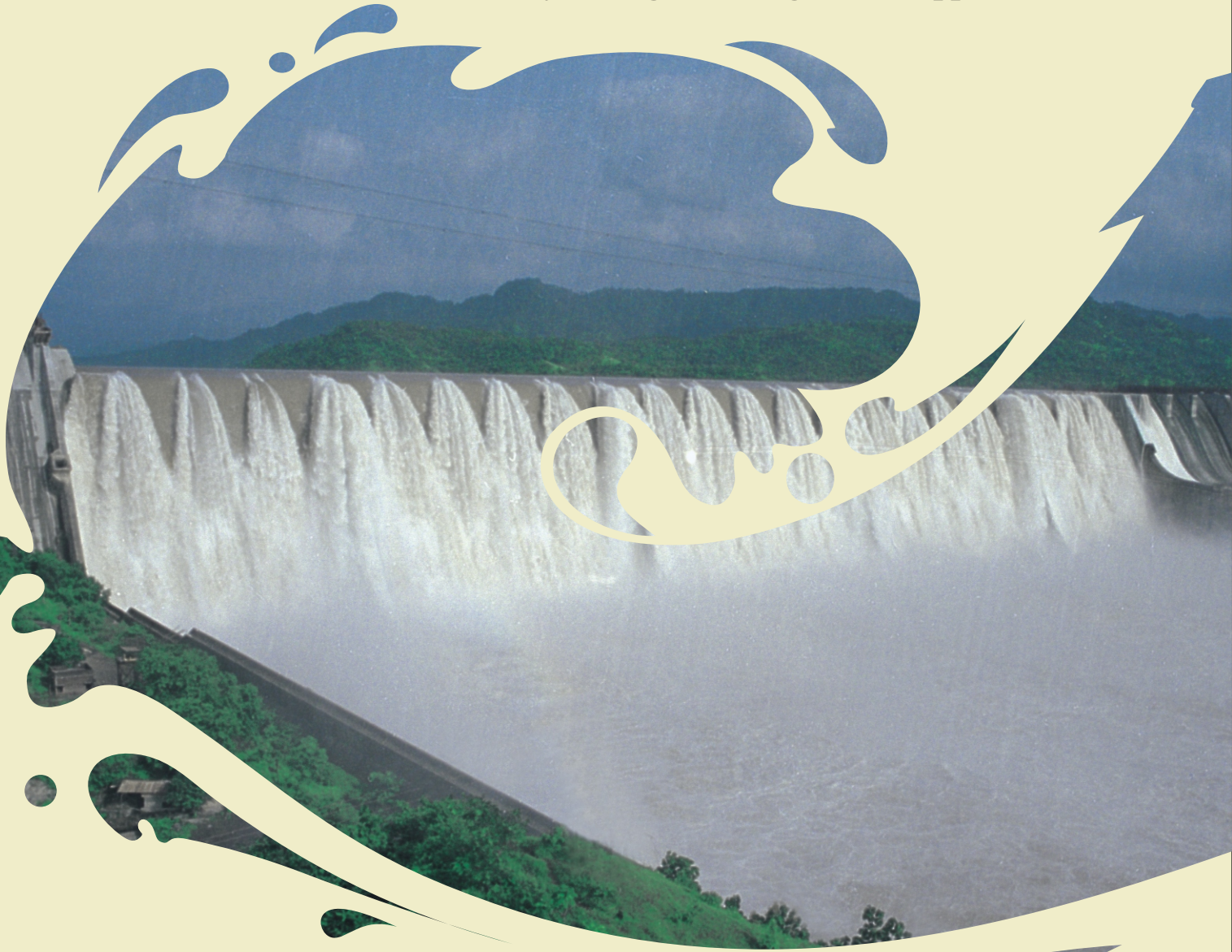


ANNUAL REPORT 2004-05

JAI PRAKASH
ASSOCIATES LIMITED

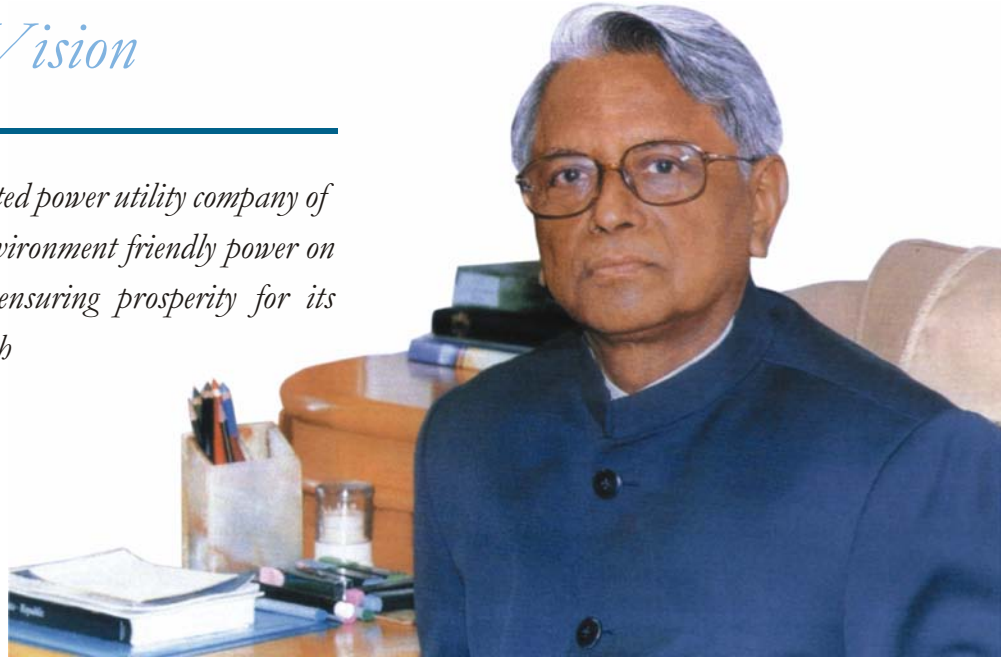
Transforming Challenges Into Opportunities



 **JAYPEE**
GROUP

Our Vision

“To be amongst most trusted power utility company of the country by providing environment friendly power on most cost effective basis, ensuring prosperity for its stakeholders and growth with human face.”



Our Mission

“Perfection in Power”

- *To ensure most cost effective power for sustained growth of India.*
- *To provide clean and green power for secured future of countrymen.*
- *To retain leadership position of the organisation in Hydro Power generation, while working with dedication and innovation in every project we undertake.*
- *To maintain continuous pursuit for cost effectiveness, enhanced productivity for ensuring financial health of the organization, to take care of stakeholders’ aspirations continuously.*
- *To be a technology driven, transparent organization, ensuring dignity and respect for its team members.*
- *To inculcate value system all cross the organization for ensuring trustworthy relationship with its constituent associates & stakeholders.*
- *To continuously upgrade & update knowledge & skill set of its human resources.*
- *To be socially responsible through community development by leveraging resources and knowledge base.*
- *To achieve excellence in every activity we undertake.*

Jaiprakash Gaur

*Jaiprakash Gaur
Chairman*

Dear Shareowners,

The year 2004-05 has been a landmark year for your Company.

Your group's pioneering initiative in development of hydropower in private sector through the 300 MW Baspa II project in 1992, undertaken on Build-Own-Operate (BOO) basis with the power reform process started in the Country by Govt. of India, has been successfully operating since 2003 and gained global recognition amongst the investor community.

With two more Build-Own Operate(BOO) hydropower projects – 400 MW Vishnuprayag project in Uttaranchal slated for commissioning in 2006 and the 1000 MW Karcham Wangtoo Hydroelectric Project in District Kinnaur in Himachal Pradesh slated for commissioning in 2010, the group will contribute over 8,000 million units of clean & green power to the nation, making your Company the largest hydropower generator in private sector in the country.

Your Company successfully placed US\$100 Million Foreign Currency Convertible Bonds (FCCBs) on 27th January 05 in the international market. The bonds were allotted on 16th February, 2005 and stand listed on the Singapore Stock Exchange. These bonds are convertible at an initial price of Rs. 236.31 per share.

Your Company successfully completed an "Offer For Sale" of 180 million equity shares of its subsidiary Jaiprakash Hydro-Power Limited to the public in March, 2005. This was the first of its kind in the Country for an IPP company in the hydro-power sector.

The turnover of the Company for the year 2004-05 touched Rs.3000 Crores (including excise duty) with Profit after Tax at Rs.207.63 Crores. The operating results of the Company for the year 2004-05 registered a growth of 15% in Gross Revenue, 23% in Profit before Tax and 22% in Profit after Tax, over the results for the previous year. EPS achieved double digit at Rs 11.78 for the first time.

Your Company is the first company in India to undertake large hydropower projects on EPC basis and is a leader in the field of development and construction of hydropower projects. It has been handling the construction of multi-purpose river valley and hydropower projects and is at present executing, as prime contractor by itself or in joint venture, 8 hydropower projects across the country and 1 in Bhutan which on completion will add 8190 MW of hydropower generating capacity in the country. Besides expansion in the Hydropower generation your Company is also planning to venture into Thermal Power generation and power transmission.

Your Company also has the privilege of operating the largest cement complex in a single location in India at Rewa, Madhya Pradesh which through a phased modernization/capacity expansion plan is now 7 million tonne per annum. With the pro-active approach to keep the cost of cement production most competitive, cost of power (accounting for almost 33% of production cost) has been substantially reduced by setting up two thermal power plants of 25 MW each which are now operational and account for more than 55% of total power requirement. Work on another 38MW thermal power plant is underway which would make the Captive Thermal Power Capacity of 88 MW the largest in the cement business in the Country.

Your Company has also commenced work for implementing 3 million tonne per annum cement complex at Himachal Pradesh slated for commencing operations by 2007.

With sustained growth in cement consumption and the renewed thrust of the Govt. of India towards infrastructure development, your Company, with its cement business having achieved all round cost economy at all levels of production process and expertise in construction of hydropower projects, stands to benefit.

Our belief in the Country's strong fundamentals and determination for infrastructure development continues to grow and encourage us to be more actively associated in these activities with a vision to enhance shareholder value, while serving the nation!

For and On behalf of the Jaypee Group

Jaiprakash Gaur

Company Secretary

Harish K. Vaid
[President (Corporate) & Company Secretary]

Auditors

M/s. M.P. Singh & Associates
Lucknow-226 001 (U.P.)

Bankers

Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Central Bank of India
Export Import Bank of India
ICICI Bank Limited
Indian Overseas Bank
Oriental Bank of Commerce
Punjab National Bank
Punjab & Sind Bank
Refidian Bank, Iraq
State Bank of India
State Bank of Hyderabad
State Bank of Indore
State Bank of Mysore
State Bank of Travancore
State Bank of Bikaner & Jaipur
Syndicate Bank
The Jammu & Kashmir Bank Limited
UCO Bank
Union Bank of India
UTI Bank Limited
United Bank of India

Registered Office

5, Park Road, Hazratganj,
Lucknow-226 001 (U.P.)

Head Office

'JA House', 63, Basant Lok,
Vasant Vihar, New Delhi - 110 057

Board of Directors

Jaiprakash Gaur (Chairman)
S.K. Jain (Vice-Chairman)
Manoj Gaur (Managing Director)
Sunil Kumar Sharma (Managing Director)
Gopi K. Arora
Prabodh Varaglal Vora
M.J. Subbaiah (ICICI Bank Nominee)
B. Samal (IDBI Nominee)
B. Roy Chowdhury (LIC Nominee)
D.N. Davar
Suresh Kumar
Sunny Gaur (Whole-time)
Ranjay Singh
Rahul Kumar (Whole-time)
Samir Gaur (Whole-time)
Pankaj Gaur (Whole-time)
Suren Jain
Rakesh Sharma
S.D. Nailwal (Whole-time)
M.S. Srivastava

Contents

| | |
|----------------------------------|----|
| Highlights | 3 |
| Awards and Achievements | 4 |
| Notice | 5 |
| Directors' Report | 9 |
| Report on Corporate Governance | 14 |
| Management Discussion & Analysis | 19 |
| Auditors' Report | 23 |
| Balance Sheet | 26 |
| Profit & Loss Account | 27 |
| Schedules (A-R) | 28 |
| Part-IV of Schedule-VI | 41 |
| Cash Flow Statement | 42 |
| Statement Under Section 212 | 43 |
| Consolidated Accounts | 43 |
| Proxy and Attendance Slip | |

HIGHLIGHTS

| | | |
|---|------------------------|---------|
| <i>Gross Revenue</i> | <i>Rs. 2961 crores</i> | ↑ 15.6% |
| <i>Profit Before Tax</i> | <i>Rs. 329 crores</i> | ↑ 22.9% |
| <i>Net Profit</i> | <i>Rs. 208 crores</i> | ↑ 22.3% |
| <i>Total Assets</i> | <i>Rs. 6152 crores</i> | ↑ 28.5% |
| <i>Dividend</i> <i>(including interm dividend)</i> | 24% | ↑ 60% |

DISTINCTIVE FEATURES OF THE COMPANY

- JAL has the distinction of participating in 54% of new hydropower projects under India's 10th Five Year Plan
- Currently executing 10 contracts worth Rs 6,700 crores over the next 5 year
- Awarded CR1 by ICRA in recognition of very strong Contract Execution Capacity for Hydropower (EPC) single contract value upto Rs. 2,000 Crores
JAL is the only engineering company in India to be assigned this grade
- Till Mar-04, only four hydropower projects (2200MW) have been awarded in India on EPC basis. Three of these (1720 MW) are being executed by JAL and were awarded to JAL against stiff international competition.
- Jaypee's Cement production facility is the largest single location plant in the country and with largest captive thermal power plant, is now amongst the lowest cost cement producer

AWARDS AND ACHIEVEMENTS

Lifetime Achievement Award
Conferred upon
Shri Jaiprakash Gaur
By Builders association of India
on 18th February, 2005
in recognition of outstanding contribution to
Indian construction Industry

FIMI's Environmental Award
"Abheraj Baldota Environment Award" for the year 2004-05
for Naubasta Limestone Mine (To be received on 6.7.05)

National Safety Award 2003
Presented By Govt. of India, Ministry of Labour
to Jaypee Rewa Plant

For
Lowest Average Frequency Rate
Longest Accident Free Period

F.L. Smidth Energy Award (2003-04)
Presented by MP Manufacturers' Association
to Jaypee Bela Plant

For
Lowest Thermal Energy Consumption

Award Presented by Indian Bureau of Mines
During Mines Environment &
Mineral conservation week (Jabalpur Region)
to Jaypee Rewa Plant

For Overall performance, Afforestation and Water Quality Management

Award Presented By Director General Mines Safety During Metalliferous
Mines Safety Week Celebration (Jabalpur Region)
to Jaypee Rewa Plant

For
Transport of miners & overburden etc.

Award Presented By Director General Mines Safety During Metalliferous
Mines Safety Week Celebration (Jabalpur Region)
to Jaypee Bela Plant

For
Overall Performance, Standard of working & House Keeping

NOTICE

NOTICE is hereby given that the **8th Annual General Meeting** of the Members of **Jaiprakash Associates Limited** will be held on **Tuesday, the 27th September, 2005 at 10.30 A.M. at Hotel Taj Residency, Gomti Nagar, Lucknow – 226001 (U.P.)** to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited **Balance Sheet** as at **31st March, 2005**, the Profit & Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To declare **dividend**.
3. To appoint a Director in place of **Shri Jaiprakash Gaur**, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Shri Sunny Gaur**, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of **Shri Prabodh Varaglal Vora**, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of **Shri Rahul Kumar**, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint **M/s M.P. Singh & Associates**, Chartered Accountants, as Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

To consider and, if thought fit, to pass with or without modification(s), the following resolutions:

As Ordinary Resolutions:

8. "RESOLVED THAT **Shri D. N. Davar**, be and is hereby appointed a Director of the Company, liable to retire by rotation."
9. "RESOLVED THAT **Shri S. K. Jain**, be and is hereby appointed a Director of the Company, liable to retire by rotation."
10. "RESOLVED THAT **Shri Gopi K. Arora**, be and is hereby appointed a Director of the Company, liable to retire by rotation."
11. "RESOLVED THAT **Shri M. S. Srivastava**, be and is hereby appointed a Director of the Company, liable to retire by rotation."
12. "RESOLVED THAT **Shri Suresh Kumar**, be and is hereby appointed a Director of the Company, liable to retire by rotation."
13. "RESOLVED THAT the consent of the Company be and is hereby accorded in terms of **Section 293(1)(a)** and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company **to mortgage and/or charge**, subject to the existing charges, immovable and movable properties of the Company, wheresoever situate, present and future, in such manner as may be decided in consultation with the term lending Institutions/ Banks/Debtors Trustees etc. to or in favour of UTI Bank Ltd. (as Trustees for NCDs), State Bank of Patiala (SBOP), State Bank of Bikaner and Jaipur (SBBJ), The Karur Vysya Bank Ltd. (Karur Vysya Bank), Bank of Maharashtra, ICICI Bank Ltd. (ICICI Bank), Oriental Bank of Commerce (OBC) and Punjab National Bank (PNB), to secure the following facilities to the Company:
 - a) 1600 - 7% (Series EE) Secured Redeemable Non Convertible Debentures (NCDs) of Rs.10 lacs each aggregating to Rs. 160 crores privately placed with Banks/ Mutual Funds, UTI Bank Ltd. acting as Trustees for NCDs;
 - b) 1600 - 8% (Series FF) Secured Redeemable Non Convertible Debentures (NCDs) of Rs.10 lacs each aggregating to Rs. 160 crores privately placed with Bank & Corporate, UTI Bank Ltd. acting as Trustees for NCDs;
 - c) 1600 - 8% (Series GG) Secured Redeemable Non Convertible

Debentures (NCDs) of Rs.10 lacs each aggregating to Rs. 160 crores privately placed with UTI Bank Ltd., UTI Bank Ltd. acting as Trustees for NCDs;

- d) Rupee Term Loan of Rs.50 crores from SBOP;
- e) Rupee Term Loan of Rs. 50 crores from SBBJ;
- f) Rupee Term Loan of Rs. 30 crores from Karur Vysya Bank;
- g) Rupee Term Loan of Rs. 40 crores from Bank of Maharashtra;
- h) Guarantee Assistance of Rs. 100 crores from ICICI Bank in favour of UTI Bank Ltd. (Debtors Trustees) in addition to interest on guaranteed principal for a period of 180 days;
- i) Guarantee Assistance of Rs. 100 crores from OBC in favour of UTI Bank Ltd. (Debtors Trustees) in addition to interest on guaranteed principal for a period of 180 days;
- j) Guarantee Assistance of Rs. 100 crores from PNB in favour of UTI Bank Ltd. (Debtors Trustees) in addition to interest on guaranteed principal for a period of 180 days;

together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment, costs, charges, expenses, Trustees' remuneration and other monies payable by the Company to UTI Bank Ltd. (as Trustees for NCDs), SBOP, SBBJ, Karur Vysya Bank, Bank of Maharashtra & Guarantee Assistance from ICICI Bank, OBC & PNB under respective Loan Agreements/ Debtors Subscription Agreements/ Debtors Trust Deeds/ Guarantee Agreements etc. entered into by the Company in respect of the aforesaid loans/ NCDs/ Guarantees."

14. "RESOLVED THAT the consent of the Company be and is hereby accorded in terms of **Section 293(1)(a)** and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company **to mortgage and/or charge**, subject to the existing charges, immovable and movable properties of the Cement Plant being set up in Himachal Pradesh, wheresoever situate, present and future, in such manner as may be decided in consultation with the term lending Institutions/ Banks/Debtors Trustees etc. to or in favour of UTI Bank Ltd. (as Trustees for NCDs), Unit Trust of India Investment Advisory Services Limited (UTIIASL/ Security Trustees), AKA Ausfuhrkredit - Gesellschaft m.b.H. (AKAAG), Punjab National Bank (PNB), Oriental Bank of Commerce (OBC), Syndicate Bank, Corporation Bank, Karnataka Bank Ltd. (Karnataka Bank) & The Jammu and Kashmir Bank Ltd. (J & K Bank), to secure the following facilities to the Company:
 - a) 500 – 9% (Series HH) Secured Redeemable Non Convertible Debentures (NCDs) of Rs. 10 lacs each aggregating to Rs. 50 crores privately placed with UTI Bank Ltd.;
 - b) ECB assistance of US\$ 25 million or its equivalent from ICICI Bank, UTIIASL acting as Security Trustees;
 - c) Buyer's Loan not exceeding US\$ equivalent of EURO 15,849,075 from AKAAG;
 - d) Rupee Term Loan of Rs.100 crores from PNB;
 - e) Rupee Term Loan of Rs.50 crores from OBC;
 - f) Rupee Term Loan of Rs.80 crores from Syndicate Bank;
 - g) Rupee Term Loan of Rs. 50 crores from Corporation Bank;
 - h) Rupee Term Loan of Rs.50 crores from Karnataka Bank;
 - i) Rupee Term Loan of Rs. 25 crores from J & K Bank;

together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment, costs, charges, expenses, Trustees' remuneration and other monies payable by the Company to UTI Bank Ltd. (as Trustees for NCDs), UTIIASL, AKAAG, PNB, OBC, Syndicate Bank, Corporation Bank, Karnataka Bank and J & K Bank under respective

Loan Agreements/ Debenture Subscription Agreement/ Debenture Trust Deed etc. entered into by the Company in respect of the aforesaid loans/ NCDs.”

As Special Resolutions:

15. “RESOLVED THAT pursuant to Sections 309(2) & 310 of the Companies Act, 1956 read with Rule 10B of the Companies (Central Government’s) General Rules & Forms, 1956, Listing Agreement with Stock Exchanges and other applicable provisions, if any, of the Companies Act, 1956, approval of the shareholders be and is hereby accorded to the Board of Directors of the Company to raise from time to time, the amount of **sitting fees** payable to Non-Executive Directors of the Company for attending each meeting of the Board of Directors or a Committee thereof, within the maximum amount as may be prescribed by the Central Government.”
16. “RESOLVED THAT pursuant to the provisions of the Securities & Exchange Board of India (**Delisting of Securities**) Guidelines, 2003, Listing Agreement with Stock Exchanges and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals, permissions and sanctions of the Securities & Exchange Board of India or Stock Exchange(s) or such other authorities as may be necessary, the equity shares of the Company be got delisted from The Delhi Stock Exchange Association Limited, The Uttar Pradesh Stock Exchange Association Limited, The Calcutta Stock Exchange Association Limited and The Stock Exchange, Ahmedabad.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps and actions as may be necessary to get the Equity Shares of the Company delisted from the aforesaid Stock Exchanges.”

17. “RESOLVED THAT pursuant to **Section 372A** and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of financial institutions and such other approvals as may be required, the Board of Directors of the Company be and is hereby authorized to make an initial investment of upto Rs. 20 crores (Rupees Twenty Crores only) to acquire upto 2 crores fully paid-up equity shares of Rs. 10/- each at par of a new Company to be incorporated with the name of **Jaypee Kashmir Energy Limited** or such other name to be made available by the Registrar of Companies, notwithstanding the fact that the aggregate of the investments so far made, securities so far provided, loans/ guarantees so far given by the Company alongwith the proposed investment exceed 60% of the paid-up capital and free reserves of the Company or 100% of its free reserves, whichever is more.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be expedient and necessary to give effect to this resolution.”

By Order of the Board

For **JAIPRAKASH ASSOCIATES LIMITED**

HARISH K. VAID

President (Corporate) & Company Secretary

Place: New Delhi

Date : 30th June, 2005

NOTES

- (i) Relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolutions set out under item Nos. 8 to 17 is annexed hereto.
- (ii) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- (iii) All documents referred to in the Notice and accompanying explanatory statement, as well as the annual accounts of the subsidiary companies, are open for inspection at the Registered Office of the Company on all working days, except holidays, between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.
- (iv) The Register of Members and Share Transfer Books will remain closed from Friday, the 16th September, 2005 to Tuesday, the 27th September, 2005 (both days inclusive) for payment of dividend. The dividend in respect of equity shares held in the electronic form will be paid on the basis of beneficial ownership as per the details available from the National Securities Depository Ltd. and Central Depository Services (India) Ltd. as at the end of business hours on 15th September, 2005.
- (v) Members holding shares in electronic form may please note that: (a) the dividend, when declared will be credited to their Bank Accounts as furnished to Depository Participants, through Electronic Clearing Service (ECS), where this facility is available. (b) In other cases, Bank details as furnished to the respective Depository Participants will be printed on the dividend warrants as per the applicable regulations. The Company will not entertain any direct

request from such members for deletion of / change of such bank details. Further, it may be noted that instructions, if any, already given by the members in respect of shares held in physical form will not be automatically applicable to the dividend paid on their holding in electronic form.

- (vi) Members who are holding shares in physical form are requested to notify the change in their address or Bank details to the Company and always quote their Folio Number/Client ID & DP ID in all correspondence with the Company. In respect of holding in electronic form, members are requested to notify any change in address or Bank details to their Depository Participants.
- (vii) Members holding shares in physical form can avail of the nomination facility by filing Form 2-B, as prescribed under Companies (Central Government) General Rules & Forms, 1956, with the Company or their Depository Participants, in case shares are held in electronic form. Blank Forms will be supplied on request. The same can also be downloaded from the Company’s website www.jilindia.com
- (viii) Shareholders who are still holding shares in physical form are advised to dematerialise their shareholding to avail the benefits of dematerialisation which include, easy liquidity since trading is permitted only in dematerialised form, electronic transfer, savings in stamp duty and prevention of forgery.
- (ix) Any query relating to Accounts must be sent to the Company’s Registered Office at Lucknow or Corporate Office at New Delhi **at least 7 days before the date of the Meeting.**
- (x) **Additional information** in terms of Clause 49 of the Listing Agreement **in respect of Directors** being re-appointed is as under:

Shri Jaiprakash Gaur

Shri Jaiprakash Gaur, 74, holds a Diploma in Civil Engineering from University of Roorkee (now Indian Institute of Technology, Roorkee). He has been associated with the construction industry for over 51 years. He is responsible for the growth of the Jaypee Group of Companies, which had an aggregate turnover of over Rs. 3000 crores in the Financial Year 2004-05. Shri Jaiprakash Gaur is the Chairman of the Company. He is also Chairman of Jaiprakash Hydro-Power Limited, Jaiprakash Power

Ventures Ltd., Jaypee Greens Limited, Jaiprakash Enterprises Ltd., Jaypee Hotels Limited, Jaypee Karcham Hydro Corporation Ltd. and Jaypee Cement Limited and Director on the Boards of Manumanik Estates Pvt. Ltd., Sunvin Estates Pvt. Ltd., Samsun Estates Pvt. Ltd. and Ceekay Estates Pvt. Ltd.

Shri Sunny Gaur

Shri Sunny Gaur, 36, is a Graduate having an experience of 12 years in various aspects of cement business, inter-alia, setting up of cement plants, operation and maintenance of cement plants, finance, accounts and general administration. Shri Sunny Gaur is also a Director on the Boards of Orphic Imports & Exports Pvt. Ltd., Sunvin Estates Pvt. Ltd. & Indesign Enterprises Pvt. Ltd.

Shri Prabodh Varaglal Vora

Shri Prabodh Varaglal Vora, 70, is B.E. (Civil) & M.I.E. having an experience of 44 years. During his long career, he has been involved in planning and execution of variety of large magnitude of Civil Engineering Projects viz. multi-purpose Irrigation Schemes, Highways, Bridges, Five Star Hotels etc. He has vast experience in the areas of Project Planning, Administration, Personnel, Equipment Procurement, Financial Monitoring, Manpower Procurement etc. He is also a Director on the Boards of Ironwill Investments Pvt. Limited., Ironwill Holdings Pvt. Limited, Delhi Foams Pvt. Limited and Rakesh Foods Pvt. Limited.

Shri Rahul Kumar

Shri Rahul Kumar, 37, is a Chartered Accountant having an experience of 12 years and is presently looking after the marketing setup of the cement produced by the Company at Rewa and Bela. Shri Rahul Kumar is also a Director of Jaypee Ventures Limited.

EXPLANATORY STATEMENT

Following Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 sets out the material facts relating to the business mentioned in the accompanying Notice dated 30th June, 2005.

Item Nos.8 to 11

S/Shri D. N. Davar, S. K. Jain, Gopi K. Arora and M.S. Srivastava were appointed as Directors by the Board in the casual vacancy arising out of resignations of S/Shri S. P. Joshi, V. K. Jain, R. B. Singh & B. K. Talaria, Directors, w.e.f. 21st September, 2002, 18th March, 2004, 18th March, 2004 and 30th June, 2004 respectively. By virtue of Section 262 of the Companies Act, 1956, read with Article 132 of the Articles of Association of the Company, they hold office only upto the date upto which the Director in whose place they have been appointed would have held office, if the vacancy had not occurred. The Company has received notices in writing alongwith a deposit of Rs. 500 each from members of the Company in terms of section 257 of the Companies Act, 1956, signifying their intention to propose the candidature of the aforesaid persons for the office of Directors at the ensuing Annual General Meeting. Brief Profiles of the aforesaid proposed appointees are as follows:

Shri D. N. Davar

Shri D. N. Davar, 71, is M.A. (Economics) and is Certified Associate of the Indian Institute of Bankers, Fellow of Economic Development Institute of the World Bank, Permanent Honorary Faculty of the Management Development Institute (MDI), India.

Shri Davar has been a Banker and Ex-Chairman of IFCI Limited. He has rich experience in the fields of Banking, Finance, Corporate Planning and Administration. He is Chairman of the Board of Sandhar Locking Devices Ltd., Sandhar Infosystems Ltd., Sandhar Auto Components Ltd., SLD Auto Limited and he is a Director on the Boards of Jaiprakash Power Ventures Ltd., Jaiprakash Hydro-Power Ltd., OCL India Ltd., HEG Limited, Indo Continental Hotels & Resorts Ltd., Ansal Properties and Industries Ltd., Hero Honda Finlease Ltd., Rajasthan Spinning & Weaving Mills Ltd., Adayar Gate Hotel Ltd., Maral Overseas Ltd., Sandhar Steady Stream Tooling Pvt. Ltd. and S.P. Wahni Technology & Management Consultants Pvt. Ltd.

Shri S. K. Jain

Shri S. K. Jain, 67, is a graduate in Science. He is responsible for the successful execution of various projects over last 45 years. Shri Jain oversees the construction activities and the Hydro-Power wing of the Jaypee Group. He is Vice Chairman of the Company and Jaiprakash Hydro-Power Ltd. and also a Director on the Boards of Essjay Estates Pvt. Ltd. and Jaypee Cement Ltd.

Shri Gopi K. Arora

Shri Gopi K Arora, 71, is a post graduate from Allahabad University and holds a Masters' Diploma in Public Administration from Harvard University, Boston, USA. Shri Gopi K. Arora is a retired civil servant and has held prestigious positions in Government of India including Special Secretary in the Office of the Prime Minister (1987), Secretary in the Ministry of Information and Broadcasting (1988), Finance Secretary with Ministry of Finance (1989-1990).

Shri Arora had also been the Economic Minister with the Embassy of India, Moscow, Russia (1975-1978) and Executive Director representing India, Bangladesh, Bhutan and Sri Lanka at International Monetary Fund, Washington (1990-1993).

He is Chairman of Roto Pumps Limited, SARA Fund Trustee Company Ltd., NOIDA Toll Bridge Company Ltd. and Television Eighteen India Ltd. and also a Director on the Boards of Jaiprakash Hydro-Power Ltd., DND Flyway Ltd., Alps Industries Ltd., Sunil Synchem Ltd., HGS India Ltd., Bengal Ambuja Housing Development Ltd., Consolidated Transportation Networks Limited, Infrastructure Leasing & Financial Services Ltd., Consolidated Toll Network India Pvt. Limited, Alliance Capital (ACAM) Trust Co. Pvt. Limited, Krishvidur Pvt. Ltd. and SOWAR Pvt. Ltd.

Shri M.S. Srivastava

Shri M.S. Srivastava, 65, is B.Sc., B.E. and M.E. with specialisation in Dam Design, Hydraulic and Irrigation Engineering, having 42 years of rich experience in the field of Civil Engineering Construction to his credit.

None of the Directors of the Company except the appointees themselves, is concerned or interested in the resolutions.

The Board of Directors commends the resolutions for your approval.

Item No.12

Shri Suresh Kumar was appointed as Additional Director w.e.f. 30th October, 2004 and by virtue of Section 260 of the Companies Act, 1956 read with Article 133 of the Articles of Association of the Company, he holds office upto the date of ensuing Annual General Meeting of the Company. The Company has received notice in writing alongwith a deposit of Rs. 500 from a member of the Company in terms of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Suresh Kumar for the office of Director at the ensuing Annual General Meeting. Brief Profile of Shri Suresh Kumar, the proposed appointee is as follows:

Shri Suresh Kumar, 65, B.E. (Civil), is having an experience over 44 years to his credit in the field of Civil Engineering with specialization in Planning, Design and Construction of major irrigation, thermal, hydro-electric and multi purpose projects. He is Managing Director of Jaiprakash Power Ventures Ltd. and Director on the Boards of Jaypee Karcham Hydro Corporation Ltd. and Jaypee Cement Ltd.

None of the Directors of the Company other than the appointee himself and Shri Rahul Kumar, being son of Shri Suresh Kumar, is concerned or interested in the resolution.

The Board of Directors commends the resolution for your approval.

Item Nos. 13 & 14

To meet its requirement of funds, the Company had privately placed NCDs aggregating to Rs. 480 crores in three tranches of Rs.160 crores each, with various Banks, Mutual Funds and Corporates, UTI Bank Limited acting as Debenture Trustees. The Company had also raised Rupee Term

Loans of Rs. 50 crores from State Bank of Patialia, Rs. 50 crores from State Bank of Bikaner and Jaipur, Rs.30 crores from Karur Vysya Bank and Rs. 40 crores from Bank of Maharashtra. The Company had also availed Guarantee Assistance of Rs. 100 crores each from ICICI Bank Ltd., Oriental Bank of Commerce and Punjab National Bank in favour of UTI Bank Limited (Debenture Trustees) in addition to interest on guaranteed principal for a period of 180 days.

In addition to aforesaid facilities, the Company, for the purpose of financing its new Cement Plant being set up in Himachal Pradesh, has availed of Rs. 50 crores from UTI Bank Ltd. in the form of privately placed NCDs, ECB assistance of US\$ 25 Million or its equivalent from ICICI Bank, UTI Investment Advisory Services Ltd. acting as Security Trustees, Buyer's Loan not exceeding US\$ equivalent of EURO 15,849,075 from AKA Ausfuhrkredit - Gesellschaft m.b.H., Frankfurt and Rupee Term Loans of Rs. 100 crores from Punjab National Bank, Rs. 50 crores from Oriental Bank of Commerce, Rs. 80 crores from Syndicate Bank, Rs. 50 crores from Corporation Bank, Rs. 50 crores from Karnataka Bank and Rs. 25 crores from J & K Bank.

The said NCDs, facilities, loans, guarantees, etc. are to be secured by way of first charge ranking pari-passu with the existing charge holders on such immovable and movable properties of the Company, present & future, as may be decided in consultation with the Lending Institutions / Banks.

Section 293(1)(a) of the Companies Act, 1956, inter-alia, provides that the Board of Directors of a Public Company shall not, without the consent of such public company in general meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole of any such undertakings. Since the mortgaging and/or charging by the Company of its immovable and movable properties, as aforesaid, in favour of the aforesaid Institutions/ Banks may be regarded as disposal of the Company's properties/ undertaking, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 before creation of the said mortgage/charge.

None of the Directors of the Company except the nominees of the concerned lending institutions, is concerned or interested in the resolutions.

The Board of Directors commends the resolutions for your approval.

Item No.15

The Non-executive Directors of your Company are presently entitled to a sitting fee of Rs.5000 for attending each meeting of the Board of Directors or Committees thereof. Keeping in view the sitting fee structure currently prevalent in the industry, the vast experience and expertise of the Directors and expanding scale of operations of the Company, the Board has decided to seek approval of shareholders of the Company to authorize the Board to increase the sitting fee from time to time within the limits mentioned in Rule 10B of the Companies (Central Government's) General Rules & Forms, 1956 read with Section 310 of the Companies Act, 1956, the piercing of which would require the approval of the Central Government. Currently, the Company may pay a sitting fees upto Rs. 20,000 per meeting to its Directors without the approval of the Central Government. Further, as per the revised Clause 49 of the Listing Agreement with the Stock Exchanges, all fees/compensation to Non-executive Directors of the Company shall be fixed by the Board & shall require previous approval of shareholders in General Meeting. Hence, the resolution.

None of the Directors of the Company, except the Non-Executive Directors to the extent of sitting fee payable to them, is concerned or interested in the resolution.

The Board of Directors commends the resolution for your approval.

Item No. 16

The members are aware that at present, the equity shares of the Company are listed on the following Stock Exchanges:

- 1) National Stock Exchange of India Limited (NSE)
- 2) The Stock Exchange, Mumbai (BSE)
- 3) The Delhi Stock Exchange Association Limited (DSE)
- 4) The Uttar Pradesh Stock Exchange Association Limited (UPSE)
- 5) The Stock Exchange, Ahmedabad (ASE)
- 6) The Calcutta Stock Exchange Association Limited (CSE)

In terms of SEBI (Delisting of Securities) Guidelines, 2003, the Companies are allowed to delist their securities from Stock Exchanges provided an exit opportunity has been given to the investors, except in cases where securities continue to be listed on Stock Exchange(s) having nationwide trading terminals which include BSE & NSE.

Since the trading in the EquityShares of the Company on DSE, UPSE, ASE and CSE had been insignificant or nil in the past, the Board of Directors have decided to delist the Equity Shares of the Company from these Stock Exchanges. Further, the shareholders and the Company are not deriving any benefit in proportion to the listing fee being paid by the Company to these Stock Exchanges. This move of delisting at these Stock Exchanges would not affect the interest of the shareholders and the liquidity of the shares of the Company as the same will remain listed on NSE and BSE. Delisting would also result in cost saving and avoidance in multiple compliances under the listing agreement.

As per the SEBI (Delisting of Securities) Guidelines, 2003, a company needs to obtain prior approval of the shareholders by a Special Resolution passed at its General Meeting to get its shares delisted at any Stock Exchange. Hence, the resolution.

None of the Directors of the Company is concerned or interested in the resolution.

The Board of Directors commends the resolution for your approval.

Item No. 17

The Company had entered into a Memorandum of Understanding (MoU) with Construction Engineers (CE) of Srinagar on 1st April, 2005 for execution of 15 MW Aharbal Hydel Project in Joint Venture, for which the Government of Jammu & Kashmir through J & K State Power Development Corporation Ltd. had invited bids. The bidding by the Company was successful and the work was awarded to the Company on Build, Operate and Transfer basis.

As per the terms of the MoU, for execution of the project, a new company shall be formed as Special Purpose Vehicle (SPV), of which upto 51% equity capital shall be contributed by the Company. The cost of the project is estimated at Rs. 115.50 crores approx. with a debt equity ratio of 70:30.

The Board at its meeting held on 30th June, 2005 has proposed that for the purpose of execution of the aforesaid project, a new company be incorporated with the name Jaypee Kashmir Energy Limited (JKEL) or such other name as may be made available by the Registrar of Companies and an amount of upto Rs. 20 crores be contributed in the equity capital of the proposed new company. The proposed investment shall be made out of the internal resources of the Company. The Company has not defaulted in complying with the provisions of Section 58A of the Companies Act, 1956.

In terms of the provisions of Section 372A, proposed investment in the new Company requires previous approval of the members of the Company by way of special resolution.

None of the Directors of the Company is concerned or interested in the resolution.

The Board of Directors commends the resolution for your approval.

DIRECTORS' REPORT

To

The Members,

The Directors of your Company are pleased to present the 8th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2005.

WORKING RESULTS

The working results of the Company for the year under report are as under:

| | (Rs. in Lacs) | | | |
|---|-----------------|----------------|------------|---------|
| | 31.03.2005 | | 31.03.2004 | |
| Gross Revenue | 29,61,12 | | 25,60,68 | |
| Profit before Depreciation & Tax | 4,62,09 | | 3,94,60 | |
| Less : | | | | |
| • Depreciation | 1,33,34 | | 1,27,12 | |
| Profit before Tax | 3,28,75 | | 2,67,48 | |
| Less : Provision for Tax | | | | |
| • Current Tax | 42,30 | | 33,49 | |
| • Deferred Tax | 78,82 | 1,21,12 | 64,25 | 97,74 |
| Profit after Current and Deferred Tax | 2,07,63 | | 1,69,74 | |
| Add : | | | | |
| • DRR no longer required | 1,21,00 | | - | |
| • Profit brought forward | 2,40,26 | 3,61,26 | 1,75,86 | 1,75,86 |
| Profit available for appropriation | 5,68,89 | | 3,45,60 | |
| Less : | | | | |
| Transferred to : | | | | |
| • Provision for Dividend Tax (Education Cess) Pertaining to Previous Year | 7 | | - | |
| • Debenture Redemption Reserve | 81,00 | | 65,50 | |
| • General Reserve | 21,00 | | 10,00 | |
| • Interim Dividend | 31,72 | | - | |
| • Tax on Interim Dividend | 4,45 | | - | |
| • Proposed Final Dividend | 10,58 | | 26,44 | |
| • Tax on Final Dividend | 1,48 | 1,50,30 | 3,40 | 1,05,34 |
| Balance carried to Balance Sheet | 4,18,59 | | 2,40,26 | |
| Earning Per Share (Rs.) | 11.78 | | 9.63 | |

The operational results of the current year in relation to the corresponding operations of previous year have registered an increase of 22.90% in Profit before Tax, 22.32% in Profit after Tax and 22.32% in EPS.

DIVIDEND

Your Directors had declared and paid an interim Dividend of 18% for the financial year ended 31st March, 2005. The Board has decided to recommend a final dividend of 6% making the total dividend for the financial year ended 31st March, 2005 at 24%, as compared to 15% for the previous financial year. The dividend will absorb an amount of Rs. 42.30 crores (excluding dividend tax of Rs. 5.93 crores).

FOREIGN CURRENCY CONVERTIBLE BONDS

During the year under report, your Company successfully placed Foreign Currency Convertible Bonds (FCCBs) for USD 100 Million, at a coupon rate of 0.5% p.a. If not converted, the FCCBs are redeemable on February 17, 2010 and carry a yield to maturity of 6.15% p.a. The FCCBs are convertible into Equity Shares of the Company on or before February 10, 2010 at an initial conversion price of Rs.236.31 per share (with a fixed rate of exchange on

conversion of Rs.43.785=U.S.\$1.00) representing 33% premium over the volume weighted average price from launch to pricing of Rs.177.6778 on National Stock Exchange, and on full conversion at the above rate, the Company shall issue 1,85,28,628 equity shares of Rs.10/- each. The FCCBs are listed on the Singapore Stock Exchange. Your Company has been utilising the proceeds for the purposes for which the FCCBs were raised.

OPERATIONS

a) ENGINEERING DIVISION

1. Works in Progress

The Company is presently executing the following projects:

| Sl. No. | Name of the Project under execution | Location of the Project | Contract Price (Base Value) (Rs. in crores) | Power Generating Capacity of the Project (MW) |
|---------|--|-------------------------|---|---|
| 1. | Dul-Hasti HEP | Jammu & Kashmir | 722 | 390 |
| 2 | Baglihar- I & II, HEP | Jammu & Kashmir | 1622 | 900 |
| 3. | Vishnuprayag HEP | Uttaranchal | 664 | 400 |
| 4. | Tehri HEP | Uttaranchal | 1373 | 1000 |
| 5. | Teesta-V HEP | Sikkim | 601 | 510 |
| 6. | Sardar Sarovar HEP | Gujarat | 360 | 1450 |
| 7. | Omkareshwar HEP | Madhya Pradesh | 838 | 520 |
| 8. | Karcham Wangtoo HEP | Himachal Pradesh | 4150 | 1000 |
| 9. | Tala HEP | Bhutan | 425 | 1020 |
| 10. | Civil work including tunnels etc. in Zone III of Laole-Quazigund section | Jammu & Kashmir | 168 | Railway Line |

The progress of work on all the Projects is generally satisfactory.

2. New Contracts

I. During the year under report, the following contracts were awarded to the consortium of your Company with Gayatri Projects Limited, named as "Jaiprakash - Gayatri Joint Venture", with your Company being the leader :

- (i) Turnkey construction of Sri Rama Sagar Project Flood Flow Canal Package 2 from Km. 43.00 to Km. 57.00 in Karimnagar District (Contract Price Rs. 187 crores);
- (ii) Turnkey construction of Polavaram Project Right Main Canal Package No.4 from Km.71.50 to Km.105.10 (Contract Price Rs. 301.30 crores); and
- (iii) Turnkey construction of Veligonda Feeder and Teegaleru Canal Package - 2 (Contract Price Rs. 254.50 crores)

Your Company shall oversee the project execution and construction management and Gayatri Projects Ltd. is responsible for the actual execution of the said works.

- II Your Company is the lowest bidder for turnkey construction of Srisailam Left Bank Canal Tunnel Scheme including Head Regulator, etc., of Alimineti Madhava Reddy Project (A.M.R.P) in Andhra Pradesh comprising two tunnels of aggregate length of 50.75 Km. The value of work is about Rs. 1,925 crores.
- III Your Company is now vigorously marketing for construction projects in the Middle East and Africa and is well placed to secure some contracts in the said region.

IV Your Company is also prequalified to bid for major works of Chamera (Stage - III) 231 MW Project, Parbati (Stage - III) 520 MW Project, both in Himachal Pradesh, Uri (Stage - II) 240 MW Project, Nimoo Bazgo 45 MW Project and Chutak 44 MW Project in Jammu and Kashmir.

V Your Company had entered into a Memorandum of Understanding (MoU) with Construction Engineers of Srinagar for execution of 15 MW Aharbal Hydel Project on Build, Operate and Transfer basis in the State of Jammu & Kashmir. The project has been awarded to your Company and, in terms of the MoU, a new Company is being formed as a Special Purpose Vehicle for execution of the said project. A proposal for making investment in this new company has been included in the notice of Annual General Meeting, for your approval.

3. Works Completed

During the year under report, your Company has substantially completed the work of concrete gravity Dam and 1,000 MW capacity surface Power House of Indira Sagar (Narmada) Hydro-electric Project in Madhya Pradesh. The Project has started generating power.

b) CEMENT DIVISION

1. Operations

The production and sale of Cement and Clinker during the year, as compared to the previous year, are as under:

| | <u>2004-05</u> | <u>2003-04</u> |
|-------------------------|------------------|----------------|
| Cement Production (MT) | 50,54,699 | 43,93,247 |
| Clinker Production (MT) | 42,10,209 | 38,20,265 |
| Cement Sale (MT) | 50,09,383 | 43,64,272 |
| Clinker Sale (MT) | 3,27,331 | 4,05,615 |

The cement and clinker production for the year under report registered a growth of 15% and 10% respectively over the previous year. The cement and clinker sale also registered growth of 12% over the previous year.

The upgradation work undertaken during the year 2003-04 was completed and a split location grinding unit called Jaypee Ayodhya Grinding Operation (JAAGO) to produce fly ash based cement near NTPC unit, Tanda in the State of Uttar Pradesh was commissioned during the year under report. The benefits of upgradation and setting up of JAAGO have shown positive results in the quarter ended 31st March, 2005.

The combined capacity of Jaypee Rewa Plant, Jaypee Bela Plant, Jaypee Cement Blending Unit and Jaypee Ayodhya Grinding Operations (JAAGO) as on 31st March, 2005 was 7 million tonnes per annum. This capacity has become available to the Company at different points of time, during the year under report.

The Company has taken a number of steps to bring down the operation cost during the year under report. The cement industry is highly energy consumptive industry. The electricity tariff in the State of Madhya Pradesh is amongst the highest in the country which has been putting lot of pressure on the operating cost of the cement business. In order to optimize the cost of power, the Company has put up two power plants of 25 MW each (one each at Jaypee Rewa Plant and Jaypee Bela Plant) for its captive use which have been commissioned during the year under report. Both thermal power plants provided more than 22.57 crore units which accounted for 54% of power requirement for cement production. Another thermal power plant

of 38.5 MW being put up at Jaypee Rewa Plant is expected to be commissioned by March, 2006. The commissioning of the said third captive power plant will make the Cement Division self-sufficient in power and will also substantially bring down the power cost across cement plants. This would be the largest captive thermal power facility in cement industry in the country.

The full effect of modernization / upgradation including improvement in power consumption / thermal consumption shall accrue from the financial year 2006-07 onwards.

The usage of pet coke and Assam coal with proper blending with coal from South-Eastern Coalfields has resulted in reduction in coal consumption at Jaypee Rewa Plant and Jaypee Bela Plant. Besides this, a railway siding inside the Jaypee Bela Plant is expected to be commissioned by December, 2005 which will result in substantial saving in freight and handling cost on cement dispatches as well as on receipt of coal and gypsum.

The firming up of the cement prices coupled with demand growth in natural marketing zones of Company's plants prompted the Company to undertake upgradation of existing facilities to 7 million tonnes per annum. The buoyancy witnessed in the markets in the second half of the year under report vindicated this decision of the Company. The sales realization during the year under report registered a growth of 9.7% over the previous year.

c) HOTEL DIVISION

The holiday resort – The Jaypee Residency Manor at Mussoorie owned by the Company is being managed by Jaypee Hotels Limited, a subsidiary of your Company and is operating satisfactorily.

d) TAJ EXPRESSWAY PROJECT

As reported last year, Taj Expressway Project consisting of construction of 160 KM six lane, access controlled Expressway to be constructed in 3 phases in 7 years between Noida and Agra on the left bank of River Yamuna alongwith Development of 25 million square metres of land along the Expressway at various locations was awarded to erstwhile Jaiprakash Industries Limited (JIL) by Taj Expressway Industrial Development Authority (TEA), a Government of Uttar Pradesh Undertaking on Build, Own, Operate and Transfer basis as per the Concession Agreement executed between erstwhile JIL and TEA on 7th February, 2003. The said Concession Agreement, inter-alia, provides that the Land for the Expressway and also for Development shall be provided by the TEA at acquisition cost and entitles the Concessionaire to levy and collect toll from the users of the Expressway for 36 years commencing seven years after the date of signing the Concession Agreement.

Your Company has carried out preliminary surveys, investigation, design and engineering for the Project and has already submitted the Detailed Project Report to TEA. TEA has so far transferred to the Company about 130 acres of land for construction of the Expressway and about 597 acres of Land for Development. Your Company has taken necessary action to implement the Project as per the terms of the Concession Agreement.

SUBSIDIARIES

The Company has four subsidiaries, namely:

1. Jaypee Hotels Limited
2. Jaiprakash Hydro-Power Limited
3. Jaiprakash Power Ventures Limited
4. Jaypee Karcham Hydro Corporation Limited

The status of the aforesaid subsidiaries is as under:

Jaypee Hotels Limited

Jaypee Hotels Limited (JHL), a 72.18% subsidiary of your Company, achieved total Income of Rs.155.97 crores during the year under report as compared to Rs.132.61 crores in the previous year, registering a growth of 17.62%. Similarly, the Net Profit for the year 2004-05 at Rs. 16.74 crores (which included Rs.8.50 crores towards profit on sale of investments) as against the net profit of Rs.5.27 crores for the previous year registered an impressive growth. The Board of JHL also declared and paid an interim dividend of 10% in respect of the year ended 31st March, 2005. Upgradation / renovation is being carried out in the Hotels to keep pace with the competition. The hotel business is expected to perform even better in the Financial Year 2005-06.

Jaiprakash Hydro-Power Limited

During the year under review, your Company bought back 27.5% equity of Jaiprakash Hydro-Power Limited (JHPL) from ICICI Bank Ltd., thereby making JHPL its 100% subsidiary. Subsequently, in March/ April, 2005, the Company divested 36.66% equity (18 crores shares of Rs.10 each at Rs.32 per share) to the public through Offer for Sale, which received an overwhelming response and the issue was oversubscribed by 6.36 times. The equity shares of the Company have also been listed at the Stock Exchange, Mumbai & National Stock Exchange w.e.f. 18th April, 2005.

The performance of the 300 MW Baspa II Hydro-Electric Power station of JHPL during the year under report was as under :-

| Plant Availability | Generation (million units) | |
|--------------------|----------------------------|-------------------|
| | Saleable Energy | Deemed Generation |
| 99.77% | 1041.93 | 19.73 |

The Company earned revenue of Rs. 301.35 crores and net profit of Rs. 51.10 crores during the financial year 2004-05. The Board of Directors of JHPL have recommended a maiden dividend of 7.5% for approval of shareholders. The power station of JHPL is working satisfactorily.

Jaiprakash Power Ventures Limited

Jaiprakash Power Ventures Limited (JPVL), wholly owned subsidiary of your Company, is implementing 400 MW Vishnu Prayag Hydro-electric Project in private sector on Build, Own and Operate basis which is scheduled for commissioning by December, 2006. The progress of implementation of the Project is satisfactory and it is expected to be commissioned ahead of schedule.

Jaypee Karcham Hydro Corporation Limited

Jaypee Karcham Hydro Corporation Limited (JKHCL), wholly owned subsidiary of your Company, was incorporated to set-up the Karcham Wangtoo Hydro-electric Project (1000 MW) in private sector on Build, Own and Operate basis. The said project is planned for commissioning by November, 2010. The financial tie-up of the said project is in progress.

The statement as required under Section 212 of the Companies Act, 1956 in respect of the subsidiaries of the Company is annexed. The consolidated financial statements of the Company and its subsidiaries prepared in accordance with Accounting Standard 21 prescribed by ICAI, form part of the Annual Report and Accounts. In terms of the approval of the Central Government accorded under Section 212 (8) of the Act, the Audited Balance Sheets as at 31st March, 2005 in respect of aforesaid subsidiaries of the Company have not been attached to the Balance Sheet of the Company but the requisite

information for each subsidiary has been disclosed. The annual accounts of the subsidiary companies and the related detailed information will be made available to the investors of the Company / subsidiary companies seeking such information.

The Directors are of the opinion that the subsidiaries of your Company have a bright future.

OUTLOOK

Your Company is the flagship Company of Jaypee Group and an acknowledged leader in the field of construction of river valley and hydropower projects on EPC/turnkey basis. Your Company is the only engineering company in India to be assigned "CRI" grade by ICRA indicating 'very strong contract execution capacity' for hydropower (EPC) contracts with average values of up to Rs. 2000 crores.

There is lot of thrust by the Government to add hydro-power generation in the Country to meet ever increasing power demand and to improve ratio between hydro-power and other powers. It is expected that large number of hydro power projects will be taken up by various Government undertakings which will provide opportunities to the Company to secure more engineering contracts. Similarly, the Government's thrust on other infrastructure projects like highways, expressways etc. as well as the hospitality business holds promise for your Company.

The Cement Division of your Company located at Rewa, Madhya Pradesh, has 3 plants (and a blending unit), with an aggregate production capacity of 7 million tonnes per annum. This is the single-largest complex at one location in India. A green field plant of 3 million tonnes capacity being setup in Himachal Pradesh by March, 2007 will take the total capacity to 10 million tonnes per annum.

Cement consumption in India has been growing steadily during the last 5 years but the market remained sluggish due to supply exceeding demand. The market, however, has now started looking up and the selling prices are firming up. With no new green field project / additional capacity planned in near future in Satna-Rewa cluster, where Company's cement plants are located, and various steps being taken by the Company to improve economy in operations, the Cement business is expected to show better results.

Keeping in view the performance and future prospects of the Company's business as well as the business of its subsidiaries, your Company is poised for sustained growth and the outlook is bright.

DIRECTORATE

Shri Jaiprakash Gaur, Shri Sunny Gaur, Shri Prabodh Varaglal Vora and Shri Rahul Kumar, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

S/Shri D.N. Davar, S.K. Jain, Gopi K. Arora and M.S. Srivastava, who were appointed with effect from September 21, 2002, March 18, 2004, March 18, 2004 and June 30, 2004 respectively, in the casual vacancies caused due to the resignation of Directors, hold office upto the date of the ensuing Annual General Meeting and are proposed to be appointed as Directors.

Shri Suresh Kumar who was appointed as Additional Director by the Board at their meeting held on 30th October, 2004, holds office upto the date of ensuing Annual General Meeting of the Company and is proposed to be appointed as Director.

Shri Sunny Gaur was re-appointed as a Whole-time Director by the Board of Directors for a period of 5 years w.e.f. December 31, 2004. The said appointment was approved by the shareholders, through Postal Ballot, result whereof was declared on January 21, 2005.

Shri S.C.K. Patne, who was appointed as an Additional Director by the Board of Directors w.e.f. June 30, 2004, resigned from the office w.e.f. September 01, 2004.

The nomination of Shri R. N. Bhardwaj on the Board of the Company was withdrawn by Life Insurance Corporation of India (LIC) w.e.f. December 13, 2004.

The Board places on record its appreciation for the valuable contribution made by Shri R.N. Bhardwaj and Shri S.C.K. Patne during their tenure as Directors of the Company.

IDBI Ltd. has nominated Dr. B. Samal on the Board of the Company w.e.f. May 13, 2005. Further, LIC has nominated Shri S. Roy Chowdhury on the Board of the Company w.e.f. June 30, 2005, in place of Shri R.N. Bhardwaj.

DEPOSITS

The fixed deposits received from the shareholders and the public as on 31st March, 2005 aggregate to Rs. 5074.84 lacs. The deposits of Rs. 7.45 lacs, due for repayment at the close of the financial year, remain unclaimed by the depositors as on 31st March, 2005.

PARTICULARS OF EMPLOYEES

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

PARTICULARS OF ENERGY CONSERVATION ETC.

Particulars with respect to conservation of energy as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2005 are annexed to this Report.

NOTES ON ACCOUNTS

The observations of Auditors and Notes on Accounts are self-explanatory.

AUDITORS

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

DEMATERIALIZATION OF SHARES

Shares constituting 89.23% of the equity capital of the Company have so far been dematerialised.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representation received from the operating management and after due enquiry, confirm the following in respect of the audited annual accounts for the year ended 31st March, 2005:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures,
- ii) that the Directors have, in consultation with the Statutory Auditors, selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended 31st March, 2005 and the profit of the Company for that period,
- iii) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- iv) that the annual accounts are prepared on a going concern basis.

EMPLOYEE RELATIONS

The employee relations continued to be cordial throughout the year. Your Directors wish to place on record their sincere appreciation for the excellent spirit with which the entire team of the Company worked at all sites and offices and achieved commendable progress.

APPRECIATION

Your Directors wish to place on record their gratitude to various departments and undertakings of the Central and State Governments, Indian Financial Institutions, namely, ICICI Bank Ltd., IFCI Limited, Industrial Development Bank of India Ltd., Industrial Investment Bank of India Ltd., UTI Bank Limited, Export-Import Bank of India, LIC, GIC & its subsidiaries, and Consortium of Banks led by Canara Bank, for their valuable cooperation and assistance.

Your Directors also wish to place on record their appreciation of the whole hearted and continued support extended by the Shareholders & Investors, which had always been a source of strength for the Company.

On behalf of the Board

JAIPRAKASH GAUR

Chairman

The 30th June, 2005

ANNEXURE TO THE DIRECTORS' REPORT

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

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

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

1. Shri Manoj Gaur, Managing Director, 3,359,332, B.E. (Civil Hons.), 41, 20, 1st November, 1985, Jaiprakash Industries Limited.
2. Shri Sunil Kumar Sharma, Managing Director, 3,336,736, B.Sc., 45, 27, 1st January, 1986, Jaiprakash Industries Limited.

B) Employed for part of the year and in receipt of remuneration aggregating Rs.2,00,000/- or more per month - NIL

Notes:

1. Gross remuneration includes Salary, House Rent and other perks like Medical Reimbursement, Leave Travel Assistance, Furnishing Allowance, Company's contribution towards Provident Fund etc. but excludes provision for Gratuity & Leave Encashment.
2. Shri Manoj Gaur, Managing Director is son of Shri Jaiprakash Gaur, Chairman and brother of Shri Sunny Gaur and Shri Samir Gaur, Directors of the Company.
3. Both the Managing Directors hold their respective offices for a period of five years from the date of appointment.

Information pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of the Report of the Directors for the year ended 31st March, 2005
A. Conservation of Energy

The Company is engaged in the business of Integrated Engineering Construction business, and operates at the locations of its clients and uses electric energy for implementation of the various projects undertaken by it. Besides, the Company is also engaged in the Business of manufacture and marketing of Cement and owns a five star hotel at Mussoorie.

The Company ensures that all possible measures are taken to conserve energy including identification of potential areas of saving energy, installation of energy efficient equipment such as capacitor control panels to improve power factor and usage of energy efficient lamps and compact florescent lamps wherever possible.

The energy conservation measures undertaken by the Company ensure savings in energy costs and thereby improving operational efficiency. In particular, the Company has taken following measures for conservation of energy:

1. Conversion into V/F (Variable Frequency) drive for Cooler Fans to increase the production of Kiln and reduce the specific power consumption.
2. Conversion into V/F (Variable Frequency) drive for 361 SRI Raw Mill Classifier to increase the production of Raw Mill and reduce the specific power consumption.
3. Modification of Raw Mill Classifier was done due to which output of Raw Mill has been increased, thus reducing specific power consumption considerably.
4. Installation of modern Duoflex Burner in Unit – I for Thermal energy saving.
5. Installation of six stage SLC Preheater replacing existing four stage ILC Preheater of Unit –I for Thermal energy saving.
6. Installation of IKN KIDs and CFG grate plates in first grate of Unit-I for Thermal energy saving.
7. Pneumatic kiln feed system changed by mechanical conveying (Bucket Elevator) of Unit-I and new coal dozing system for energy saving.
8. Dynamic separator is installed replacing static separator in Raw mill section in Unit-I for energy saving.
10. Monthly review of power consumption is done under Energy Monitoring Cell.
11. Regular steps were taken to identify and arrest false air entry in the system

B. Research and Development

Research & Development work in respect of new engineering techniques for achieving higher efficiencies is a continuous process in the Company.

C. Technology absorption, adaptation and innovation

For efficient execution of contracts awarded to the Company, it imports various equipments. Equipments are imported in order to ensure usage of contemporary technology. During the year under report, the Company has inter-alia installed in its cement plants, cross belt analyzer on limestone stacker belt, constructed clinker silo for kiln-2, replaced Loesche coal mill dynamic separator by LV Technology High Efficient Dynamic Air Separator,

modified coal transport system, installed Water Spray System in Preheater Down Comer Ducts of Kiln & Calciner Strings. The technology has been fully absorbed, except that the same in respect of Water Spray System in Preheater Down Comer Ducts is under absorption.

D. Foreign Exchange earnings and outgo

Particulars of Foreign Exchange earnings and outgo are given in Schedule 'R' - Notes to the Accounts under Note No. 25.

| FORM A | | | |
|--|---|---|---|
| | | CURRENT YEAR 2004-05 | PREVIOUS YEAR 2003-04 |
| A. POWER & FUEL CONSUMPTION | | | |
| I. ELECTRICITY | | | |
| (a) | Purchased Units (Kwh) | 118,372,170.00 | 155,632,121.00 |
| | Total Amount (Rs.) | 588,088,247.00 | 771,101,290.00 |
| | Rate Per Unit (Rs.) | 4.97 | 4.95 |
| (b) | Own Generation | | |
| (i) | Through Diesel Generation | | |
| | Units (Kwh) | 118,635,931.00 | 221,445,650.00 |
| | Units per litre of Diesel & Furnace Oil (Kwh) | 3.75 | 3.87 |
| | Cost Per Unit (Rs.) | 5.58 | 4.21 |
| (ii) | Through Thermal Generation | | |
| | Units (Kwh) | 200,203,493.00 | - |
| | Units per Tonne of Coal (Kwh) | 1221.41 | - |
| | Cost Per Unit (Rs.) | 1.85 | - |
| (iii) | Through Thermal Generation (Trial Run) | | |
| | Units (Kwh) | 22,951,650.00 | 29,068,340.00 |
| | Units per Ton Coal (Kwh) | 1089.36 | 885.29 |
| | Cost Per Unit (Rs.) | 1.73 | 1.85 |
| II. (a) COAL FOR KILN | | | |
| | QUALITY | GRADE SLACK/ STEAM A, B, C and D | GRADE SLACK/ STEAM A, B, C and D |
| | Where Used | Calcinising of Raw Meal | Calcinising of Raw Meal |
| | Quantity used (M.T.) | 619,768.00 | 559,656.00 |
| | Total Cost (Rs.) | 1,289,886,109.00 | 1,019,826,993.00 |
| | Average Rate per M.T. (Rs.) | 2,081.24 | 1,822.24 |
| II. (b) COAL FOR CTPP | | | |
| | QUALITY | GRADE SLACK/ STEAM/ ROM C, D & F | GRADE SLACK/ STEAM A, B, C & D |
| | Where Used | Boiler | Boiler |
| | Quantity used (M.T.) | 184,981.00 | 32,835.00 |
| | Total Cost (Rs.) | 323,838,546.00 | 59,445,979.00 |
| | Average Rate per M.T. (Rs.) | 1750.66 | 1810.45 |
| III. FURNACE OIL | | | |
| | | N/A | N/A |
| IV. OTHERS/INTERNAL GENERATION | | | |
| | | N/A | N/A |
| B. CONSUMPTION PER UNIT OF PRODUCTION | | | |
| | Product | Cement | Cement |
| | Unit | M.T. | M.T. |
| | Electricity (Kwh) | 86.32 | 88.85 |
| | Furnace Oil | N/A | N/A |
| | Coal Per M.T. of Clinker | 0.147 | 0.146 |
| | Coal Quality | | |
| | - Average Ash Contents (%) | 30.34 | 29.28 |
| | - Average Calorific Value (Kcal/Kg) | 4,539 | 4,695 |

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE:

The Company believes that good Corporate Governance is essential to achieve long term Corporate Goals and to enhance Stakeholders' value. Corporate Governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance is an important part of the Corporate Governance.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Any Corporate strategy needs to be dynamic and vibrant, responsive to the changing economic scenario, and flexible enough to absorb environmental and fiscal fluctuations. It must harness the inherent strengths of available human resources and materials, have the capacity to learn from success and, more than anything else, ensure growth with human face. This has always been the guiding philosophy in the Company and will continue to be so in future.

The historic structural reforms initiated by the Government have irrevocably transformed the Indian business environment. Deregulation and decontrol, dismantling of trade barriers, partial convertibility and encouragement of foreign investment pose challenges to industry and have thrown up new avenues for growth.

The current scenario is both vibrant and optimistic. Response, or lack of it, can make or mar a company. The Company had accepted the challenges, and its strengths – involvement in the construction of river valley projects, its large equity base and its wealth of dedicated human resources, were used to great

advantage in entering new ventures in the core sector.

The Company's philosophy on Corporate Governance is aimed at attaining the highest level of transparency, accountability towards its stakeholders, including shareholders, employees, the Government and lenders, creation of wealth for shareholders on long term and sustainable basis and to maximise returns to shareholders.

2. BOARD OF DIRECTORS

The Board has been constituted in such a way that it has understanding and competence to deal with current and emerging business issues and also ensuring Directors' commitment to participate in the affairs of the business of the Company.

The Company's policy did not prescribe any term limit for Directors (except Managing and Whole-time Directors who were appointed for a term of five years) as this had the disadvantage of losing valuable contribution of Directors who over the years had developed insight into the Company and its affairs.

The Board of Directors consisted of 18 Directors as on 31st March, 2005. As per Clause 49 of Listing Agreement, in case of a non-executive Chairman, at least one-third of the Board should comprise of Independent Directors. Our Board of Directors has 7 Independent Directors. The Board is proposed to be reconstituted to bring its composition in line with the amended Clause 49 well within the time permitted by SEBI i.e., by 31st December, 2005.

The details regarding the attendance of Directors at the Board Meetings, Number of other Directorships and Committee positions held by them in other Companies as on 31st March, 2005 are given below:

| Name & Designation of the Directors | Category/ Position | Last Annual General Meeting Attended | No. of Board Meetings Attended out of 8 meetings held during the year | No. of other Directorships* | Committee Positions held** | |
|--|--------------------------------|--------------------------------------|---|-----------------------------|----------------------------|--------|
| | | | | | Chairman | Member |
| Shri Jaiprakash Gaur Chairman | Non-Executive/ Promoter | Yes | 8 | 7 | - | - |
| Shri S.K. Jain Vice-Chairman | Non-Executive/ Promoter | Yes | 7 | 2 | 2 | - |
| Shri Manoj Gaur Managing Director | Executive/ Promoter | Yes | 8 | 9 | 1 | 1 |
| Shri Sunil K. Sharma Managing Director | Executive/ Promoter | Yes | 8 | 6 | 1 | 2 |
| Shri Gopi K. Arora | Non-Executive/Independent | Yes | 7 | 12 | 5 | 5 |
| Shri D.N.Davar | Non-Executive/Independent | Yes | 8 | 14 | 5 | 5 |
| Shri M.J. Subbaiah (ICICI Bank Nominee) (w.e.f.23/04/04) | Non-Executive/ Independent | No | 7 | 7 | 2 | 5 |
| Shri Suren Jain (w.e.f.30/06/04) | Non-Executive/ Promoter | No | 4 | - | - | 1 |
| Shri Suresh Kumar (w.e.f.30/10/04) | Non-Executive / Independent | N.A. | 3 | 3 | - | - |
| Shri Ranvijay Singh | Non-Executive/Promoter | Yes | 1 | - | - | - |
| Shri Rakesh Sharma (w.e.f.30/06/04) | Non-Executive/ Promoter | No | - | - | - | - |
| Shri M.S. Srivastava (w.e.f.30/06/04) | Non- Executive/ Independent | No | 2 | - | - | 1 |
| Shri P.V.Vora | Non-Executive/Promoter | Yes | 1 | - | - | 1 |
| Shri Sunny Gaur | Executive/Promoter | Yes | 4 | - | - | - |
| Shri Rahul Kumar | Executive/Independent | No | 6 | 1 | - | 1 |
| Shri Samir Gaur (w.e.f.30/06/04) | Executive/ Promoter | No | 5 | 1 | - | 1 |
| Shri Pankaj Gaur (w.e.f.30/06/04) | Executive/ Promoter | No | 1 | 1 | - | - |
| Shri S.D. Nailwal (w.e.f.30/06/04) | Executive/ Independent | Yes | 7 | 2 | - | 3 |

Notes:

1. Shri B.K. Taparia resigned as director of the Company w.e.f. 20th June, 2004. He had attended 1 Board Meeting.
2. Shri S.C. K. Patne was appointed as additional director on the Board w.e.f. 30th June, 2004 and he resigned as director w.e.f. 1st September, 2004. He had attended 2 Board Meetings.
3. Nomination of Shri R. N. Bhardwaj on the Board of the Company was withdrawn by LIC w.e.f. 13th December, 2004. He had attended 2 Board Meetings.
4. S/Shri Suresh Kumar and Rahul Kumar have been considered as Independent Directors as they do not have any material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in judgement of the Board, may affect independence of their judgement, apart from receipt of directors' remuneration by Shri Rahul Kumar as Whole-time Director of the Company and by Shri Suresh Kumar as Managing Director of Jaiprakash Power Ventures Limited, wholly owned subsidiary of the Company. Further, their shareholding in the Company is insignificant.
5. * Other Directorships of only Indian Public Limited Companies have been considered.
6. ** Committee positions of only 3 Committees namely Audit Committee, Investors'/Shareholders' Grievance Committee and Remuneration Committee have been considered.

Number of Board Meetings held and dates thereof

During the financial year 2004-05, 8 meetings of the Board of Directors were held as against requirement of 4 meetings. The meetings were held on 7th June, 2004, 30th June, 2004, 30th July, 2004, 28th September 2004, 30th October, 2004, 11th December, 2004, 22nd January, 2005 and 31st January, 2005. The maximum time gap between two meetings was not more than 3 calendar months.

3. AUDIT COMMITTEE

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee had been constituted by the Board comprising of three Directors, all being Non-Executive with majority of them being independent. The Chairman of the Committee is an Independent Director. The constitution of Audit Committee also meets the requirements under Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee were, as contained under Clause 49 of the Listing Agreement.

The Audit Committee, inter alia, reviews:

- Quarterly and Annual Financial results
- Annual Budget and Variance Reports
- Internal Audit Reports/ Cost Audit Reports
- Recommendation for appointment of Cost & Statutory Auditors.

Five meetings of the Committee were held during the year as against the requirement of minimum 3 meetings. The meetings were held on 7th June, 2004, 30th June, 2004, 30th July, 2004, 30th October, 2004 and 31st January, 2005. The details of constitution of the Committee and attendance thereat are as under:

| Name | Total Meetings held during the tenure of the member | Meetings attended |
|--|---|-------------------|
| Shri D.N.Davar, Chairman | 5 | 5 |
| Shri M.J.Subbaiah (ICICI Bank Nominee) | 3 | 3 |
| Shri Suren Jain | 3 | 2 |

Note: Audit Committee was reconstituted w.e.f. 30th June, 2004 and Shri M.J. Subbaiah and Shri Suren Jain were inducted as members of the Committee in place of Shri Gopi K. Arora and Shri B. K. Taparia.

4. REMUNERATION COMMITTEE

The Remuneration Committee, constitution of which is a non-mandatory requirement, was constituted to recommend/review the remuneration package of the Managing/ Whole time Director(s). The Board of the Company had constituted a Remuneration Committee, comprising 3 independent, Non-Executive Directors.

3 meetings of Remuneration Committee were held during the year. The meetings were held on 1st April, 2004, 30th July, 2004 and 30th October, 2004. The details of constitution of the Committee and attendance thereat are as under:

| Name | Total Meetings held during the tenure of the member | Meetings attended |
|-----------------------------|---|-------------------|
| Shri M.J.Subbaiah, Chairman | 2 | 2 |
| Shri P.V.Vora* | 1 | 1 |
| Shri M.S.Srivastava* | 2 | 2 |

Notes:

1. The Remuneration Committee was reconstituted w.e.f. 30th June, 2004 to induct Shri M. J. Subbaiah as Chairman of the Committee in place of Shri D.N. Davar and Shri M.S. Srivastava & Shri S.C. K. Patne as members in place of Shri Manoj Gaur and Shri Sunny Gaur respectively.
2. * Shri P. V. Vora was inducted as member of the Committee w.e.f. 28th September, 2004 in place of Shri S.C.K.Patne who resigned as director w.e.f. 1st September, 2004.

The Remuneration was paid to Managing / Whole-time Directors in the form of Salary and Perquisites. The Company had paid sitting fee to Non-executive Directors @ Rs. 5,000/- for each meeting of the Board / Committee thereof.

Details of Remuneration paid to all the Directors for the year:
a) Executive Directors (Managing / Whole-time Directors)

The aggregate value of salary and perquisites paid for the year ended 31st March, 2005 to Managing / Whole- time Directors are as follows:

| Name | Designation | Aggregate Value of Salary & Perquisites (Rs.) |
|-----------------------|---------------------|---|
| Shri Manoj Gaur | Managing Director | 33,59,332 |
| Shri Sunil Kr. Sharma | Managing Director | 33,36,736 |
| Shri Pankaj Gaur | Whole-time Director | 10,15,662 |
| Shri Samir Gaur | Whole-time Director | 9,97,338 |
| Shri Sunny Gaur | Whole-time Director | 13,44,000 |
| Shri Rahul Kumar | Whole-time Director | 13,06,667 |
| Shri S. D. Nailwal | Whole-time Director | 11,71,182 |

b) Non-Executive Directors

The Company has not paid any remuneration to Non-executive Directors except sitting fees for attending meetings of the Board of Directors and Committees thereof. The details of sitting fees paid to Non-executive Directors during the financial year 2004-05 are as under:

| Name of the Director | Designation | Total sitting fee paid (Rs.) |
|---|----------------------------------|------------------------------|
| Shri Jaiprakash Gaur | Chairman | 40,000 |
| Shri S.K. Jain | Vice Chairman | 1,15,000 |
| Shri M. J. Subbaiah | Director (ICICI Bank Nominee) | 60,000 |
| Shri Gopi K. Arora | Director | 1,40,000 |
| Shri D.N. Davar | Director | 85,000 |
| Shri Suren Jain | Director | 45,000 |
| Shri Suresh Kumar | Director | 15,000 |
| Shri Ranvijay Singh | Director | 5,000 |
| Shri M.S. Srivastava | Director | 20,000 |
| Shri P. V. Vora | Director | 15,000 |
| Shri S.C. K. Patne (upto 01/09/2004) | Director | 15,000 |
| Shri B.K. Taparia (upto 20/06/2004) | Director | 10,000 |
| Shri R.N. Bhardwaj (upto 12/12/04) | Director (LIC Nominee) | 10,000* |

* The sitting fees paid directly to LIC.

5. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

The Board of the Company had constituted an Investor Grievance and Share Transfer Committee, comprising Shri S.K.Jain (Chairman), Shri Sunil Kumar Sharma, Shri Samir Gaur and Shri S.D.Nailwal. The Committee had been constituted inter alia to approve transfer of shares and to look into redressal of shareholders' complaints like non-transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. During the year, 17 meetings of the Committee were held.

During the year, the Company had received 1,596 complaints out of which 1,571 complaints were resolved till 31st March, 2005 and the remaining 25 complaints were also attended to thereafter. Further, during the year the Company had received 3,990 transfer requests in respect of 10,98,501 shares, out of which 3,787 transfer requests relating to 10,64,204 shares were processed till 31st March, 2005 and the remaining 203 requests in respect of 34,297 shares were processed in April, 2005.

6. GENERAL BODY MEETINGS

Location and time of last 3 Annual General Meetings are as under:

| Year | Venue | Date | Time |
|------|---|------------|------------|
| 2002 | 5, Park Road, Hazarat ganj, Lucknow- 226001 | 26.06.2002 | 9.30 A.M. |
| 2003 | 5, Park Road, Hazarat ganj, Lucknow- 226001 | 09.12.2003 | 9.30 A.M. |
| 2004 | Hotel Taj Residency, Gomti Nagar, Lucknow- 226001 | 29.09.2004 | 10.30 A.M. |

Details of Resolutions passed through Postal Ballot.

The Board of Directors in their meeting held on 11th December, 2004 decided to circulate resolutions for the approval of the members of

the Company to be accorded by the Postal Ballot in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001.

Salient features of the Postal Ballot exercise are as under:

- The Board of Directors of the Company, at its meeting held on 11th December, 2004 appointed Shri T. V. Narayanaswamy and Shri V.P. Kapoor as scrutinizers for conducting Postal Ballot in fair and transparent manner.
- Dispatch of Notice alongwith Postal Ballot form and pre-paid self-addressed envelop completed on 20th December, 2004.
- The last date of receipt of Postal Ballot forms was 19th January, 2005.
- The Scrutinizers, after verification of Postal Ballots, submitted their report to the Chairman of the Company on 20th January, 2005.
- The Result of the voting conducted through Postal ballot were announced at the registered office of Company on 21st January, 2005, details of which are as under:-

| Resolution No. & Particulars | Whether ordinary/special | Total Votes | Total valid votes cast | Total valid votes cast in favour of resolution | Total valid votes cast against resolution |
|--|--------------------------|--------------|------------------------|--|---|
| 1. Approval to provide Corporate Guarantees upto Rs. 300 crores | Special | 17,62,16,981 | 9,02,21,604 | 8,48,47,977 (94.04%) | 53,73,627 (5.96%) |
| 2. Approval to pledge shares of Jaypee DSC Ventures Limited | Special | 17,62,16,981 | 9,01,98,770 | 8,32,46,461 (92.29%) | 69,52,309 (7.71%) |
| 3. Approval to make investment in Jaypee Cement Ltd. | Special | 17,62,16,981 | 9,02,00,424 | 9,01,42,511 (99.94%) | 57,913 (0.06%) |
| 4. Approval to raise money from International Market through FCCBs | Special | 17,62,16,981 | 9,02,00,562 | 8,48,30,432 (94.05%) | 53,70,130 (5.95%) |
| 5. Approval to re-appoint Shri Sunny Gaur as whole-time Director | Ordinary | 17,62,16,981 | 9,02,12,659 | 9,01,55,699 (99.94%) | 56,960 (0.06%) |
| 6. Approval to create security in favour of Banks/Fis | Ordinary | 17,62,16,981 | 8,48,84,796 | 8,48,25,752 (99.93%) | 59,044 (0.07%) |

7. DISCLOSURES

- There were no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. The related party transactions are duly disclosed in the "Notes to the Accounts" to the Balance Sheet.
- There were no cases of non-compliance by the Company, penalties/ strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

8. SECRETARIAL AUDIT

A qualified practicing Company Secretary carried out quarterly secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audits confirm that the total issued/paid-up capital is

in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

9. MEANS OF COMMUNICATION

The quarterly, half yearly and annual results were published in leading Newspapers which included Economic Times, Business Standard, Financial Express and Swatantra Bharat etc. The same were sent to Stock Exchanges and were also displayed on the website of the Company, www.jalindia.com and simultaneously posted on the Electronic Data Information Filing and Retrieval website namely www.sebidifar.nic.in. The website is also accessible through a hyperlink 'EDIFAR' from SEBI's official website www.sebi.gov.in

The Company also displays the presentations made by the Company to institutional investors or to analysts and official news releases on its website.

Management Discussion & Analysis Report

The Management Discussion and Analysis Report (MD&A) forms part of the Annual Report.

Compliance Officer

The Board had designated Shri Harish K. Vaid, President (Corporate) & Company Secretary, as the Compliance Officer.

Address: JA House, 63, Basant Lok,
Vasant Vihar, New Delhi-110 057
e-mail: harish.vaid@jalindia.co.in
Phone: +91-11-26141540
Fax: +91-11-26145389

10. GENERAL SHAREHOLDER INFORMATION

8th Annual General Meeting

Date : 27th September, 2005
Time : 10.30 A.M.
Venue : Hotel Taj Residency, Gomti Nagar,
Lucknow – 226 001.

Financial Calendar

Key Financial Reporting Dates for the Financial Year 2005-06

First quarter ending : On July 23, 2005
June 30, 2005
Second quarter ending : On or before October 31, 2005
September 30, 2005
Third quarter ending : On or before January 31, 2006
December 31, 2005
Fourth quarter ending : On or before April 30, 2006 or if
March 31, 2006 audited, on or before June 30, 2006

Dividend payment Date

For interim dividend for the year 2004-05, the record date was fixed as 16th May, 2005 and dividend was paid within the stipulated time. For final dividend for the year 2004-2005, the Company has fixed 16th September, 2005 to 27th September, 2005 as the book closure dates and the same shall be distributed, if declared at the forthcoming Annual General Meeting, well within permissible period of 30 days.

Listing on Stock Exchanges and Stock Codes

The Equity shares of the Company are listed on the National Stock Exchange (Code: JPASSOCIAT) and the Stock Exchanges at Mumbai

(Code: 532532), Kanpur (Uttar Pradesh) (Code: J0033), Delhi, Ahmedabad [Code: 27721 (JAIPRAKASH)] and Calcutta. The Company had paid annual listing fees due to the above Stock Exchanges for the year 2005-2006.

The FCCBs issued by the Company during the year under report, are listed on Singapore Stock Exchange.

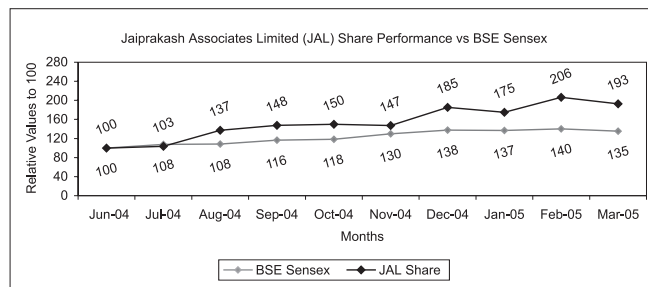
Market Price Data and performance in comparison to Index:

The equity shares of the Company issued upon amalgamation of erstwhile Jaiprakash Industries Ltd. with the Company were listed on NSE & BSE w.e.f. 14th June, 2004 and subsequently on other Stock Exchanges. The high & low of the share price of the Company during each month in the last financial year at NSE & BSE (from 14th June, 2004) were as under:

(Rs.)

| Month | Share Price at BSE | | Share price at NSE | |
|-----------------|--------------------|--------|--------------------|--------|
| | High | Low | High | Low |
| June 2004 | 117.00 | 73.45 | 116.80 | 73.65 |
| July, 2004 | 113.00 | 89.50 | 113.00 | 89.60 |
| August, 2004 | 143.50 | 106.50 | 143.90 | 106.40 |
| September, 2004 | 154.15 | 133.65 | 154.00 | 133.35 |
| October, 2004 | 161.50 | 138.70 | 161.70 | 138.75 |
| November, 2004 | 164.00 | 149.15 | 164.40 | 149.00 |
| December, 2004 | 195.10 | 148.50 | 195.50 | 148.50 |
| January, 2005 | 194.90 | 171.00 | 193.00 | 171.25 |
| February, 2005 | 214.90 | 175.30 | 215.00 | 175.30 |
| March, 2005 | 237.55 | 184.00 | 237.70 | 188.50 |

Performance of Share Price of the Company in comparison to BSE Sensex is as under:



Registrar and Transfer Agents:

The detail of Registrar & Transfer Agent appointed by the Company is as under: -

M/s Alankit Assignments Limited,
205-206, Anarkali Market,
Jhandewalan Extn,
New Delhi 110 055.
Tel: 011-51540060-63
Fax: 011-51540064
e-mail: alankit@alankit.com

Share Transfer System

The shares received in physical mode are transferred expeditiously,

provided the documents are complete and the shares under transfer are not under any dispute. The share certificates duly endorsed are returned immediately to shareholders. Confirmation in respect of the requests for dematerialisation of shares are sent to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) expeditiously.

Distribution of Shareholding

The distribution of shareholding as on 31st March, 2005, was as follows:

| No. of shares held | Shareholders | | Shares | |
|--------------------|-----------------|---------------|---------------------|---------------|
| | Number | % to total | Number | % to total |
| Upto 500 | 1,11,451 | 91.90 | 1,45,58,195 | 8.26 |
| 501 - 1,000 | 5,298 | 4.37 | 40,66,836 | 2.31 |
| 1,001 - 2,000 | 2,377 | 1.96 | 34,81,805 | 1.98 |
| 2,001 - 3,000 | 879 | 0.72 | 22,53,007 | 1.28 |
| 3,001 - 4,000 | 301 | 0.25 | 10,75,186 | 0.61 |
| 4,001 - 5,000 | 239 | 0.20 | 11,35,271 | 0.64 |
| 5,001 - 10,000 | 366 | 0.30 | 27,81,858 | 1.58 |
| 10,001 and above | 366 | 0.30 | 14,68,64,823 | 83.34 |
| TOTAL | 1,21,277 | 100.00 | 17,62,16,981 | 100.00 |

| Held by | % holding |
|--------------------------|-----------|
| Promoters | 45.52 |
| Banks / Mutual Funds/FIs | 13.30 |
| FIs | 14.99 |
| Private Corporate Bodies | 7.30 |
| NRIs / OCBs | 2.17 |
| Indian Public | 16.72 |

Dematerialisation of Shares and Liquidity

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both NSDL and CDSL. As on 31st March, 2005, 88.45% of the Share Capital of the Company had been dematerialized. The shares of the Company are part of BSE 200 (A group) and NSE Junior Nifty and are actively traded on both BSE and NSE.

Unclaimed Dividends

Pursuant to Section 205C of the Companies Act, 1956, there were no unclaimed dividends to be transferred to the Investor Education and Protection Fund of the Central Government during the year.

Outstanding GDRs/ADRs / warrants or any convertible instruments, conversion date and likely impact on Equity

During the year, the Company had issued Foreign Currency Convertible Bonds (FCCBs) of USD 100 Million. The FCCBs are convertible into Equity Shares of the Company on or before 10th February, 2010 at an initial conversion price of Rs.236.31 per Share (with a fixed rate of exchange on conversion of Rs.43.785=U.S.\$1.00). If all the FCCBs are converted then the Share Capital of the Company would increase by 1,85,28,628 shares. If not converted, the FCCBs are redeemable on 17th February, 2010 and carry a yield to maturity of 6.15% p.a.

Plant locations

The Company is engaged in the business of Heavy Civil Engineering Construction, Manufacturing and Marketing of Cement and Hoteliering. The construction projects are:

- Dul-Hasti Hydro Electric Project at Jammu and Kashmir
- Baglihar- I & II Hydro Electric Project at Jammu and Kashmir
- Vishnuprayag Hydro Electric Project at Uttaranchal
- Tehri Hydro Electric Project at Uttaranchal
- Teesta-V Hydro Electric Project at Sikkim
- Sardar Sarovar Hydro Electric Project at Gujarat
- Karcham Wangtoo Hydro Electric Project at Himanchal Pradesh
- Omkareshwar Hydro Electric Project at Madhya Pradesh
- Civil work including tunnels etc. in Zone III of Laole-Quazigund section, Jammu and Kashmir
- Tala Hydro Electric Project at Bhutan

The Company has 2 Cement Plants namely Jaypee Rewa Plant and Jaypee Bela Plant which are located at Jaypee Nagar, Rewa, Madhya Pradesh. The Company is putting up another cement plant in Himachal Pradesh. Besides this, the Company has its grinding and blending units in Uttar Pradesh.

The Company also owns a holiday resort – The Jaypee Residency Manor at Mussoorie.

The Company is also undertaking construction of 6 lane Access Controlled Taj Expressway from Noida to Agra and has its office at Noida (U.P)

Address for Correspondence

Registered Office: 5, Park Road, Hazratganj, Lucknow- 226001 (U.P)
 Head Office: JA House, 63, Basant Lok, Vasant Vihar, New Delhi-110057

Non- mandatory Requirements

The Company at present has adopted the non-mandatory requirements in regard to maintenance of non-executive Chairman's Office and constitution of Remuneration Committee.

Auditors' Certificate

To

The Members of Jaiprakash Associates Limited

We have examined the compliance of conditions of Corporate Governance by Jaiprakash Associates Limited for the year ended on 31st March, 2005, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

As required by the Guidance Note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company and its Registrars and Share Transfer Agents.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For M.P. SINGH & ASSOCIATES
 CHARTERED ACCOUNTANTS

M.P. SINGH
 Partner

The 30th June, 2005

MANAGEMENT DISCUSSION AND ANALYSIS REPORT
(forming part of the Report of the Directors for the year ended 31st March, 2005)

HIGHLIGHTS OF PERFORMANCE/EVENTS

- Cement Manufacturing capacity up from 4.8 MTPA to 7.0 MTPA after modernization and upgradation of Plant capacities at the Rewa complex (Benefit of upgradation/modernization now visible, full impact shall accrue from FY06 onwards)
- 1.0 MTPA capacity cement grinding unit at flyash source at NTPC Tanda (U.P.) in operation
- Cement & Clinker Sale up by 12% from 4.77 million MT to 5.34 million MT
- Second captive thermal power plant of 25 MW capacity in operation from November '04
- 60% power requirement is being met by captive Thermal Power
- Cement realization improved from Rs.2,333 to Rs.2,559 in the current Financial year
- 1000 MW Indira Sagar Project where the Company was engaged in the construction of the Dam and Powerhouse was commissioned
- Offer for Sale of 180 million equity shares of Jaiprakash Hydro-Power Limited was over subscribed 6 times
- US\$100 Million Foreign Currency Convertible Bonds (FCCBs) were successfully placed in the International Market

ECONOMY AND BUSINESS ENVIRONMENT

The Indian economy has managed to maintain the growth momentum in spite of a deficient monsoon, world over hardening of oil and steel prices and extensive damage caused by Tsunami in several southern States. In spite of some of these constraints, this level of growth demonstrates the inherent strong fundamentals of the economy. The construction sector which accounts for over 5% of India's GDP and is the biggest generator of employment, registered a growth greater than 5% during 2004-05, while the cement sector saw a growth of 7.8%.

The year witnessed continued increase in foreign exchange reserves, appreciation of the Rupee against the US Dollar even as the inflationary pressures on the economy due to the increasing oil price continued. The performance of capital markets during most part of the year, reflected the general buoyancy for India and its economy. The Government carried on the reforms process with continued policy stress on the Infrastructure Sector.

INDUSTRY OUTLOOK

The business interests of the Company are in four sectors, each of which is part of the core infrastructure sector, important for the growth of the economy and the growth of which is linked with the economic development of the Country. These are :

- Engineering and Construction
- Cement
- Hydro-Power
- Hospitality

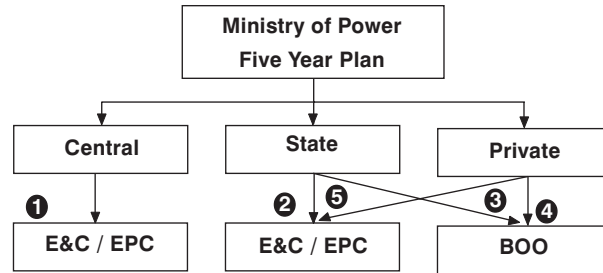
ENGINEERING AND CONSTRUCTION (E&C)

The Company is an acknowledged leader in the construction of multi-purpose river valley and hydro-power projects and has developed in-house expertise for undertaking such projects anywhere in the world on EPC (Engineering, Procurement and Construction) basis. It has the experience of successfully completing such projects in challenging terrain under severe and adverse weather conditions.

Hydro power projects are planned as part of the Five Year Plans by the Government of India. With Country's Hydro-Thermal mix getting skewed to 26:74 from recommended 40:60 ratio required for a stable power regime, renewed thrust to harness vast untapped hydro-power potential of the Country by the policy makers, are unfolding a sea of opportunities for the Company to leverage its strength in execution of hydro-power

projects for growth in coming years for development of hydro-power Projects.

The key opportunities for the Company's E& C business are as follows :



- ① Central Government E&C / EPC contracts
- ② State Government E&C / EPC contracts
- ③ State Government BOO contracts
- ④ Private sector BOO contracts
- ⑤ Private sector E&C / EPC contracts

With increasing focus on agriculture, the Government also has plans for a number of irrigation related works, which are expected to come up for tendering in the near future. The Company is well positioned to capitalize on the opportunities available.

Risks and Concerns

The E&C business contributes 59% of the Company's revenues. Government of India has planned addition of 20,000 MW of hydro-power in the 11th Five Year Plan. The competition for securing hydro power projects is increasing with the entry of new companies from within and outside. However, the Company does not foresee any threat to its share particularly because of its expertise, experience and track record. JAL has successfully demonstrated its expertise to execute EPC contracts in the sector on standalone basis and as leader of such consortiums.

With the changing climatic environment on account of global warming, the possibilities of flash-floods, snowstorms and other unforeseen geographical phenomenon have increased. Since the Company's E&C projects are mostly in and around the major rivers, the risks to men and machine on these counts is obvious. However, the Company has addressed these issues by deploying its experience in handling such situations over the years besides taking adequate insurance cover including CAR policy on reinstatement basis.

Review of Operations, Costs and Profitability

The Company continues to lead in the E&C of hydro-power projects, executing 54% of the hydro-power projects allocated in the 10th Five Year Plan. The Company is currently executing the following projects :

| Sl. No | Name of Hydropower Project | State/Country | Capacity in MW |
|--------|----------------------------|------------------|----------------|
| 1 | Dul-Hasti | Jammu & Kashmir | 390 |
| 2 | Baglihar I & II | Jammu & Kashmir | 900 |
| 3 | Vishnu Prayag | Uttaranchal | 400 |
| 4 | Tehri | Uttaranchal | 1000 |
| 5 | Teesta-V | Sikkim | 510 |
| 6 | Sardar Sarovar | Gujarat | 1450 |
| 7 | Omkareshwar | Madhya Pradesh | 520 |
| 8 | Karcham-Wangtoo | Himachal Pradesh | 1000 |
| 9 | Tala | Bhutan | 1020 |

Our people are the key driving force behind our projects and we create a working environment that acknowledges and reinforces this fact.

HRD practices are continually redefined to meet changing needs and future challenges with training at all levels and continued improvement in processes, people being a key focus.

Facilities for personnel are comparable with the best anywhere in the world, creating a home away from home. Be it the permanent townships or the short term project complexes that include neatly designed housing colonies replete with modern amenities and education facilities.

Design Engineering

JAL's integration capability gives it a competitive advantage to undertake projects on turnkey basis.

Jaypee Ventures Ltd. (JVL), a group company specialises in design and engineering consultancy for hydroelectric and multipurpose river valley projects of all sizes from concept to commissioning and also in the areas of irrigation, water supply and waste water management at most competitive cost.

More than 100 highly experienced Engineers in the field of hydropower and infrastructure development man the Organisation. JVL also maintains a panel of experts, whenever needed, for tackling complicated problems encountered during the planning, design and execution of the projects. In addition, JVL has affiliation with the Premier Research Institutes of the Country like IIT Roorkee, Central Water Power & Research Station (CWPRS) Pune, Irrigation Research Institute (IRI) Roorkee, National Institute of Rock Mechanics, Kolar Gold Fields, National Council for Cement and Building Materials, etc., for rendering specialist services as per requirement in the respective fields of speciality.

Equipped with the latest computer hardware and software, CAD Systems, along with state-of-the-art peripherals like Plotters, Printers, Scanners, Modems, CD Writers, etc. all connected by LAN/WAN using V-SAT (Very Small Aperture Terminal) and Internet Facilities, complete dedicated Network has been provided through intranet for e-mail as well as transmission of engineering drawings and other data to project sites.

JVL has received the highest grade "CT1" from leading rating agency, ICRA with CIDC (The Construction Industry Development Council). "CT1" rating indicates "very strong project engineering capacity". The "CT1" grading takes into account JVL's qualified and experienced human resources, strong familiarity and specialization in the hydropower sector supported by state-of-the-art design engineering and planning system.

Leveraging Information Technology

Recognizing the need for a paradigm shift from "data collection and ensuring the authenticity of data collected" to "data analysis and interpretation", the Company has implemented an ERP system, which is the first of its kind in the E&C sector. This has resulted in ERP implementation across 12 sites and the Head Office at Delhi facilitates online transaction through 21 TDM/TDMA VSATS.

The business solution is robust and comprehensive and has gone a long way in improving the operational efficiency and efficacy among various functional segments of the Company. This has also led to uniform business practices across different project sites of the Company besides facilitating the global access to operational and financial information.

Heavy Engineering Workshop

With the growing requirement of clients to complete the projects on an aggressive timeline, and with Company's strength as EPC contractor being recognized all over, the Company decided to take up the design and manufacturing of hydro-mechanical equipment within the group for which a Heavy Engineering Workshop with all

modern equipment for an output of about 5000 TPA has been set up, which makes the Company self dependent for manufacture of hydro-mechanical equipments.

ISO 9001:2000

The Company has been awarded ISO 9001: 2000 quality certification accredited by UKAS, RVA, ANAB and NABCB.

The scope of certification covers processes for Business Development, Design and Engineering for Civil and Hydro-Mechanical works for Hydro-electric Projects, facilitating and supporting execution of Projects by providing the required resources, Contract Management and interaction with the clients.

These processes are monitored, measured and analyzed for identifying needs for continual improvement.

The 10th Five-Year Plan of the Government of India provides addition of 14000 MW of hydropower, which will be more than what has been added in the last 20 years. Government of India plans to develop 20000 MW in the 11th Five-Year Plan, which augurs well for the Company's growth.

CEMENT

The cement industry performance during 2004-05 was characterized by growth in volumes, stable to better cement prices and favorable demand-supply balance in certain regions. The cement production during the year was at 125.6 million tonnes and dispatches during the year were at 125.1 million tonnes registering a growth of 7.8%.

Inspite of an average monsoon last year, there was a robust growth in demand which combined with a slowdown in capacity additions, got reflected in improved cement prices and higher levels of capacity utilization.

During the year, the industry faced various challenges with increase in various input costs, lower availability of coal and wagons. While the increase in the prices of key inputs like coal, diesel etc. adversely impacted the costs of production, the increase in rail and road freight increased the logistics costs.

The continued thrust of the Central Government on housing and infrastructure with particular focus on rural infrastructure along with the opening of the real estate sector for foreign direct investment is expected to sustain healthy growth of cement demand. The "Grameen Nirman Yojna" of the Government is bound to boost the demand. This, along with the continued focus on National Highway Development Project and the planned infrastructure projects of airports, ports and power is expected to give the right fillip to cement demand.

Against the above backdrop, the cement demand in the year 2005-06 is expected to grow at around 8% p.a., a rate higher than the capacity creation, thus ensuring high capacity utilization and stable and improved price realization.

Risks and Concerns

While the macro economic and industry outlook are positive, factors such as spiraling oil prices, inflationary pressure, weak monsoon, political uncertainties, shortages of coal and power, transport bottlenecks, tardy implementation of VAT and worsening of fiscal deficit could adversely impact the economic and industry environment.

Review of Operations, Costs and Profitability

JAL's cement plants are based in central India within Satna Cluster.

It is expected that the share of the Satna Cluster in its natural markets during the next 5 years would be maintained at least at the level of

2001-02 and the annual growth in demand in these markets would be as under :

| Market | Actual CAGR between FY' 00 & FY' 05 | Expected annual growth between FY' 06 & FY' 10 |
|--------|-------------------------------------|--|
| UP | 6% | 10% |
| MP | 8.4% | 5% |
| Bihar | 9.1% | 10% |

JAL owns three modern cement plants with an aggregate capacity of 7.0 million tonnes per annum capacity near Rewa in Madhya Pradesh, making Jaypee Cement complex the single-largest cement complex at one location in India from where, nearly 5,00,000 bags are dispatched in about 1500 trucks per day.

Jaypee Cement Complex is consistently producing world class cement of OPC grades 33, 43, 53, IRST-40, the all popular special blends of pozzolana cement such as Superplus PPC – all surpassing applicable BIS standards and would shortly be introducing Low Alkali cement also. Jaypee's blended cement "Buland" and "Buniyad" are very popular brands in the Company's Natural Marketing Zone of M.P., Bihar and U.P. where total sale is 90% of the volumes.

Jaypee Cement is a major player in its Natural Marketing Zone. Jaypee Cement also markets its cement in parts of Northern India, West Bengal and North East. Jaypee Cement presently has a market share of 18.7% and enjoys leadership position in the State of Uttar Pradesh.

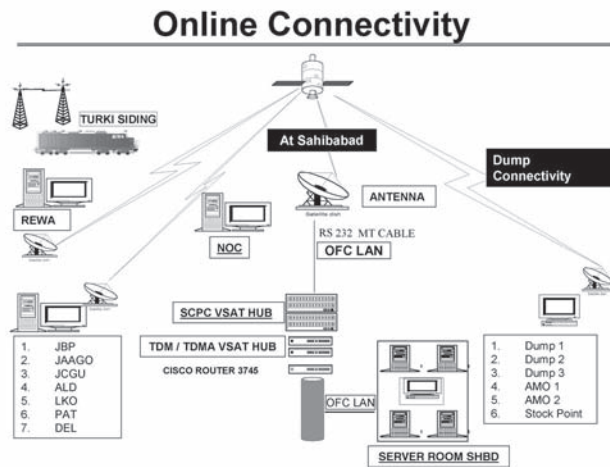
Jaypee Cement has also been the highest exporter of clinker and cement to Nepal, consistently now for over 5 years.

The Division has completed capacity expansion from 4.8 MTPA to 7.0 MTPA, largely through upgrading the facilities at its existing units. A 1.0 MTPA grinding unit at Tanda near Faizabad UP was commissioned in 2004-05 adjoining flyash pond of NTPC to source flyash at zero cost . Locational advantage shall ensure perpetual savings by logistics control.

Various innovations in the upgradation of the plants and usage of Information Technology have enabled the Company to produce cement in a **most cost-effective manner** in Northern India. These innovations have also resulted in the following :

- India's largest Roller Press for clinker grinding is operational and results in power consumption of below 85 units per tonne of cement produced.
- Our two kilns use 6-stage pre-heater with next-gen coolers & cross belt analyzer of world renowned Gamma Matrix and have been programmed to produce clinker with thermal energy consumption of less than 90 kcal per Kg of clinker
- The cost of power, accounting for 33% of cost of cement production has been addressed by captive thermal plants of 50MW (2*25), with air-cooled condenser, thereby generating power at one of the lowest cost per tonne of cement. These account for more than **60% of the total power requirement of the plant at a cost below Rs 3.00 per unit** as against current rate of Rs. 5.00 & Rs 4.60 per unit for MPEB & DG power respectively.
- The water consumption in case of Air Cooled Condenser is only 350 M³/Day as against 3500 M³/day in the case of Water-cooled condenser. As the Company is environment conscious, it wanted to use alternate source for protection of ground & surface water reserves & thus Air cooled Condenser has been used in the thermal power plants.

- Strategic location of **new grinding unit** to ensure **fly ash at zero cost** and perpetual savings in freight on onward movement of cement.
- Capacity addition** has taken place at a **marginal investment, less than Rs. 900/MT** as compared to Rs. 3000/MT in case of a Green Field Project
- A dedicated V-SAT communication system provides 24*7 connectivity between the plants with all the 120 cement dumps, so as to ensure the 'track-the-truck' initiative, resulting in **Online cement movement, sale and financial transactions, a first of its kind in the cement industry.**
- The ERP implementation in the cement division has helped streamline operation and improve efficiencies.



Future Plans of Cement Business

With a production capacity of 7 million tonnes, Jaypee Cement is the 5th largest player in the Country. The Company has obtained a limestone mining lease in District Solan, Himachal Pradesh in FY'05 and is setting up a 3 million tonnes cement plant there, which is expected to be completed by March 2007. To encourage industrialization in Himachal Pradesh, which is primarily an agricultural State, the Government has offered giving an excise waiver for 10 years to industries being set up by March'07.

HYDRO-POWER

The group took a pioneering initiative in 1992 when the Govt. of India initiated reforms process and invited private sector participation in power sector by undertaking 300 MW Baspa II on a Build-Own-Operate Basis. The Company signed a Memorandum of Understanding with Government of Himachal Pradesh (GoHP) for the implementation of the Power Plant in November 1991. Subsequently, GoHP and the Company signed the Implementation Agreement for the Power Plant in October 1992. The Power Station is operational since June, 2003.

To further this objective, 400 MW Vishnuprayag H.E project was undertaken in 1994 through a wholly owned subsidiary and is scheduled for commissioning in the year 2006. Further, another 1000 MW Karcham Wangtoo Hydro-Electric Project is being put up in another wholly owned subsidiary of the Company.

Hydropower is a renewable, economical, non-polluting and environmentally benign source of energy. Hydropower stations have the inherent ability for instantaneous starting, stopping, load variations, etc. and help in improving the reliability of power systems. Water, being eternal and renewable, is fuel for hydropower generation,

and is not only available in abundance but is non-consumptive too. The benefits of hydropower as a clean, environment friendly and economically attractive source of energy have been universally recognized. The need for its accelerated development also arises from its capacity of enhanced system reliability and economics of utilization of resources. World's advanced and fast developing economies have developed on the strength of harnessing this natural resource.

The reforms in the power sector and the focus of the Government in developing hydro-power in the Country coupled with JAL's dominant position of setting up 3 projects on BOO basis provides JAL with a number of opportunities to expand its hydro-power generation base through its subsidiary companies.

Risks and Concerns

There are geological risks associated with the terrain in which hydro-power projects are put up. Apart from this, changes in Government policies associated with the hydro-power sector can influence the growth plans of this sector.

Review of Operations, Costs and Profitability

The 300 MW Baspa-II Power Station owned and operated by Jaiprakash Hydro-Power Ltd was operational for the entire financial year, while the Vishnuprayag Plant being put up by Jaiprakash Power Ventures Limited, is scheduled for commissioning in the year 2006. The performance of the Plant and the Energy generated at Baspa-II Power Station during the year under report, is as under :-

| Plant Availability | Generation (million units) | |
|--------------------|----------------------------|-------------------|
| | Saleable Energy | Deemed Generation |
| 99.77% | 1041.93 | 19.73 |

HOSPITALITY

Industry Status

The tourism sector had a "great year" with the number of foreign tourist visiting India going by over 23.5 per cent to cross the 3-million mark for the first time. The total number of foreign tourists visiting the country was 3.36 million, according to the tourist arrival numbers released by the Government. Similarly, foreign exchange earnings from tourists arrivals also grew by 36.1 per cent to \$4.8 billion during the year from \$3.5 billion a year ago. The industry estimates that tourist arrivals to India can grow by 30 per cent during the "current year".

The World Travel and Tourism Council (WTTC) has recently notified India as one of the fastest growing tourist economies in the world. According to WTTC, Indian tourism is estimated to grow at 8.8 per cent, ahead of China, over the next 10 years.

Health tourism was one of the growth areas during the year. The segment drew over 1,50,000 patients to the country in the last year and has the potential to attract one million health tourists every year.

Risks and Concerns

The Hotel Industry is on a strong growth path with key drivers being a buoyant macroeconomic environment, room additions, rolling out of new products and services and geographical expansion seen across the sector. The outlook of the hotel Industry looks bright in view of the Government policies and liberalized air links with other countries. However, setbacks on account of international events, terrorist attacks will remain a concern.

Review of Operations of Hotel Jaypee Residency Manor, Mussoorie.

During the financial year under review, total revenues from Hotel segment were Rs.116 million which represents approximately an

increase of 14% compared to previous year. PBIDT increased by 246% to Rs.28 million as compared to Rs.11.40 million in the previous year. ARR (Average Room Rate) increased by Rs. 507 i.e. by 15% over the previous year.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems commensurate with its size of operations with qualified and experienced personnel in various departments including Finance, Accounts, Personnel, General Administration, Technical and Corporate Affairs.

The Company also has internal audit teams to ensure that the internal control systems and policies are appropriately adopted. Besides these, reputed firms of Chartered Accounts have been appointed as Internal Auditors and their reports are periodically reviewed by the Audit Committee.

CORPORATE SOCIAL RESPONSIBILITY

People of resources must contribute towards making a better tomorrow for all who come in their contact and we consider it our privilege to accord equal priority in making environment for the local community around our project sites/cement complex while we endeavor in task of nation building.

The Company strives to improve the quality of life of its employees and the community in which it operates.

We remain convinced that education is the cornerstone to economic development and the strength of 1 billion Indians can be channelized by education alone to build India into a developed nation. Education ignites motivation to do better and move up the social strata triggering all round growth in all spheres of society. That is why we believe that quality education on an affordable basis is the biggest service to our Country. Education, Enlightenment and Empowerment is the motto of our education initiative.

The education initiative of the group is undertaken through Jaiprakash Sewa Sansthan –JSS, a not for profit trust of the group. With a vision to 'Empower the masses by the power of Education', the trust has established educational institutions at all levels of the learning curve including 3 world class campuses of higher learning. These are the Jaypee Institute of Information Technology(a Deemed University) near New Delhi, Jaypee University of Information Technology(State University) near Shimla and the Jaypee Institute of Engineering and Technology(study center of JUIT) near Gwalior.

In addition to the higher education initiatives, the other Education initiatives of the group currently provide quality education to over 14000 students spread across various primary and secondary schools. These are dedicated to address the needs of the economically challenged strata of society with a special emphasis on the education of the girl child as well as adult education.

Our vision is to create 'Centres of Excellence' networked to the best of academic and industrial expertise for producing professionals who will lead through innovation, entrepreneurship, creativity and management.

A Comprehensive Rural Development Program(CRDP) based on a meticulously conducted survey was started in 1996 to assist in the development of 18 villages surrounding the Cement Complex in Jaypeenagar, Rewa [M.P]. The activities of CRDP include programmes providing free medical camps, launching literacy campaign both for young girls and adult education, delivering safe drinking water supply and creating huge water reservoirs in different villages, Animal Care and Animal Husbandry, creating opportunities for self employment and other social activities including renovation of old temples, other schools and hospital buildings in the adjoining adopted villages. Free Medical Treatment is provided to the villagers in the Jaypee Cement Complex hospital/ dispensary.

Our concern for the environment is reflected in the fact that Horticulture plans are drawn up on yearly basis. Over the reclaimed areas within our Mining Leases, we have planted 1,82,432 trees till date which include 47,877 teak trees. The whole area looks like a well-groomed jungle. The total plantation within plant & township, Mines and along roads is 4,15,264 Nos.

The efforts were recognized and the Cement Complex was awarded the first prize for afforestation and water quality management by Indian Bureau Of Mines and FIMI's Environmental Award "Abheraj Baldota Environment Award" for the year 2004-05 for Naubasta Limestone Mine.

In the area of Mines, 4 Reservoirs totaling over 47.70 hectares have been created at Jaypeenagar. With a Garland Canal System laid along the Mine areas periphery and constructed with a weir system, run off rainwater is accumulated in these reservoirs. We have successfully demonstrated Rainwater Harvesting since 1991 and the reservoirs have a 29.9 lakh M³ capacity.

Added benefit is that these water reservoirs have led to increase of water level in the area. Prior to creation of these reservoirs, hand pumps / tube wells and ponds in the surrounding villages used to dry up from March till June end (onset of monsoon) every year which is now a story of the past.

The lakes within Naubasta Mine have become a heaven for migratory birds. These birds from far off distances come and live here from November to middle of March and are an ample proof / testimony to our environment success and preservation.

Our commitment to the society and the nation is visible not just through the monetary assistance provided as in the case of the Tsunami where the Company contributed Rs 2 cores to the Prime Minister's Relief Fund, but also in the assistance provided to the

public in the event of natural calamities. During February'05 when the National Highway in Jammu and Kashmir was blocked due to heavy snowfall, the stranded people were provided assistance by the project site. Similar assistance was provided to the stranded pilgrims of Badrinath Shrine when due to land slide the Highway got blocked and people were helped out through the tunnel which was being constructed by the Company for Vishnu Prayag Hydro-Electric Project.

Growth with a human face is the corporate philosophy inculcated in the group and we strive to achieve the same through our each action of ours.

"Achieving perfection in everything we undertake with a commitment to excel. Transforming every challenge into an opportunity... Seizing every opportunity for growth... Growth with a human face."

Cautionary Statement

Statements in the Directors' Report and Management Discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ substantially or materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in government regulations, policies tax laws and other incidental factors. Further, the Company retains the flexibility to respond to fast-changing market conditions and business imperatives. Therefore, the Company may need to change any of the plans and projections that have been outlined in this report, depending on market conditions.

AUDITORS' REPORT

TO, THE MEMBERS OF

JAIPRAKASH ASSOCIATES LIMITED

1. We have audited the attached Balance Sheet of **Jaiprakash Associates Limited** as at 31st March, 2005 and also the annexed Profit and Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are prepared free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statement. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) we have obtained all the information and explanations, which

to the best of our knowledge and belief were necessary for the purpose of our audit;

- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Profit & Loss Account and 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;
- (e) on the basis of written representations received from the directors, as on 31st March, 2005, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March, 2005 from being appointed as a director, in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to:
 - i) Note No. 01 (f) in respect of disputed demand on account of change in conversion factor for calculation of royalty on limestone amounting to Rs. 26,34,50,569/-;
 - ii) Notes No. 01 (g)(i) & (ii) in respect of disputed Trade Tax rebate on sale of fly ash based cement amounting to Rs.60,97,51,853/-;

- iii) Note No. 01 (h) in respect of disputed entry tax on cement of Rs.15,16,85,121/-;
- iv) Note No. 01 (i) in respect of disputed Bihar sales tax of Rs.1,71,20,206/-;
- v) Note No. 01 (j) in respect of disputed excise demands of Rs.1,80,11,750/-;
- vi) Note No. 01 (k) in respect of disputed U.P. Trade tax of Rs.1,10,30,524/-;
- vii) Note No. 01 (l) in respect of disputed entry taxes, *nikay kar*, MPST/CST of Rs.3,79,39,821/-;
- viii) Note No. 01 (m) in respect of disputed electricity cess of Rs.1,84,97,870/-; and
- ix) Note No. 01 (n) in respect of disputed income tax demand of Rs.58,23,47,122/-;

of Schedule 'R' to the Annual Accounts, read together with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
- (ii) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement of the cash flows of the Company for the year ended on that date.

For M.P. SINGH & ASSOCIATES
Chartered Accountants

(M.P.Singh)
Partner
M.No.1454

Place: New Delhi
Dated: 30th June, 2005

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2005, of **Jaiprakash Associates Limited**.

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. The situation of the moveable assets used in the construction activity keeps on changing from works sites depending upon requirements for a particular contract.
- (b) A substantial portion of the Fixed Assets have been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the Company & nature of its assets. According to the information given to us and to the best of our knowledge, no material discrepancies were noticed on such physical verification.
- (c) Fixed assets disposed off by the Company during the year were not substantial; hence it does not affect the Company as a going concern.
- (ii) (a) The inventories have been physically verified by the management at reasonable intervals during the year. In our opinion the frequency of verification is reasonable.

- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification were not material and these have been properly dealt with in the books of account.
- (iii) The Company has not granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods, services & supplies under EPC contracts. During the course of our audit we have not observed any continuing failure to correct major weakness in internal control system.
- (v) Based on the audit procedures applied by us and according to the information and explanations given to us we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section. The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us the Company has complied with the provisions of Section 58A, 58AA and any other provisions of the Companies Act, 1956, and the rules framed thereunder with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other Tribunal.
- (vii) In our opinion the Company has an internal audit system commensurate with the size & nature of its business.
- (viii) We have broadly reviewed the accounts and cost records maintained by the Cement division of the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima-facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records.
- (ix) (a) As per records produced before us, the Company is generally regular in depositing undisputed statutory dues like Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other material statutory dues applicable to it, with the appropriate authorities and there were no arrears of such dues at the year end which have remained outstanding for a period of more than six months from the date they became payable, except for Electricity Duty amounting to Rs.2035.54 lacs, which has since been paid.
- (b) As per records produced before us the dues of Income-tax, Sales-tax, Wealth tax, Service tax, Customs Duty, Excise Duty and cess which have not been deposited on account of any dispute are stated hereunder:

(Rs. lakhs)

| Name of Statute (Nature of dues) | Period to which amount relates | Forum where dispute is pending | | | | Total |
|-------------------------------------|-----------------------------------|--------------------------------|--|---------------|------------------|---------|
| | | Commissionerate | Appellate authorities & Tribunal | High Court | Supreme Court | |
| Income Tax | 2002-2003 | 5823.47 | | | | 5823.47 |
| Central Excise | 1999-2000 | | 2.30 | | | 2.30 |
| | 2001-2002 | 5.44 | 10.88 | | | 16.32 |
| | 2002-2003 | 6.78 | 32.68 | | | 39.46 |
| | 2003-2004 | 54.61 | 48.39 | | | 103.00 |
| | 2004-2005 | | 19.04 | | | 19.04 |
| Service tax | 1997-1998 | | | | 78.47 | 78.47 |
| Electricity Cess | 2003-2004 | | | | 92.49 | 92.49 |
| U.P. Trade Tax | 1992-1993 | | | 11.80 | | 11.80 |
| | 1993-1994 | | | 6.01 | | 6.01 |
| | 1995-1996 | | | 1.98 | | 1.98 |
| | 1999-2000 | | | 0.74 | 480.15 | 480.89 |
| | 2000-2001 | | 8.21 | | 810.29 | 818.50 |
| | 2001-2002 | | | | 711.13 | 711.13 |
| | 2002-2003 | | 60.53 | | 584.77 | 645.30 |
| | 2003-2004 | | | | 289.76 | 289.76 |
| | 2004-2005 | 21.05 | | | 612.97 | 634.02 |
| Bihar Sales Tax | 1994-2003 | | 29.44 | | | 29.44 |
| U.P. Entry Tax | 2001-2002 | | 5.91 | | | 5.91 |
| | 2002-2003 | | 2.29 | | | 2.29 |
| | 2003-2004 | | | | 330.33 | 330.33 |
| | 2004-2005 | | | | 837.00 | 837.00 |
| M.P. Entry Tax | 2000-2001 | | 8.75 | | | 8.75 |
| | 2001-2002 | | | 138.58 | | 138.58 |
| Nikay Kar | 1997-1998 | | | 6.73 | | 6.73 |
| MPCT/CST | 1989-1990 | | 1.26 | | | 1.26 |
| | 1999-2000 | | 15.10 | | | 15.10 |
| | 2001-2002 | | 20.38 | | | 20.38 |
| Royalty on limestone | Upto Dec 2003 | | | 2401.05 | | 2401.05 |

- (x) The Company does not have any accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause (xiii) of Para 4 of the Order is not applicable.
- (xiv) In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, clause (xiv) of Para 4 of the Order is not applicable.
- (xv) In our opinion and according to the information and explanations given to us, where the Company has given any guarantee for loans taken by its subsidiaries from banks or financial institutions, the terms and conditions thereof are not prejudicial to the interest of the company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

- (xvii) According to the information and explanations given to us and on the overall examination of the Balance Sheet of the Company for the year under report, we are of the opinion that no funds raised on short term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has created security/charge in respect of secured non-convertible debentures issued and outstanding at the year end, except in respect of Non Convertible Debentures of Rs.720 crores in respect of which extension of pari-passu charge is yet to be created within the permissible time.
- (xx) As the Company has not raised any money by way of public issues during the year, Clause (xx) of Para 4 of the Order is not applicable.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

 For M.P. SINGH & ASSOCIATES
 Chartered Accountants

(M.P. Singh)
 Partner
 M.No.1454

 Place : New Delhi
 Dated: 30th June, 2005

BALANCE SHEET
 AS AT 31ST MARCH, 2005

| | SCHEDULE | 2004-2005 | | 2003-2004 | |
|---|----------|--------------|----------------|--------------|----------------|
| | | Rs. IN LAKHS | | Rs. IN LAKHS | |
| SOURCES OF FUNDS | | | | | |
| SHAREHOLDERS FUNDS | | | | | |
| Share Capital | A | 17,622 | | 17,622 | |
| Reserves and Surplus | B | 105,853 | 123,475 | 89,920 | 107,542 |
| LOAN FUNDS | | | | | |
| Secured Loans | C | 253,952 | | 184,306 | |
| Unsecured Loans | D | 65,933 | 319,885 | 17,315 | 201,621 |
| DEFERRED TAX LIABILITY | | | 48,810 | | 40,892 |
| TOTAL FUNDS EMPLOYED | | | 492,170 | | 350,055 |
| APPLICATION OF FUNDS | | | | | |
| FIXED ASSETS | | | | | |
| Gross Block | E | 311,172 | | 251,704 | |
| Less: Depreciation | | 105,954 | | 93,124 | |
| Net Block | | 205,218 | | 158,580 | |
| Capital Work-in-Progress | | 39,637 | 244,855 | 68,297 | 226,877 |
| INVESTMENTS | | | | | |
| | F | | 119,198 | | 75,427 |
| DEFERRED TAX ASSET | | | 546 | | 510 |
| CURRENT ASSETS, LOANS & ADVANCES | | | | | |
| Inventories | G | 59,967 | | 50,869 | |
| Sundry Debtors | | 37,025 | | 28,543 | |
| Cash and Bank Balances | | 72,723 | | 22,283 | |
| Other Current Assets | | 215 | | 123 | |
| Loans & Advances | | 80,637 | | 74,200 | |
| | | 250,567 | | 176,018 | |
| LESS: CURRENT LIABILITIES & PROVISIONS | | | | | |
| Current Liabilities | H | 109,997 | | 120,633 | |
| Provisions | | 13,245 | | 8,601 | |
| | | 123,242 | | 129,234 | |
| NET CURRENT ASSETS | | | 127,325 | | 46,784 |
| MISCELLANEOUS EXPENDITURE | I | | 246 | | 457 |
| TOTAL APPLICATION OF FUNDS | | | 492,170 | | 350,055 |
| Accounting Policies and Notes to the Accounts | R | | | | |

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

For and on behalf of the Board

For M.P. SINGH & ASSOCIATES
Chartered Accountants

JAIPRAKASH GAUR
Chairman

MANOJ GAUR
Managing Director

M.P. SINGH
Partner

SUNIL KUMAR SHARMA
Managing Director

Place : New Delhi
Dated: 30th June, 2005

G.D. BANSAL
Vice President (Accounts)

R.B. SINGH
Sr. Jt. President (Finance)

HARISH K. VAID
President (Corporate) & Company Secretary

S.D. NAILWAL
Director

PROFIT & LOSS ACCOUNT
 FOR THE YEAR ENDED 31ST MARCH, 2005

| | SCHEDULE | 2004-2005 | | 2003-2004 | |
|---|----------|---------------|---------------|---------------|---------|
| | | Rs. IN LAKHS | | Rs. IN LAKHS | |
| INCOME | | | | | |
| Cement Sales | | 123,673 | | 99,607 | |
| Less: Excise Duty | | <u>20,212</u> | 103,461 | (17,668) | |
| Construction Revenue | | | 175,537 | 160,755 | |
| Hotel Revenue & Other Income | J | | 16,492 | 13,215 | |
| Increase/(Decrease) in Stocks | K | | <u>622</u> | <u>159</u> | 256,068 |
| EXPENDITURE | | | | | |
| Construction & Manufacturing Expenses | L | | 169,332 | 141,854 | |
| Personnel | M | | 10,027 | 8,900 | |
| Selling & Distribution Expenses | N | | 25,140 | 21,109 | |
| Other Expenses | O | | 24,065 | 24,280 | |
| Interest | P | | 21,339 | 20,465 | |
| Depreciation | | | <u>13,334</u> | <u>12,712</u> | 229,320 |
| Profit before Taxation | | | 32,875 | | 26,748 |
| Provision for Taxation | | | | | |
| Current Tax | | | 4,230 | 3,349 | |
| Deferred Tax | | | <u>7,882</u> | <u>6,425</u> | 9,774 |
| Profit after Taxation | | | 20,763 | | 16,974 |
| Profit/(Loss) brought forward from Previous Year | | | 24,026 | | 17,586 |
| Debenture Redemption Reserve no longer required | | | <u>12,100</u> | | — |
| Profit Available for Appropriation | | | 56,889 | | 34,560 |
| Less: Provision for Dividend Tax [Education Cess] Pertaining to Previous Year | | | 7 | | — |
| Less: Transferred to Debenture Redemption Reserve | | | 8,100 | | 6,550 |
| Less: Transferred to General Reserve | | | 2,100 | | 1,000 |
| Less: Interim Dividend | | | 3,172 | | — |
| Proposed Final Dividend | | | 1,058 | 2,644 | |
| Tax on Dividends | | | <u>593</u> | <u>340</u> | 2,984 |
| Balance carried to Balance Sheet | | | 41,859 | | 24,026 |
| Accounting Policies and Notes to the Accounts | R | | | | |
| Basic Earning Per Share [Rupees] | | | 11.78 | | 9.63 |
| Diluted Earning Per Share [Rupees] | | | 11.77 | | 9.63 |

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

For and on behalf of the Board

 For M.P. SINGH & ASSOCIATES
 Chartered Accountants

JAIPRAKASH GAUR
 Chairman

MANOJ GAUR
 Managing Director

M.P. SINGH
 Partner

SUNIL KUMAR SHARMA
 Managing Director

 Place : New Delhi
 Dated: 30th June, 2005

G.D. BANSAL
 Vice President (Accounts)

R.B. SINGH
 Sr. Jt. President (Finance)

HARISH K. VAID
 President (Corporate) & Company Secretary

S.D. NAILWAL
 Director

| SCHEDULE "A" SHARE CAPITAL | 2004-2005 Rs. IN LAKHS | 2003-2004 Rs. IN LAKHS |
|--|---------------------------|---------------------------|
| Authorised | | |
| 98,00,00,000 Equity Shares of Rs.10/- each | <u>98,000</u> | <u>98,000</u> |
| Issued, Subscribed and Paid-up | | |
| 17,62,16,981 Equity Shares of Rs. 10/- each fully paid up including 17,21,73,011 Equity Shares allotted as fully paid up without payment being received in cash in terms of the Scheme of Arrangement and 40,43,970 Equity Shares allotted under "Jaypee Employees Stock Purchase Scheme, 2002" | <u>17,622</u> | <u>17,622</u> |
| | <u>17,622</u> | <u>17,622</u> |

**SCHEDULE "B"
RESERVES AND SURPLUS**

| | | | |
|---|---------------|----------------|---------------|
| General Reserve | | | |
| As per last Balance Sheet | 15,712 | | 14,812 |
| Add: Transfer from Profit & Loss Account | 2,100 | | 1,000 |
| Less: Goodwill Written-off | - | 17,812 | 100 |
| | | | <u>15,712</u> |
| Debenture Redemption Reserve | | | |
| As per last Balance Sheet | 23,750 | | 17,200 |
| Add: Provided during the year | 8,100 | | 6,550 |
| | <u>31,850</u> | | <u>23,750</u> |
| Less: Transfer to Profit & Loss Account on Redemption | 12,100 | 19,750 | - |
| | | | <u>23,750</u> |
| Revaluation Reserve | | | |
| As per last Balance Sheet | 951 | | 951 |
| Share Premium Account | | | |
| As per last Balance Sheet | 25,481 | | 25,481 |
| Surplus | | | |
| As per Profit & Loss Account | 41,859 | | 24,026 |
| | | <u>105,853</u> | <u>89,920</u> |

**SCHEDULE "C"
SECURED LOANS**
A. Term Loans

| | | | | |
|---------------------------------|--------|--------|---------|----------------|
| (i) From Financial Institutions | | 44,075 | | 34,202 |
| (ii) From Banks | | | | |
| (a) In Rupees | 76,397 | | | 76,787 |
| (b) In Foreign Currency | 11,513 | 87,910 | 131,985 | - |
| | | | | <u>110,989</u> |

B. Other Loans:

 (Secured against hypothecation of Stocks, Spare Parts,
Plant & Machinery and Revenue of Construction Division)

| | | | | |
|---|-------|-------|----------------|----------------|
| (i) For Iraq Works From Banks | | 5,511 | | 10,180 |
| (ii) For Working Capital From Banks | | | | |
| (a) In Rupees | 8,479 | | | 8,646 |
| (b) In Foreign Currency | 1,163 | 9,642 | | 1,082 |
| (iii) For Taj Expressway Project [against Land] | | - | 15,153 | 12,500 |
| | C/F | | <u>147,138</u> | <u>143,397</u> |

SCHEDULE "C" (Contd.)

| | | 2004-2005 Rs. IN LAKHS | 2003-2004 Rs. IN LAKHS |
|--|-----|---------------------------|---------------------------|
| | B/F | 147,138 | 143,397 |
| C. Debentures | | | |
| (i) 53,00,000 16.5% Non-convertible Secured Debentures of Rs.100/- each fully paid-up in cash [Rs.75/- Per Debenture Redeemed] [Previous Year Rs.50/-] | | 1,325 | 2,650 |
| (ii) 5,00,000 15% Non-convertible Secured Debentures of Rs.100/- each fully paid-up in cash [Fully Redeemed] [Previous Year Rs.25/- Per Debenture Redeemed] | | - | 375 |
| (iii) 5,00,000 15% Non-convertible Secured Debentures of Rs.100/- each fully paid-up in cash [Fully Redeemed] [Previous Year Rs.25/- Per Debenture Redeemed] | | - | 375 |
| (iv) 50,00,000 16.5% Non-convertible Secured Debentures of Rs.100/- each fully paid-up in cash [Rs.50/- Per Debenture Redeemed] [Previous Year Rs.30/-] | | 2,500 | 3,500 |
| (v) 3,000 14.25% Non-convertible Secured Debentures of Rs.1,00,000/- each fully paid-up in cash [Fully Redeemed] | | - | 3,000 |
| (vi) 2,000 13.75% Non-convertible Secured Debentures of Rs.1,00,000/- each fully paid-up in cash [Fully Redeemed] | | - | 2,000 |
| (vii) 1,00,00,000 12% Non-convertible Secured Debentures of of Rs.100/- each fully paid-up in cash [Rs.20/- per Debenture Redeemed] | | 8,000 | 10,000 |
| (viii) 70,00,000 16.5% Non-convertible Secured Debentures of Rs.100/- each fully paid-up in cash [Fully Redeemed] [Previous Year Rs.80/-] | | - | 1,400 |
| (ix) 100,00,000 16.5% Non-convertible Secured Debentures of Rs.100/- each fully paid-up in cash [Fully Redeemed] [Previous Year Rs.80/-] | | - | 2,000 |
| (x) 1,100 13.5% Non-convertible Secured Debentures of Rs.1,00,000/- each fully paid-up in cash [Rs.25,000/- per Debenture Redeemed] | | 825 | 1,100 |
| (xi) 900 13.5% Non-convertible Secured Debentures of Rs.1,00,000/- each fully paid-up in cash [Rs.25,000/- per Debenture Redeemed] | | 675 | 900 |
| (xii) 1,000 13.5% Non-convertible Secured Debentures of Rs.1,00,000/- each fully paid-up in cash [Fully Redeemed] | | - | 1,000 |
| (xiii) 400 13.5% Non-convertible Secured Debentures of Rs.1,00,000/- each fully paid-up in cash [Fully Redeemed] | | - | 400 |
| (xiv) 1,000 12% Non-convertible Secured Debentures of Rs.1,00,000/- each fully paid-up in cash | | 1,000 | 1,000 |
| (xv) 2,000 12% Non-convertible Secured Debentures of Rs.1,00,000/- each fully paid-up in cash [Fully Redeemed] | | - | 2,000 |
| (xvi) 4,000 7.5% Non-convertible Secured Debentures of Rs.10,00,000/- each fully paid-up in cash | | 40,000 | - |
| (xvii) 1,600 7% Non-convertible Secured Debentures of Rs.10,00,000/- each fully paid-up in cash | | 16,000 | - |
| (xviii) 1,600 8% Non-convertible Secured Debentures of Rs.10,00,000/- each fully paid-up in cash | | 16,000 | - |
| (xix) 1,600 8% Non-convertible Secured Debentures of Rs.10,00,000/- each fully paid-up in cash | | 16,000 | 31,700 |
| D. Government Departments, Public Sector Undertakings & Others (Secured against hypothecation of Construction Material and Plant & Machinery) | | | |
| (i) Interest Bearing | | 1,640 | 2,255 |
| (ii) Non Interest Bearing | | 2,239 | 6,433 |
| E. Hire Purchase | | 610 | 521 |
| | | 253,952 | 184,306 |

SCHEDULE "D"
UNSECURED LOANS
2004-2005
Rs. IN LAKHS
2003-2004
Rs. IN LAKHS

| | | |
|--|---------------|--------|
| A. Short Term Loans: | | |
| From Financial Institution | | |
| From Banks | 5,141 | 4,000 |
| [Repayable within one year - Rs.5,141/- Lakhs (Previous Year Rs.4,000/- Lakhs)] | | |
| B. Foreign Currency Convertible Bonds | | |
| [See Note No.2 of Schedule "R"] | 43,630 | - |
| C. Sales Tax Deferment Loan | 3,890 | 4,325 |
| [Repayable within one year - Rs.759/- Lakhs [Previous Year Rs.335/- Lakhs] | | |
| D. Bills Discounting | 3,234 | 1,475 |
| [Repayable within one year - Rs.3,234/- Lakhs [Previous Year Rs.1,475/- Lakhs] | | |
| E. Fixed Deposit Scheme | 5,100 | 3,080 |
| [Repayable within one year - Rs.2,614/- Lakhs (Previous Year Rs.1,841 Lakhs)] | | |
| F. Deposits [from Stockists & Sales Promoters] | 4,938 | 4,435 |
| | 65,933 | 17,315 |

SCHEDULE "E"
FIXED ASSETS
Rs. IN LAKHS

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------------------------|-------------------|--------------------------------|--|--------------------|-------------------|-----------------|---------------------|----------------|--------------------|--------------------|
| | As on 1.4.2004 | Addition During the Year | Sale/ Transfer/ Disposal During the Year | As on 31.3.2005 | Upto 31.3.2004 | For the Year | Sale/ Adjustment | Total | As on 31.3.2005 | As on 31.3.2004 |
| 01 Land | | | | | | | | | | |
| (a) Leasehold Land | 1,166 | 165 | 9 | 1,322 | - | - | - | - | 1,322 | 1,166 |
| (b) Freehold Land | 1,136 | 331 | - | 1,467 | - | - | - | - | 1,467 | 1,136 |
| 02 Building | | | | | | | | | | |
| (a) Office | 15,476 | 2,950 | - | 18,426 | 2,182 | 376 | - | 2,558 | 15,868 | 13,294 |
| (b) Hotel | 2,553 | - | - | 2,553 | 351 | 42 | - | 393 | 2,160 | 2,202 |
| 03 Purely Temporary Erections | 9,602 | 223 | - | 9,825 | 9,602 | 223 | - | 9,825 | - | - |
| 04 Railway siding | 830 | - | - | 830 | 429 | 39 | - | 468 | 362 | 401 |
| 05 Plant & Machinery | | | | | | | | | | |
| (a) Cement Division | 99,656 | 26,907 | 159 | 126,404 | 47,652 | 5,927 | 148 | 53,431 | 72,973 | 52,004 |
| (b) Construction Division | 110,976 | 5,591 | 737 | 115,830 | 29,091 | 5,141 | 189 | 34,043 | 81,787 | 81,885 |
| (b) Hotel | 51 | 8 | - | 59 | 7 | 3 | - | 10 | 49 | 44 |
| 06 Captive Thermal Power Plant | - | 23,695 | - | 23,695 | - | 810 | - | 810 | 22,885 | - |
| 07 Miscellaneous Fixed Assets(Hotel) | 122 | 7 | - | 129 | 22 | 7 | - | 29 | 100 | 100 |
| 08 Motor Vehicles | 3,282 | 161 | 57 | 3,386 | 1,350 | 291 | 36 | 1,605 | 1,781 | 1,932 |
| 09 Furniture & Office Equipment | 6,108 | 604 | 212 | 6,500 | 2,277 | 456 | 153 | 2,580 | 3,920 | 3,831 |
| 10 Ships : Boat | 4 | - | - | 4 | - | - | - | - | 4 | 4 |
| 11 Helicopter | 739 | - | - | 739 | 158 | 41 | - | 199 | 540 | 581 |
| 12 Technical Books | 3 | - | - | 3 | 3 | - | - | 3 | - | - |
| | 251,704 | 60,642 | 1,174 | 311,172 | 93,124 | 13,356 | 526 | 105,954 | 205,218 | 158,580 |
| PREVIOUS YEAR | 235,580 | 19,061 | 2,937 | 251,704 | 82,777 | 12,727 | 2,380 | 93,124 | 158,580 | - |
| CAPITAL WORK-IN-PROGRESS | | | | | | | | | 39,637 | 68,297 |

Note: Out of the Depreciation for the year, Rs. 22 lakhs (Previous Year Rs.15 lakhs) has been included in Expenditure During Construction Period shown in Schedule "Q"

SCHEDULE "F"
INVESTMENTS (AT COST)
2004-2005
Rs. IN LAKHS
2003-2004
Rs. IN LAKHS
Other Investments
(a) QUOTED

| | | | | |
|--|-------|-------|-------|-------|
| (i) 4,67,970 Equity Shares of Rs.10/- each fully paid up of Jaiprakash Enterprises Limited | 47 | | 47 | |
| (ii) 4,00,49,943 Equity Shares of Rs.10/- each fully paid up of Jaypee Hotels Ltd. | 6,542 | | 6,542 | |
| (iii) 15,350 Equity shares of Rs. 10/- each fully paid up of Capital Trust Limited | 2 | | 2 | |
| (iv) 100 Equity Shares of Rs.10/- each of fully paid up of IFCI Ltd. [Rs.3,500/-] | - | | - | |
| (v) 7,21,600 Equity Shares of Rs.10/- each of fully paid up of Indian Overseas Bank | 72 | | 72 | |
| (vi) 1,65,900 Equity Shares of Rs.10/- each of fully paid up of PNB Gilts Limited | 50 | 6,713 | 50 | 6,713 |

(b) UNQUOTED

| | | | | |
|--|--------|---------|--------|--------|
| (i) 5 Equity Shares of Makers Chamber VI Premises Co-operative Society Limited, Bombay of Rs.50/- each fully paid up (Rs.250/-) | - | | - | |
| (ii) 5,000 Equity Shares of Tourism Advisory Financial Service Corpn. of India Ltd of Rs.100/- each fully paid up | 5 | | 5 | |
| (iii) 49,10,00,600 Equity Shares of Jaiprakash Hydro-Power Ltd. [Subsidiary Company] of Rs.10/- each fully paid-up [Previous Year 35,60,00,600] | 59,376 | | 35,600 | |
| (iv) 42,90,00,000 Equity Shares of Jaiprakash Power Ventures Limited [Subsidiary Company] of Rs.10/- each fully paid-up [Previous Year 32,90,00,000] | 42,900 | | 32,900 | |
| (v) 20,35,000 Equity Shares of Jaypee DSC Ventures Limited of Rs.10/- each fully paid-up | 204 | | 204 | |
| (vi) 50,000 Equity Shares of Jaypee Karcham Hydro Corporation Ltd. [Subsidiary Company] of Rs.10/- each fully paid-up | 5 | 102,490 | 5 | 68,714 |

(c) GOVERNMENT SECURITIES
[Pledged with various Government Departments as Security]

| | | | | |
|---|---|---|---|---|
| (i) National Savings Certificates [Face Value Rs.8,000/-] | - | | - | |
| (ii) Kisaan Vikas Patra [Face Value Rs.3,000/-] | - | - | - | - |

(d) SHARE APPLICATION MONEY

| | | | | |
|---|----------------|--|---------------|--|
| Jaypee Karcham Hydro Corporation Limited [Subsidiary Company] | 9,995 | | - | |
| | 119,198 | | 75,427 | |

Note:1. Aggregate cost of:

| | |
|---|--------------------|
| Quoted Investments (Market Value Rs.165,27,33,127/- | |
| Previous Year Rs.55,79,45,465/-) | Rs. 671,233,848 |
| Unquoted | Rs. 10,248,956,250 |
| Government Securities | Rs. 11,000 |

2. All Investments are Long Term

SCHEDULE "G"
CURRENT ASSETS, LOANS & ADVANCES
2004-2005
Rs. IN LAKHS
2003-2004
Rs. IN LAKHS
A. CURRENT ASSETS
1. INVENTORIES (As per inventories taken, valued and certified by the Management)

| | | | | |
|---|--------|--------|--------|--------|
| (a) Stores and Spare Parts (at cost) | 24,477 | | 24,194 | |
| (b) Construction Materials - Construction Division (at cost) | 7,838 | | 3,716 | |
| (c) Raw Materials - Cement Division (at cost) | 500 | | 210 | |
| (d) Finished Goods - Cement Division (at estimated cost or net realisable value whichever is lower) | 2,655 | | 1,800 | |
| (e) Stock-in-Process - Cement Division (at estimated cost) | 1,373 | | 1,606 | |
| (f) Work-in-Progress - Construction Division (at estimated cost) | 22,038 | | 17,654 | |
| (g) Goods in Transit | 1,086 | 59,967 | 1,689 | 50,869 |

2. SUNDRY DEBTORS

(Unsecured, considered good)

(a) Debts outstanding for a period exceeding six months:

| | | | | |
|---------------------|--------|--------|--------|--------|
| (i) From Iraq Works | 10,163 | | 10,163 | |
| (ii) From Others | 10,818 | 20,981 | 11,180 | |
| (b) Other Debts | | 16,044 | 7,200 | 28,543 |

3. CASH AND BANK BALANCES

(a) Cash, Cheques in hand and in transit

| | | | | |
|--|-------|--|-------|--|
| | 2,930 | | 4,950 | |
|--|-------|--|-------|--|

(b) Balances with Scheduled Banks

| | | | | |
|---|--------|--------|-------|--|
| (i) In Current Account | 14,362 | | 7,418 | |
| (ii) In Fixed Deposits Account (Fixed Deposit for Rs.84,93,57,545/- pledged with Banks & Others, Previous Year Rs.76,28,23,308/-) | 54,830 | | 9,692 | |
| (iii) Balance in Dividend Account | 193 | 69,385 | 140 | |

(c) Balance with Non-Scheduled (Foreign) Banks In Current Account

| | | | | |
|--|-----|--------|----|--------|
| | 408 | 72,723 | 83 | 22,283 |
|--|-----|--------|----|--------|

4. OTHER CURRENT ASSETS

Interest accrued on Fixed Deposits & Others (From Banks Rs.2,12,05,353/- Previous Year Rs.1,19,93,128/-)

| | | | | |
|--|--|-----|--|-----|
| | | 215 | | 123 |
|--|--|-----|--|-----|

| | |
|----------------|----------------|
| 169,930 | 101,818 |
|----------------|----------------|

B. LOANS AND ADVANCES

(Unsecured, considered good)

Advances to Suppliers, Contractors, Sub-Contractors & Others

| | | | | |
|--|--------|--|--------|--|
| | 50,052 | | 49,339 | |
|--|--------|--|--------|--|

Staff Imprest and Advances

| | | | | |
|--|-----|--|-----|--|
| | 493 | | 540 | |
|--|-----|--|-----|--|

Claims and Refunds Receivable

| | | | | |
|--|-------|--|-------|--|
| | 5,784 | | 4,424 | |
|--|-------|--|-------|--|

Prepaid Expenses

| | | | | |
|--|-------|--|-------|--|
| | 2,705 | | 2,388 | |
|--|-------|--|-------|--|

Deposits with Govt. Deptts., Public Bodies and Others

| | | | | |
|-----------------------------------|-------|--|-------|--|
| (a) Govt. Deptts. & Public Bodies | 6,138 | | 5,758 | |
|-----------------------------------|-------|--|-------|--|

(b) Others

| | | | | |
|--|-------|-------|-------|-------|
| | 3,232 | 9,370 | 3,097 | 8,855 |
|--|-------|-------|-------|-------|

Works Contract Tax/Sales Tax Recoverable

| | | | | |
|--|-------|--|-------|--|
| | 4,005 | | 3,106 | |
|--|-------|--|-------|--|

Income Tax Deducted at Source

| | | | | |
|--|-------|--|-------|--|
| | 8,228 | | 5,548 | |
|--|-------|--|-------|--|

| | | | | |
|--|---------------|--|---------------|--|
| | 80,637 | | 74,200 | |
|--|---------------|--|---------------|--|

| | | | | |
|--|----------------|--|----------------|--|
| | 250,567 | | 176,018 | |
|--|----------------|--|----------------|--|

GRAND TOTAL
SCHEDULE "H"
CURRENT LIABILITIES AND PROVISIONS
A. CURRENT LIABILITIES

Sundry Creditors

| | | | | |
|--------------------------------------|---|--|---|--|
| (a) Dues to Small Scale Undertakings | 3 | | 6 | |
|--------------------------------------|---|--|---|--|

| | | | | |
|------------|--------|--------|--------|--------|
| (b) Others | 40,786 | 40,789 | 38,384 | 38,390 |
|------------|--------|--------|--------|--------|

| | | | | |
|-------------------------|--|-------|--|-------|
| Advances from Customers | | 6,034 | | 6,586 |
|-------------------------|--|-------|--|-------|

| | | | | |
|--------------|--|-----|--|-----|
| Due to Staff | | 460 | | 380 |
|--------------|--|-----|--|-----|

| | | | | |
|------------------|--|---|--|---|
| Due to Directors | | - | | 1 |
|------------------|--|---|--|---|

Adjustable receipts against Contracts (against Bank Guarantees)

| | | | | |
|----------------------|-------|--|-------|--|
| (a) Interest Bearing | 5,659 | | 9,158 | |
|----------------------|-------|--|-------|--|

| | | | | |
|--------------------------|--------|--------|--------|--------|
| (b) Non Interest Bearing | 43,063 | 48,722 | 47,417 | 56,575 |
|--------------------------|--------|--------|--------|--------|

| | | | | |
|-------------------|--|-------|--|--------|
| Other Liabilities | | 7,507 | | 12,208 |
|-------------------|--|-------|--|--------|

| | | | | |
|---------------------------------------|--|-------|--|-------|
| Interest accrued but not due on loans | | 6,290 | | 6,351 |
|---------------------------------------|--|-------|--|-------|

Investors Education & Protection Fund:

(Appropriate amounts shall be transferred to Investor Education & Protection Fund, if and when due)

| | | | | |
|------------------------|-----|--|-----|--|
| (a) Unclaimed Dividend | 193 | | 140 | |
|------------------------|-----|--|-----|--|

| | | | | |
|---|---|-----|---|-----|
| (b) Share Application Money Refundable A/c (Rights Issue) | 2 | 195 | 2 | 142 |
|---|---|-----|---|-----|

| | |
|----------------|----------------|
| 109,997 | 120,633 |
|----------------|----------------|

| | 2004-2005 | | 2003-2004 | |
|---|--------------|----------------|--------------|----------------|
| | Rs. IN LAKHS | | Rs. IN LAKHS | |
| B. PROVISIONS | | | | |
| For Taxation | | 6,665 | | 4,018 |
| For Gratuity | | 1,315 | | 1,159 |
| For Provident Fund | | 135 | | 179 |
| For Leave Encashment | | 307 | | 261 |
| For Interim Dividend | | 3,172 | | - |
| For Proposed Final Dividend | | 1,058 | | 2,644 |
| For Tax on Dividends | | 593 | | 340 |
| | | 13,245 | | 8,601 |
| GRAND TOTAL | | 123,242 | | 129,234 |
| SCHEDULE "I" | | | | |
| MISCELLANEOUS EXPENDITURE | | | | |
| (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED) | | | | |
| Share Issue Expenses | 51 | | 76 | |
| Less:Written-off during the year | <u>25</u> | 26 | <u>25</u> | 51 |
| Preliminary Expenses | | 4 | | 8 |
| Deferred Revenue Expenditure | | 216 | | 398 |
| | | 246 | | 457 |
| SCHEDULE "J" | | | | |
| HOTEL REVENUE & OTHER INCOME | | | | |
| Hotel Revenue | | | | |
| Room Sale | 854 | | 743 | |
| Food & Beverages | 186 | | 163 | |
| Wine & Liquor | 30 | | 23 | |
| Telex & Telephone | 4 | | 7 | |
| Other Services | <u>78</u> | 1,152 | <u>77</u> | 1,013 |
| Fabrication Jobs | 1,546 | | 198 | |
| Less:Excise Duty | <u>244</u> | 1,302 | <u>37</u> | 161 |
| Dividends | | 419 | | 25 |
| Rent | | 145 | | 144 |
| Machinery Rentals | | 6,845 | | 5,905 |
| Profit on Sale of Shares [Net] | | - | | 12 |
| Foreign Currency Exchange Rate Difference | | 36 | | 93 |
| Interest (including Rs.8,94,35,808/- from Banks) | | 1,012 | | 1,909 |
| Miscellaneous | | 5,581 | | 3,953 |
| | | 16,492 | | 13,215 |
| SCHEDULE "K" | | | | |
| INCREASE / (DECREASE) IN STOCKS | | | | |
| CLOSING STOCKS | | | | |
| Finished Goods | 2,655 | | 1,800 | |
| Stock-in-process | <u>1,373</u> | 4,028 | <u>1,606</u> | 3,406 |
| LESS:OPENING STOCKS | | | | |
| Finished Goods | 1,800 | | 1,350 | |
| Stock-in-Process | <u>1,606</u> | 3,406 | <u>1,897</u> | 3,247 |
| | | 622 | | 159 |
| SCHEDULE "L" | | | | |
| CONSTRUCTION & MANUFACTURING EXPENSES | | | | |
| Work-in-Progress as on 01.04.2004 - Construction Division | | 17,654 | | 10,924 |
| Construction Expenses | | 78,184 | | 66,590 |
| Raw Materials Consumed - Cement Division | | 11,792 | | 10,228 |
| Fabrication Expenses | | 1,105 | | 175 |
| Consumption of Food and Beverages etc. | | 99 | | 91 |
| Hotel Operating Expenses | | 423 | | 491 |
| Hire Charges and Lease Rentals of Machinery | | 829 | | 770 |
| Power, Electricity and Water Charges | | 20,825 | | 21,335 |
| Repairs and Maintenance of Machinery | | 14,671 | | 14,255 |
| Repairs to Building and Camps | | 829 | | 1,067 |
| Stores and Spares Consumed | | 17,950 | | 14,127 |
| Coal and Packing Materials Consumed | | 18,471 | | 14,448 |
| Freight, Octroi & Transport Charges | | 8,538 | | 5,007 |
| | | 191,370 | | 159,508 |
| Less:Closing Work-in-Progress - Construction Division | | 22,038 | | 17,654 |
| | | 169,332 | | 141,854 |

| SCHEDULE "M" | 2004-2005 | 2003-2004 |
|---|---------------------|---------------------|
| PERSONNEL | Rs. IN LAKHS | Rs. IN LAKHS |
| Salaries, Wages & Bonus | 7,549 | 6,502 |
| Gratuity | 267 | 247 |
| Contribution to Provident & Other Funds | 635 | 579 |
| Staff Welfare | 1,576 | 1,572 |
| | 10,027 | 8,900 |

| SCHEDULE "N" | | |
|--|---------------|---------------|
| SELLING & DISTRIBUTION EXPENSES | | |
| Loading, Transportation & Other Charges | 22,032 | 18,175 |
| Commission on Cement Sales | 1,942 | 1,453 |
| Sales Promotion | 1,166 | 1,481 |
| | 25,140 | 21,109 |

| SCHEDULE "O" | | |
|---|---------------|---------------|
| OTHER EXPENSES | | |
| Rent | 287 | 277 |
| Rates & Taxes | 1,966 | 1,400 |
| Insurance | 2,595 | 2,554 |
| Travelling & Conveyance | 1,334 | 1,120 |
| Bank Charges & Guarantee Commission | 2,821 | 3,158 |
| Loss on Sale / Disposal / Write-off of Assets (Net) | 325 | 341 |
| Financing Charges | 4,814 | 362 |
| Postage, Telephone & Telex | 546 | 501 |
| Light Vehicles Running & Maintenance | 594 | 539 |
| Legal & Professional | 2,399 | 1,498 |
| Charity & Donation | 901 | 414 |
| Security & Medical Service | 1,390 | 1,242 |
| Interest Receivables Written-off [Iraq] | - | 7,935 |
| Sundry Balances Written-off | 1,827 | 1,265 |
| Directors' Fees | 6 | 5 |
| Miscellaneous Expenses | 2,196 | 1,618 |
| Auditors' Remuneration: | | |
| Audit Fees | 19 | 15 |
| Tax Audit Fees | 2 | 2 |
| Other Services | 8 | - |
| To Partners in other capacity: | | |
| For Taxation Matters [Rs.12,000/-] | - | - |
| For Management Services | 1 | 1 |
| Reimbursement of Expenses | 4 | 3 |
| Preliminary, Share & Debenture Issue & Other carry forward expenses written off | 30 | 30 |
| | 24,065 | 24,280 |

| SCHEDULE "P" | | |
|--|---------------|---------------|
| INTEREST | | |
| Interest on Non-Convertible Debentures | 5,615 | 4,443 |
| Interest on Term Loans | 11,424 | 10,040 |
| Interest on Bank Borrowing and Others | 4,300 | 5,982 |
| | 21,339 | 20,465 |

| SCHEDULE "Q" | 2004-2005 | 2003-2004 |
|---|---------------------|---------------------|
| EXPENDITURE DURING CONSTRUCTION PERIOD | Rs. IN LAKHS | Rs. IN LAKHS |
| Opening Balance as on 01.04.2004 | 10,118 | 1,793 |
| Electricity, Power and Fuel | 2,130 | 472 |
| Salary, Wages and Staff Welfare | 351 | 620 |
| Site Development Expenses | 188 | 247 |
| Repair and Maintenance | 260 | 169 |
| Legal and Professional | 1,073 | 1,691 |
| Insurance | 49 | 127 |
| License, Application Fees, Rates and Taxes | 16 | 15 |
| Travelling and Conveyance | 40 | 40 |
| LC Commission, Bank Charges and Bank Guarantee Commission | 643 | 101 |
| Interest | 6,241 | 4,034 |
| Loan Processing / Front End Fee | 1,498 | 357 |
| Safety and Security | 21 | 70 |
| Freight and Material Handling | 208 | 229 |
| Environmental and Pollution Study Fee | 13 | 2 |
| Vehicle / Machinery Hire Charges | 75 | 51 |
| Postage, Telephone and Telex | 4 | 2 |
| Light Vehicles Running and Maintenance | 34 | 62 |
| Depreciation | 22 | 15 |
| Technical Fee | 1,041 | - |
| Charity and Donation | 1 | - |
| Miscellaneous | 388 | 21 |
| | 24,414 | 10,118 |
| Less: Capitalised During the year | 13,372 | - |
| | 11,042 | 10,118 |

SCHEDULE "R"
ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS
(A) SIGNIFICANT ACCOUNTING POLICIES
General

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

Revenue Recognition

- (i) (a) Construction Division: Construction Revenue/Incomes and Costs/ Expenditures are accounted for on accrual basis as they are earned or incurred and as per AS-7 [Revised].
- (b) Cement Division: Cement Sales are net of Excise Duty/Sales Tax/ Trade Tax.
- (ii) **Time Share - Mussoorie Hotel**
 Advances received for Time Share Weeks are reckoned as income in equal amounts spread over the Time Share period commencing from the year in which full payment is received.
- (iii) **Escalations / Claims**
 Escalations/claims have been taken in the accounts on the basis of receipts or as acknowledged by the clients.
- (iv) **Contract Expenses**
 (a) The costs that are incurred before a contract is secured are treated as expenses for the year in which these are incurred and charged to revenue.

- (b) The costs attributable to contracts are normally identified with reference to respective contracts. However, the costs which cannot be identified / identifiable to a specified contract are charged to the general revenue in the year in which such costs are incurred.

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 the 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/ materialised.

Fixed Assets

Fixed Assets are stated at Cost of acquisition or construction inclusive of freight, erection & 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.

Investments

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

Retirement Benefits

Retirement Benefits are provided in the books in the following manner:

- (a) Gratuity and Leave Encashment on Retirement - as per actuarial valuation.
- (b) Provident Fund and Family Pension are contributed as a percentage of salary / wages.

Inventories

- (a) Stock of cement is valued at estimated cost or net realisable value, whichever is less. Value of cement and clinker lying in the factory premises include excise duty, pursuant to the Accounting Standard (AS-2) [Revised].
- (b) The closing stocks are valued on the basis of Weighted Average Cost Method.
- (c) Work-in-progress/Material-in-Process are valued at estimated cost.

Foreign Currency Transactions

- (a) Monetary Assets and Liabilities related to Foreign Currency transactions and outstanding at the close of the year are expressed in Indian Currency at the rate of exchange prevailing on the date of Balance Sheet.
- (b) Transactions in Foreign Currency are recorded in the Books of Account at the rate of exchange prevailing on the date of transaction.

Lease Rentals

- (a) Operating Leases: Rentals are expensed with reference to lease terms.
- (b) (i) Finance Leases prior to 1st April, 2001: Rentals are expensed with reference to lease term.
- (ii) Finance Leases on or after 1st April, 2001: The lower of the fair value of the assets and present value of the minimum lease rentals is capitalised as fixed assets with 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 Profit & Loss Account.

Research and Development

Revenue expenditure on research and development is charged to Profit & Loss Account in the year in which it is incurred. Capital expenditure on research and development is shown as an addition to Fixed Assets.

Miscellaneous Expenditure

- (i) Preliminary, Share Issue Expenses are amortised over a period of ten years.
- (ii) Deferred Revenue Expenditure incurred upto 31st March, 2003 is amortised over a period of five years. Expenditure incurred after 1st April, 2003 is written-off in the year in which it is incurred in terms of Accounting Standard (AS-26).

Expenditure during Construction Period

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

Earning Per Share

Basic earning per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earning per equity share is computed by dividing Net Profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

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. All other borrowing costs are charged to revenue.

Segment Reporting

Revenue, operating results, assets and liabilities have been identified to

represent separate segments on the basis of their relationship to the operating activities of the segment. Assets, Liabilities, Revenue and Expenses which are not allocable to separate segment on a reasonable basis, are included under "Unallocated".

Taxes on Income

Current Tax is determined as per the provisions of the Income Tax Act in respect of Taxable Income for the year. 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.

(B) NOTES TO THE ACCOUNTS

01 Contingent Liability not provided for in respect of:

| | |
|--|----------------------------|
| (a) Outstanding balance of Bank Guarantees (Previous Year Rs. 901,95,24,045/-) | Rs. 10,37,68,03,606 |
| Margin Money Paid against above (Previous Year Rs 48,80,56,285/-) | Rs. 51,94,55,731 |
| (b) Corporate Guarantees: | |
| (i) for Term Loans, NCDs and Deferred Payment Guarantees from Financial Institutions/Banks to Jaiprakash Hydro-Power Limited (subsidiary company) [Previous Year Rs.1057,46,98,954/-] | Rs. 8,98,54,56,287 |
| (ii) for Term Loans from Indian Overseas Bank to Jaypee Hotels Limited (subsidiary company) [Previous Year 45,50,00,000/-] | Rs. - |
| (iii) for Term Loans from ICICI Bank to Jaypee Hotels Limited (subsidiary company) [Previous Year Rs.16,00,00,000/-] | Rs. - |
| (iv) for Term Loan from Punjab National Bank to Jaiprakash Power Ventures Limited (subsidiary company) [Previous Year Rs.20,01,47,945/-] | Rs. 20,00,00,000 |
| (v) for Rupee Term Loans and Foreign Currency Loans from Power Finance Corporation Limited to Jaiprakash Power Ventures Limited (JPVL) (subsidiary company) [Previous Year Rs.166,69,77,273/-] | Rs. 1,85,99,61,500 |
| (c) Claims against the Company not acknowledged as debts (Previous Year Rs.304,71,04,907/-) | Rs. 3,12,27,02,574 |
| (d) Outstanding Letters of Credit (Previous Year Rs.50,82,32,918/-) | Rs. 1,00,46,36,576 |
| Margin Money against the above (Previous Year Rs.4,68,24,085/-) | Rs. 5,42,28,898 |
| (e) The Company has imported Capital Goods under Export Promotion Capital Goods Scheme [EPCG], where-under the Company is required to fulfill export obligation/deemed exports to the extent of 3.6 times the CIF Value of Imports upto 2012-2013. The Liability aggregating to Rs.47.65 Crores [Previous Year Rs.34.80 Crores] may arise alongwith interest @15% p.a., in the event of non-fulfilment of export obligation. | Rs. - |

| | | | |
|---|--------------------------------|--|--|
| <p>(f) The Madhya Pradesh Government through the Collector, Rewa issued a notice raising a demand on account of change in the conversion factor for calculation of Royalty on Limestone raised upto December, 2003 in respect of Jaypee Rewa Plant. The Company has contested the demand and the Hon'ble Madhya Pradesh High Court has stayed the demand [Previous Year Rs.5,83,64,425/-]. Amount deposited under protest Rs.2,33,45,768/- [Previous Year Rs.2,33,45,768/-].</p> | <p>Rs. 26,34,50,569</p> | <p>Entry Tax on Cement @ 2% on the value of the goods w.e.f. 16.05.2003 [Previous Year Rs.6,79,51,832/-]. This was challenged by the Company in the Hon'ble High Court at Allahabad and was decided in favour of the Company. However, the Order of the Hon'ble High Court has been challenged by the Department in the Hon'ble Supreme Court of India, the decision of which is awaited. The Company has deposited Rs.3,49,51,832/- [Previous Year Rs.3,49,51,832/-] under protest.</p> | <p>Rs. 15,16,85,121</p> |
| <p>(g) (i) Trade Tax rebate of 25% on sale of Cement manufactured with fly ash purchased from U.P. has been disputed by the U.P. Trade Tax Department [Previous Year Rs.45,49,44,677/-]. The Hon'ble High Court at Allahabad disposed-off the Writ Petition on 29.01.2004 in favour of the Company. The Department has thereafter filed SLP in the Hon'ble Supreme Court of India, which has been admitted and an interim order has been passed that pending disposal of the SLP, [i] the Department shall not take any step to encash the Bank Guarantees amounting to Rs.16,69,36,481/- [included in 1(a) above] [Previous Year Rs.16,69,36,481/-] and [ii] granted interim stay for refund of amount deposited under protest Rs.20,36,38,267/- [Previous Year Rs.16,73,31,838/-] with the Department.</p> | <p>Rs. 55,25,46,712</p> | <p>(i) Bihar Sales Tax under appeal [Previous Year Rs.1,71,20,206/-].</p> <p>(j) Excise matters under appeal [Previous Year Rs.44,78,110/-]</p> <p>(k) U.P. Trade Tax under appeal [Previous Year Rs.32,70,909/-].</p> <p>(l) M.P. Entry Tax under appeal [Previous Year Rs.34,99,928/-]</p> <p>U.P. Entry Tax under appeal [Previous Year Rs.Nil]</p> <p>Nikay Kar under appeal [Previous Year Rs.Nil]</p> <p>MPCT/CST under appeal [Previous Year Rs.Nil]</p> <p>(m) Electricity Cess under appeal [Previous Year Rs.Nil]</p> <p>(n) Income Tax matters under appeal in respect of Assessment Year 2002-03 [Previous Year Rs.19,81,69,225/- for A.Y. 2001-02]</p> | <p>Rs. 1,71,20,206</p> <p>Rs. 1,80,11,750</p> <p>Rs. 1,10,30,524</p> <p>Rs. 3,23,57,888</p> <p>Rs. 8,19,423</p> <p>Rs. 6,72,792</p> <p>Rs. 40,89,718</p> <p>Rs. 1,84,97,870</p> <p>Rs. 58,23,47,122</p> |
| <p>(ii) The Government of U.P. vide Notification dated 14.10.2004 withdrew Notification dated 27.02.1998 granting rebate on tax on sale of fly-ash based cement manufactured within the State of U.P. out of fly-ash procured within U.P. The above Notification dated 14.10.2004 has been challenged by the Company before the Lucknow Bench of Hon'ble Allahabad High Court on the grounds of promissory estoppel in respect of Jaypee Ayodhya Grinding Operations Unit of the Company established in the State of U.P. The disputed tax for the period from 15.10.2004 to 31.03.2005 in respect of Jaypee Ayodhya Grinding Operations Unit and Jaypee Cement Ghoorpur Unit of the Company established within U.P. amounting to Rs.5,72,05,141/- has been deposited under protest with U.P. Trade Tax Department.</p> | <p>Rs. 5,72,05,141</p> | <p>02 The Company had issued 1,00,000 0.5% Foreign Currency Convertible Bonds [FCCB] of USD 1,000 each aggregating to USD 100 Million, at par, on 16.02.2005. These bonds are convertible into equity shares of Rs.10/- each fully paid, at the conversion price of Rs.236.31 per share, subject to the terms of issue, with a fixed rate of exchange of Rs.43.785 equal to USD 1.00. The conversion is at the option of bond-holders at any time on or after 29.03.2005 and prior to the close of business on 10.02.2010. As on 31.03.2005 1,00,000 FCCBs of USD 1,000 each were outstanding.</p> <p>Upon conversion of the Bonds into Equity Shares, the Share Capital of the Company will increase by 1,85,28,627 Equity Shares of Rs.10/- each. Unless previously converted, the bonds are redeemable on 17.02.2010 at 131.959 percent of their principal amount [value as on 31.03.2005 is USD 1007.69 per Bond].</p> <p>03 As on 31.03.2005 the Company was in the process of Offering for Sale 18,00,00,000 Equity Shares of Rs.10/- each of Jaiprakash Hydro-Power Limited [JHPL] [wholly owned subsidiary] to the Public. The Offer for Sale [OFS] was completed on 18.04.05 and the shares were listed on the National Stock Exchange of India and The Stock Exchange, Mumbai on 18.04.2005. Consequent to the OFS and transfer of shares to the Public the share-holding of the Company in JHPL is reduced to 63.34%. However, JHPL continues to be a Subsidiary of the Company.</p> <p>04 Sundry Balances to the extent of Rs.18,26,60,781/- [Previous Year Rs.12,65,50,590/-] have been written off during the year.</p> <p>05 Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of advances) [Previous Year Rs.270,62,53,015/-].</p> <p>06 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.</p> | <p>Rs. 532,53,57,335</p> |
| <p>(h) The Government of U.P. has imposed</p> | <p>Rs. 5,72,05,141</p> | <p>07 (a) Term Loans from Financial Institutions, Banks and Bank Guarantees to the extent of Rs. 450 crores (for partially securing Non-convertible</p> | <p>Rs. 5,72,05,141</p> |

Debentures) together with all interest, liquidated damages, premia on prepayment or on redemption, costs, expenses and other monies, stipulated in the Loan Agreements, are secured by equitable mortgage of Immovable Properties and Hypothecation of movables [present and future], save and except book debts and exclusive charge on assets under Hire Purchase, ranking pari passu, subject to prior charge on specified movables created / to be created in favour of the Company's Bankers for working capital facilities.

(b) Non Convertible Debentures (NCDs), mentioned hereunder, together with interest, liquidated damages, remuneration payable to Trustees, and other monies due in respect thereof are secured by a legal mortgage in English Form by way of first mortgage and charge on the Company's properties at Mouje Dhanot, Taluka Kalol, Dist. Mehsana in the State of Gujarat, in favour of IFCI [Trustee] for NCD at Sl. No. (i) and (ii), in favour of UTI Bank Limited [Trustee] for NCDs at Sl. No. (iii) and by a legal mortgage in English Form by way of first mortgage and charge on the Company's properties at Mouje Budasan, Taluka Kadi, Dist. Mehsana in the State of Gujarat in favour of UTI Bank Limited [Trustee] for NCD at Sl. No. (iv) to (viii) and equitable mortgage of immovable properties and hypothecation of movables [present and future], ranking pari passu, subject to prior charge on specified movables created in favour of the Company's Bankers for working capital facilities and also by way of Bank Guarantees to the extent of Rs.550 Crores to partially secure debentures at Sl.No.(vii) to (x):

- | | | |
|--------|-------------|---|
| (i) | 53,00,000 | 16.5% NCDs of Rs.100/- each redeemable in 4 equal annual instalments from 30.03.2003 to 30.03.2006 (Rs.75/- per debenture redeemed); |
| (ii) | 50,00,000 | 16.5% NCDs of Rs.100/- each redeemable in 20 equal quarterly instalments from 15.10.2002 to 15.07.2007 (Rs.50/- per debenture redeemed); |
| (iii) | 1,00,00,000 | 12% NCDs of Rs.100/- each redeemable in 20 equal quarterly instalments from 15.04.2004 to 15.01.2009 [Rs.20/- per debenture redeemed]; |
| (iv) | 1,100 | 13.5% NCDs of Rs. 1,00,000/- each redeemable in 4 equal annual instalments from 21.09.2004 to 21.09.2007 [Rs.25,000/- per debenture redeemed]; |
| (v) | 900 | 13.5% NCDs of Rs. 1,00,000/- each redeemable in 4 equal annual instalments from 30.12.2004 to 30.12.2007 [Rs.25,000/- per debenture redeemed]; |
| (vi) | 1,000 | 12% NCDs of Rs. 1,00,000/- each redeemable in 4 equal annual instalment from 05.06.2005 to 05.06.2008; |
| (vii) | 4,000 | 7.5% NCDs of Rs.10,00,000/- redeemable in 12 equal quarterly instalments from 15.01.2009 to 15.10.2011 [secured to the extent of 60% by way of Bank Guarantee of Rs.250 crores and for balance 40%, pari-passu charge on Fixed Assets of the Company]; |
| (viii) | 1,600 | 8% NCDs of Rs.10,00,000/- redeemable in 12 equal quarterly instalments from 30.04.2009 to 31.01.2012 [secured to the extent of 60% by way of Bank Guarantee of Rs.100 crores and for balance 40%, pari-passu charge on Fixed Assets of the Company]; |
| (ix) | 1,600 | 8% NCDs of Rs.10,00,000/- redeemable in 12 equal quarterly instalments from 24.06.2009 to 23.03.2012 [secured to the extent of 60% by way of Bank Guarantee of Rs.100 crores and for balance 40%, pari-passu charge on Fixed Assets of the Company]; and |
| (x) | 1,600 | 7% NCDs of Rs.10,00,000/- redeemable in 1 annual instalment on 28.12.2005 [secured to the extent of 60% by way of Bank Guarantee of Rs.100 crores and for the balance 40% residual charge on Fixed Assets of the Company]. |

(c) The Working Capital facilities availed from the Consortium member Banks with Canara Bank, as lead, are secured by way of Hypothecation of Stocks of Raw Materials, Work-in-progress, Stock-in-process, Finished Goods, Stores & Spares and Book Debts [except pertaining to Iraq Works] ranking pari-passu and by 2nd charge on the Fixed Assets of the Company, both present and future.

08 (a) The provision for taxation charged to the Profit & Loss Account has been made as per the provisions of Income Tax Act and also includes Rs.6,11,950/- [Previous Year Rs.15,00,000/-] towards Wealth Tax.

| | 31.03.2005 | 31.03.2004 |
|--|----------------------|----------------------|
| | Rupees | Rupees |
| (b) Deferred Tax: | | |
| (i) Deferred Tax Liability on account of : | | |
| Depreciation | 365,63,53,147 | 346,46,20,280 |
| Others | 122,46,80,134 | 62,45,56,895 |
| | 488,10,33,281 | 408,91,77,175 |
| Deferred Tax Assets on account of: | | |
| Employees' Benefits | 5,45,65,569 | 5,09,68,368 |
| | 5,45,65,569 | 5,09,68,368 |
| Net Deferred Tax Liability | 482,64,67,712 | 403,82,08,807 |
| (ii) Deferred Tax [Net] amounting to Rs.78,82,58,905/- [Previous Year Rs.64,25,08,835/-] has been recognised in the Profit & Loss Account for the year ended 31 st March, 2005. | | |

09 Disclosure as per Accounting Standard - 7 (revised)

| | | |
|--------------------------------------|---------------|---------------|
| (i) Contract Revenue | 273,99,09,260 | 34,94,45,710 |
| (ii) Direct Expenses | 234,67,35,805 | 34,08,65,922 |
| (iii) Profits recognised | 39,31,73,455 | 85,79,789 |
| (iv) Advances received [Outstanding] | 94,91,51,688 | 101,09,04,985 |
| (v) Retentions | 10,15,86,499 | 1,44,08,262 |

The above information is given only in respect of Contracts entered into on or after 01.04.2003

10 [a] Item 6(b) & 8 of Schedule "E" of Fixed Assets include assets costing Rs.12,93,96,322/- (Previous Year Rs.13,78,47,334/-) acquired under Hire Purchase Agreements.

[b] In respect of Fixed Assets acquired on Lease, the Agreements of which have been entered into after 01.04.2001, the future obligation towards Lease Rentals are of Rs.3,65,77,320/- [payable within one year] [Previous Year Rs.1,67,52,884/-] and Rs.2,13,36,770/- [payable after one year but before three years]. In respect of the said lease agreements, Security Deposits paid are Rs.Nil [Previous Year Rs.67,00,149/-] and Lease Rental charged to the Profit & Loss Account is Rs.5,71,05,960/- [Previous Year Rs.2,06,04,924/-]. The said Lease Agreements are of fixed term for three years with no renewal / escalation costs.

11 Capital Work-in-progress includes Civil Works, Machinery Under Erection and in transit, Advances to Suppliers, Construction and Erection Materials, Pre-operative Expenses and also Expenditure related to Taj Expressway Project & Cement Project in Himachal Pradesh. (Previous Year Rs.682,97,43,107/-) **Rs.396,37,00,930**

12 The Free-hold Land (Agricultural) purchased by the Company for Rs.2,96,407/- measuring 7 Bighas at Rangpuri, New Delhi has been notified for acquisition U/s 4 & 6 of the Land Acquisition Act. The Company's claim for compensation is pending settlement.

13 29,49,99,900 Equity Shares of Rs.10/- each [Previous Year Rs.32,99,99,900] of Jaiprakash Hydro-Power Limited [JHPL] [subsidiary company] are pledged with IFCI Limited as an additional security for the financial assistance granted by Institutions and Banks to JHPL. The Company has furnished Bank Guarantee to Satluj Jal Vidyut Nigam Limited [SJVNL] for Rs.7 Crores [Previous Year Rs.35 crores] [included in 1(a) above] for inter connection facility established by SJVNL at Jhakri for evacuation of Baspa Power.

14 35,70,00,000 Equity Shares [Previous Year 28,60,00,000 Equity Shares] of Rs.10/- each of Jaiprakash Power Ventures Limited [JPVL] [subsidiary company] are pledged with IDBI Trusteeship Services Limited (ITSL) as additional security for the disbursement of Rs 609.01 crores [Previous Year Rs.428.73 crores] of RTL/NCDs and 10.35 Million USD equivalent to Rs.45.43 crores [Previous Year 9.45 Million USD equivalent to Rs. 41.32 crores] of Foreign Currency Loan out of the financial assistance granted by PFC, PNB, ICICI, IDBI, REC and LIC to JPVL.

- 15 The Company has pledged 20,35,000 Equity Shares held in Jaypee DSC Ventures Limited to HUDCO as Security for Loans granted to Jaypee DSC Ventures.
- 16 Other Liabilities shown under the head "Current Liabilities & Provisions" include Book Overdraft [Previous Year Rs.36,78,08,076/-] **Rs. 6,89,87,651**
- 17 Creditors include Imperial Gases Limited: Rs.2,78,107/- [Previous Year Rs.5,52,582/-] a Small Scale Industrial Undertakings, is outstanding for more than 30 days as on the Balance Sheet date.
- 18 Balances of some of the Debtors, Creditors, Loans & Advances are subject to reconciliation / confirmation from the respective parties. The Management does not expect any material difference affecting the Financial Statements for the year.
- 19 Particulars of investments made subsequent to the date of previous Balance Sheet:

| Name of Company | 2004-2005 Rupees | 2003-2004 Rupees |
|--|-----------------------|---------------------|
| (i) Jaiprakash Hydro-Power Limited [13,50,00,000 Equity Shares of Rs.10/- each] [Previous Year 2,60,00,000 Equity Shares of Rs. 10/- each] | 2,37,76,00,000 | 26,00,00,000 |
| (ii) Jaiprakash Power Ventures Limited [10,00,00,000 Equity Shares of Rs.10/- each] [Previous Year 7,40,00,000 Equity Shares of Rs. 10/- each] | 1,00,00,00,000 | 74,00,00,000 |
| (iii) Share Application Money paid to Jaypee Karcham Hydro Corporation Limited for 9,99,50,000 Equity Shares of Rs.10/- each pending for allotment | 99,95,00,000 | - |

- 20 Cost of Limestone raised included in raw materials consumed:
- | | | |
|---|---------------------|--------------|
| Royalty and Cess | 25,08,16,915 | 21,24,23,101 |
| Salaries and Wages | 2,86,92,168 | 2,13,72,740 |
| Power and Fuel | 58,24,978 | 65,06,876 |
| Stores and Spares Consumed | 24,62,32,161 | 21,40,65,752 |
| Factory and Administrative Overheads | 2,54,67,460 | 4,37,65,851 |
| | 55,70,33,682 | 49,81,34,320 |
- 21 In compliance of Accounting Standard-2 [Revised], the Company has provided liability of Excise Duty amounting to Rs.5,06,22,295/- [Previous Year Rs 4,94,14,649/-] on the stocks of Finished Goods lying at Works. However, there is no impact on the profit for the current year.
- 22 Construction Revenue include Rs.62,49,83,753/- (Previous Year Rs.42,20,78,296/-) for supplies under EPC Contracts.
- 23 (a) Details of balances with Foreign Banks in Current Account:

| Name of the Bank | Balance as at 31.03.2005 | Amount of maximum balance during the year | Balance as at 31.03.2004 |
|---|--------------------------------|---|--------------------------------|
| 01 Rafidian Bank, Subkusoor, Baghdad [I.D.] | 2,73,80,207 | 2,73,80,207 | 2,73,80,207 |
| 02 Bank of Bhutan, Phuentsholing, Bhutan [Nu] [A/c No.7340] | 22,164 | 22,214 | 22,214 |
| 03 Bank of Bhutan, Phuentsholing, Bhutan [Nu] [A/c No.7311] | 2,20,14,144 | 8,86,49,251 | 17,33,866 |
| 04 Bank of Bhutan, Phuentsholing, Bhutan [Nu] [A/c No.268] | 8,87,651 | 69,00,180 | 45,84,649 |
| 05 Royal Bank of Scotland [GBP] A/c No.21872175] | 3,143 | 19,338 | 11,942 |
| 06 Royal Bank of Scotland [USD] | 3,83,061 | 9,67,80,234 | - |

- (b) Balances with Scheduled Banks include USD 7,50,00,000/- [Previous Year Rs.Nil] in Fixed Deposit Account with State Bank of India, London [U.K.] [FCCB proceeds pending utilisation].

- 24 (a) Managerial remuneration paid/payable to Whole-time Directors [excluding Provisions for Gratuity & Leave Encashment on retirement]:

| | 2004-2005 Rupees | 2003-2004 Rupees |
|-------------------------------|---------------------|---------------------|
| Salary * | 70,06,774 | 1,14,30,423 |
| Provident Fund Contribution * | 8,40,813 | 13,71,651 |
| Perquisites * | 50,83,508 | 81,80,448 |
| | 1,29,31,095 | 2,09,82,522 |

* includes Rs.23,819/- paid as arrears for the F.Y. 2003-04 on account of revision in pay scale.

- (b) Gratuity and Leave Encashment paid to whole-time directors of the erstwhile Jaiprakash Industries Limited amounting to Rs.71,03,077/-.
- 25 Additional information pursuant to the provisions of paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956.

| Cement Division Statistical Data: | 2004-2005 Qty. MT | 2003-2004 Qty. MT |
|--------------------------------------|----------------------|----------------------|
|--------------------------------------|----------------------|----------------------|

(A) Capacity & Production

| | | |
|---------------------------------|--------------|--------------|
| Installed Capacity - Per Annum | 70,00,000 * | 43,80,000 ** |
| Production - Portland Cement | 50,54,699 ** | 43,93,247 ** |
| - Clinker [Production for Sale] | 3,27,331 ** | 4,05,615 ** |

* as on 31.03.2005

**as certified by the Management

(B) Sales

| | 2004-2005 Qty. (MT) | 2004-2005 Value (Rs.) | 2003-2004 Qty. (MT) | 2003-2004 Value (Rs.) |
|---------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Cement | 50,09,383 | 11,83,19,47,338 | 43,64,272 | 9,40,17,62,794 |
| (inclusive of self-consumption) | | | | |
| Clinker | 3,27,331 | 53,54,06,543 | 4,05,615 | 55,89,73,660 |
| | | 12,36,73,53,881 | | 9,96,07,36,454 |
| Less:Excise Duty | | 2,02,12,04,505 | | 1,76,68,49,136 |
| | | 10,34,61,49,376 | | 8,19,38,87,318 |

(C) Particulars in respect of Opening Stock and Closing Stock:

| | 2004-2005 Qty. (MT) | 2004-2005 Value (Rs.) | 2003-2004 Qty. (MT) | 2003-2004 Value (Rs.) |
|---|------------------------|--------------------------|------------------------|--------------------------|
| Opening Stock Cement | 1,00,013 | 17,99,63,115 | 75,597 | 13,49,87,685 |
| Closing Stock - Cement * | 1,36,466 | 26,54,52,404 | 1,00,013 | 17,99,63,115 |
| * after adjusting 8,863 MT screening and transit loss (Previous Year 4558 MT) | | | | |

- (D) The Central Government in exercise of the powers conferred under section 211 (4) of the Companies Act 1956 has granted exemption vide Ministry of Company Affairs letter no.46/121/2004-CL-III dated 26.07.2004 to the effect that the disclosure of quantitative details in compliance of paras 3(i) (a) and 3(ii) (d) of Part-II, Schedule-VI to the Companies Act 1956 as amended vide notification no. GSR 494 (E) dated 30th October,1973 shall not be necessary for the Company in respect of its Hotel Business for the financial year ended on 31.03.2005.

Particulars in respect of Opening Stock, Purchases, Closing Stock & Consumption of Provisions, Beverages, Wine & Liquor:

| | 2004-2005 Value (Rs.) | 2003-2004 Value (Rs.) |
|---|--------------------------|--------------------------|
| (A) Provisions & Beverages (excluding Wine & Liquor) | | |
| Opening Stock | 2,34,834 | 1,77,777 |
| Purchases | 1,04,24,281 | 85,80,540 |
| Closing Stock | 1,93,708 | 2,34,834 |
| Consumption | 1,04,65,407 | 85,23,483 |
| (B) Wine & Liquor | | |
| Opening Stock | 1,06,244 | 1,64,719 |
| Purchases | 8,13,997 | 5,08,168 |
| Closing Stock | 1,73,270 | 1,06,244 |
| Consumption | 7,46,971 | 5,66,643 |

(E) Details of Raw Materials, Stores and Spares Consumed:

| | 2004-2005 | | 2003-2004 | |
|---|-----------------------|-----------------------|-------------------------|-----------------------|
| | Qty. (MT) | Value (Rs.) | Qty. (MT) | Value (Rs.) |
| (a) Raw Materials: | | | | |
| (i) Indigenous [100%]: | | | | |
| Limestone | 61,72,032 | 55,70,33,682 | 54,50,114 | 49,81,34,320 |
| Gypsum | 1,77,857 | 26,72,78,447 | 1,43,192 | 18,80,87,227 |
| Laterite/Iron Ore | 1,45,649 | 4,65,88,516 | 1,29,831 | 4,17,14,922 |
| Fly Ash | 9,43,607 | 30,82,88,809 | 8,31,325 | 29,48,71,011 |
| | | 1,17,91,89,454 | | 1,02,28,07,480 |
| (b) Stores and Spares: | | | | |
| | 2004-2005 | | 2003-2004 | |
| | Value (Rs.) | | Value (Rs.) | |
| (i) Indigenous | 1,69,65,71,303 | 94.52% | 1,31,10,69,666 | 92.80% |
| (ii) Imported | 9,83,99,680 | 05.48% | 10,16,81,339 | 07.20% |
| (F) Value of Imports (On CIF Basis): | | | | |
| Stores and Spares | 33,54,25,376 | | 49,32,06,173 | |
| Capital Equipment [including Capital Work-in-Progress] | 26,45,79,756 | | 38,63,74,724 | |
| Steel Plates | 7,71,50,598 | | 27,08,76,742 | |
| (G) Expenditure in Foreign Currency: | | | | |
| Travelling | 1,17,90,672 | | 81,95,337 | |
| Technical Fees | 21,09,45,307 | | 3,05,92,619 | |
| Contract Work Expenses | 24,26,77,384 | | 26,72,43,100 | |
| Consultancy / AMC | 28,26,186 | | 67,97,449 | |
| Other | 1,35,72,749 | | 52,31,171 | |
| Financial and Bank Charges | 20,07,37,016 | | 86,581 | |
| Interest | 5,78,12,942 | | - | |
| (H) Earnings in Foreign Currency: | | | | |
| Interest | 1,15,73,056 | | - | |
| Contract Receipts (Deemed Export [Foreign Exchange Earnings]) | 83,90,95,356 | | 43,68,58,244 | |
| Cement Exports [FOB Value] | 3,07,47,518 | | 2,27,58,858 | |
| Hotel Revenues | 5,51,383 | | 22,36,053 | |
| (I) Dividend Paid to Non-Resident | For FY 2003-04 | | For F.Y. 2002-03 | |
| Share-holders | 2,97,065 | | 2,66,368 | |

26 Related Parties disclosures, as required in terms of "Accounting Standard [AS] 18" are given below:

Relationships
(a) Subsidiary Companies:

- [i] Jaiprakash Hydro-Power Limited
- [ii] Jaiprakash Power Ventures Limited
- [iii] Jaypee Hotels Limited and
- [iv] Jaypee Karcham Hydro Corporation Ltd.

(b) Associate Companies:

- [i] Jaypee Ventures Limited
- [ii] Jaypee Greens Limited
- [iii] Jaypee Industrial & Medical Services Ltd. [w.e.f. 23.03.04]
- [iv] JIL Information Technology Pvt. Ltd.
- [v] Gaur & Nagi Ltd.
- [vi] Indesign Enterprises Pvt. Ltd.
- [vii] Shiras Estates Limited

(c) Key Management Personnel:

- [i] Shri Jaiprakash Gaur, Chairman
- [ii] Shri Sarat Kumar Jain, Vice Chairman [till 11.03.04]
- [iii] Shri Manoj Gaur, Managing Director
- [iv] Shri Sunil Kumar Sharma, Managing Director [till 11.03.04 & w.e.f. 18.03.04]

Whole-time Directors:

- [i] Shri Sunny Gaur
- [ii] Shri Sameer Gaur [till 11.03.04 & w.e.f. 01.07.04]
- [iii] Shri Rahul Kumar
- [iv] Shri S.D. Nailwal [till 11.03.04 & w.e.f. 01.07.04]
- [v] Shri Pankaj Gaur [till 11.03.04 & w.e.f. 01.07.04]
- [vi] Shri Rakesh Sharma [till 11.03.04]
- [vii] Shri Ranvijay Singh [till 31.03.04]
- [viii] Shri M.S. Srivastava [till 11.03.04]
- [ix] Shri Har Prasad [till 11.03.04]
- [x] Shri R.B. Singh [till 18.03.04]
- [xi] Shri V.K. Jain [till 18.03.04]

(d) Relatives of Key Management Personnel, where transactions have taken place:

- [i] Shri Gyan Prakash Gaur
- [ii] Shri Sameer Gaur [from 11.03.04 onwards, till 30.06.04]
- [iii] Smt. Rekha Dixit
- [iv] Shri Praveen Kumar Singh
- [v] Shri Naveen Kumar Singh
- [vi] Shri Sachin Gaur
- [vii] Shri Viren Jain

Note: Related party relationships are as identified by the Company and relied upon by the Auditors.

Transactions carried out with related parties referred to above in ordinary course of business.

| Nature of Transactions | Referred in | Referred in | Referred in | Referred in |
|---|----------------------------------|-------------------------------------|------------------------------|--------------------------|
| | 1(a) above Rupees | 1(b) above Rupees | 1(c) above Rupees | 1(d) above Rupees |
| Income | | | | |
| Contract Receipts | 138,65,09,203 (172,36,25,995) | - (7,05,44,290) | - | - |
| Sale of Cement | 3,67,850 (5,48,640) | 59,09,954 (23,53,677) | - | - (1,76,695) |
| Dividend Received | 4,00,49,943 | - | - | - |
| Machinery Hire Charges | 43,16,25,038 (41,56,57,417) | - | - | - |
| Interest | - (11,64,900) | - | - | - |
| Rent | 1,31,04,000 (1,28,64,000) | - | - | - |
| Expenditure | | | | |
| Contract Expenses | 68,68,93,839 (71,50,16,277) | - | - | - |
| Lease Rent | 55,20,000 (97,20,000) | - | - | - |
| Technical Consultancy | - | 31,40,14,027 (47,74,65,834) | - | - |
| Service Charges | 1,80,37,645 (1,33,69,907) | (20,38,913) | - | - |
| Salaries & Other Amenities etc. | - | - | 1,29,31,095 (2,09,82,522) | 50,09,248 (42,64,151) |
| Security & Medical Services | - | 12,91,96,656 (27,13,178) | - | - |
| Gratuity & Leave Encashment | - | - | 71,03,077 | - |
| Rent | - | - | - | - |
| Fixed Assets Purchased | - (97,92,000) | (2,903) | - | - |
| Outstandings | | | | |
| Receivables | | | | |
| Advances to Suppliers, Mobilisation Advances, Security Deposits and Debtors | 43,09,40,579 (54,59,17,776) | 1,96,47,74,271 (-1,38,17,95,176) | 76,388 (-) | - (1,76,695) |
| Payables | | | | |
| Mobilisation & Machinery Advances Unsecured Loans, Security/ Earnest Money and Creditors | 1,39,67,69,863 (84,85,41,770) | 3,30,96,342 (1,68,15,805) | 3,499 (59,223) | 82,067 (86,323) |

Note:

- Guarantees provided and Investments made in the Subsidiaries & Associates are disclosed elsewhere in the Notes to the Account.
- Previous Year figures are given in brackets.

Segment Information
Business Segment

| Particulars | Construction Rupees | Cement Rupees | Hospitality Rupees | Unallocated Rupees | Total Rupees |
|--|--------------------------------------|------------------------------------|--------------------------------|----------------------------------|---|
| (A) Segment Revenue | | | | | |
| External | 18,51,29,76,844 (16,79,42,08,756) | 9,92,30,51,442 (7,95,58,47,073) | 11,34,09,212 (10,01,67,636) | 51,63,50,159 (32,40,25,393) | 29,06,57,87,657 (25,17,42,48,858) |
| Inter Segment Revenue | - (-) | 48,09,86,316 (41,48,47,739) | 22,69,378 (17,10,568) | - (-) | 48,32,55,694 (41,65,58,307) |
| (B) Segment Results | | | | | |
| Profit/(Loss) before Tax and Interest | 5,07,39,41,985 (4,54,38,59,831) | 1,21,44,69,282 (55,36,97,441) | 2,22,99,855 (60,20,777) | -88,90,00,850 (-34,49,33,007) | 5,42,17,10,272 (4,75,86,45,042) |
| Less: Interest Expenses | - | - | - | - | 2,13,39,62,990 (2,08,40,75,504) |
| Profit before Taxation | | | | | 3,28,77,47,282 (2,67,45,69,538) |

| Particulars | Construction Rupees | Cement Rupees | Hospitality Rupees | Unallocated Rupees | Total Rupees |
|--|------------------------|-------------------|-----------------------|-----------------------|-----------------------|
| (C) Other Information | | | | | |
| Provision for Tax | | | | | |
| Current Tax | | | | | 42,28,54,950 |
| | | | | | (33,49,00,000) |
| Deferred Tax | | | | | 78,82,58,905 |
| | | | | | (64,25,08,835) |
| Profit After Tax | | | | | 2,07,66,33,427 |
| | | | | | (1,69,71,60,703) |
| Segment Assets | 21,28,22,22,429 | 16,03,23,64,768 | 26,61,90,992 | 23,88,14,91,469 | 61,46,22,69,658 |
| | (18,90,59,91,129) | (13,41,82,80,178) | (26,56,89,514) | (15,24,19,33,799) | (47,83,18,94,620) |
| Segment Liabilities | 7,70,83,79,964 | 2,49,47,68,754 | 1,96,60,149 | 2,10,11,19,272 | 12,32,39,28,139 |
| | (8,21,76,56,218) | (2,52,95,14,852) | (2,19,15,022) | (2,15,41,37,412) | (12,92,32,23,503) |
| Loans | | | | | 31,98,86,34,543 |
| | | | | | (20,16,21,16,350) |
| Capital Expenditure during the year | | | | | |
| including Capital Work-in-Progress | 50,74,84,055 | 2,64,52,61,299 | 62,56,984 | 48,81,568 | 3,16,38,83,906 |
| | (3,18,29,09,866) | (3,00,66,67,473) | (1,69,70,226) | (9,40,25,269) | (6,30,05,72,833) |
| Depreciation | 58,20,72,065 | 72,41,90,353 | 55,00,315 | 2,16,87,853 | 1,33,34,50,586 |
| | (68,49,63,779) | (56,32,88,242) | (52,24,844) | (1,76,93,977) | (1,27,11,70,842) |
| Non cash expenditure other than depreciation | - | 1,90,88,439 | - | 29,51,038 | 2,20,39,477 |
| | (-) | (2,55,94,735) | (-) | (29,51,038) | (2,85,45,773) |

- (a) Segments have been identified in accordance with Accounting Standards on Segmental Reporting [AS-17] taking into account the organisation structure as well as differential risk and returns of these segments.
- (b) Business segment has been disclosed as the primary segment.
- (c) Types of Products and Services in each Business Segment:
- (i) Construction Civil Construction/EPC Contracts/Expressway
- (ii) Cement Manufacture and Sale of Cement and Clinker
- (iii) Hospitality Hotel
- (d) Segment Revenues, Operating Results, Assets and Liabilities include the amounts identifiable to each segment and amounts allocated on a reasonable basis.
- (e) Segment Assets exclude Miscellaneous Expenditure & Deferred Tax Asset. Segment Liabilities exclude Deferred Tax Liability.

28 In accordance with the Accounting Standard on "Earning Per Share" [AS-20], issued by the Institute of Chartered Accountants of India:

| Computation of Basic and Diluted Earning Per Share of Rs.10/- each | 2004-2005 | 2003-2004 |
|---|-------------------|-------------------|
| (a) Net Profit for Basic Earning Per Share as per Profit & Loss Account | Rs. 207,66,33,426 | Rs. 169,71,60,703 |
| Adjustment for the purpose of Diluted Earning Per Share | | |
| Interest on Convertible Bonds | 1,79,938 | |
| Less: Tax Effect | 65,844 | |
| Net Profit for Diluted Earning Per Share | Rs. 207,67,47,520 | |
| (b) Weighted average number of equity shares for Earnings per share computation | | |
| (i) Number of Equity Shares at the beginning of the year | 17,62,16,981 | 17,62,16,981 |
| (ii) Number of potential Equity Shares | 1,52,290 | - |
| (iii) Weighted average for: | | |
| (a) Basic Earning Per Share | 17,62,16,981 | 17,62,16,981 |
| (b) Diluted Earning Per Share | 17,63,69,271 | 17,62,16,981 |
| (c) Earning Per Share | | |
| (i) Basic | Rs. 11.78 | Rs. 9.63 |
| (ii) Diluted | Rs. 11.77 | Rs. 9.63 |
| (d) Face Value Per Share | Rs. 10.00 | Rs. 10.00 |

29 For the purpose of Regulation 3(e)(i) of the Securities and Exchange Board of India [Substantial Acquisition of Shares and Takeovers] Regulations, 1997, the "Group" constitutes Shri Jaiprakash Gaur, his associates and companies as disclosed to Stock Exchanges from time to time which include Jaiprakash Associates Limited, Jaypee Hotels Limited, Jaiprakash Enterprises Limited, Jaypee Ventures Limited, Siddharth Utility Private Limited, Ironwill Holdings Private Limited, Ironwill Investments Private Limited and Delhi Foams Private Limited etc.

30 Figures for the previous year have been regrouped/rearranged wherever considered necessary to conform to this year's classification.

31 All the figures have been rounded off to the nearest lakh rupees, [except in the Notes to the Account].

Signatures to Schedules "A" to "R"

For and on behalf of the Board

For M.P. SINGH & ASSOCIATES
Chartered Accountants

JAIPRAKASH GAUR
Chairman

MANOJ GAUR
Managing Director

SUNIL KUMAR SHARMA
Managing Director

M.P. SINGH
Partner

G.D. BANSAL
Vice-President
(Accounts)

R.B. SINGH
Sr.Jt.President
(Finance)

HARISH K. VAID
President (Corporate)
& Company Secretary

S.D. NAILWAL
Director

Place : New Delhi
Dated: 30th June, 2005

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. : 19017 State Code No. 20
Balance Sheet Date : 31.03.2005

II Capital raised during the period (Amount in Rs. Lakhs)

Public Issue : Nil Rights Issue : Nil
Bonus Issue : Nil Private Placement : Nil
: : Preferential Allotment : Nil

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Lakhs)

| | 2004-2005 |
|-------------------------|----------------|
| Total Liabilities | 492,170 |
| Total Assets | 492,170 |
| Sources of Funds | |
| Paid-up Capital | 17,622 |
| Reserve & Surplus | 105,853 |
| Secured Loans | 253,952 |
| Unsecured Loans | 65,933 |
| Deferred Tax Liability | 48,810 |
| | 492,170 |

Application of Funds

| | |
|--|----------------|
| Net Fixed Assets (including expenditure during construction) | 244,855 |
| Investments | 119,198 |
| Deferred Tax Assets | 546 |
| Net Current Assets | 127,325 |
| Miscellaneous Expenditure | 246 |
| Accumulated Losses | - |
| | 492,170 |

IV Performance of Company (Amount in Rs. Lakhs)

| | |
|----------------------------------|---------|
| Turnover | 296,112 |
| Total Expenditure | 263,237 |
| Profit/Loss Before Tax (+) | 32,875 |
| Profit/Loss After Tax (+) | 20,763 |
| Basic Earning Per Share in Rs. | 11.78 |
| Diluted Earning Per Share in Rs. | 11.77 |
| Dividend Rate (%) | 24% |

V Generic Names of three Principal Products/Services of the Company (as per Monetary terms)

| | |
|------------------------------|--------------------------------------|
| Item Code No. (ITC Code) | Not Applicable |
| Product/Services Description | Civil Construction / EPC Contractors |
| Item Code No. (ITC Code) | 252329.01 |
| Product/Services Description | Portland Cement |
| Item Code No. (ITC Code) | Not Applicable |
| Product/Services Description | Hoteliering |

For and on behalf of the Board

For M.P. SINGH & ASSOCIATES
Chartered Accountants

JAIPRAKASH GAUR
Chairman

MANOJ GAUR
Managing Director

M.P. SINGH
Partner

SUNIL KUMAR SHARMA
Managing Director

G.D. BANSAL
Vice-President
(Accounts)

R.B. SINGH
Sr.Jt.President
(Finance)

HARISH K. VAID
President (Corporate)
& Company Secretary

S.D. NAILWAL
Director

Place : New Delhi
Dated: 30th June, 2005

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

| | 2004-2005 Rs. in Lakhs | 2003-2004 Rs. in Lakhs |
|---|---------------------------|---------------------------|
| (A) CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net Profit before Tax as per Profit & Loss Account | 32,875 | 26,748 |
| Add back: | | |
| (a) Depreciation | 13,334 | 12,712 |
| (b) Miscellaneous Expenses (Amortized) | 220 | 286 |
| (c) Interest on Borrowings | 21,339 | 20,465 |
| (d) Loss on sale of Assets [Net] | 325 | 341 |
| | <u>68,093</u> | <u>33,804</u> |
| Deduct: | | |
| (a) Interest Income | (1,012) | (1,909) |
| (b) Dividend Income | (419) | (25) |
| (c) (Profit)/Loss on Sale of Shares | - | (12) |
| (d) Other Income | (12,571) | (10,002) |
| Operating Profit before Working Capital Changes | <u>54,091</u> | <u>48,604</u> |
| Deduct: | | |
| (a) Increase in Inventories | (9,098) | (6,707) |
| (b) Increase in Sundry Debtors | (8,482) | - |
| (c) Increase in Loans and Advances | (6,437) | - |
| (d) Increase in Other Receivables | (92) | - |
| (e) Decrease in Trade Payables & Other Liabilities | (7,831) | (17,705) |
| | <u>22,151</u> | <u>30,899</u> |
| Add: | | |
| (a) Decrease in Trade Debtors | - | 11,287 |
| (b) Decrease in Other Receivables | - | 7,947 |
| (c) Decrease in Loans and Advances | - | 4,125 |
| | <u>-</u> | <u>23,359</u> |
| Cash Generated from Operations | <u>22,151</u> | <u>54,258</u> |
| Deduct: | | |
| (a) Tax Paid | (4,230) | (3,349) |
| Cash Flow Before Extra-ordinary Items | <u>17,921</u> | <u>50,909</u> |
| CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES "A" | <u>17,921</u> | <u>50,909</u> |
| (B) CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Outflow: | | |
| (a) Purchase of Fixed Assets (including CWIP) | (31,960) | (62,990) |
| (b) Purchase of Investments | (43,771) | (10,000) |
| (c) Miscellaneous Expenditure | - | - |
| | <u>(75,731)</u> | <u>(72,990)</u> |
| Inflow: | | |
| (a) Sale/Transfer of Fixed Assets | 314 | 105 |
| (b) Sale of Investments | - | 4,383 |
| (c) Interest Received | 1,012 | 1,909 |
| (d) Dividend Received | 419 | 25 |
| (e) Other Income | 12,571 | 10,002 |
| | <u>14,316</u> | <u>16,424</u> |
| NET CASH USED IN INVESTING ACTIVITIES "B" | <u>(61,415)</u> | <u>(56,566)</u> |
| (C) CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Inflow: | | |
| Increase in Borrowings | 171,181 | 68,169 |
| Issue of Foreign Currency Convertible Bonds | 43,630 | - |
| | <u>214,811</u> | <u>68,169</u> |
| Outflow: | | |
| Decrease in Borrowings | (96,547) | (39,218) |
| Interest paid | (21,339) | (20,465) |
| Dividend Paid (including Tax on Dividend) | (2,991) | (2,984) |
| | <u>(120,877)</u> | <u>(62,667)</u> |
| NET CASH FROM FINANCING ACTIVITIES "C" | <u>93,934</u> | <u>5,502</u> |
| CASH AND CASH EQUIVALENTS ON AMALGAMATION "D" | <u>-</u> | <u>-</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS "A+B+C+D" | <u>50,440</u> | <u>(155)</u> |
| CASH AND CASH EQUIVALENTS AS AT 01.04.2004 (OPENING BALANCE) | 22,283 | 22,438 |
| CASH AND CASH EQUIVALENTS AS AT 31.03.2005 (CLOSING BALANCE) | 72,723 | 22,283 |

Notes:

- Cash and Cash Equivalents:
Cash-in-hand and Balances with Scheduled Banks in Rupees [including Rs.193 lakhs lying in Unpaid Dividend Account and Rs.2 Lakhs in Rights Issue Account which are not available for use by the Company] **Rs. 72,315 Lakhs**
Cash-in-hand and Balances with Non Scheduled Banks in Foreign Currency [including Iraqi Dinars 27,377 Million (equivalent to Rs.9.63 Lakhs) which are not available for use by the Company] **Rs. 408 Lakhs**
- Against the working capital cash credit limit of Rs.10,894 Lakhs (Previous year Rs. 9,874 Lakhs) sanctioned by the Banks the outstanding balance as on 31st March, 2005 is Rs. 9,642 Lakhs [Previous Year Rs. 9,728 Lakhs]
- Direct Taxes paid are treated as arising from Operating Activities and are not bifurcated between Investing and Financing activities.
- Previous year figures have been regrouped/rearranged wherever necessary.

 For M.P. SINGH & ASSOCIATES
 Chartered Accountants

M.P. SINGH
 Partner

 Place : New Delhi
 Dated: 30th June, 2005

G.D. BANSAL
 Vice President (Accounts)

R.B. SINGH
 Sr. Jt. President (Finance)

HARISH K. VAID
 President (Corporate) & Company Secretary

For and on behalf of the Board
JAIPRAKASH GAUR
 Chairman

MANOJ GAUR
 Managing Director

SUNIL KUMAR SHARMA
 Managing Director

S.D. NAILWAL
 Director

ANNEXURE TO THE BALANCE SHEET AS AT 31ST MARCH, 2005
STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANIES

| | | | | | |
|----|---|--------------------------------------|---|--------------------------|--|
| 01 | Name of Subsidiary Company | Jaiprakash Hydro-Power Limited | Jaiprakash Power Ventures Limited | Jaypee Hotels Limited | Jaypee Karcham Hydro Corporation Limited |
| 02 | Financial Year of the Subsidiary Company ended on | 31.03.2005 | 31.03.2005 | 31.03.2005 | 31.03.2005 |
| 03 | Number of Shares held by Jaiprakash Associates Limited with its nominees in the Subsidiary Companies at the end of the financial year of the Subsidiary Companies | | | | |
| | (i) Equity Shares of Rs.10/- each - fully paid-up | 491,000,600 | 429,000,000 | 40,049,943 | 500,000 |
| | (ii) Extent of holding | 100% | 100% | 72% | 100% |
| | (iii) Share Application Money (Rs.) | - | - | - | 99,95,00,000 |
| 04 | Date from which it became Subsidiary Company | 04.03.1995 | 14.03.1998 | 21.03.2002 | 29.04.2002 |
| 05 | The net aggregate of Profit / (Loss) of the Subsidiary Companies as far as it concerns the members of the Holding Company: | | | | |
| | (i) Not dealt with in the Holding Company's Accounts: | | | | |
| | (a) For the Financial Year of the Subsidiary | Rs.5110 Lakhs | - | Rs. 606 Lakhs | - |
| | (b) For the Previous Financial Years since it became the Holding Company's Subsidiary | Rs.4291 Lakhs | - | Rs. 456 Lakhs | - |
| | (ii) Dealt with in the Holding Company's Accounts: | | | | |
| | (a) For the Financial Year of the Subsidiary | - | - | Rs. 400 Lakhs | - |
| | (b) For the Previous Financial Years since it became the Holding Company's Subsidiary | - | - | - | - |
| 06 | - Changes in the interest of Jaiprakash Associates Limited between the end of the Subsidiary's Financial Year and 31st March, 2005 | | | | |
| | Number of Shares acquired | - | - | - | - |
| | - Material changes between the end of the Subsidiary's Financial Year and 31st March, 2005 | | | | |
| | (i) Fixed Assets (Net Addition) (Capital Work-in-Progress) | - | - | - | - |
| | (ii) Investments | - | - | - | - |
| | (iii) Moneys lent by the Subsidiary | - | - | - | - |
| | (iv) Moneys borrowed by the Subsidiary Company other than for meeting Current Liabilities | - | - | - | - |

For and on behalf of the Board

For M.P. SINGH & ASSOCIATES
Chartered Accountants

JAIPRAKASH GAUR
Chairman

MANOJ GAUR
Managing Director

SUNIL KUMAR SHARMA
Managing Director

M.P. SINGH
Partner

Place : New Delhi
Dated: 30th June, 2005

G.D. BANSAL
Vice President (Accounts)

R.B. SINGH
Sr. Jt. President (Finance)

HARISH K. VAID
President (Corporate) & Company Secretary

S.D. NAILWAL
Director

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF JAIPRAKASH ASSOCIATES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JAIPRAKASH ASSOCIATES LIMITED AND ITS SUBSIDIARIES

The Board of Directors

Jaiprakash Associates Limited

- We have audited the attached Consolidated Balance Sheet of Jaiprakash Associates Limited and its subsidiaries, as at 31st March 2005, and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Jaiprakash Associates Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing by accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 3,130.93 Crores as at 31st March 2005, the total revenue of Rs. 457.32 Crores and cash flows amounting to Rs.50.75 Crores for the year then ended. These financial

statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

- We report that the consolidated financial statements have been prepared by the Jaiprakash Associates Limited's management in accordance with the requirements of Accounting Standards(AS) 21 'Consolidated Financial Statements', and Accounting Standards (AS) 23 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
- Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the Consolidated Balance Sheet, of the state of affairs of Jaiprakash Associates Limited and its subsidiaries as at 31st March, 2005;
 - in the case of the Consolidated Profit and Loss Account, of the profit of Jaiprakash Associates Limited and its subsidiaries for the year ended on the date; and
 - in the case of the Consolidated Cash Flow Statement, of the cash flows of Jaiprakash Associates Limited and its subsidiaries for the year ended on that date.

For M.P. SINGH & ASSOCIATES
Chartered Accountants

Place : New Delhi
Dated : 30th June, 2005

(M.P.SINGH)
Partner

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2005

| SCHEDULE | 2004-2005 | | 2003-2004 | |
|--|--------------|----------------|----------------|---------|
| | Rs. In Lakhs | | Rs. in Lakhs | |
| SOURCES OF FUNDS | | | | |
| SHAREHOLDERS FUNDS | | | | |
| Share Capital | A | 17,622 | 17,622 | |
| Reserves and Surplus | B | 98,982 | 87,293 | 104,915 |
| MINORITY INTEREST | | | | |
| Share Capital | | 1,544 | 15,044 | |
| Reserves and Surplus | | 1,826 | 3,185 | 18,229 |
| LOAN FUNDS | | | | |
| Secured Loans | C | 434,495 | 343,096 | |
| Unsecured Loans | D | 68,455 | 19,837 | 362,933 |
| DEFERRED TAX LIABILITY | | 52,416 | 44,495 | |
| TOTAL FUNDS EMPLOYED | | 675,340 | 530,572 | |
| APPLICATION OF FUNDS | | | | |
| FIXED ASSETS | | | | |
| Gross Block | E | 508,910 | 440,515 | |
| Less: Depreciation | | 128,501 | 105,480 | |
| Net Block | | 380,409 | 335,035 | |
| Capital Work-in-Progress including Incidental Expenditure Pending Allocation | | 123,819 | 123,516 | 458,551 |
| INVESTMENTS | F | 2,353 | 2,523 | |
| DEFERRED TAX ASSET | | 1,261 | 2,191 | |
| CURRENT ASSETS, LOANS & ADVANCES | | | | |
| Current Assets | | | | |
| Inventories | | 63,242 | 53,500 | |
| Sundry Debtors | | 51,697 | 38,696 | |
| Cash and Bank Balances | | 82,180 | 26,651 | |
| Other Current Assets | | 295 | 216 | |
| Loans & Advances | | 85,288 | 76,555 | |
| | | 282,702 | 195,618 | |
| LESS: CURRENT LIABILITIES & PROVISIONS | | | | |
| Current Liabilities | H | 102,209 | 123,585 | |
| Provisions | | 19,212 | 9,703 | |
| | | 121,421 | 133,288 | |
| NET CURRENT ASSETS | | 161,281 | 62,330 | |
| MISCELLANEOUS EXPENDITURE | I | 6,217 | 4,977 | |
| TOTAL APPLICATION OF FUNDS | | 675,340 | 530,572 | |

Accounting Policies and

Notes to the Consolidated Accounts R

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

 For M.P. SINGH & ASSOCIATES
 Chartered Accountants

 M.P. SINGH
 Partner

 G.D. BANSAL
 Vice President
 (Accounts)

 R.B. SINGH
 Sr.Jt.President
 (Finance)

 HARISH K. VAID
 President (Corporate)
 & Company Secretary

 S.D. NAILWAL
 Director

 Place : New Delhi
 Dated: 30th June, 2005

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

| SCHEDULE | 2004-2005 | | 2003-2004 | |
|--|--------------|---------------|---------------|-----------|
| | Rs. In Lakhs | | Rs. in Lakhs | |
| INCOME | | | | |
| Cement Sales | | 123,670 | 99,602 | |
| Less: Excise Duty | | 20,212 | 17,668 | |
| Net Cement Sales | | 103,458 | 81,934 | |
| Construction Revenue | | 161,672 | 143,518 | |
| Sale of Hydro Electric Energy (Net of Rebate) | | 29,952 | 29,531 | |
| Hotel Revenue and Other Income | J | 19,852 | 14,732 | |
| Increase/(Decrease) in Stocks | K | 622 | 159 | 269,874 |
| EXPENDITURE | | | | |
| Construction, Manufacturing & Hotel Expenses | L | 158,240 | 129,224 | |
| Personnel | M | 11,571 | 9,982 | |
| Selling & Distribution Expenses | N | 25,162 | 21,185 | |
| Other Expenses | O | 27,209 | 26,511 | |
| Interest | P | 34,183 | 33,929 | |
| Depreciation | | 23,515 | 20,808 | |
| Adjustment of Capital Profits on acquisition of JHPL shares (Current year) | | 1,269 | 281,149 | - 241,639 |
| Profit before Taxation | | 34,407 | 28,235 | |
| Provision for Taxation | | | | |
| Current Tax | | 4,887 | 3,924 | |
| Deferred Tax | | 8,851 | 13,738 | 6,799 |
| Profit after Taxation | | 20,669 | 17,512 | |
| Profit/(Loss) brought forward from previous Year | | 17,884 | 12,406 | |
| Adjustment of Capital Profits on acquisition of JHPL shares (till 31.03.04) | | (1,083) | - | |
| Debenture redemption Reserve no longer required | | 12,100 | - | |
| Profit/(Loss) available for appropriation | | 49,570 | 29,918 | |
| Less : Provision for Dividend Tax [Education Cess] pertaining to Previous Year [Previous Year Rs.19,324/-] | | 7 | - | |
| Less : Transferred to Debenture Redemption Reserve | | 11,400 | 8,050 | |
| Less : Transferred to General Reserve | | 2,100 | 1,000 | |
| Less : Interim Dividend | | 3,326 | - | |
| Proposed Final Dividend | | 4,740 | 2,644 | |
| Tax on Dividends | | 1,182 | 340 | 2,984 |
| Balance carried to Balance Sheet | | 26,815 | 17,884 | |
| Accounting Policies and Notes to the Consolidated Accounts | | | | |
| Accounting Policies and Notes to the Consolidated Accounts | R | | | |
| Basic Earning per Share (Rupees) | | 11.73 | 9.94 | |
| Diluted Earning per Share (Rupees) | | 11.72 | 9.94 | |
| As per our report of even date attached to the Balance Sheet | | | | |

Accounting Policies and Notes to the Consolidated Accounts R

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

 For M.P. SINGH & ASSOCIATES
 Chartered Accountants

 M.P. SINGH
 Partner

 G.D. BANSAL
 Vice President
 (Accounts)

 R.B. SINGH
 Sr.Jt.President
 (Finance)

 HARISH K. VAID
 President (Corporate)
 & Company Secretary

 S.D. NAILWAL
 Director

 Place : New Delhi
 Dated: 30th June, 2005

 For and on behalf of the Board
JAIPRAKASH GAUR
 Chairman

MANOJ GAUR
 Managing Director

SUNIL KUMAR SHARMA
 Managing Director

| CONSOLIDATED SCHEDULE "A" SHARE CAPITAL | | 2004-2005 Rs. in Lakhs | 2003-2004 Rs. in Lakhs | CONSOLIDATED SCHEDULE "C" SECURED LOANS | | 2004-2005 Rs. in Lakhs | 2003-2004 Rs. in Lakhs |
|---|--|---------------------------|---------------------------|--|----------------|---------------------------|---------------------------|
| Authorised | | | | (Including interest accrued and due thereon) | | | |
| 98,00,00,000 Equity Shares of Rs. 10/- each | | 98,000 | 98,000 | A. TERM LOANS | | | |
| Issued, Subscribed and Paid-up | | | | 1. From Financial Institutions | | | |
| 17,62,16,981 Equity Shares of Rs. 10/- each fully paid-up including 17,21,73,011 Equity Shares allotted as fully paid-up without payment being received in cash in terms of the scheme of Arrangement and 40,43,970 Equity shares allotted under "Jaypee Employee Stock Purchase Scheme 2002". | | 17,622 | 17,622 | Rupee Loans | 102,843 | | 84,580 |
| | | 17,622 | 17,622 | Foreign Currency Loans | 5,606 | 108,449 | 5,183 |
| | | | | 2. From Banks | | | |
| | | | | Rupee Loans | 126,013 | | 118,464 |
| | | | | Foreign Currency Loans | 11,513 | | - |
| | | | | 3. Buyers Credit | 15,250 | | 16,156 |
| | | | | 4. From Petroleum Conservation Research Association | 2 | 261,227 | 3 224,386 |
| | | | | B. OTHER LOANS | | | |
| | | | | (Secured against hypothecation of Stocks, Spare Parts, Plant & Machinery and Revenue) | | | |
| | | | | 1. For Iraq Works From Banks | 5,511 | | 10,180 |
| | | | | 2. For Working Capital From Banks | | | |
| | | | | [a] Rupee Loans | 10,475 | | 9,835 |
| | | | | [b] Foreign Currency Loans | 1,163 | 11,638 | 1,082 |
| | | | | 3. For Taj Expressway Project from Banks (against Land) | - | 17,149 | 12,500 33,597 |
| | | | | C. DEBENTURES | | | |
| | | | | Secured Non-Convertible Debentures | | | |
| | | | | | | 151,626 | 77,200 |
| | | | | D. GOVERNMENT DEPARTMENTS & PUBLIC SECTOR UNDERTAKINGS | | | |
| | | | | (Secured against hypothecation of construction material and plant & machinery) | | | |
| | | | | (a) Interest Bearing | 1,640 | | 2,255 |
| | | | | (b) Non Interest Bearing | 2,117 | 3,757 | 4,935 7,190 |
| | | | | E. HIRE PURCHASE | | | |
| | | | | | | 736 | 723 |
| | | | | | | 434,495 | 343,096 |
| | | | | CONSOLIDATED SCHEDULE "D" | | | |
| | | | | UNSECURED LOANS | | | |
| | | | | (Including interest accrued and due thereon) | | | |
| | | | | A. Short Term Loans | | | |
| | | | | From Banks | | | |
| | | | | (Repayable within one year- Rs 5,141 Lakhs; Previous year 4,000 Lakhs) | | | |
| | | | | | | 5,141 | 4,000 |
| | | | | B. Foreign Currency Convertible Bonds | | | |
| | | | | | | 43,630 | - |
| | | | | C. Sales Tax Deferment Loan | | | |
| | | | | (Repayable within one year- Rs 759 Lakhs; Previous Year Rs 335 Lakhs) | | | |
| | | | | | | 3,890 | 4,325 |
| | | | | D. Bills Discounting | | | |
| | | | | (Repayable within one year- Rs 3,234 Lakhs; Previous Year Rs 1,475 Lakhs) | | | |
| | | | | | | 3,234 | 1,475 |
| | | | | E. Fixed Deposit Scheme | | | |
| | | | | (Repayable within one year- Rs 2,614 Lakhs; Previous Year Rs 1,841 Lakhs) | | | |
| | | | | | | 5,100 | 3,080 |
| | | | | F. From Others | | | |
| | | | | | | 7,460 | 6,957 |
| | | | | | | 68,455 | 19,837 |

| CONSOLIDATED SCHEDULE "E" FIXED ASSETS | | Rs. in Lakhs | | | | | | | | | |
|---|-------------------|--------------------------------|--|--------------------|-------------------|-----------------|---------------------|----------------|--------------------|--------------------|--|
| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | |
| | As on 1.4.2004 | Addition during the Year | Sale/Transfer/ Insurance claims adjustments during the Year | As on 31.3.2005 | Upto 31.3.2004 | For the Year | Sale/ Adjustment | Total | As on 31.3.2005 | As on 31.3.2004 | |
| Goodwill | 2557 | 7,925 | - | 10,482 | 508 | 1,046 | - | 1,554 | 8,928 | 2,049 | |
| Land | | | | | | | | | | | |
| (a) Leasehold Land | 2,594 | 179 | 9 | 2,764 | 4 | 4 | - | 8 | 2,756 | 2,590 | |
| (b) Freehold Land | 1,223 | 331 | - | 1,554 | - | - | - | - | 1,554 | 1,223 | |
| Building | 35,754 | 3,352 | - | 39,106 | 3,635 | 702 | - | 4,337 | 34,769 | 32,119 | |
| Purely Temporary Erections | 9,601 | 223 | - | 9,824 | 9,601 | 223 | - | 9,824 | - | - | |
| Plant & Machinery | 323,664 | 32,911 | 896 | 355,679 | 83,165 | 16,974 | 338 | 99,801 | 255,878 | 240,499 | |
| Captive Thermal Power Plant | - | 23,695 | - | 23,695 | - | 810 | - | 810 | 22,885 | - | |
| Hydraulic Works | 48,742 | - | - | 48,742 | 2,207 | 2,574 | - | 4,781 | 43,961 | 46,535 | |
| Railway siding | 830 | - | - | 830 | 430 | 39 | - | 469 | 361 | 400 | |
| Miscellaneous Fixed Assets(Hotel) | 2,437 | 75 | 7 | 2,505 | 709 | 120 | 1 | 828 | 1,677 | 1,728 | |
| Motor Vehicles | 3,789 | 185 | 65 | 3,909 | 1,449 | 341 | 39 | 1,751 | 2,158 | 2,340 | |
| Furniture & Office Equipment | 8,578 | 709 | 213 | 9,074 | 3,611 | 678 | 153 | 4,136 | 4,938 | 4,967 | |
| Ships : Boat | 4 | - | - | 4 | - | - | - | - | 4 | 4 | |
| Helicopter | 739 | - | - | 739 | 158 | 41 | - | 199 | 540 | 581 | |
| Technical Books | 3 | - | - | 3 | 3 | - | - | 3 | - | - | |
| | 440,515 | 69,585 | 1,190 | 508,910 | 105,480 | 23,552 | 531 | 128,501 | 380,409 | 335,035 | |
| PREVIOUS YEAR | 259,185 | 184,753 | 3,423 | 440,515 | 87,108 | 20,843 | 2,471 | 105,480 | 335,035 | - | |
| CAPITAL WORK-IN-PROGRESS | | | | | | | | | 123,819 | 123,516 | |

Note : Out of the Depreciation for the year, Rs. 37 lakhs (Previous Year Rs.36 lakhs) has been included in Expenditure During Construction Period shown in Schedule "Q"

| CONSOLIDATED SCHEDULE "F" INVESTMENTS (AT COST) | | 2004-2005 Rs. in Lakhs | 2003-2004 Rs. in Lakhs | CONSOLIDATED SCHEDULE "G" CURRENT ASSETS, LOANS & ADVANCES | | 2004-2005 Rs. in Lakhs | 2003-2004 Rs. in Lakhs |
|---|---|---------------------------|---------------------------|--|---|---------------------------|---------------------------|
| Other Investments | | | | A. CURRENT ASSETS | | | |
| (a) QUOTED | | | | 1. INVENTORIES | | | |
| (i) | 4,67,970 Equity Shares of Rs.10/- each fully paid up of Jaiprakash Enterprises Limited | 47 | 47 | (As per inventories taken valued and certified by the Management) | | | |
| (ii) | 15,350 Equity shares of Rs. 10/- each fully paid up of Capital Trust Limited | 2 | 2 | (a) | Stores and Spare Parts (at cost) | 24,917 | 24,216 |
| (iii) | 100 Equity Shares of Rs.10/- each of fully paid up of IFCI Limited | - | - | (b) | Construction Materials (at cost) | 10,187 | 5,584 |
| (iv) | 7,21,600 Equity Shares of Rs.10/- each of fully paid up of Indian Overseas Bank Limited | 72 | 72 | (c) | Raw Materials (at cost) | 501 | 210 |
| (v) | 1,65,900 Equity Shares of Rs.10/- each of fully paid up of PNB Gilts Limited | | | (d) | Finished Goods - Cement Division (at estimated cost or net realisable value whichever is lower) | 2,655 | 1,800 |
| | | 50 | 171 | 50 | 171 | 58 | 56 |
| | | | | (f) | Other Operating Supplies and Stores | 603 | 663 |
| | | | | (g) | Stock in Process (at estimated cost) | 1,373 | 1,606 |
| | | | | (h) | Work-in-Progress-Construction Division (at estimated cost) | 22,038 | 17,654 |
| | | | | (i) | Goods in Transit | 910 | 63,242 |
| | | | | | | 1,711 | 53,500 |
| (b) UNQUOTED | | | | 2. SUNDRY DEBTORS | | | |
| (i) | 5 Equity Shares of Makers Chamber VI Premises Co-operative Society Limited, Bombay of Rs.50/- each fully paid up [Rs.250/-] | - | - | (Unsecured, considered good) | | | |
| (ii) | 5,000 Equity Shares of Tourism Advisory Financial Service Corpn. of India Ltd of Rs.100/- each fully paid up | 5 | 5 | (a) | Debts outstanding for a period exceeding six months | | |
| (iii) | 5 Equity Shares of Sanukt Members' Association of Rs.100/- each fully paid-up [Rs.500/-] | - | - | (i) | From Iraq Works | 10,163 | 10,163 |
| (iv) | 20,35,000 Equity Shares of Jaypee DSC Ventures Limited of Rs 10/- each fully paid-up | 204 | 204 | (ii) | From Others | 19,411 | 14,902 |
| (v) | 30,00,000 Equity Shares of Jaypee Greens Ltd. of Rs 10/- each fully paid up (Previous year 47,00,000) | 301 | 471 | (b) | Other Debts | 22,123 | 51,697 |
| (vi) | 50,000 Equity Shares of Indesign Enterprises (P) Ltd, Cyprus of Cyprus Pound 1/- each fully paid-up | 72 | 72 | | | 13,631 | 38,696 |
| (vii) | 16,00,001 Preference Shares of Jaypee Greens Ltd. of Rs 100/- each fully paid up | 1,600 | 2,182 | 3. CASH AND BANK BALANCES | | | |
| | | 1,600 | 2,182 | (a) | Cash, Cheques in hand & in transit | 2,974 | 6,042 |
| | | | | (b) | Balances with Scheduled Banks | | |
| | | | | (i) | In Current Account | 15,395 | |
| | | | | (ii) | In Fixed Deposits Account (Fixed Deposit for Rs 8609 Lakhs Previous year Rs. 7,993 Lakhs pledged with Banks & Others) | 60,336 | |
| | | | | (iii) | Unpaid Dividend Account | 340 | 76,071 |
| | | | | | | 19,344 | |
| | | | | (c) | Balance with Non-Scheduled (Foreign) Banks | | |
| | | | | (i) | In Current Account | 409 | 83 |
| | | | | (d) | In Trust & Retention Account | | |
| | | | | (i) | In Current Account | 58 | 1,182 |
| | | | | (ii) | In Fixed Deposit Account | 2,668 | 2,726 |
| | | | | | | 82,180 | - |
| | | | | | | - | 26,651 |
| (c) GOVERNMENT SECURITIES | | | | 4. OTHER CURRENT ASSETS | | | |
| (pledged with various Govt. Departments as security) | | | | Interest accrued on Fixed Deposits & Others (From Banks Rs.238 Lakhs; Previous year Rs. 130 Lakhs) | | | |
| (i) | National Savings Certificates [Face Value Rs.15,700/-] | - | - | | | 295 | 216 |
| (ii) | Indira Vikas Patra (Face Value Rs. 250/-) | - | - | | | 197,414 | 119,063 |
| (iii) | Kisan Vikas Patra (Face Value Rs.3,000/-) | - | - | B. LOANS AND ADVANCES | | | |
| | | 2,353 | 2,523 | (Unsecured, Considered Good) | | | |
| | | | | Advances to Suppliers, Contractors, Sub-Contractors & Others | | | |
| | | | | | | 55,178 | 53,349 |
| | | | | Staff Imprest and Advances | | | |
| | | | | | | 555 | 608 |
| | | | | Claims and Refunds Receivable | | | |
| | | | | | | 5,796 | 4,437 |
| | | | | Prepaid Expenses | | | |
| | | | | | | 3,202 | 2,801 |
| | | | | Deposits with Govt. Deptts. Public Bodies and others | | | |
| | | | | (a) | Govt. Deptts., Public Bodies | 6,640 | 5,802 |
| | | | | (b) | Others | 403 | 7,043 |
| | | | | | | 448 | 6,250 |
| | | | | Work Contract Tax/ Sales Tax Recoverable | | | |
| | | | | | | 4,005 | 3,106 |
| | | | | Income Tax deducted at source | | | |
| | | | | | | 9,509 | 6,004 |
| | | | | | | 85,288 | 76,555 |
| | | | | GRAND TOTAL | | 282,702 | 195,618 |
| Note: | | Rs. | Rs. | | | | |
| 1. Aggregate cost of | | | | | | | |
| Quoted Investments [(Market Value Rs. 628 Lakhs (Previous Year Rs 545 Lakhs)] | | 17,029,700 | 17,029,700 | | | | |
| Unquoted | | 218,083,641 | 235,126,141 | | | | |
| Government Securities | | 12,600 | 18,950 | | | | |
| 2. All Investments are long term | | | | | | | |

| CONSOLIDATED SCHEDULE "H" | 2004-2005 | | 2003-2004 | | CONSOLIDATED SCHEDULE "K" | 2004-2005 | | 2003-2004 | |
|--|---------------------|----------------|---------------------|----------------|---|---------------------|---------------|---------------------|--------------|
| CURRENT LIABILITIES AND PROVISIONS | Rs. in Lakhs | | Rs. in Lakhs | | INCREASE / (DECREASE) IN STOCKS | Rs. in Lakhs | | Rs. in Lakhs | |
| A. CURRENT LIABILITIES | | | | | STOCK IN TRADE (AT COST) | | | | |
| Sundry Creditors | | | | | AT THE END OF THE YEAR | | | | |
| (a) Due to Small Scale Undertakings | 3 | | 6 | | Finished Goods | 2,655 | | 1,800 | |
| (b) Others | 43,738 | 43,741 | 45,024 | 45,030 | Stock-in-process | 1,373 | 4,028 | 1,606 | 3,406 |
| Advance from Customers | | 6,034 | | 6,586 | LESS: AT THE COMMENCEMENT | | | | |
| Due to Staff | | 466 | | 385 | OF THE YEAR | | | | |
| Due to Directors | | 1 | | 1 | Finished Goods | 1,800 | | 1,350 | |
| Adjustable Receipts against Contracts (Against Bank Guarantees) | | | | | Stock-in-process | 1,606 | 3,406 | 1,897 | 3,247 |
| (a) Interest Bearing | 5,659 | | 9,158 | | | 622 | | 159 | |
| (b) Non Interest Bearing | 29,653 | 35,312 | 40,551 | 49,709 | | | | | |
| Other Liabilities | | 7,856 | | 12,643 | CONSOLIDATED SCHEDULE "L" | | | | |
| Expenses Payable | | 186 | | 195 | CONSTRUCTION, MANUFACTURING & HOTEL EXPENSES | | | | |
| Interest accrued but not due on loans | | 8,271 | | 8,886 | Opening Work-in-Progress | | | | |
| Investor Education and Protection Fund: (Appropriate amounts shall be transferred to "Investor Education and Protection Fund" if and when due) | | | | | -Construction Division | 17,654 | | 10,924 | |
| (a) Unclaimed Dividend | 340 | | 148 | | Construction Expenses | 67,184 | | 54,880 | |
| (b) Share Application Money Refundable Accounts (Rights Issue) | 2 | 342 | 2 | 150 | Raw Materials Consumed [Cement Division] | 11,792 | | 10,228 | |
| | | 102,209 | | 123,585 | Hydro Electric Running & Operation charges | | | | 955 |
| B. PROVISIONS | | | | | O & M charges for ICF to SJVNL | 99 | | | |
| For Taxation | 7,940 | | 4,647 | | Consumption of Food & Beverages etc. | 871 | | 728 | |
| For Gratuity | 1,602 | | 1,406 | | Hotel Operating Expenses | 2,851 | | 2,539 | |
| For Provident Fund | 140 | | 181 | | Fabrication Expenses | 1,105 | | 175 | |
| For Property Tax | 99 | | 137 | | Hire Charges & Lease Rental of Machinery | 861 | | 651 | |
| For Hotel Receipt Tax | 17 | | 17 | | Power, Electricity & Water Charges | 20,386 | | 20,730 | |
| For Leave Encashment | 392 | | 331 | | Repairs & Maintenance of Machinery | 13,794 | | 12,357 | |
| For Interim Dividend | 3,172 | | | | Repairs to Building and Camps | 819 | | 1,017 | |
| For Proposed Final Dividend | 4,740 | | 2,644 | | Stores and Spares Consumed | 16,427 | | 12,714 | |
| For Tax on Dividends | 1,110 | | 340 | | Coal and Packing Materials Consumed | 18,471 | | 14,448 | |
| | | 19,212 | | 9,703 | Freight, Octroi & Transportation Charges | 7,964 | | 4,532 | |
| GRAND TOTAL | 121,421 | | 133,288 | | | 180,278 | | 146,878 | |
| CONSOLIDATED SCHEDULE "I" | | | | | Less: Closing Work-in-Progress | | | | |
| MISCELLANEOUS EXPENDITURE | | | | | -Construction Division | 22,038 | | 17,654 | |
| (To the extent not written off or adjusted) | | | | | | 158,240 | | 129,224 | |
| Preliminary Expenses | | 166 | | 173 | CONSOLIDATED SCHEDULE "M" | | | | |
| Share & Debenture Issue Expenses | 1,926 | | 2,916 | | PERSONNEL | | | | |
| Less: Written off during the year | 963 | | 990 | 1,926 | Salaries, Wages & Bonus | 8,754 | | 7,366 | |
| Deferred Revenue Expenses | | 2,551 | | 2,878 | Gratuity | 325 | | 301 | |
| Debt Restructuring Expenses | | 2,537 | | | Contribution to Provident & Other Funds | 729 | | 654 | |
| | | 6,217 | | 4,977 | Staff Welfare | 1,763 | | 1,661 | |
| CONSOLIDATED SCHEDULE "J" | | | | | | 11,571 | | 9,982 | |
| HOTEL REVENUE & OTHER INCOME | | | | | CONSOLIDATED SCHEDULE "N" | | | | |
| Hotel Revenue | | | | | SELLING & DISTRIBUTION EXPENSES | | | | |
| Rooms Sale | 5,217 | | 3,829 | | Loading, Transportation & Other Charges | 22,032 | | 18,175 | |
| Food and Beverages | 2,584 | | 1,843 | | Commission on Cement Sales | 1,942 | | 1,453 | |
| Wine and Liquor | 413 | | 277 | | Sales Promotion | 1,188 | | 1,557 | |
| Telex and Telephone | 89 | | 93 | | | 25,162 | | 21,185 | |
| Other services | 260 | 8,563 | 723 | 6,765 | CONSOLIDATED SCHEDULE "O" | | | | |
| Fabrication Jobs | 1,546 | | 198 | | OTHER EXPENSES | | | | |
| Less: Excise Duty | 244 | 1,302 | 37 | 161 | Rent | 386 | | 281 | |
| Dividends | | 31 | | 25 | Rates & Taxes | 2,020 | | 1,447 | |
| Rent | | 14 | | 16 | Insurance | 2,794 | | 2,588 | |
| Machinery Rentals | | 2,487 | | 1,688 | Travelling & Conveyance | 1,512 | | 1,268 | |
| Foreign Currency Exchange Rate Difference | | 29 | | 138 | Bank Charges & Guarantee Commission | 2,732 | | 3,095 | |
| Interest (including Rs. 1,017 Lakhs from Banks) | | | | | Loss on Sale / Disposal/ Write-off of Assets (Net) | 327 | | 467 | |
| Previous Year Rs 685 Lakhs) | 1,141 | | 2,042 | | Financing Charges | 5,341 | | 628 | |
| Profit on Sale of Investments | 850 | | 28 | | Postage, Telephone & Telex | 556 | | 511 | |
| Miscellaneous | 5,435 | | 3,869 | | Light Vehicle Running & Maintenance | 668 | | 560 | |
| | 19,852 | | 14,732 | | Legal & Professional | 2,498 | | 1,984 | |
| | | | | | Charity & Donation | 900 | | 414 | |
| | | | | | | C/F | 19,734 | 13,243 | |

| | 2004-2005 | | 2003-2004 | |
|---|--------------|---------------|---------------|----|
| | Rs. in Lakhs | | Rs. in Lakhs | |
| | B/F | 19,734 | 13,243 | |
| Security & Medical Services | | 1,413 | 1,177 | |
| Interest Receivables written off [Iraq] | | - | 7,935 | |
| Sundry Balances written off | | 1,827 | 1,266 | |
| Directors' Fees | | 9 | 7 | |
| Miscellaneous Expenses | | 2,376 | 1,727 | |
| Auditors' Remuneration: | | | | |
| Audit Fees | 26 | | 23 | |
| Tax Audit Fees | 3 | | 3 | |
| Other Services | 8 | | - | |
| In other capacity: | | | | |
| For Taxation matters [Rs.12,000/-] | - | | - | |
| For Management Services | 3 | | 3 | |
| Reimbursement of Expenses | 6 | 46 | 3 | 32 |
| Preliminary, Share & Debenture Issue & Other carry forward expenses written off | | 1,804 | 1,124 | |
| | | <u>27,209</u> | <u>26,511</u> | |

CONSOLIDATED SCHEDULE "P"
INTEREST

| | | |
|---|---------------|---------------|
| Interest on Term Loans | 20,490 | 19,421 |
| Interest on Bank Borrowing & Others | 4,435 | 5,974 |
| Interest on Non -Convertible Debentures | 9,258 | 8,534 |
| | <u>34,183</u> | <u>33,929</u> |

CONSOLIDATED SCHEDULE "Q"
EXPENDITURE DURING CONSTRUCTION PERIOD

| | | |
|---|---------------|---------------|
| Opening Balance | 26,715 | 63,374 |
| Electricity, Power and Fuel | 2,132 | 472 |
| Salary, Wages, Contribution to Provident Fund & Staff welfare | 471 | 742 |
| Survey Expenses | - | 55 |
| Site Development Expenses | 188 | 247 |
| Establishment Expenses incurred by GOUP | - | 299 |
| Repair and Maintenance | 260 | 172 |
| Legal and Professional | 1,229 | 1,904 |
| Technical Fees | 1,041 | - |
| Insurance | 527 | 581 |
| License, Application Fee, Rent, Rates & Taxes | 77 | 15 |
| LC Commission, Bank Guarantee commission and Bank Charges | 649 | 101 |
| Freight and Material Handling | 208 | 229 |
| Environmental and Pollution Study Fee | 180 | 128 |
| Postage and Telephone | 6 | 4 |
| Advertisement and Business Promotion | - | 2 |
| Travelling and Conveyance | 59 | 61 |
| Printing and Stationery | 2 | 3 |
| Vehicle Hire and Running Expenses | 114 | 121 |
| Directors' Sitting Fees | 2 | 1 |
| Preoperative expenses incurred by Govt of U.P. | - | 96 |
| Miscellaneous | 417 | 87 |
| Interest | 14,738 | 11,949 |
| Financial Charges, Loan processing & Front end fees | 2,560 | 948 |
| Audit Fees & Concurrent Audit Fees | 17 | 7 |
| Depreciation | 37 | 35 |
| | <u>51,629</u> | <u>81,633</u> |
| Less: | | |
| Interest Received | 74 | 17 |
| Miscellaneous Receipt | - | 278 |
| Handling Charges | - | 8 |
| | <u>74</u> | <u>303</u> |
| Less: Provision for Taxation | <u>28</u> | <u>6</u> |
| | <u>51,583</u> | <u>81,336</u> |
| Less: Capitalised During the Year | <u>13,372</u> | <u>54,748</u> |
| | <u>38,211</u> | <u>26,588</u> |

CONSOLIDATED SCHEDULE "R"
ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED ACCOUNTS
(A) SIGNIFICANT ACCOUNTING POLICIES
Basis of Preparation of Consolidated Financial Statements

- The Consolidated Financial Statements are prepared in accordance with Accounting Standards [AS] 21 on Consolidated Financial Statements, AS-23 on Accounting for Investment in Associates in Consolidated Financial Statements and AS-27 on Financial Reporting of Interests in Joint Ventures.
- The financial statements of the Subsidiary Companies used in the consolidation are drawn upto the same reporting date, as that of the Parent Company, Jaiprakash Associates Limited (JAL).
- The accounts are prepared on the historical cost basis and on the principles of a going concern.
- Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

Principles of Consolidation

- The financial statements of JAL and its subsidiaries have been consolidated on a line-by-line basis, by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and unrealised profits / losses.
- The financial statements of JAL and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.
- The excess of the cost to JAL of its investments in each of the subsidiaries over its share of equity in the respective subsidiary, on the acquisition date, is recognised in the financial statement as Goodwill and to be amortised over a period of ten years.

Revenue Recognition

Revenues/Incomes and Costs/Expenditures are accounted for on accrual basis as they are earned or incurred.

Fixed Assets

Fixed Assets are stated at Cost of acquisition or construction inclusive of freight, erection & 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 has been provided on Straight Line Method as per the classification and on the basis of Schedule-XIV to the Companies Act, 1956.

Investments

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

Retirement Benefits

Retirement Benefits are provided in the books in the following manner:

- Gratuity and Leave Encashment on Retirement - as per actuarial valuation.
- Provident Fund and Family Pension are contributed as a percentage of salary / wages.

Inventories

- The inventories resulting from intra-group transactions have been stated at cost after deducting unrealised profit on such transactions.
- The inventories have been valued on the basis of Weighted Average Cost Method.
- Stock of Cement, is valued at estimated cost or net realisable value, whichever is less. Value of Cement and Clinker in the factory premises includes excise duty, pursuant to the Accounting Standard [AS-2] [Revised].
- Work-in-progress and Material-in Process are valued at estimated cost.

Foreign Currency Transactions

- Monetary Assets and Liabilities related to Foreign Currency transactions and outstanding at the close of the year are expressed in Indian Currency at the rate of exchange prevailing on the date of Balance Sheet.
- Transactions in Foreign Currency are recorded in the Books of Account at the rate of exchange prevailing on the date of transaction.

Research and Development

Revenue expenditure on research and development is charged to Profit & Loss Account in the year in which it is incurred. Capital expenditure on research and development is shown as an addition to Fixed Assets.

Expenditure during Construction Period

Expenditure incurred on projects during implementation is capitalised and apportioned to various assets on commissioning of the project.

Earning Per Share

Basic earning per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earning per equity share is computed by dividing Net Profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

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. All other borrowing costs are charged to revenue.

Segment Reporting

Revenue, operating results, assets and liabilities have been identified to represent separate segment on the basis of their relationship to the operating activities of the segment. Assets, Liabilities, Revenue and Expenses which are not allocable to separate segment on a reasonable basis, are included under "Unallocated".

Taxes on Income

Deferred Tax Liability is provided in accordance with Accounting Standard [AS-22]. Deferred Tax Asset and Deferred Tax Liability are stated as the aggregate of respective figures in the separate Balance Sheets.

(B) NOTES TO THE ACCOUNTS
1 Subsidiaries

The Consolidated Financial Statements present the Consolidated Accounts of Jaiprakash Associates Limited with its following Subsidiaries:

| Name of Subsidiaries | Country of Incorporation | Proportion of Ownership Interest |
|---|--------------------------|----------------------------------|
| [a] Jaiprakash Hydro-Power Limited (JHPL) | India | 100% |
| [b] Jaiprakash Power Ventures Limited (JPVL) | India | 100% |
| [c] Jaypee Hotels Limited (JHL) | India | 72.2% |
| [d] Jaypee Karcham Hydro Corporation Ltd. [JKHCL] | India | 100% |

2 Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Companies. Recognising this purpose, the Company has disclosed such Policies and Notes from the individual financial statements, which fairly present the needed disclosures.

3 Contingent Liability not provided for in respect of:

| | 2004-05 Rs. in Lakhs | 2003-04 Rs. in Lakhs |
|--|-------------------------|-------------------------|
| (a) Outstanding balance of Bank Guarantees | 104461.50 | 90837.90 |
| Margin Money Paid against the above | 5227.40 | 5259.26 |
| (b) Claims against the Company not acknowledged as debts | 31745.28 | 30502.88 |
| (c) Outstanding Letters of Credit | 20800.20 | 5148.53 |
| Margin Money Paid against the above | 542.28 | 468.24 |

4 Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of advances)
[Previous Year Rs.432472.25 Lakhs] **Rs. 492036.59 Lakhs**

5 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.

6 Sundry Balances to the extent of Rs.1827.15 Lakhs [Previous Year Rs.1265.51 Lakhs] have been written off during the year.

7 (a) The provision for taxation is the sum of provisions made for taxation in the separate accounts of the subsidiaries, which have been computed as per the provisions of Income Tax Act, and which also includes Rs.6.00 Lakhs [Previous Year Rs.15.00 Lakhs] towards Wealth Tax.

| | 2004-05 Rs. in Lakhs | 2003-04 Rs. in Lakhs |
|--|-------------------------|-------------------------|
| (b) Deferred Tax: | | |
| (i) Deferred Tax Liability on account of : | | |
| Depreciation | 40167.95 | 38248.50 |
| Others | 12247.80 | 6245.58 |
| | 52415.75 | 44494.08 |
| Deferred Tax Assets on account of: | | |
| Employees' Benefits | 657.53 | 611.98 |
| Unabsorbed Depreciation / carry forward losses | 564.35 | 1573.02 |
| Others | 38.97 | 6.04 |
| | 1260.85 | 2191.04 |
| Net Deferred Tax Liability | 51154.90 | 42303.04 |

(ii) Deferred Tax [Net] amounting to Rs.8850.88 Lakhs [Previous Year Rs.6798.57 Lakhs] has been recognised in the Profit & Loss Account for the year ended 31.03.2005.

8 Capital Work-in-progress includes Civil Works, Machinery Under Erection and in transit, Construction, Advance to Suppliers, Pre-operative Expenses and Incidental Expenditure Pending Allocation
[Previous Year Rs.123516.12 Lakhs] **Rs.123818.63 Lakhs**

9 Managerial remuneration paid/payable by the Company and its subsidiaries to Managing / Whole-time Directors:

| | 2004-05 Rs. in Lakhs | 2003-04 Rs. in Lakhs |
|-----------------------------|-------------------------|-------------------------|
| Salary | 174.91 | 195.56 |
| Provident Fund Contribution | 17.08 | 21.51 |
| Perquisites | 71.88 | 113.06 |

10 Goodwill amounting to Rs.10461.55 lakhs [Previous Year Rs.2537.05 Lakhs] as arisen on consolidation of accounts between Parent Company and its Subsidiary Company, JHL & JHPL. Since Goodwill is to be amortised over a period of ten years, an amount Rs.1046.15 [Previous Year Rs.253.70 lakhs] has been written-off and included in Depreciation for the year ended 31st March, 2005.

11 Related Parties disclosures, as required in terms of "Accounting Standard [AS] 18" including those of the Transferor Company are given below:

Relationships (Related party relationships are as identified by the Company and relied upon by the Auditors)

(a) Associate Companies:

- [i] Jaypee Ventures Limited
- [ii] Jaypee Industrial & Medical Services Ltd. [w.e.f. 23.03.04]
- [iii] Jaypee Greens Limited
- [iv] JIL Information Technology Pvt. Ltd.
- [v] Indesign Enterprises Pvt. Ltd.
- [vi] Gaur & Nagi Ltd.
- [vii] Shiras Estates Limited

(b) Key Management Personnel:
Jaiprakash Associates Limited

- [i] Shri Jaiprakash Gaur, Chairman
- [ii] Shri Sarat Kumar Jain, Vice Chairman [till 11.03.04]
- [iii] Shri Manoj Gaur, Managing Director
- [iv] Shri Sunil Kumar Sharma, Managing Director [till 11.03.04 & w.e.f. 18.03.04]
- [v] Shri Sunny Gaur, Whole-time Director
- [vi] Shri Ranvijay Singh, Whole-time Director [till 31.03.04]
- [vii] Shri Rahul Kumar, Whole-time Director
- [viii] Shri M.S. Srivastava, Whole-time Director [till 11.03.04]
- [ix] Shri S.D. Nailwal, Whole-time Director [till 11.03.04 & w.e.f. 01.07.04]
- [x] Shri Har Prasad, Whole-time Director [till 11.03.04]
- [xi] Shri Rakesh Sharma, Whole-time Director [till 11.03.04]
- [xii] Shri Sameer Gaur, Whole-time Director [till 11.03.04 & w.e.f. 01.07.04]
- [xiii] Shri Pankaj Gaur, Whole-time Director [till 11.03.04 & w.e.f. 01.07.04]
- [xiv] Shri R.B. Singh, Whole-time Director [till 18.03.04]
- [xv] Shri V.K. Jain, Whole-time Director [till 18.03.04]

Jaypee Hotels Limited

- [i] Shri S.G. Awasthi, Managing Director
- [ii] Lt. Gen. S.N. Endley [Retd.], Whole-time Director
- [iii] Smt. Manju Sharma, Whole-time Director

Jaiprakash Hydro-Power Limited

- [i] Shri J.N. Gaur
- [ii] Shri R.K. Narang [w.e.f. 28.06.04]

Jaiprakash Power Ventures Limited

- [i] Shri Suresh Kumar
- [ii] Shri M.C. Maheshwari
- [iii] Shri Viren Jain [01.07.04 onwards]

[c] Relatives of Key Management Personnel, where transactions have taken place:

- [i] Shri Gyan Prakash Gaur
- [ii] Shri Sameer Gaur [from 11.03.04 onwards & till 30.06.04]
- [iii] Smt. Rekha Dixit
- [iv] Shri Sachin Gaur
- [v] Shri Praveen Kumar Singh
- [vi] Shri Naveen Kumar Singh
- [vii] Shri Viren Jain [till 30.06.04]

Transactions carried out with related parties referred to above:

| Nature of Transactions | Rs. in Lakhs | | |
|------------------------|------------------------|--|------------------------|
| | Referred in 1(a) above | Related Parties Referred in 1(b) above | Referred in 1(c) above |
| Income | | | |
| Contract Receipts | - | - | - |
| | (705.44) | | |
| Sale of Cement | 59.1 | - | - |
| | (23.54) | | (1.77) |
| Service Charges | 2.13 | - | - |
| | (1.96) | | |
| Dividend | 12.62 | - | - |
| | (-) | | |

| Nature of Transactions | Rs. in Lakhs | | |
|--|------------------------|--|------------------------|
| | Referred in 1(a) above | Related Parties Referred in 1(b) above | Referred in 1(c) above |
| Sale of Shares | 1020.00 | - | - |
| | (-) | | |
| Expenses | | | |
| Design Engineering and Technical Consultancy | 3222.38 | - | - |
| | (4855.66) | | |
| Operations & Maintenance | - | - | - |
| | (27.58) | | |
| Security & Medical Services | 1374.29 | - | - |
| | (27.13) | | |
| Salaries & Other Amenities etc.. | - | 263.87 | 50.09 |
| | | (330.12) | (41.20) |
| Gratuity & Leave Encashment | - | 71.03 | - |
| | | (-) | |
| Others | - | - | - |
| | (20.42) | | |
| Outstandings | | | |
| Receivables | 19723.41 | 1.94 | - |
| | (13943.97) | (1.77) | |
| Payables | 346.99 | 0.03 | 0.82 |
| | (183.81) | (1.06) | (0.86) |

12 Other Liabilities shown under the head "Current Liabilities & Provisions" include Book Overdraft of Rs.689.87 Lakhs [Previous Year Rs.23.07 Lakhs].

13 Segment Information

Business Segment:

| Particulars | Const- ruction | Cement | Hospitality | Power | Unallo- cated | Total |
|---------------------------------------|-------------------|-------------|-------------|-------------|------------------|-----------------|
| [A] Segment Revenue | | | | | | |
| External | 166651.18 | 99226.84 | 8740.45 | 30016.07 | 5465.73 | 310100.27 |
| | (146355.29) | (79547.32) | (6836.64) | (29531.03) | (3290.93) | (265561.21) |
| Inter Segment Revenue | 13865.09 | 4813.54 | 133.64 | - | - | 18812.27 |
| | (17236.26) | (4154.05) | (96.94) | (-) | (-) | (21487.25) |
| [B] Segment Results | | | | | | |
| Profit/(Loss) before Tax and Interest | 48227.53 | 12144.69 | 1654.99 | 18503.70 | -11939.55 | 68591.36 |
| | (41474.03) | (5536.97) | (480.02) | (20916.02) | (-6243.20) | (62163.84) |
| Less:Interest | | | | | | 33929.29 |
| | | | | | | (34570.68) |
| Profit before Taxation | | | | | | 34407.91 |
| | | | | | | (28234.55) |
| Provision for Tax | | | | | | 4487.34 |
| Current Tax | | | | | | (3924.38) |
| Deferred Tax | | | | | | 8850.88 |
| | | | | | | (6798.58) |
| Profit after Taxation | | | | | | 20669.69 |
| | | | | | | (17511.59) |
| [C] Other Information | | | | | | |
| Segment Assets | 210217.39 | 160323.65 | 21363.00 | 259199.40 | 138181.02 | 789284.46 |
| | (186974.07) | (134181.21) | (19140.45) | (234847.12) | (81549.44) | (656692.29) |
| Segment Liabilities | 71901.15 | 24948.69 | 1283.99 | 2718.45 | 20569.10 | 121421.38 |
| | (74444.90) | (25290.57) | (1789.81) | (6812.67) | (24950.08) | (133288.03) |

| | | | | | | Rs. in Lakhs | statements of subsidiaries duly audited and disclosure of following information: | | | | | |
|---|---|------------------------|---------------------|------------------------|----------------------|--------------------------|--|---|----------------------|--------------------|------------------|-----|
| | | | | | | Rs.in Lakhs | | | | | | |
| | | | | | | Jaypee Hotels | Jaiprakash | Jaiprakash | Jaypee | | | |
| | | | | | | Ltd. | Hydro | Power | Karcham | | | |
| | | | | | | Power Ltd. | Venture Ltd. | Hydro Corp. | Ltd. | | | |
| Total Loans and Interest payable thereon | | | | | | 502951.84 (362932.97) | | | | | | |
| Capital Expenditure during the year including CWIP | 5074.84 (31829.10) | 26452.61 (30066.67) | 826.38 (1652.25) | 29395.39 (27220.08) | 7986.70 (1251.91) | 69735.92 (92020.01) | Capital | 5549 (5,549) | 49100 (49,100) | 42900 (32,900) | 10000 (5) | |
| Depreciation | 5820.72 (6849.64) | 7241.90 (5632.88) | 711.48 (655.37) | 8376.99 (7143.74) | 317.30 (273.05) | 22468.39 (20554.68) | Reserves | 6560 (5,723) | 6702 (5,791) | - | - | |
| Non cash expenditure other than depreciation | - | 190.88 (255.95) | 130.23 (130.23) | - | 1660.11 (1247.80) | 1981.22 (1633.94) | Total Assets | 24037 (24,637) | 174667 (1,71,205) | 115104 (84,738) | 10121 (1,403) | |
| (a) Segments have been identified in accordance with Accounting Standard on Segment Reporting [AS-17] taking into account the organisational structure as well as differential risks and returns of these segments. | | | | | | | Total Liabilities | 11928 (13,365) | 118865 (1,16,314) | 72204 (51,838) | 121 (1,398) | |
| (b) Business Segment has been disclosed as the primary segment. | | | | | | | Investment Details | | | | | |
| (c) Types of Products and Services in each Business Segment: | | | | | | | Indesign Enterprises Pvt Ltd (50,000 equity shares of Cyprus Pound one each) | 72 (72) | - | - | - | |
| [i] Construction | Civil Engineering Construction/EPC Contracts/Taj Expressway Project | | | | | | Jaypee Greens Limited (16,00,001 preference shares of Rs. 100/- each) | 1600 (1,600) | - | - | - | |
| [ii] Cement | Manufacture and Sale of Cement and Clinker | | | | | | Jaypee Greens Limited (30,00,000 equity shares of 10/- each) | 301 (471) | - | - | - | |
| [iii] Hospitality | Hotels | | | | | | (Previous Year 47,00,000) | - | - | - | - | |
| [iv] Power | Hydro-Power generation | | | | | | Turnover | 15597 (13,261) | 30134 (29,662) | - | - | |
| (d) Segment Revenues, Results, Assets and Liabilities include the amounts identifiable to each segment and amounts allocated on a reasonable basis. | | | | | | | Profit Before Taxation | 2850 (978) | 5549 (6,289) | - | - | |
| (e) Segment Assets exclude Miscellaneous Expenditure & Deferred Tax Asset. Segment Liabilities exclude Deferred Tax Liability. | | | | | | | Provision for Taxation | 1176 (451) | 439 (498) | - | - | |
| 14 Earning Per Share | | | | | | | Profit After Taxation | 1674 (527) | 5110 (5,791) | - | - | |
| Computation for both Basic and Diluted Earnings Per Share of Rs.10/- each | | | | | | 2004-05 | 2003-04 | Proposed Dividend | NIL | 4199 | NIL | NIL |
| (a) Net Profit for Basic Earning Per Share as per Profit & Loss A/c [Rs. in Lakhs] | | | | | | 20667.69 | 17512.00 | 16 Figures for the previous year have been regrouped/rearranged wherever considered necessary to conform to this year's classification. | | | | |
| Adjustment for the purpose of Diluted Earning Per Share | | | | | | | | 17 Figures pertaining to the subsidiary companies/joint venture have been reclassified wherever necessary to bring them in line with the Parent Company's Financial statements. | | | | |
| Interest on Convertible Bonds | | | | | | 1.80 | - | Signatures to Schedules "A" to "R" | | | | |
| Less:Tax Effect | | | | | | 0.66 | 1.14 | | | | | |
| Net Profit for Diluted Earning Per Share | | | | | | 20668.83 | 17512.00 | | | | | |
| (b) Weighted average number of equity shares for Earnings per share computation | | | | | | | | | | | | |
| (i) Number of Equity Shares at the beginning of the year | | | | | | 176216981 | 176216981 | | | | | |
| (ii) Shares allotted during the year | | | | | | 152290 | - | | | | | |
| (iii) Weighted average for | | | | | | | | | | | | |
| (a) Basic Earnings Per Share | | | | | | 176216981 | 176216981 | | | | | |
| (b) Diluted Earnings Per Share | | | | | | 176369271 | 176216981 | | | | | |
| (c) Earnings Per Share | | | | | | | | | | | | |
| (i) Basic | | | | | | Rs.11.73 | Rs. 9.94 | | | | | |
| (ii) Diluted | | | | | | Rs.11.72 | Rs. 9.94 | | | | | |
| (d) Face Value Per Share | | | | | | Rs.10.00 | Rs.10.00 | | | | | |
| 15 The Central Government in exercise of the powers conferred by sub-section 8 of section 212 of the Companies Act 1956 has directed vide Ministry of Company Affairs letter no.47/213/2005-CL-III dated 29.06.2005 that the provisions contained in sub-section (1) of section 212 of the Companies Act 1956, requiring annual accounts of the Subsidiaries to be attached to the annual accounts of the Holding Company, shall not apply in respect of the Company's four Subsidiaries for the financial year ended on 31.03.2005 subject to, inter alia, presentation of consolidated financial | | | | | | | | | | | | |

For and on behalf of the Board

 For M.P. SINGH & ASSOCIATES
 Chartered Accountants

JAIPRAKASH GAUR
 Chairman

MANOJ GAUR
 Managing Director

SUNIL KUMAR SHARMA
 Managing Director

M.P. SINGH
 Partner

| | | | |
|------------------------|-------------------|-----------------------|-----------------------|
| G.D. BANSAL | R.B. SINGH | HARISH K. VAID | S.D. NAILWAL |
| Place : New Delhi | Vice President | Sr. Jt. President | President (Corporate) |
| Dated: 30th June, 2005 | (Accounts) | (Finance) | & Company Secretary |

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

| | 2004-2005 Rs. in Lakhs | 2003-2004 Rs. in Lakhs |
|---|---------------------------|---------------------------|
| A) CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net Profit before Tax as per Profit & Loss Account | 34,408 | 28,235 |
| Add back: | | |
| (a) Depreciation | 23,515 | 20,808 |
| (b) Miscellaneous Expenses (Amortized) | 1,971 | 1,385 |
| (c) Interest on Borrowings | 34,183 | 33,929 |
| (d) Loss on sale of fixed assets | 327 | 467 |
| | <u>59,996</u> | <u>56,589</u> |
| | 94,404 | 84,824 |
| Deduct: | | |
| (a) Interest Income | (1,141) | (2,042) |
| (b) Dividend Income | (31) | (25) |
| (c) (Profit)/Loss on Sale of Investments | (850) | (28) |
| (d) Other Income | (7,936) | (5,573) |
| | <u>(9,958)</u> | <u>(7,668)</u> |
| Operating Profit before Working Capital Changes | 84,446 | 77,156 |
| Deduct: | | |
| (a) Increase in Sundry Debtors | (13,001) | (2,118) |
| (b) Increase in Inventories | (9,742) | (7,994) |
| (c) Increase in other receivables | (79) | - |
| (d) Increase in Loan and Advances | (8,734) | - |
| (e) Decrease in Trade Payables & Other Liabilities | (17,905) | (1,868) |
| | <u>(49,461)</u> | <u>(11,980)</u> |
| | 34,985 | 65,176 |
| Add: | | |
| (a) Decrease in Loans and Advances | - | 1,355 |
| (b) Decrease in Other Receivables | - | 7,959 |
| | <u>-</u> | <u>9,314</u> |
| Cash Generated from Operations | 34,985 | 74,490 |
| Deduct: | | |
| Tax Paid | (4,887) | (3,924) |
| Cash Flow Before Extra-ordinary Items | 30,098 | 70,566 |
| CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES "A" | <u>30,098</u> | <u>70,566</u> |
| (B) CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Outflow: | | |
| (a) For Fixed Assets and Capital Work in progress | (69,851) | (91,768) |
| (b) Purchase of Investments | - | (2,275) |
| (c) Miscellaneous Expenses | (3,203) | (101) |
| (d) Adjustment of capital profits on acquisition of JHPL shares pertaining to period before 31/03/04. | (1,083) | - |
| | <u>(74,137)</u> | <u>(94,144)</u> |
| Inflow: | | |
| (a) Sale/Transfer of Fixed Assets | 323 | 157 |
| (b) Sale of Investments | 1,020 | 1,033 |
| (c) Interest Income | 1,141 | 2,042 |
| (d) Dividend Received | 31 | 25 |
| (e) Other Income | 7,936 | 5,573 |
| | <u>10,451</u> | <u>8,830</u> |
| NET CASH USED IN INVESTING ACTIVITIES "B" | <u>(63,686)</u> | <u>(85,314)</u> |
| (C) CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Inflow: | | |
| (a) Increase in Borrowings | 96,387 | 52,777 |
| (b) Issue of Foreign Currency Convertible Bonds | 43,630 | - |
| (c) Increase in Minority Interest | - | 500 |
| | <u>140,017</u> | <u>53,277</u> |
| Outflow | | |
| (a) Decrease in minority interest | (13,500) | - |
| (b) Interest Paid | (34,183) | (33,929) |
| (c) Dividend Paid | (3,217) | (2,984) |
| | <u>(50,900)</u> | <u>(36,913)</u> |
| NET CASH FROM FINANCING ACTIVITIES "C" | <u>89,117</u> | <u>16,364</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS "A+B+C" | <u>55,529</u> | <u>1,616</u> |
| CASH AND CASH EQUIVALENTS AS AT 01.04.2004 (OPENING BALANCE) | 26,651 | 25,035 |
| CASH AND CASH EQUIVALENTS AS AT 31.03.2005 (CLOSING BALANCE) | <u>82,180</u> | <u>26,651</u> |

 For M.P. SINGH & ASSOCIATES
 Chartered Accountants

M.P. SINGH
 Partner

 Place : New Delhi
 Dated: 30th June, 2005

G.D. BANSAL
 Vice President (Accounts)

R.B. SINGH
 Sr. Jt. President (Finance)

HARISH K. VAID
 President (Corporate) & Company Secretary

For and on behalf of the Board

JAIPRAKASH GAUR
 Chairman

MANOJ GAUR
 Managing Director

SUNIL KUMAR SHARMA
 Managing Director

S.D. NAILWAL
 Director