI. Earning per equity share:			
(1) Basic		-	-
(2) Diluted		-	-

Significant Accounting Policies

The Accompanying Notes (1-22) are an integral part of the Financial Statement

As per our report of even date attached

For Chaturvedi & Partners

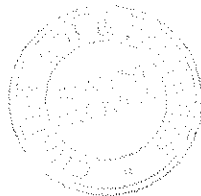
Chartered Accountants

F.R.N. 307068E

R. N. Chaturvedi

Partner

Membership No. 092087



Place: Noida

Date : May 15, 2014

For and on behalf of the Board

Suren Jain

Director

DIN 00011026

Sunil Kumar Sharma

Director

DIN 00008125

Samir Raheja  
Company Secretary

**SANGAM POWER GENERATION COMPANY LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

(Amount in Rupees)

Particulars	Year ended 31-03-2014	Year ended 31-03-2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	-	-
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-	-
Investment in Bank Deposits (having original maturity of more than three months)	-	(33,11,786)
Payment towards Pre-Operative/ incidental Expenses under construction and capital advances	(1,65,17,018)	(74,72,702)
Preliminary Expenses paid	-	-
Interest received on deposits	98,95,480	1,09,83,153
Purchase of Property held for Development	-	-
<b>NET CASH GENERATED (USED IN) INVESTING ACTIVITIES</b>	<b>(1,67,15,683)</b>	<b>(15,84,920)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Equity Share Capital	-	-
Proceeds from Loan	-	-
Interest and Finance Charges Paid	-	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	-	-
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>(1,67,15,683)</b>	<b>(15,84,920)</b>
Cash and cash equivalents at the beginning of the year	12,12,17,222	12,28,02,143
Cash and cash equivalents at the end of the year	<b>10,45,01,539</b>	<b>12,12,17,222</b>

**Notes :**

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

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

Particulars	Year ended 31-03	As at 31-03-
Balances with Banks		
- in Current Accounts	66,005	28,429
- in Fixed deposit accounts with original maturity of less than three months	35,83,824	34,55,486
- in Free Fixed Deposit Accounts with maturity of more than three months but less than twelve months	5,18,35,406	6,91,38,240
Cash in hand	44,638	1,30,403
<b>Sub Total</b>	<b>5,56,29,873</b>	<b>7,27,52,558</b>
Others		
Balances with Banks		
- in Free Fixed Deposit Account with maturity of more than three months but less than twelve months	-	33,11,786
Held as margin money deposit against guarantees	4,88,71,666	4,51,52,878
<b>Sub Total</b>	<b>4,88,71,666</b>	<b>4,84,64,664</b>
<b>Total</b>	<b>10,45,01,539</b>	<b>12,12,17,222</b>

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

(c) Cash and cash equivalents as of March 31, 2014 and March 31, 2013 include restricted cash and bank balances of Rs. 4,88,71,666 Rs. 4,51,52,878 respectively. The restrictions are primarily on account of deposits held as margin money against guarantee

For Chaturvedi & Partners

Chartered Accountants

F.R.N. 307068E

*R. N. Chaturvedi*

R. N. Chaturvedi

Partner

Membership No. 092087

Place: Noida

Date : May 15, 2014

For and on behalf of the board

*Suren Jain*

Suren Jain

Director

DIN 00011026

*Samir Raheja*

Samir Raheja

Company Secretary

*Sunil Kumar Sharma*

Sunil Kumar Sharma

Director

DIN 00008125



**NOTE : 1**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**I. Significant Accounting Policies:**

**a) Basis of Preparation of Financial Statements**

- (i) The financial statements are based on the historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP), comprising of mandatory Accounting Standards notified in Section 211 (3C) and other provisions of the Companies Act, 1956 read together with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
- (ii) Accounting policies not specifically referred to otherwise are being consistently followed and are in accordance with generally accepted accounting principles.

**b) Revenue Recognition**

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

**c) Fixed Assets**

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

**d) Depreciation**

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

**e) Expenditure during Construction Period**

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

**f) Foreign Currency Transactions**

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

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# Sangam Power Generation Company Limited

## g) Investments

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

## h) Inventory

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

## i) Employees Benefits

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

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

## j) Borrowing Costs

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

## k) Taxes on Income

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

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

## l) Amortization of Miscellaneous expenditure

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

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

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

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SANGAM POWER GENERATION COMPANY LIMITED

NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

Particulars	(Amount in Rupees)	
	As at 31-03-2014	As at 31-03-2013
<b>NOTE - 2: SHARE CAPITAL</b>		
Authorised 4,00,00,00,000 Equity Shares of Rs. 10 each (Previous year 4,00,00,00,000 Equity Shares of Rs. 10 each)	40,00,00,00,000	40,00,00,00,000
Issued, Subscribed and Fully Paid up 55,19,77,200 Equity Shares of Rs. 10 each (Previous year 55,19,77,200 Equity Shares of Rs.10 each)	5,51,97,72,000	5,51,97,72,000
<b>Total</b>	<b>5,51,97,72,000</b>	<b>5,51,97,72,000</b>
<b>2.1 Reconciliation of Number of Equity Shares outstanding</b>		
	Number of Shares	Number of Shares
Number of Shares outstanding at the beginning of the Period	55,19,77,200	55,19,77,200
Add: Issued during the Period	-	-
Number of Shares outstanding at the end of the Period	55,19,77,200	55,19,77,200
2.2 Out of the above issued and subscribed share capital 55,19,77,200 (55,19,77,200) equity shares, being more than 5 percent are held by Jaiprakash Power Ventures Limited the Holding Company.		
2.3 The Company has only one class of Equity Shares having par value of Rs. 10 per share. Each holder of Equity Shares is entitled to one vote per share and entitled for dividend, if declared.		

Particulars	(Amount in Rupees)	
	As at 31-03-2014	As at 31-03-2013
<b>NOTE - 3: RESERVES &amp; SURPLUS</b>		
Surplus		
Balance as at the beginning of the year	(6,51,770)	(6,51,770)
Amount Transferred surplus/ (Deficit) from the Statement of Profit and Loss during the year	-	-
Balance as at the end of the year	(6,51,770)	(6,51,770)

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SANGAM POWER GENERATION COMPANY LIMITED

NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

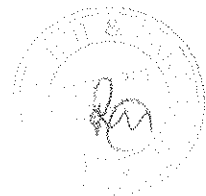
(Amount in Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
<b>NOTE - 4: LONG TERM PROVISIONS</b>		
Provision for Leave Salary	1,55,452	1,29,384
Provision for Gratuity	1,71,997	5,53,893
<b>Total</b>	<b>3,27,449</b>	<b>6,83,277</b>

Particulars	As at 31-03-2014	As at 31-03-2013
<b>NOTE - 5: OTHER CURRENT LIABILITIES</b>		
Accrued salaries, wages and benefits	2,67,263	7,55,006
Provision / payables for expenses	32,62,136	1,15,88,815
Book overdraft *	3,62,552	-
Tax deducted at source	93,716	49,036
<b>Total</b>	<b>39,85,667</b>	<b>1,23,92,857</b>
* Book Overdraft balance of Rs.3,62,552 will be adjusted against CLTD amount on presentation of cheques issued.		

Particulars	As at 31-03-2014	As at 31-03-2013
<b>NOTE - 6: SHORT TERM PROVISIONS</b>		
Provision for Leave Salary	44,505	4,86,829
Provision for Gratuity	-	7,953
<b>Total</b>	<b>44,505</b>	<b>4,94,782</b>

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**SANGAM POWER GENERATION COMPANY LIMITED**

**NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014**

NOTE -7: TANGIBLE ASSETS							
(Amount in Rupees)							
Description of Assets	Land		Furniture and Fixtures	Vehicle	Office Equipment	Computer	Total
	Free Hold	Lease Hold					
As at April 01, 2013	67,49,17,240	3,65,61,259	2,72,576	13,04,541	3,71,606	3,03,477	71,37,30,699
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
<b>As at March 31, 2014</b>	<b>67,49,17,240</b>	<b>3,65,61,259</b>	<b>2,72,576</b>	<b>13,04,541</b>	<b>3,71,606</b>	<b>3,03,477</b>	<b>71,37,30,699</b>
Description on Assets	Land		Furniture and Fixtures	Vehicle	Office Equipment	Computer	Total
	Free Hold	Lease Hold					
Depreciation							
As at April 01, 2013	-	-	1,22,830	3,65,682	1,12,328	1,22,335	7,23,175
Charges for the year	-	-	11,446	1,23,931	14,094	49,194	1,98,665
Disposals	-	-	-	-	-	-	-
<b>As at March 31, 2014</b>	<b>-</b>	<b>-</b>	<b>1,34,276</b>	<b>4,89,613</b>	<b>1,26,422</b>	<b>1,71,529</b>	<b>9,21,840</b>
<b>Net Block</b>							
As at March 31, 2013	67,49,17,240	3,65,61,259	1,49,746	9,38,859	2,59,278	1,81,142	71,30,07,524
As at March 31, 2014	67,49,17,240	3,65,61,259	1,38,300	8,14,928	2,45,184	1,31,948	71,28,08,859

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SANGAM POWER GENERATION COMPANY LIMITED

NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

(Amount in Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
<b>NOTE - 8 : CAPITAL WORK IN PROGRESS</b>		
Opening Balance	1,06,42,13,807	1,04,84,55,146
Advertisement & Publicity	210	-
Audit Fees	1,12,360	1,14,420
Communication Expenses	36,200	83,996
Depreciation	1,98,665	1,98,665
Interest & Financial Charges	1,11,28,004	1,16,05,428
Insurance Charges	10,005	36,657
Legal & Professional Charges	1,48,344	22,941
Licence & Application Fees	-	-
Medical Expenses	-	-
Miscellaneous Expenses	1,246	4,706
Site Development Expenses	-	-
Office & Camp Maintenance Expenses	-	-
Power, Water & Electricity Charges	-	-
Printing & Stationery	3,017	3,318
Rent, Rate & Taxes	-	-
Salary & Wages	39,93,972	1,29,21,981
Staff Welfare Expenses	-	-
Travelling & Conveyance Expenses	1,73,006	10,00,615
Value Added Tax	-	-
Vehicle Running & Maintenance Expenses	7,91,414	7,49,087
<b>Sub Total</b>	<b>1,08,08,10,251</b>	<b>1,07,51,96,960</b>
Less Interest Received (Gross)	98,95,480	1,09,83,153
<b>Total</b>	<b>1,07,09,14,771</b>	<b>1,06,42,13,807</b>

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**SANGAM POWER GENERATION COMPANY LIMITED**

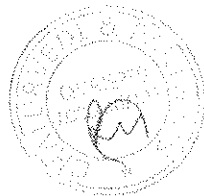
NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

(Amount in Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
<b>NOTE - 9: LONG TERM LOANS AND ADVANCES</b>		
Advance for Capital Work in Progress	3,32,07,27,665	3,32,07,27,665
Security Deposits		
- With Govt. Corporations	30,02,51,700	30,02,51,700
Tax deducted at source & advance tax	1,40,53,927	1,30,64,379
<b>Total</b>	<b>3,63,50,33,292</b>	<b>3,63,40,43,744</b>

Particulars	As at 31-03-2014	As at 31-03-2013
<b>NOTE - 10: CASH AND BANK BALANCES</b>		
Cash & Cash Equivalents		
Balances with Banks		
- in Current Accounts	66,005	28,429
- in Fixed deposit accounts with original maturity of less than three months	36,83,824	34,55,486
- in Free Fixed Deposit Account with maturity of less than three months	5,18,35,406	6,91,38,240
Cash in hand	44,638	1,30,403
Sub Total	<b>5,56,29,873</b>	<b>7,27,52,558</b>
Other Bank Balances		
- in Free Fixed Deposit Account with maturity of more than three months but less than twelve months		33,11,786
Held as margin money deposits against guarantees	4,88,71,666	4,51,52,878
Sub Total	<b>4,88,71,666</b>	<b>4,84,64,664</b>
<b>Total</b>	<b>10,45,01,539</b>	<b>12,12,17,222</b>

Note: Cash and cash equivalents as of March 31, 2014 and March 31, 2013 include restricted cash and bank balances of Rs. 4,88,71,666 Rs.4,51,52,878 respectively. The restrictions are primarily on account of deposits held as margin money against guarantee.



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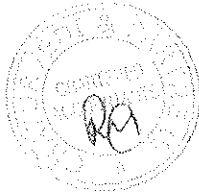
SANGAM POWER GENERATION COMPANY LIMITED

NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014

(Amount in Rupees)

Particulars	As at 31-03-2014	As at 31-03-2013
<b>NOTE - 11: SHORT TERM LOANS AND ADVANCES</b>		
Other Advances	9,062	10,337
Prepaid insurance expenses	-	2,187
Total	9,062	12,524

Particulars	As at 31-03-2014	As at 31-03-2013
<b>NOTE - 12: OTHER CURRENT ASSETS</b>		
Interest accrued on deposits with banks	2,10,328	1,96,324
Total	2,10,328	1,96,324



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## Sangam Power Generation Company Limited

### Notes to the Accounts

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

14. **Contingent Liabilities & Capital Commitments:**

Particulars	Amount
(i) Outstanding amount of Bank Guarantees (Previous Period ₹ 3,37,45,000)	INR 3,37,45,000
Margin Money against above (Previous Period ₹ 4,51,52,878)	INR 4,88,71,666
(ii) In respect of second charge on the assets of the Company in favour of the IDBI Trusteeship Services Limited for financial assistance provided by bank(s) to Jaiprakash Power Ventures Limited (Previous Period ₹ 7,50,00,00,000)	INR 7,50,00,00,000
(iii) Estimated amounts of Contracts remaining to be executed on Capital Account (Net of advances) and not Provided for Previous Period (₹ 43,46,36,07,650; USD 9,18,20,000; JPY 19,70,81,90,000; EURO 7,83,10,000)	INR 43,46,36,07,650 USD 9,18,20,000 JPY 19,70,81,90,000 EURO 7,83,10,000

15. The Company has been developing 1320 MW Thermal Power Project situated at Tehsil Karchhana, Distt. Allahabad, Uttar Pradesh which is awarded by UPPCL on Build, Own, Operate and Maintain (BOOM) basis. As per the agreement, UPPCL has to provide 583 Ha. of Land to the Company. UPPCL has since executed deed of conveyance for 512 Ha. (Approx.) of Land pending physical possession. Some land owners had filed the writ petition before the Honorable Allahabad High Court against the Government of Uttar Pradesh/UPPCL. The Court vide its order dated April 13, 2012 allowed the petitions of the farmers of Karchhana and stalled the work given to the Company. The order is to be effective subject to the deposit of compensation, if any, received by the farmer.

Pending such settlement, the Company, subsequent to the year end, requested to the UP Power Corporation Limited to amicably, close the project and Power Purchase Agreements with the five distribution companies and refund of its dues and investments made by the company.

Expenditure incurred during the construction and incidental to setting up the project are carried forward as "Capital Work-in-Progress". Considering the current status, the company has not provided for impairment/write off, if any, as at the Balance Sheet Date.

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

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**Sangam Power Generation Company Limited**

17. Managerial remuneration and benefits paid / payable to Whole Time Director

Particulars	For the Year ended March 31, 2014 Amount (₹)	For the Year ended March 31, 2013 Amount (₹)
Salary and Perquisites	-	60,70,129.00
		<b>60,70,129.00</b>

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

S.No	Particulars	For the year ended March 31, 2014 Amount (₹)	For the year ended March 31, 2013 Amount (₹)
a)	The principal amount and interest due thereon remaining unpaid to any supplier		
	-Principal Amount	Nil	Nil
	-Interest Amount	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 suppliers beyond the appointed day.	Nil	Nil
c)	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed during year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
d)	The amount of interest accrued and remaining unpaid	Nil	Nil
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

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# Sangam Power Generation Company Limited

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

1. List of Related Parties and Relationship

**I Holding Company**

Jaiprakash Power Ventures Limited

**II Ultimate Holding Company**

Jaiprakash Associates Limited

**III Fellow Subsidiaries**

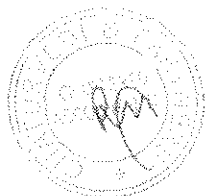
- (a) Jaypee Powergrid Limited
- (b) Jaypee Arunanchal Power Limited
- (c) Prayagraj Power Generation Company Limited
- (d) Jaypee Meghalya Power Limited
- (e) Himachal Baspa Power Company Ltd. (14.03.2014)
- (f) Himachal Karcham Power Company Ltd. (14.03.2014)

**IV Fellow Subsidiaries of the Holding Company**

- (a) Jaypee Infratech Limited
- (b) Himalayan Expressway Limited
- (c) Jaypee Sports International Limited
- (d) Jaypee Ganga Infrastructure Corporation Limited
- (e) Bhilai Jaypee Cement Limited
- (f) Gujarat Jaypee Cement Infrastructures Limited
- (g) Bokaro Jaypee Cement Limited
- (h) Jaypee Agra Vikas Limited
- (i) Jaypee Fertilizers & Industries Limited
- (j) Jaypee Cement Corporation Limited
- (k) Himalyaputra Aviation Limited
- (l) Jaypee Assam Cement Limited
- (m) Jaypee Healthcare Ltd.
- (n) Jaypee Cement Cricket (India) Ltd.
- (o) Jaypee Cement Hokey (India) Ltd.
- (p) Jaiprakash Agri Initiatives Company Limited ( subsidiary of Jaypee Cement Corp. Ltd.)
- (q) Jaypee Uttar Bharat Vikas Private Limited
- (r) Kanpur Fertilizers & Cement Limited (subsidiary of JAL w.e.f. 12.09.13)

**V Associate Companies/ Concerns**

- (a) Jaypee Infra Ventures (A Private Company with Unlimited Liability)
- (b) Jaypee Development Corporation Limited (subsidiary of Jaypee Infra Ventures)
- (c) JIL Information Technology Limited (subsidiary of Jaypee Infra Ventures)
- (d) Gaur & Nagi Limited (subsidiary of JIL Information Technology Limited)
- (e) Jaiprakash Kashmir Energy Limited
- (f) Madhya Pradesh Jaypee Minerals Limited
- (g) Sonbhadra Minerals Pvt. Limited
- (h) RPJ Minerals Pvt. Limited
- (i) Tiger Hills Holiday Resort Private Limited (subsidiary of Jaypee Development Corporation Ltd)
- (j) Anvi Hotels Private Limited (subsidiary of Jaypee Infra Ventures)
- (k) Sarveshwari Stone Products Private Limited (subsidiary of RPJ Minerals Private Limited)
- (l) Rock Solid Cement Limited (subsidiary of RPJ Minerals Private Limited)
- (m) MP Jaypee Coal Limited
- (n) MP Jaypee Coal Fields Limited
- (o) Andhra Cements Limited (subsidiary of Jaypee Development Corp. Ltd.)
- (p) Jaypee International Logistics Company Private Limited (subsidiary of Jaypee Infra Ventures)
- (q) Indesign Enterprise Private Limited (subsidiary of Jaypee Infra Ventures)
- (r) Jaypee Jan Sewa Sansthan ("Not for Profit" Private Limited Company) w.e.f. 27.03.2014
- (s) Ceekay Estates Private Limited w.e.f. 27.03.2014



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## Sangam Power Generation Company Limited

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

(₹ in Lakhs)

Particulars	Referred in (i) above	Referred in (ii) above	Referred in (iii) above	Referred in (vi) above
<b>Guarantees</b>				
-Second Charge on the Assets of the Company in favour of IDBI Trusteeship Services Limited for Financial Assistance provided by the bank(s) to Jaiprakash Power Ventures Limited as referred to in 1 (a) (i) above	75,000 (75,000)			
-Performance Bank Guarantee Given on Behalf of the Company		9,900 (9,900)		
<b>Expenses</b>				
-Jaiprakash Associates Limited		112.41 (112.41)		
<b>Creditors</b>				
-Jaiprakash Associates Limited		28.07 (111.24)		
<b>Key Management Personnel</b>				
Siddheshwar Sen				-- (60.70)

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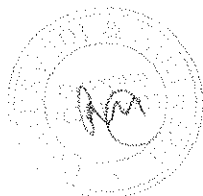
- a. Gratuity – the liability for Gratuity is provided on the basis of Actuarial Valuation made at the end of each financial year. The Actuarial Valuation is made on Projected United Credit method as per AS15 (revised). Jaiprakash Associates Limited {JAL} (the ultimate holding company) has constituted a Gratuity Fund under the name Jaiprakash Associates Employees Gratuity Fund Trust vide Trust Deed dated March 30, 2009 for JAL and its subsidiaries and appointed SBI Life Insurance Co. Ltd. for the management of the Trust Funds for the benefits of employees. As a ultimate subsidiary of JAL (The Company being subsidiary of Jaiprakash Power Ventures Limited {JPVL} and JPVL being subsidiary of JAL), the Company is participating in the Trust Fund by contributing its liability accrued upto the close of each financial year to the Trust Fund.
- b. Leave Encashment-Defined Benefit Plans-Provision has been made as Actuarial valuation.



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**Sangam Power Generation Company Limited**

S.No.	Particulars	Non-Funded (Amount in ₹)			
		Gratuity		Leave Encashment	
		FY 2013-14	FY 2012-13	FY 2013-14	FY 2012-13
I	Expenses Recognized in the Statement of Preoperative Expenditure During Project Implementation, Pending Allocation for the Year ended March 31, 2014				
1	Current Service Cost	48,640	2,13,106	55,226	2,30,778
2	Interest Cost	45,722	35,367	49,297	44,227
3	Employee Contribution	-	-	-	-
4	Actuarial (Gains)/Loss	(4,83,340)	(10,267)	(1,11,279)	(70,998)
5	Past Service Cost	-	-	-	-
6	Settlement Cost	-	-	-	-
7	Total Expenses	(3,89,849)	2,28,426	(6,756)	2,04,057
II	Net Assets/(Liability) recognized in the Balance Sheet as at March 31, 2014				
1	Present Value of Defined Benefit Obligation	182,545	5,71,523	1,99,957	6,16,213
2	Fair Value of Plan Assets	5,71,523	4,42,092	-	-
3	Funded Status (Surplus/Deficit)	(1,71,997)	(5,61,846)	(1,99,957)	(6,16,213)
4	Excess of actual over estimated	-	-	-	-
5	Net Assets / (Liability) as at March 31, 2014	(1,71,997)	(5,61,846)	(1,99,957)	6,16,213
III	Change in Obligation during the year ended March 31, 2014				
1	Present value of Defined Benefit Obligation at the beginning of the year	5,71,523	4,42,092	6,16,213	5,53,466
2	Current Service Cost	48,640	2,13,106	55,226	2,30,778
3	Interest Cost	45,722	35,367	49,297	44,277
4	Settlement Cost	-	-	-	-
5	Past Service Cost	-	-	-	-
6	Employee Contribution	-	-	-	-
7	Actuarial (Gain)/Losses	(4,83,340)	(10,267)	(1,11,279)	(70,998)
8	Benefit Payments	-	(1,08,775)	(4,09,500)	1,41,310
9	Present Value of Defined Benefit at the end of the year	1,82,545	5,71,523	1,99,957	6,16,213
IV	Change in Assets during the year ended March 31, 2014				
1	Plan Assets at the beginning of the year	-	-	-	-
2	Assets acquired on amalgamation in the previous year	-	-	-	-
3	Settlements	-	-	-	-
4	Expected return on Plan Assets	-	-	-	-
5	Contribution by Employer	-	-	-	-
6	Actual Benefit Paid	-	(1,08,775)	-	-



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## Sangam Power Generation Company Limited

7	Actuarial (Gains)/Losses	-	-	-	-
8	Plan Assets at the end of the year	10,548	9,677	-	-
9	Actual Return on Plan Assets	-	-	-	-

### Actuarial Assumptions

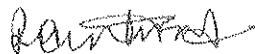
	FY 2013-14	FY 2012-13
(i) Discount Rate	8%	8%
(ii) Mortality	LIC (1994-96)	LIC (1994-96)
(iii) Future Salary Increase	6%	6%

21. As Commercial operations have not yet commenced, therefore there is no deferred tax liability as on March 31, 2014.
22. Previous year's figures have been regrouped/re-arranged wherever considered necessary to make them conform to the figures for the year as per Revised Schedule VI.

As per our report even date attached

#### For CHATURVEDI & PARTNERS

Chartered Accountants  
Firm Registration No.307068E



**R N CHATURVEDI**  
Partner  
Membership No.092087

#### FOR AND ON BEHALF OF THE BOARD



**SUREN JAIN**  
Director  
DIN 00011026



**SUNIL KUMAR SHARMA**  
Director  
DIN 00008125



**SAMIR RAHEJA**  
Company Secretary

Place: Noida  
Date: May 15, 2014

