



AWARDS & ACHIEVEMENTS



His Excellency President of India Dr. APJ Abdul Kalam presenting the National Energy Conservation Award 2005, to Shri Sunny Gaur, Director Jaiprakash Associates Limited

National Energy Conservation Award 2005,
for cement sector conferred by Govt. of India,
Ministry of Power

National Safety Award 2004,
presented by Govt. of India, Ministry of Labour
to Jaypee Rewa Plant (Unit-II) for
Longest Accident Free Period.

*Award for Overall Performance, Afforestation,
Reclamation & Rehabilitation and Community Development*
initiatives awarded to Naubasta Limestone Mines during
Mines Environment & Mineral conservation week.

Award for Air Quality Management
awarded to Jaypee Limestone Mine during
Mines Environment & Mineral conservation week.

Best Hydro Performance Award 2004 – 05,
given to 300MW Baspa II, by Central Electricity Authority.

NOTICE

NOTICE is hereby given that the **9th Annual General Meeting** of the Members of **Jaiprakash Associates Limited** will be held on **Friday, October 27, 2006 at 11.00 A.M.** at Jaypee Greens Golf Resort, Surajpur Kasna Road, Greater Noida, Uttar Pradesh to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited **Balance Sheet** as at **March 31, 2006**, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To confirm interim dividend and declare final **dividend** for the financial year 2005-06.
3. To appoint a Director in place of **Shri Samir Gaur** who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Shri Pankaj Gaur** who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of **Shri Suren Jain** who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a Director in place of **Shri Rakesh Sharma** who retires by rotation and, being eligible, offers himself for re-appointment.
7. To appoint a Director in place of **Shri S. D. Nailwal** who retires by rotation and, being eligible, offers himself for re-appointment.
8. 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 Resolution:

9. "RESOLVED that **Shri B.K. Talaria** be and is hereby appointed a Director of the Company, liable to retire by rotation."
10. "RESOLVED that **Shri S.C. Bhargava** be and is hereby appointed a Director of the Company, liable to retire by rotation."
11. "RESOLVED that in partial modification of the Resolution passed at the 7th Annual General Meeting of the Company held on September 29, 2004 for the appointment and **terms of remuneration of Managing Directors and whole-time Directors** and in partial modification of the Resolution passed through Postal Ballots, results whereof were declared on February 25, 2006, for the re-appointment and terms of remuneration of Shri Manoj Gaur as Managing Director and in accordance with the provisions of Sections 198, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any statutory amendment or re-enactment thereof, and subject to such other approvals, as may be necessary, approval of the Company be and is hereby accorded to the modification in the terms of remuneration paid or payable to the Managing Directors and the Whole-time Directors of the Company with effect from October 1, 2006 for the balance period of their respective terms, as set out in the Explanatory Statement annexed to the Notice convening this Meeting."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to alter or vary the terms of appointment of the appointees including relating to remuneration, as it may, at its discretion, deem fit from time to time so as not to exceed the limits specified in Schedule XIII to the Companies Act 1956, or any statutory amendment or re-enactment thereof."

"RESOLVED FURTHER that pursuant to all applicable provisions of the Companies Act, 1956, the revised remuneration, as set out in the Explanatory Statement annexed to the Notice convening this Meeting, be paid as minimum remuneration to the respective Directors in the event of loss or inadequacy of profits in any financial year during the residual tenure of their respective appointments."

As Special Resolution:

12. "RESOLVED that pursuant to the provisions of **Section 314 (1B)** of the Companies Act, 1956, the Company hereby accords its consent, subject to the approval of the Central Government, to Shri G. P. Gaur, Mrs. Rekha Dixit, Shri Sachin Gaur, Mrs. Rita Dixit and Shri Rahul Kumar, relatives of the Directors of the Company, for holding/continuing to hold Office or Place of Profit under the Company at a monthly remuneration effective from the respective dates as set out in the Explanatory Statement annexed to the Notice convening this Meeting together with the usual allowances and benefits, amenities and facilities including accommodation, medical facilities, leave travel assistance, personal accident insurance, superannuation fund, retiring gratuity and provident fund benefits applicable to other employees occupying similar post or posts within the same salary scale or grade, with authority to the Board of Directors or any of its Committees or the Managing Director & CEO to sanction at its discretion increment within the grade as may be deemed fit and proper and to sanction, at its discretion and in due course, promotion to the next higher grade or grades together with the usual allowances and benefits as applicable to such grade or grades and to give increments within that grade or grades as the Board/Committee/Managing Director & CEO may deem fit and proper."

"RESOLVED FURTHER that the remuneration payable to the incumbents as aforesaid will be subject to such modification(s) as the Central Government may suggest or require which the Directors are hereby authorized to accept on behalf of the Company and which may be acceptable to the incumbents and are not less favourable to the Company."

By Order of the Board
For **JAIPRAKASH ASSOCIATES LIMITED**

HARISH K. VAID
President (Corporate) &
Company Secretary

Place : New Delhi
Date : September 4, 2006

NOTES

- (i) Relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolutions set out under item Nos. 9 to 12 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 SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
- (iii) Corporate Members intending to send their respective authorized representatives are requested to send a duly certified copy of the Board/Governing Body resolution authorizing such representatives to attend and vote at the Annual General Meeting.
- (iv) 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 Sunday and

other holidays, between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.

- (v) The Register of Members and Share Transfer Books will remain closed from October 18, 2006 to October 27, 2006 (both days inclusive) for payment of final dividend. The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after November 06, 2006 to the members, or their mandate, subject to the provisions of Section 206A of the Companies Act, 1956, whose names appear on the Company's Register of Members as at the close of business hours on October 17, 2006. In respect of dematerialized shares, the dividend will be payable to the "beneficial owners" of the shares whose names appear in the Statement of Beneficial Ownership, as at the close of business hours on October 17, 2006, furnished by the National Securities Depository Limited and Central Depository Services (India) Limited.
- (vi) Members holding shares in electronic form may please note that: (a) the dividend, when declared, will be credited to their respective 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 shall 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 holdings in electronic form.
- (vii) Members who are holding shares in physical form are requested to notify the change in their addresses or Bank details to the Company and always quote their Folio Numbers 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 respective Depository Participants.
- (viii) Members holding shares in physical mode in more than one folio, either singly or jointly, in identical order of names are requested to write to the Company enclosing their shares certificate (s) to enable the Company to consolidate the holdings in one folio.
- (ix) Members can avail of the nomination facility in terms of section 109A of the Companies Act, 1956 by nominating in Form 2B, as prescribed under Companies (Central Government) General Rules & Forms, 1956, any person to whom their shares shall vest on occurrence of events stated in the said Form. Blank Forms can be supplied on request. The same can also be downloaded from the Company's website www.jalindia.com. Form 2B is to be submitted in duplicate : (a) in case of shares held in physical form, to the Company and (b) in case of shares held in dematerialized form with the respective Depository Participants.
- (x) Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail of the benefits of dematerialization which include easy liquidity since trading is permitted only in dematerialized form, electronic transfer, savings in stamp duty, prevention of forgery, etc.
- (xi) Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid /unclaimed for a period of seven years, are required to be transferred to the Investor Education & Protection Fund (IEPF) of the Central Government. After such transfer no claim of the members whatsoever shall subsist on the said amount. Therefore, members are requested to encash their dividend warrants on priority within the validity period.

The Board of Directors in its meeting held on March 03, 2006 had declared an interim dividend @ 18% on the paid-up equity share capital of the Company. Members who have not yet encashed

the dividend warrants may please write to the Company, for revalidating the warrants.

- (xii) The members may please note that the Ordinary and Special Resolutions sent through notice dated January 16, 2006 to all members for voting through Postal Ballot have been passed on February 25, 2006 by requisite majority. Relevant details in this regard are covered in the Corporate Governance Report annexed to the Report of the Board of Directors.
- (xiii) Members or their respective proxies are requested to:
- (a) bring copies of Annual Report sent to the members as copies of Annual Report shall not be distributed at the Annual General Meeting;
- (b) note that no gifts/coupons shall be distributed at the Annual General Meeting; and
- (c) quote their Folio/Client ID & DP ID Nos. in all correspondence.
- (xiv) Any query relating to Accounts or any others items of business set out in the Agenda of the Meeting must be sent to the Company's Registered Office at Greater Noida or Head Office at New Delhi **at least seven days before the date of the Meeting**. The envelope may please be superscribed "Attention : Shri Harish K. Vaid, President (Corporate) & Company Secretary".
- (xv) Relevant details, in terms of Clause 49 of the Listing Agreement, in respect of Directors proposed to be appointed by Resolution nos. 9 and 10 are provided in the Explanatory Statement attached to the Notice and those of the Directors retiring by rotation and proposed to be re-appointed are as under:

1. Shri Samir Gaur

Shri Samir Gaur, 35, is MBA from University of Wales, U.K., having experience of 12 years. He had worked on the Sardar Sarover Project from 1994 to 1996. Since 1997 onwards, he is looking after the Dulhasti and Baglihar Hydro-electric projects in Jammu and Kashmir. He was a Whole-time Director on the Board of erstwhile Jaiprakash Industries Ltd. He is Director on the Boards of Jaypee Ventures Limited, Jaiprakash Kashmir Energy Ltd., Gujarat Anjan Cement Ltd., Apar Builders Pvt. Ltd., Samson Estates Pvt. Ltd. and Indesign Enterprises Pvt. Ltd. He is also a member of Shareholders'/Investors' Grievance and Share Transfer Committee of the Board of Directors of the Company.

Shri Samir Gaur holds 21,650 Equity Shares in his own name in the Company and no Share in the Company is held by him for any other person on a beneficial basis.

2. Shri Pankaj Gaur

Shri Pankaj Gaur, 35, B.E (Instrumentation), has 13 years of experience. He worked with Jaypee Rewa and Bela Cement Plants from 1993 to 1998. Since 1999, he is looking after the Tala Hydro-electric Project being executed by the Company in Bhutan. He was a Whole-time Director on the Board of erstwhile Jaiprakash Industries Ltd. He is also a Director on the Boards of Jaypee Ventures Ltd. and Pee Gee Estates Pvt. Ltd.

Shri Pankaj Gaur holds 19,200 Equity Shares in his own name in the Company and no Share in the Company is held by him for any other person on a beneficial basis.

3. Shri Suren Jain

Shri Suren Jain, B.E. (Production), 36, has 13 years of experience in Corporate Planning and Management. He is also a Director on the Board of Jaypee Karcham Hydro Corporation Ltd. and Hicon Packaging Pvt. Ltd. He is also a member of Audit Committee of the Board of Directors of the Company.

Shri Suren Jain holds 3,10,062 Equity Shares in his own name in the Company and no Share in the Company is held by him for any other person on a beneficial basis.

4. Shri Rakesh Sharma

Shri Rakesh Sharma, B.E. (Civil), 46, has 26 years of experience in administration and management of construction units for execution of major civil works with specialization in planning and development of manpower and equipment resources. He is presently looking after the Vishnu Prayag Hydro-electric Project of the Company. He is also a Director on the Board of Pathak Associates Pvt. Ltd. and Jaypee Technical Consultants Pvt. Ltd.

Shri Rakesh Sharma holds 2,475 Equity Shares in his own name in the Company and no Share in the Company is held by him for any other person on a beneficial basis.

5. Shri S.D. Nailwal

Shri S.D. Nailwal, 59, is a fellow member of the Institute of Company Secretaries of India with 38 years of experience in the fields of project financing, corporate planning and secretarial to his credit. He was a Whole-time Director on the Board of erstwhile Jaiprakash Industries Ltd. He is also a Director on the Board of Jaiprakash Hydro-Power Ltd. He is also a member of Finance Committee and Shareholders'/Investors' Grievance & Share Transfer Committee of the Board of Directors of the Company.

Shri S. D. Nailwal holds 2,242 Equity Shares in his own name in the Company and no Share in the Company is held by him for any other person on a beneficial basis.

EXPLANATORY STATEMENT

Following Explanatory Statement, pursuant to the provisions of Section 173 (2) of the Companies Act, 1956 sets out the material facts relating to the Special Business mentioned in the accompanying Notice dated September 04, 2006.

Item No. 9.

Shri B K Taparia joined the Board with effect from December 27, 2005 in the causal vacancy due to the resignation of Shri P.V. Vora and by virtue of Section 262 of the Companies Act, 1956 read with Article 132 of the Articles of Association of the Company, he holds office upto the date of the Annual General Meeting and, being eligible, offers himself for re-appointment.

The Company has received notice in writing along with 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 B K Taparia for the office of Director.

Shri B K Taparia, 66, holds degree in M.Com. and a Certified Associate of Institute of Bankers.

Shri Taparia has been a Banker and Ex-Chairman & Managing Director of Industrial Reconstruction Bank of India (presently known as Industrial Investment Bank of India Ltd.). He is Director on the Boards of Jaypee Hotels Ltd., Jaiprakash Hydro-Power Ltd., Jaiprakash Power Ventures Ltd. and Jaiprakash Enterprises Ltd. He is also a member of Remuneration Committee of the Board of Directors of the Company.

Shri B K Taparia does not hold any share (either in his name or in the name of any other person on a beneficial basis) in the Company.

None of the Directors of the Company, except Shri B. K. Taparia himself, is concerned or interested in the Resolution.

The Board commends the Resolution for your approval.

Item No. 10.

Shri S.C. Bhargava joined the Board with effect from December 27, 2005 in the causal vacancy caused due to the resignation of Shri Rahul Kumar and by virtue of Section 262 of the Companies Act, 1956 read with Article 132 of the Articles of Association of the Company, he holds office up to the date of the Annual General Meeting and, being eligible, offers himself for re-appointment.

The Company has received notice in writing along with 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 S.C. Bhargava for the office of Director.

Shri Bhargava, 61, is a Chartered Accountant by profession. He had a very eventful and successful career with LIC of India.

Shri Bhargava is Non-Executive Chairman of IL & FS Academy for Insurance & Finance Ltd., OTC Exchange of India and OTC Securities Ltd. He is Director on the Boards of Aditya Birla Nuvo Ltd., Escorts Ltd., Bank of Maharashtra, Jaiprakash Enterprises Ltd., DCM Shriram Consolidated Ltd., Jaiprakash Power Ventures Ltd., Srei Ventures Ltd., Swaraj Engine Ltd., UTI AMC Pvt. Ltd. and Jaypee Cement Ltd.

Shri S C Bhargava does not hold any share (either in his name or in the name of any other person on a beneficial basis) in the Company.

None of the Directors of the Company, except Shri S. C. Bhargava himself, is concerned or interested in the Resolution.

The Board commends the Resolution for your approval.

Item No. 11.

The remuneration of Managing and Whole-time Directors was revised in March / June, 2004. Further, Managing Director & CEO was re-appointed with the approval of the shareholders in April, 2006.

During these years the Company has witnessed impressive growth. Accordingly, as part of employees' care initiative, the remuneration at all levels except for Whole-time Directors were increased.

Keeping in view the present remuneration of Whole-time Directors vis-a-vis current industry norms, the Board of Directors reviewed and proposed to increase the remuneration of Managing and Whole-time Directors of the Company as under:

Name and Designation	Tenure upto	Present Pay Scale & Basic Salary p.m. (Rs.)	Proposed Pay Scale & Basic Salary p.m. (Rs.)
Shri Manoj Gaur, Managing Director & CEO	31-3-2011	2,00,000-25,000-5,00,000 Basic 2,00,000	3,00,000-30,000-4,50,000-6,50,000 Basic 3,00,000
Shri Sunil Kumar Sharma, Managing Director	17-3-2009	1,50,000-20,000-3,00,000 Basic 1,90,000	3,00,000-30,000-4,50,000-6,50,000 Basic 3,00,000
Shri Sunny Gaur, Whole-time Director	31-12-2009	60,000-5,000-75,000-10,000-1,55,000 Basic 85,000	1,50,000-15,000-2,25,000-20,000-3,25,000 Basic 1,80,000
Shri Samir Gaur, Whole-time Director	30-6-2009	60,000-5,000-75,000-10,000-1,55,000 Basic 75,000	1,50,000-15,000-2,25,000-20,000-3,25,000 Basic 1,50,000
Shri Pankaj Gaur, Whole-time Director	30-6-2009	60,000-5,000-75,000-10,000-1,55,000 Basic 70,000	1,50,000-15,000-2,25,000-20,000-3,25,000 Basic 1,50,000
Shri S. D. Nailwal, Whole-time Director & CFO	30-6-2009	60,000-5,000-75,000-10,000-1,55,000 Basic 80,000	1,50,000-15,000-2,25,000-20,000-3,25,000 Basic 1,50,000

Besides the above salary, the Managing Directors and the Whole-time Directors shall also be entitled to perquisites which may include accommodation/ HRA, reimbursement of expenses for gas, electricity, water and furnishings, medical reimbursement, LTC, personal accident insurance, use of car and telephone, contribution to Provident Fund, superannuation fund or annuity fund, gratuity payable at a rate not exceeding half a months salary for each completed year of service

and leave encashment at the end of the tenure etc. Perquisites shall be restricted to an amount equal to the annual salary or the amount of entitlement in accordance with Schedule XIII to the Companies Act, 1956 as amended from time to time, whichever is less.

The above remuneration shall also be paid as minimum remuneration to the respective Directors in the event of absence or inadequacy of profit in any year during the remaining tenure of the Directors.

The above remuneration package has also been approved by the Remuneration Committee of the Board. Further, Shri Jaiprakash Gaur, Chairman has been authorized to fix the ceilings / limits of various perquisites payable to the Directors.

Shri Manoj Gaur, Shri Sunny Gaur and Shri Samir Gaur being sons of Shri Jaiprakash Gaur are related to each other, within the meaning of Section 6 of the Companies Act, 1956, and accordingly, may be deemed to be interested / concerned in the Resolution. Shri Sunil Kumar Sharma, Shri Pankaj Gaur and Shri S. D. Nailwal are interested individually in this Resolution in so far as the same relates to variation in their respective remuneration.

The Board commends the Resolution for your approval.

Item No. 12

Keeping in view the overall salary structure in the Industry, the pay scales at various levels in the Company have been revised w.e.f. August 1, 2006. Some of these revised Pay Scales are as under:

Executive /Executive Manager	Rs.25,000-2,500-37,500-3,000-52,500
Executive General Manager	Rs.60,000-7,500-97,500-10,000-1,47,500
Executive Vice President	Rs.75,000-10,000-1,25,000-12,500-1,87,500
Executive Joint President	Rs.1,00,000-12,500-1,62,500-15,000-2,37,500
Executive President	Rs.1,50,000-15,000-2,25,000-20,000-3,25,000
Executive Director/Advisor	Rs.1,50,000-15,000-2,25,000-20,000-3,25,000

Some of the relatives of certain Directors of the Company have been working with similar designations in the Company. Accordingly, it is proposed to fix the salaries of the relatives of Directors working in the Company at various levels in the aforesaid pay scales w.e.f. August 1, 2006 as under:

Name & Designation	Present Pay Sacle & Basic Salary p.m. (Rs.)	Revised Pay Scale & Basic Salary p.m. (Rs.)	Names of interested Directors
Shri G.P. Gaur, Executive Director	50,000-5,000-75,000 Basic 75,000	1,50,000-15,000-2,25,000-20,000-3,25,000 Basic 1,50,000	S/Shri Jaiprakash Gaur & Pankaj Gaur
Mrs. Rekha Dixit, Executive General Manager	25,000-2500-37,500 Basic 30,000	60,000-7,500-97,500-10,000-1,47,500 Basic 60,000	S/Shri Jaiprakash Gaur, Manoj Gaur, Sunny Gaur and Samir Gaur
Shri Sachin Gaur, Executive Vice President	30,000-3000-45,000 Basic 45,000	75,000-10,000-1,25,000-12,500-1,87,500 Basic 1,25,000	Shri Pankaj Gaur

Shri G. P. Gaur, Mrs. Rekha Dixit and Shri Sachin Gaur have been working in the Company for long and have significantly contributed to the growth of the Company.

Ms. Rita Dixit, 40, has been a Whole-time Director of erstwhile Jaypee Greens Limited (JGL) . She is a Chartered Accountant having vast

experience in Hospitality & Real Estate business. She is on the Board of Directors of various Companies besides being member of various Business Associations / Chambers and representing the Central Government on the Central Council of The Institute of Company Secretaries of India. Her contribution as Director in the Real Estate & Hospitality business of JGL and Jaypee Hotels Limited has been outstanding.

In terms of the Scheme of Amalgamation of JGL with the Company, all the employees of JGL have become the employees of the Company without any break or interruption in service and on the terms and conditions as to remuneration or otherwise not less favourable than those subsisting, as on the Effective Date of amalgamation i.e. August 22, 2006.

Keeping in view her qualifications, experience and contribution to the Real Estate & Hospitality business of JGL, it is proposed to designate her as Executive President of the Company with effect from August 22, 2006 and fix her remuneration in the scale of Executive President introduced for the Executives of the Company as under:

Basic Salary Rs.1,50,000 p.m.

in the scale of Rs.1,50,000-15,000-2,25,000-20,000-3,25,000

Mrs.Rita Dixit is the daughter of Shri Jaiprakash Gaur, Chairman and sister of S/Shri Manoj Gaur, Managing Director & CEO, Sunny Gaur and Samir Gaur, Whole-time Directors.

Shri Rahul Kumar was a Wholetime Director of the Company till December 24, 2005. However, after the amalgamation of erstwhile Jaiprakash Industries Limited with the Company, to enable the Company to reconstitute its Board to meet the requirements of the Listing Agreement relating to Corporate Governance, Shri Rahul Kumar stepped down from the Board.

Shri Rahul Kumar, 37, is a Chartered Accountant having rich experience of 15 years in the fields of marketing of cement and accounting. During his tenure with the Company, he was heading the marketing and sales accounting functions of the Cement Division.

It is proposed to appoint Shri Rahul Kumar, son of Shri Suresh Kumar, Director of the Company as Chief Operating Officer (Cement) with a Basic Salary of Rs.1,50,000 p.m. in the scale of Rs.1,50,000-15,000-2,25,000-20,000-3,25,000, as recommended by the Remuneration Committee after interacting with Shri Rahul Kumar, w.e.f. October 1, 2006 or such other date as may be approved by the Central Government.

In addition to the salary, the above five incumbents will be entitled to the allowances, perquisites and benefits, which include HRA/ accommodation, medical reimbursement, LTC, personal accident insurance, use of car and telephone, contribution to Provident Fund, gratuity etc., as per rules of the Company in vogue, the value whereof shall not exceed the annual salary.

Since the above named relatives of the Directors of the Company hold/ propose to hold the office or place of profit carrying a total monthly remuneration in excess of Rs.50,000, prior consent of the members by a special resolution and approval of the Central Government is required in terms of Section 314 (1B) of the Companies Act, 1956. After the consent of the members is so obtained, an application will be made to the Central Government for its approval.

S/Shri Jaiprakash Gaur, Manoj Gaur, Suresh Kumar, Pankaj Gaur, Sunny Gaur and Samir Gaur being relatives of the above named employees/ incumbents are deemed to be interested in the Resolution.

The Board commends the Resolution for your approval.

DIRECTORS' REPORT

To

The Members,

The Directors of your Company are pleased to present the 9th Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2006.

AMALGAMATION OF ERSTWHILE JAYPEE GREENS LIMITED WITH THE COMPANY

As you are aware, considering the business synergies, the Company initiated steps for amalgamation of erstwhile Jaypee Greens Limited (JGL) with itself. The Scheme of amalgamation (Scheme) was duly approved by the Shareholders and Creditors of the Company in their respective meetings held on June 6, 2006 under the Chairmanship of the nominees of the Hon'ble High Court. The Scheme so approved was duly sanctioned by the Hon'ble High Court on August 8, 2006 and the same became effective from April 1, 2005, being the Appointed Date, on filing of the Orders of the Court with the Registrar of Companies on August 22, 2006. Accordingly, the accounts of JGL stand merged with the accounts of the Company for the year 2005-06.

WORKING RESULTS

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

	(Rs. in Lakhs)			
	31.03.2006	31.03.2005		
Gross Revenue	36,68,76	29,08,09		
Profit before Depreciation & Tax	9,16,02	4,62,09		
Less : Depreciation	1,51,46	1,33,34		
Profit before Tax *	7,64,56	3,28,75		
Less : Provision for Tax				
• Current Tax	1,21,41	42,30		
• Deferred Tax	56	78,82		
• Fringe Benefit Tax	2,60	–	1,21,12	
Profit after Tax *	6,39,99	2,07,63		
Add :				
• DRR no longer required	66,50	1,21,00		
• Profit/(Loss)transferred from Transferor Company	(32,92)	–		
• Profit brought forward	4,18,59	2,40,26	3,61,26	
Profit available for appropriation	10,92,16	5,68,89		
Less : Transferred to :				
• Provision for Dividend Pertaining to Previous Year (including Dividend Tax)	16	7		
• Reserve for Premium on FCCB	9,36	–		
• Debenture Redemption Reserve	52,08	81,00		
• General Reserve	64,00	21,00		
• Interim Dividend	34,06	31,72		
• Proposed Final Dividend	23,98	10,58		
• Tax on Dividends	8,14	5,93	1,50,30	
Balance carried to Balance Sheet	9,00,38	4,18,59		
Earnings Per Share (Rs.) *	31.26	11.78		

* The "Profit before Tax" and "Profit after Tax" for the year ended March 31, 2006 include profit of Rs.361.37 crores on sale of Shares of Jaiprakash Hydro-Power Limited held by the Company. Excluding the impact of the said profit on sale of shares, the Basic EPS for the year comes to Rs.13.61.

The operational results of the current year in relation to the corresponding operations of previous year have registered an increase of 22.64% in Profit before Tax, 34.19% in Profit after Tax and 15.53% in earning per share.

DIVIDEND

Your Directors had declared, and paid in March, 2006, an interim Dividend of 18% for the financial year ended March 31, 2006. The Board has recommended a final dividend of 9% which will be paid after your approval at the ensuing Annual General Meeting. The total dividend payout for the year aggregating Rs.58.04 Crores represents 27% on the Company's paid-up equity capital. The final dividend, including the payment to the Shareholders of erstwhile Jaypee Greens Limited (JGL) in terms of the Scheme of Amalgamation of JGL with the Company, will absorb an amount of Rs. 27.34 crore (including dividend tax of Rs.3.36 crore).

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

In order to meet part of the fund requirements for the on-going and growing business requirements of the Company, during the year under report, your Company has yet again successfully placed Foreign Currency Convertible Bonds (FCCBs) for EURO 165 Million, with a coupon of 0.5% per annum. The FCCBs, if not converted, are redeemable on March 9, 2013 and carry yield to maturity of 4.5% per annum. The FCCBs are convertible into Equity Shares of the Company on or before the date of redemption at an initial conversion price of Rs.558.773 per share (with a fixed rate of exchange on conversion of Rs. 53.599 = • 1.00). On full conversion, the Company shall issue 15827241 equity shares of Rs.10/- each fully paid representing 35% premium over the volume weighted average price from launch to pricing of Rs. 413.906 on the National Stock Exchange of India Limited. The FCCBs are listed on the Singapore Stock Exchange.

The success of two successive FCCB issues, within a short span of one year, amply demonstrates foreign investors' confidence in the growth prospects of your Company.

CHANGES IN PAID-UP CAPITAL

The paid-up capital of the Company on March 31, 2005 stood at Rs.176,216,981. During the year under Report, the Company allotted 139,65,003 equity shares of the face value of Rs. 10/- each at a premium of Rs.226.31 per share to the holders of FCCBs, in accordance with the terms of the first FCCB issue made by the Company.

After April 1, 2006, the Company has further allotted 15,91,606 Equity Shares of the face value of Rs. 10/- each at a premium of Rs.226.31 per share on conversion of FCCBs.

In terms of the Scheme of Amalgamation (Scheme) of erstwhile Jaypee Greens Limited with the Company, as approved by the shareholders and creditors of the Company and sanctioned by the High Court of Judicature at Allahabad on August 8, 2006, 248,75,765 Equity Shares of Rs. 10/- were allotted on August 25, 2006 to the eligible Equity Shareholders of the Transferor Company, as on the Record Date fixed for this purpose, in the ratio of one Equity Share of Rs. 10/- fully paid-up in the Company for every two Equity Shares of Rs. 10/- each fully paid-up held in the Transferor Company. In terms of the Scheme, these Equity Shares rank pari-passu with the existing Equity Shares of the Company in all respects including dividend paid /payable for the Financial Year 2005-06. The paid up capital of the Company stood increased by the said number of shares effective from the Appointed Date, i.e. April 1, 2005. Further, in terms of the Scheme, the Preference Shares issued by the erstwhile Jaypee Greens Limited have since been redeemed.

With this merger, the authorized share capital of the Company stands increased to Rs. 10,60,00,00,000 comprising 1,03,00,00,000 Equity Shares of Rs. 10/- each and 30,00,000 Preference Shares of Rs. 100/- each.

As on the date of this report the paid-up equity capital of the Company stood at Rs. 216,64,93,550 divided into 21,66,49,355 equity shares of Rs.10/- each.

OFFER FOR SALE OF SHARES OF JHPL

During the year under report, the Company raised an aggregate amount of Rs.576 Crores by selling 18,00,00,000 equity shares of Rs.10/- each held by it in the wholly owned subsidiary Jaiprakash Hydro-Power Limited (JHPL) to the Public through an Offer for Sale at premium of Rs.22 per share. The Offer for Sale was completed on April 18, 2005 and these shares were listed on BSE and NSE. As reflected earlier in this report, the Company earned a profit of Rs.361.37 crores on disinvestments of its equity holding in the said JHPL. Consequent upon this dilution of equity holding, the Company owns 63.34% of the paid up equity share capital of JHPL.

OPERATIONS

a) ENGINEERING DIVISION

1. Works in Progress

Presently the Company is executing works on 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	2,152	900
3.	Vishnuprayag HEP	Uttaranchal	832	400
4.	Tehri HEP	Uttaranchal	1,658	1,000
5.	Teesta-V HEP	Sikkim	686	510
6.	Sardar Sarovar HEP	Gujarat	633	1,450
7.	Tala HEP	Bhutan	375	1,020
8.	Karcham Wangtoo HEP	Himachal Pradesh	4,150	1,000
9.	Omkareshwar HEP	Madhya Pradesh	880	520
10.	Civil works including tunnels etc. in Zone-III of Laole-Quazigund section	Jammu & Kashmir	168	Railway Line
11.	Turnkey construction of Srisailem Left Bank Canal Tunnel Scheme including Head Regulator etc. of Alimineti Madhava Reddy Project	Andhra Pradesh	1,925	Irrigation Tunnels
Projects being Executed in Joint Venture with JAL being the Leader				
12.	Sri Rama Sagar Project Flood Flow Canal Package – 2	Andhra Pradesh	187	Irrigation Canal
13.	Polavaram Project Right Main Canal Package – 4	Andhra Pradesh	301	Irrigation Canal
14.	Veligonda Feeder and Teegaleru Canal Project-2	Andhra Pradesh	254	Irrigation Canal

The progress of work on all the above projects is satisfactory.

2. New Contracts

- I. During the year under report, your Company was awarded the contract for Turnkey Construction of Srisailem Left Bank Canal Tunnel Scheme including Head Regulator etc. of Alimineti Madhava Reddy Project in Andhra Pradesh comprising two tunnels of aggregate length of 50.75 km. The value of work is about Rs. 1,925 crores.
- II. Your Company has entered into a Memorandum of Agreement (MoA) with State Government of Arunachal Pradesh for the

implementation of 1600 MW Siang Lower Hydro-electric Project and 500 MW Hiran Hydro-electric Project on Build, Own, Operate and Transfer basis in the State of Arunachal Pradesh.

- III. Your Company is the first among Indian Companies to be pre-qualified for EPC contracts for large hydro-power projects abroad. Indian Canadian Hydro Consortium led by your Company has been prequalified to bid for Turn-key execution of Bhujagali Hydro-electric Project in Uganda.
- IV. Your Company is also contemplating to venture into the new vistas of thermal and nuclear Power and has submitted Expression of Interest for selection of Developer for setting-up of Ultra Mega Power Project (4000 MW) on Build, Own and Operate basis at Sasan in Madhya Pradesh, India.

3. Works Completed

- I. During the period under review, your Company has completed the work of construction of Dam and Power House of 1,000 MW Indira Sagar (Narmada Sagar) Hydro-electric Project which commenced power generation.
- II. Your Company has also substantially completed the work of Package C2-construction of 5.13 km length of Head Race Tunnel of 1,020 MW Tala Hydro-electric Project in Bhutan.

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>2005-06</u>	<u>2004-05</u>
Cement Production (MT)	59,11,070	50,54,699
Clinker Production (MT)	46,86,654	42,10,209
Cement Sale (MT) (including Self-Consumption)	59,53,478	50,09,383
Clinker Sale (MT)	1,61,981	3,27,331

The cement and clinker production for the year under report registered a growth of 17% and 11% respectively over the previous year. The cement and clinker sale also registered growth of 15% over the previous year.

The combined increased capacity of Jaypee Rewa Plant, Jaypee Bela Plant, Jaypee Cement Blending Unit and Jaypee Ayodhya Grinding Operation (JAAGO) as on March 31, 2006 was 7 million tonnes per annum.

Power and fuel costs have strong influence on the operating expenditure of a cement company as they account for approximately 32% of the total production cost. The two captive thermal power plants of 25 MW each at Rewa and Bela Plants provided more than 32.76 crore units during the year under review, which accounted for 62% of power requirement for cement production. Another thermal power plant of 38.5 MW at Rewa Plant has also been commissioned in August 2006. The commissioning of the 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 is the largest captive thermal power facility at one location in cement industry in the country.

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

A railway siding inside the Jaypee Bela Plant has also been commissioned in August 2006 which will result in substantial savings in freight and handling cost on cement despatches as well as coal and gypsum.

2. Expansion Plans

The Company has undertaken creation of new / enhancement of existing capacities of cement / cement products, directly or through Joint Venture Special Purpose Vehicles over a period of next five years with an approximate capital outlay of Rs.3000 Crores. More details on expansion plans have been given under Management Discussion & Analysis Report.

c) HOTEL & REAL ESTATE DIVISION

Consequent upon amalgamation of JGL with your Company, the Jaypee Greens Golf Resort having a Five Star Deluxe Hotel has become part of Company's Hospitality Business. The said Golf Resort as well as the Holiday Resort – the Jaypee Residency Manor at Mussoorie, owned by the Company, are being managed by Jaypee Hotels Limited, a subsidiary of your Company and are operating satisfactorily.

Similarly, the Real Estate spread over 450 acres of land at Greater Noida has come into the folds of your Company. The Company is taking all requisite steps for enhancement of stakeholders' value through the Real Estate Business including the said land at Greater Noida as well as the land already allotted / to be allotted under the Concession Agreement in respect of Taj Expressway Project of the Company.

d) TAJ EXPRESSWAY PROJECT

As already reported in the previous year, the Company has taken necessary action to implement the Taj Expressway Project consisting of construction of 160 KM six lane access controlled Expressway, to be completed in three phases in seven years, between Noida and Agra on the left bank of River Yamuna alongwith development of 25 million square metre of land along the Expressway, as per the terms of the Concession Agreement.

e) DIVERSIFICATION

Your Company has entered into Joint Venture with Govt. of Madhya Pradesh and floated a Special Purpose Vehicle, namely Madhya Pradesh Jaypee Minerals Limited, for development of Amelia (North) Coal Block in District Sidhi (M.P.) at an investment of Rs.400 Crores, with an equity participation of 70% by your Company and 30% by Govt. of Madhya Pradesh.

Your Company shall be setting up 500 MW Pit-head based Thermal Power Plant on the said Coal Block, since coal reserves are sufficient to provide fuel for 30 years to the proposed Phase-I 2 x 250 MW Power Plant. Dry Fly Ash to the tune of 1.0 MTPA shall be gainfully used by the Company's Cement Plants at Rewa and Sidhi (M.P.)

The Company is also setting up plants at Chandigarh and Varanasi for producing alternate source of energy from Municipal Solid Waste. Similarly, the Board of Directors have also approved the proposal to set up Wind Power Project with an aggregate capacity of 50 MW.

SUBSIDIARIES

The Company has six subsidiaries namely:

1. Jaypee Hotels Limited (JHL – 72.18%)
2. Jaiprakash Hydro-Power Limited (JHPL – 63.34%).
3. Jaiprakash Power Ventures Limited (JPVL – 84.28%)
4. Jaypee Karcham Hydro Corporation Limited (JKHCL – 100%)
5. Jaypee Cement Limited (JCL – 100%)
6. Gujarat Anjan Cement Limited (GACL – subsidiary of JCL)

The status of the aforesaid subsidiaries is as under:

Jaypee Hotels Limited (JHL)

Jaypee Hotels Limited (JHL), a 72.18% subsidiary of your Company, achieved gross revenue of Rs. 142.49 crores during 2005-06 as

compared to Rs. 155.97 crores in the previous year. The operational results of the current year, in relation to the corresponding previous year, have shown increase in the Hotel Business by 18% and a decline in the Construction Business which was due to reasons beyond the control of the Subsidiary. The Net Profit for the year 2005-06 increased by 60.9% at Rs. 26.94 crores as against the net profit of Rs. 16.74 crores for the previous year. The net profit includes Rs. 14.99 crores (previous year Rs. 8.50 crores) towards profit on sale of investments. The Board of Directors of JHL has declared a dividend of 18% in respect of the year ended March 31, 2006 as against a dividend of 10% paid for the previous year. The Hotel Industry in India is prospering which shows positive signs of growth. The Hotel Business is expected to perform even better in the Financial Year 2006-07. With the continuous renovation / upgradation of the Hotels of JHL and the forthcoming Common Wealth Games being hosted by India at New Delhi, JHL is expected to perform better in the coming years.

Jaiprakash Hydro-Power Limited (JHPL)

During the year under report, the operational performance of the 300 MW Baspa II Hydro-Electric Power station of JHPL, a 63.34% subsidiary of your Company, is as under :-

Plant Availability(%)	Generation (million units)
	Saleable Energy
95.65	1028.50

During the financial year 2005-06, the Company earned revenue of Rs. 274.23 crores and a net profit of Rs. 145.68 crores. During the year generation at the Company's power plant at Baspa was affected for nearly three months due to land slides. After necessary restoration work, the power station is now working satisfactorily. In order to conserve the resources for meeting the substantial capital expenditure incurred due to massive restoration work undertaken as a result of Force Majeure events, the Directors of JHPL have not recommended any dividend for the Financial Year 2005-06.

JHPL, with an intention to make a foray into the business of transmission of Power, has entered into a Joint Venture Agreement with Power Grid Corporation of India Limited. A Joint Venture Company will be formed for transmission of Power from 1000 MW Karcham Wangtoo Hydro-Electric Project.

Jaiprakash Power Ventures Limited (JPVL)

Jaiprakash Power Ventures Limited (JPVL), a subsidiary of your Company, is implementing 400 MW Vishnu Prayag Hydro-electric Project in private sector on Build, Own and Operate basis. The first, second and third Units of 100 MW each of this Project have been commissioned on 17.06.06, 14.07.06 and 31.08.2006 respectively, each ahead of Schedule. The fourth Unit is expected to be commissioned by the end of September 2006.

This subsidiary has allotted 800,00,000 equity shares of Rs. 10/- at par to ICICI Bank Limited on 22.04.2006. Consequently, your Company's holding in the paid-up equity share capital of this subsidiary stands at 84.28% .

Jaypee Karcham Hydro Corporation Limited (JKHCL)

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 2011. The financial tie-up of the said project has been completed.

Jaypee Cement Limited (JCL)

This was the First Year of incorporation of the Company. The Company has acquired 94.61% equity shares of Gujarat Anjan Cement Limited, a company registered in Ahmedabad and is setting up a 1.2 mtpa cement plant in Distt. Kutch, Gujarat. The Company is also exploring further opportunities of setting up / acquiring new / existing cement plants in India.

Gujarat Anjan Cement Limited (GACL)

The Company, a subsidiary of Jaypee Cement Limited, is setting up a cement plant of 1.2 mtpa capacity at village Vayor, Taluka Abdasa, Distt. Kutch in Gujarat. The land for plant, township and other facilities have been acquired. Sanction for 30 years lease for limestone mines and laterite mines has been received and sanction for lease of clay mines is expected soon. The process of acquiring private farm land is expected to be completed by September/October, 2006. The construction of boundary wall of plant and township, construction of township, establishment of infrastructure like Batching plant, Aggregate Processing plant, Crushing plant, store, workshop, etc. are under process.

The order for design and construction of civil works and the order for design, fabrication and supply of Pyro-processing equipments have already been placed. The construction of structures involved in cement manufacturing is expected to commence by September, 2006. The manufacturing of cement is expected to commence in March 2008.

CONSOLIDATED FINANCIAL STATEMENTS

The statement, as required under Section 212 of the Companies Act, 1956, in respect of the subsidiaries of the Company is annexed and forms an integral part of this Report. The consolidated financial statements of the Company and its subsidiary Companies prepared in accordance with Accounting Standards (AS)-21 "Consolidated Financial Statements" prescribed by the Institute of Chartered Accountants of India, form part of the Annual Report and Accounts.

In terms of the approval of the Central Government accorded under Section 212 (8) of the Companies Act, 1956 the Audited Balance Sheets as at March 31, 2006 in respect of aforesaid subsidiaries of the Company have not been attached to the Balance Sheet of the Company. However, 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 bright future.

OUTLOOK

Keeping in view the performance and future prospects of the Company's business, the expansion being undertaken, proposed diversification plans and the business of its subsidiaries, your Company is poised for sustained growth and the outlook is bright. More so, the inherent advantages of the recent amalgamation of erstwhile Jaypee Greens Limited with your Company would also lead to enhancement of growth for the Company and its stakeholders.

CHANGE OF LOCATION OF REGISTERED OFFICE

As approved by the Shareholders through Postal Ballots, the Registered Office of the Company was shifted from 5, Park Road, Hazrat ganj, Lucknow to G-Block, Surajpur Kasna Road, Greater Noida City – 201 306, within the State of Uttar Pradesh.

DIRECTORATE

Shri Samir Gaur, Shri Pankaj Gaur, Shri Suren Jain, Shri Rakesh Sharma and Shri S. D. Nailwal, Directors, shall retire by rotation and, being eligible, offer themselves for re-appointment at the Annual General Meeting.

Consequent upon amalgamation of erstwhile Jaiprakash Industries Limited with the Company, S/Shri P.V. Vora, Rahul Kumar and Ranvijay Singh stepped down from the Board w.e.f. December 24, 2005 to enable reconstitution of the Board to meet the requirements of Listing Agreement relating to Corporate Governance.

The Board places on record its deep appreciation for the valuable contribution made by Shri P. V. Vora, Shri Rahul Kumar and Shri Ranvijay Singh during their tenure as Directors of the Company.

Shri B. K. Taparia and Shri S. C. Bhargava were appointed with effect from December 27, 2005 in the casual vacancies caused due to the resignation of Shri P. V. Vora and Shri Rahul Kumar respectively on December 24, 2005.

The newly appointed independent Directors, namely, Shri B. K. Taparia & Shri S. C. Bhargava have brought with them rich wealth of varied experience which, pooled with the existing expertise of your Board, would go a long way in charting the course of the Company.

Shri Manoj Gaur was re-appointed as a Managing Director by the Board of Directors for a period of 5 years w.e.f. April 01, 2006. The said appointment was approved by the shareholders through Postal Ballots, result whereof was declared on February 25, 2006.

Other changes in the Board during the year under report were covered in the 8th Annual Report adopted by the Members in the last Annual General Meeting held on September 27, 2005.

The Board has nominated Shri Manoj Gaur, one of the Managing Directors, as CEO and Shri Shyam Datt Nailwal, the Whole-time Director (Finance) as CFO of the Company.

DEPOSITS

Fixed deposits received from the shareholders and the public as on March 31, 2006 stood at Rs. 91,49,18,000/-. Deposits of Rs. 67,55,000/-, due for repayment on maturity, remained unclaimed by the depositors as on March 31, 2006.

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

Particulars with respect to conservation of energy, technology absorption, foreign exchange earnings & outgo, pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 for the year ended March 31, 2006 are annexed and form an integral part of 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.

CORPORATE GOVERNANCE

Report on Corporate Governance and Management Discussion & Analysis Report, in terms of Clause 49 of the Listing Agreement are annexed and form part of this Annual Report. A certificate from the Auditors confirming compliance with the conditions of Corporate Governance is also annexed.

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 other offices and achieved commendable progress.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representation received from the operating management, certification by the CEO and CFO to the Board of Directors and after due enquiry, confirm in respect of the audited annual accounts for the year ended March 31, 2006:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed and that there were no material departures;
- ii) that the Directors had, in consultation with the Statutory Auditors, selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended March 31, 2006 and the profit of the Company for that period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for and gratitude to various departments and undertakings of the Central and State Governments, Industrial Development Bank of India, The Life Insurance Corporation of India, General Insurance Corporation of India and its Subsidiaries, IFCI Limited, ICICI Bank Limited, UTI Bank Limited, Export-Import Bank of India and Consortium of Banks led by Canara Bank and valued customers, for their valuable support and co-operation.

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

On behalf of the Board

JAIPRAKASH GAUR
Chairman

September 4, 2006

ANNEXURE TO THE DIRECTORS' REPORT

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

Name 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, 36,59,151, B.E. (Civil Hons.), 42, 21, 1st November, 1985, Jaiprakash Industries Limited.
2. Shri Sunil Kumar Sharma, Managing Director, 38,43,788, B. Sc., 46, 28, 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 / re-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 March 31, 2006

A. Conservation of Energy

The Company is engaged in the business of Integrated Engineering Construction 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 and a Golf Course with associated recreational and residential facilities at Greater Noida, as part of its Real Estate Business.

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 reduction in 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.
9. Monthly review of power consumption is done under Energy Monitoring Cell.
10. Regular steps were taken to identify and arrest false air entry in the system.

Form A prescribed under the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 in respect of Cement Business is appended.

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 items of equipment in order to ensure usage of contemporary technology. During the year under report, the Company has inter-alia installed cross belt analyzer on limestone stakes belt, constituted clinker silo for kiln-2, replaced loeshe coal mill dynamic separate by LV technology high efficient dynamic air separator, modified coal transport system, installed water spray system in preheater down comer ducts of kila & calciner strings. The technology is understood and absorbed.

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. 27.

FORM A

	CURRENT YEAR 2005-06	PREVIOUS YEAR 2004-05		CURRENT YEAR 2005-06	PREVIOUS YEAR 2004-05
A. POWER & FUEL CONSUMPTION			II. COAL		
I. ELECTRICITY			QUALITY		
(a) Purchased Units (Kwh)	149,467,087.00	118,372,170.00		GRADE SLACK/ STEAM	GRADE SLACK/ STEAM
Total Amount (Rs.)	628,804,157.00	588,088,247.00		A, B, C and D	A, B, C and D
Rate Per Unit (Rs.)	4.21	4.97	Where Used	Calcinising of Raw Meal	Calcinising of Raw Meal
(b) Own Generation			Quantity used (M.T.)	656,264.00	619,768.00
(i) Through Diesel Generation			Total Cost (Rs.)	1,571,672,466.00	1,289,886,109.00
Units (Kwh)	528,819,485.00	118,635,931.00	Average Rate per M.T. (Rs.)	2,394.88	2,081.24
Units per litre of Diesel & Furnance Oil (Kwh)	3.59	3.75	QUALITY	GRADE SLACK/ STEAM / ROM C, D & F	GRADE SLACK/ STEAM / ROM C, D & F
Cost Per Unit (Rs.)	7.36	5.58	Where Used	Boiler	Boiler
(ii) Through Thermal Generation			Quantity used (M.T.)	318,789.00	184,981.00
Units (Kwh)	327,589,423.00	200,203,493.00	Total Cost (Rs.)	447,193,299.00	323,838,546.00
Units per Ton Coal (Kwh)	1,085.31	1221.41	Average Rate per M.T. (Rs.)	1,402.79	1750.66
Cost Per Unit (Rs.)	1.71	1.85	III. FURNACE OIL	N/A	N/A
(iii) Through Thermal Generation (Trial Run)			IV. OTHERS/INTERNAL GENERATION	N/A	N/A
Units (Kwh)	-	22,951,650.00	B. CONSUMPTION PER UNIT OF PRODUCTION		
Units per Ton Coal (Kwh)	-	1089.36	Product	Cement	Cement
Cost Per Unit (Rs.) (Estimated)	-	1.73	Unit	M.T	M.T.
			Electricity (Kwh)	86.84	86.32
			Furnace Oil	0.140	N/A
			Coal Per M.T. of Clinker	0.140	0.147
			Coal Quality		
			-Average Ash Contents (%)	28.68	30.34
			-Average Calorific Value (Kcal/Kg)	4,701.39	4,539
			-Others	-	-

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 adhering to ethical business practices. It influences the manner, we manage our business. This includes its corporate structures, culture, policies and the manner in which it deals with various stakeholders with transparency being the key word. Accordingly, timely, adequate and accurate disclosure of information on the performance and ownership forms the corner stone of Corporate Governance.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Any Corporate strategy needs to be dynamic, 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 or failure and, more importantly, 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 in early 90s 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 but simultaneously 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 has accepted the challenges. Its strengths viz. involvement in the construction of river valley projects, engagement in the business of cement – an essential input for infrastructure sector which is on sharp focus

today, its large equity base and its wealth of dedicated human resources are channelised to great advantage in entering new ventures in the core sector, thus paving the way for sustained growth and through it enhance the stakeholders' value continually.

The Company's philosophy on corporate governance aims at attaining the highest level of transparency, accountability towards its stakeholders, including shareholders, employees, the Government and lenders and to maximize returns to shareholders through creation of wealth on sustainable basis.

2. BOARD OF DIRECTORS

The constitution of the Board aims at ensuring Directors commitment to participate in the affairs of the Company with understanding and competence to deal with current and emerging business issues.

The Company's policy does not prescribe any pre-determined or specific tenure for Directors (except Managing and Whole-time Directors who are appointed for a term of five years) as this has the inherent advantage of not losing valuable contribution from the Directors who, over the years, has developed insight into the Company and its affairs.

The Board of Directors comprised 19 Directors as on March 31, 2006. As per Clause 49 of the Listing Agreement, in case of a non-Executive Chairman, at least one-third of the Board should comprise Independent Directors. Our Board, which is headed by Non-Executive Chairman, has seven Independent Directors.

Details regarding the category of Directors, attendance of Directors at Board Meetings and the last Annual General Meeting (AGM) number of other Directorships and Committee positions held by them in other Companies as on March 31, 2006 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	5	NIL	NIL
Shri S.K. Jain, Vice Chairman	Non-Executive/ Promoter	No	6	1	1	NIL
Shri Manoj Gaur, Managing Director	Executive/ Promoter	Yes	8	13	2	1
Shri Sunil K. Sharma, Managing Director	Executive/ Promoter	Yes	8	8	1	1
Dr. B. Samal, (IDBI Nominee) (w.e.f. 13.05.05)	Non-Executive/ Independent	Yes	7	2	NIL	2
Shri S. Roy Chowdhury (LIC Nominee) w.e.f. 30.06.05	Non-Executive/ Independent	Yes	4	2	NIL	NIL
Shri Gopi K. Arora,	Non-Executive/ Independent	Yes	7	13	5	6
Shri D.N.Davar	Non-Executive / Independent	Yes	8	14	5	5
Shri M.J. Subbaiah (ICICI Bank Nominee)	Non-Executive / Independent	Yes	7	5	2	6
Shri.Suren Jain	Non-Executive / Promoter	Yes	8	1	NIL	1
Shri Suresh Kumar	Non-Executive / Independent	Yes	7	2	NIL	NIL
Shri B. K. Talaria, (w.e.f. 27.12.05)	Non-Executive/ Independent	N.A.	3	4	2	3
Shri Rakesh Sharma	Non-Executive/ Promoter	No	NIL	NIL	NIL	NIL
Shri M.S. Srivastava	Non-Executive/ Independent	No	3	NIL	NIL	NIL
Shri S. C. Bhargava, (w.e.f. 27.12.05)	Non-Executive / Independent	N.A.	2	12	3	1
Shri. Sunny Gaur	Executive/ Promoter	No	3	3	NIL	NIL
Shri Samir Gaur	Executive/ Promoter	Yes	5	3	NIL	2
Shri Pankaj Gaur	Executive/ Promoter	Yes	3	1	NIL	NIL
Shri S. D. Nailwal	Executive/ Independent	Yes	8	1	NIL	3

Notes:

1. Shri PV. Vora resigned as Director of the Company w.e.f. 24.12.05. He had attended three Board Meetings.
2. Shri Ranvijay Singh resigned as Director of the Company w.e.f. 24.12.05. He had attended only one Board Meeting.
3. Shri Rahul Kumar resigned as Director of the Company w.e.f. 24.12.05. He had attended five Board Meetings.
4. * Other Directorships of only Indian Public Limited Companies have been considered pursuant to Clause 49 of Listing agreement.
5. ** Committee positions of only 3 Committees namely Audit Committee, Investors'/Shareholders' Grievance Committee and Remuneration Committee have been considered pursuant to Clause 49.
6. Number of shares and convertible instruments held by non-executive Directors are tabulated below:

S. No.	Name of Non-Executive Directors	No. of Shares held	No. of convertible instruments held
1	Shri Jaiprakash Gaur	NIL	NIL
2	Shri S. K. Jain	7,48,826	NIL
3	Shri M. J. Subbaiah (ICICI Bank)	1,000	NIL
4	Dr. B. Samal (IDBI)	NIL	NIL
5	Shri S. Roy Chowdhury (LIC)	NIL	NIL
6	Shri D. N. Davar	1,000	NIL
7	Shri Gopi K. Arora	NIL	NIL
8	Shri B. K. Talaria	NIL	NIL
9	Shri S. C. Bhargava	NIL	NIL
10	Shri Suren Jain	3,10,062	NIL
11	Shri Suresh Kumar	1,600	NIL
12	Shri Rakesh Sharma	2,475	NIL
13	Shri M. S. Srivastava	10,091	NIL

Number of Board Meetings held and dates thereof

During the financial year 2005-06, eight meetings of the Board of Directors were held as against the requirement of four meetings. The meetings were held on April 30, 2005, June 30, 2005, July 23, 2005, September 26, 2005, October 27, 2005, December 27, 2005, January 16, 2006 and March 3, 2006. The maximum time gap between two meetings was not more than four calendar months.

Information Placed before the Board

Information placed before the Board of Directors broadly covered the items specified in Clause 49 of the Listing Agreement and such other items which were necessary to facilitate meaningful and focused deliberations on issues concerning the Company and taking decision in an informed and efficient manner. Besides, the Directors of the Board have complete access to all information of the Company, as and when necessary.

3. CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct for all Board members and senior management personnel of the Company. The Code of Conduct has also been posted on the website of the Company.

All Board members and senior management personnel have, on March 31, 2006, affirmed compliance with the Code of Conduct. A declaration to this effect, duly signed by the CEO is annexed and forms part of this report.

4. 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 has been constituted by the Board comprising three Directors, all being Non-Executive with majority of

them being Independent. The Chairman of the Audit Committee is an Independent Director. The Company Secretary acts as the Secretary to the Audit Committee.

The constitution of the Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956 (Act). The terms of reference and powers of the Audit Committee are in keeping with those contained under Clause 49 of the Listing Agreement and the Act.

The Audit Committee specifically reviews:

- Management discussion and analysis of financial conditions and results of operations.
- Quarterly and Annual Financial results.
- Annual Budget and Variance Reports.
- Significant related party transactions.
- Internal Audit Reports/ Cost Audit Reports including letters on internal control weaknesses, if any, issued by Statutory/Internal Auditors.
- Recommendation for appointment of Statutory and Cost Auditors.
- Appointment and remuneration of Internal Auditors.

Five meetings of the Audit Committee were held during the year as against the requirement of minimum three meetings. The meetings were held on April 29, 2005, June 30, 2005, July 23, 2005, October 27, 2005 and January 16, 2006. 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	5	4
Shri. Suren Jain	5	5

The Chairman of the Audit Committee attends the Annual General Meeting to answer shareholders queries, if any.

5. REMUNERATION COMMITTEE

The Remuneration Committee, constitution of which is a non-mandatory requirement, was constituted by the Board to recommend/review the Remuneration package of the Managing/Whole-time Directors. The Remuneration Committee comprises three Independent Directors.

One meeting of Remuneration Committee was held during the year on January 16, 2006. The details of constitution of the Committee and attendance at the meeting are as under:

Name	Total Meetings held during the tenure of the member	Meetings attended
Shri M. J. Subbaiah, Chairman	1	1
Dr. B. Samal, Member	1	1
Shri B. K. Taparia, Member	1	1

Notes:

1. The Remuneration Committee was reconstituted w.e.f. December 27, 2005 to induct Shri B.K.Taparia and Dr. B. Samal as Members of the Committee in place of Shri M. S. Srivastava and Shri P. V. Vora, Members.
2. Remuneration was paid to Managing / Whole-time Directors in the form of Salary and Perquisites.

Details of Remuneration paid to all the Directors for the year:

a) Executive Directors (Managing / Whole-time Directors)

Details of remuneration paid for the year ended March 31, 2006 to Managing / Whole-time Directors was as follows:

Name	Designation	Salary	Benefits	Total
Shri Manoj Gaur	Managing Director	20,40,000	16,19,151	36,59,151
Shri S. K. Sharma	Managing Director	20,40,000	18,03,788	38,43,788
Shri Pankaj Gaur	Whole-time Director	7,80,000	6,60,546	14,40,546
Shri Samir Gaur	Whole-time Director	7,80,000	7,42,376	15,22,376
Shri Sunny Gaur	Whole-time Director	9,00,000	7,29,824	16,29,824
Shri Rahul Kumar (resigned from 24/12/05)	Whole-time Director	6,58,065	5,70,550	12,28,615
Shri S. D. Nailwal	Whole-time Director	9,00,000	8,07,829	17,07,829

b) Non-Executive Directors

During the year under report, the Company has not paid any remuneration to Non-Executive Directors except sitting fees @ Rs. 5,000/- per meeting to each Non-Executive Director for attending meetings of the Board of Directors and Committees thereof. The criteria for payment of sitting fees to non-executive directors is based on the provisions of the Companies Act, 1956 and is well within the statutory ceiling fixed in this regard.

Details of sitting fees paid to non-executive Directors during the financial year 2005-06 are as under:

Name of the Directors	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	Nominee Director (ICICI bank)	70,000
Shri Gopi K. Arora	Director	60,000
Shri D.N. Davar	Director	75,000
Shri Suren Jain	Director	75,000
Shri Suresh Kumar	Director	45,000
Shri Ranvijay Singh (up to 24.12.2005)	Director	5,000
Shri P. V. Vora (up to 24.12.2005)	Director	15,000
Shri S. C. Bhargava	Director	10,000
Shri B.K. Taparia	Director	20,000
Shri S. Roy Chowdhury (w.e.f. 30.06.2005)	Nominee Director (LIC)	20,000*
Shri M. S. Srivastava	Director	15,000
Shri Rakesh Sharma	Director	NIL
Dr. B. Samal	Nominee Director (IDBI)	40,000
	Total	6,05,000

*The sitting fee was paid directly to LIC.

The sitting fee was increased by the Board of Directors in the meeting held on April 29, 2006 from Rs. 5,000/- to Rs. 10,000/- per meeting of Board or the Committee thereof w.e.f. May 1, 2006 pursuant to the authority accorded to the Board of Directors by the Shareholders through a Special Resolution passed at the 8th Annual General Meeting of the Company held on September 27, 2005.

6. INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

The Board of Directors of the Company has constituted an Investor Grievance and Share Transfer Committee, comprising Shri S. K. Jain as Chairman and Shri Sunil Kumar Sharma, Shri Samir Gaur and Shri S. D. Nailwal as Members. The Committee has been constituted 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, 21 meetings of the Committees were held.

During the year, the Company had received 3,962 references from the shareholders. 3,915 references were resolved/ addressed till March 31, 2006 and the remaining references were resolved / addressed shortly thereafter.

Further, as on March 31, 2005, 203 transfer requests in respect of 34,297 shares were due for redressal. During the year the Company had received 2942 transfer requests in respect of 5,20,382 shares. 3074 transfer requests relating to 5,38,188 shares were processed till March 31, 2006 and the remaining requests in respect of 16,491 shares were also processed shortly thereafter.

7. SUBSIDIARY COMPANIES

The Company has two material non-listed subsidiary Companies viz. Jaiprakash Power Ventures Limited and Jaypee Karcham Hydro Corporation Limited. Names of the independent directors of the Company who are represented as directors on the Board of these subsidiary companies are as under:

Subsidiary Companies (material non-listed)	Names of Independent Directors
Jaypee Power Ventures Limited	Shri D. N. Davar
Jaypee Karcham Hydro Corporation Limited	Shri Gopi K. Arora

The Audit Committee of the Company reviews the Financial Statements and investments made by the above subsidiary Companies.

The minutes of the Board meetings of the above subsidiary companies and statement of significant transactions and arrangements entered into by these subsidiaries are also placed at the Board Meetings of the Holding Company.

8. RISK MANAGEMENT

The Company manages risks as an integral part of its decision making process. The Audit Committee and the Board of Directors are regularly apprised regarding key risk assessment and risk mitigation mechanisms.

9. CEO/CFO CERTIFICATION

In terms of the requirements of clause 49 (V) of the Listing Agreement, the Managing Director & CEO and Whole-time Director (Finance) & CFO have submitted necessary certificate to the Board stating the particulars specified under the said clause. This certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors at the respective meetings held on September 04, 2006.

10. GENERAL BODY MEETINGS

Location and time for last three Annual General Meetings are as under:

Year	Venue	Date	Time
2003	5, Park Road, Hazaratganj, Lucknow- 226001	09.12.2003	9.30 A.M.
2004	Hotel Taj Residency, Gomti Nagar, Lucknow- 226001	29.09.2004	10.30 A. M.
2005	Hotel Taj Residency, Gomti Nagar, Lucknow- 226001	27.09.2005	10.30 A.M.

Details of Special Resolution(s) passed in previous three Annual General Meetings:

Year 2003

- Resolution under section 372A of the Companies Act, 1956 authorizing the Board of Directors of the Company to create mortgage and for providing Guarantee in favour of Indian Overseas Bank for Loan of Rs. 50 Crores.
- Resolution under section 372A of the Companies Act, 1956 authorizing the Board of Directors of the Company for making investment to purchase equity shares of the face value of Rs. 25 Crores of Jaiprakash Hydro Power Limited at a Premium.
- Resolution under section 31 of the Companies Act, 1956 for altering the Articles of Association of the Company.

All the Resolutions were passed with requisite majority.

Year 2004

No Special Resolution was proposed to be passed in seventh Annual General Meeting held in the Year 2004.

Year 2005

- Resolution under section 309 and 310 of the Companies Act, 1956 authorizing the Board of Directors of the Company to raise from time to time the amount of sitting fees payable to Non-Executive Directors within the ceiling prescribed by the Central Government.
- Resolution for de-listing of the Shares of the Company 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.
- Resolution under section 372A of the Companies Act, 1956 authorizing the Board of Directors of the Company for making investment up to Rs. 20 Crores to acquire equity shares at par of a new Company to be incorporated in the name of Jaiprakash Kashmir Energy Limited or such other name to be made available by the Registrar of Companies, Jammu & Kashmir.

All the Resolutions were passed with requisite majority.

Details of Resolutions passed last year through Postal Ballot, the persons who conducted the Postal Ballot exercise and details of the voting pattern

The Board of Directors in its meeting held on January 16, 2006 decided to circulate resolutions for approval of the members of the Company to be accorded by 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 are as under:

- The Board of Directors of the Company, at its meeting held on January 16, 2006 appointed Shri T. V. Narayanaswamy, FCS, Practicing Company Secretary as Scrutinizer and Shri V.P. Kapoor, FCS, AICWA, LL.B., Practicing Company Secretary as Alternate Scrutinizer for conducting Postal Ballot in fair and transparent manner.
- Despatch of Notice along with Postal Ballot form and pre-paid self-addressed envelop completed on January 25, 2006.
- The last date of receipt of Postal Ballot forms was Thursday, February 23, 2006.
- The Postal Ballot forms received were kept in boxes sealed by the Scrutinizers.
- The Scrutinizers, after verification of Postal Ballots, submitted their report to the Chairman of the Company on February 25, 2006.
- The Results of the voting conducted through Postal ballot were announced on Saturday, February 25, 2006 at 3.30 p.m.

- Particulars of Resolutions and results of voting are presented hereunder in a tabular form:

Resolution No. & Particulars	Whether ordinary/special	Total Votes	Total valid votes cast	Total valid votes cast in favour of the resolution	Total valid votes cast against the resolution
1. Raising of money from International Market	Special	18,32,77,302	8,84,79,666	8,67,60,671 (98.06%)	17,18,995 (1.94%)
2. Making investment in Joint Venture Company for Coal Mining	Special	18,32,77,302	8,93,98,310	8,93,48,818 (99.94%)	49,492 (0.06%)
3. Making investment in Joint Venture Company(ies) with SAIL for slag based Cement Plants	Special	18,32,77,302	8,93,96,642	8,93,70,424 (99.97%)	26,218 (0.03%)
4. Making investment for setting up of Thermal Power Project	Special	18,32,77,302	8,93,98,126	8,93,71,390 (99.97%)	26,736 (0.03%)
5. Shifting of Registered Office within the State of U. P.	Special	18,32,77,302	8,93,93,992	8,93,03,542 (99.90%)	90,450 (0.10%)
6. Creation of Security	Ordinary	18,32,77,302	8,93,95,021	8,76,69,570 (98.07%)	17,25,451 (1.93%)
7. Re-appointment of Shri Manoj Gaur as Managing Director	Ordinary	18,32,77,302	8,93,97,227	8,93,74,660 (99.97%)	22,567 (0.03%)

Two separate Court convened meetings of the Equity Shareholders and Creditors of the Company were held on June 6, 2006 at 10.00 A.M. and 3.00 P.M. respectively at Jaypee Greens Golf Resort, Surajpur Kasna Road, Greater Noida, Uttar Pradesh to consider and approve the Scheme of Amalgamation of Jaypee Greens Limited with the Company.

The Scheme was approved by overwhelming majority of over 99% in both the meetings. The Scheme having been sanctioned by the High Court of Judicature at Allahabad, has become effective.

11. 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 on 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.
- No treatment different from the Accounting Standards, prescribed by the Institute of Chartered Accountant of India, has been followed in the preparation of Financial Statements.
- The Company has not adopted any Whistle Blower Policy. However, the Company has not denied access to any personnel to approach the Management or the Audit Committee on any issue.
- The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.
- The Company at present has adopted the non-mandatory requirement in regard to maintenance of non-executive Chairman's Office and constitution of Remuneration Committee which has been constituted to determine the remuneration package of the Whole-time Directors. Other details about non mandatory requirements are contained at paragraph 30 of this Report.

12. SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL

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 audit confirmed that the total issued/paid-up capital was in agreement with the aggregate of the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

13. MEANS OF COMMUNICATION

The quarterly, half yearly and annual results were published in leading Newspapers which included Economic Times, Business Standard, Financial Express, Dainik Jagran and Swatantra Bharat. 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.sebiedifar.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 the official news releases on its website.

14. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report is attached to the Annual Report.

15. 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

16. GENERAL SHAREHOLDER INFORMATION

9th Annual General Meeting

Hon'ble High Court of Judicature at Allahabad sanctioned the scheme of amalgamation of erstwhile Jaypee Greens Limited (JGL) with the Company on August 21, 2006. Consequent upon the amalgamation having become effective from April 1, 2005, it became necessary to merge the Accounts of JGL with that of the Company for the year ended March 31, 2006. Keeping in view the time involved in this process as also for printing and mailing of the merged Annual Accounts to a large number of shareholders, the Company has obtained requisite approval from the Office of the Registrar of Companies for extension of time for holding the AGM upto October 31, 2006. The meeting shall be held as under:-

Date: 27th October, 2006

Time: 11.00 A.M.

Venue: Jaypee Greens Golf Resort, Surajpur Kasna Road
Greater Noida, Uttar Pradesh

17. FINANCIAL CALENDAR

For the Financial Year 2005-2006 the interim results were announced on:

23rd July, 2005 : 1st Quarter Results

27th October, 2005 : 2nd quarter and half- yearly results

16th January, 2006 : 3rd quarter results

29th April, 2006 : 4th quarter and annual results.

For each calendar quarter, the financial results were reviewed by the Audit Committee and thereafter approved by the Board during of the month following the end of the quarter.

The un-audited annual accounts as at March 31, 2006 were approved by the Board, after review thereof by the Audit Committee and the results were announced on April 29, 2006 and the 1st quarter results of the financial year 2006-07 were announced on July 24, 2006.

18. DIVIDEND PAYMENT DATE

For interim dividend for the year 2005-06, the record date was fixed as March 20, 2006 and dividend was paid within the stipulated time. For final dividend for the year 2005-2006, the Company has

fixed **October 18, 2006 to October 27, 2006** (both days inclusive) as the book closure dates and the dividend shall be distributed after declaration at the forthcoming Annual General Meeting.

19. LISTING ON STOCK EXCHANGES AND STOCK CODES

As approved by Shareholders, the Company has applied to the Stock Exchanges at Kanpur, Delhi, Calcutta and Ahmedabad for delisting of its equity shares from these Exchanges. Approval for delisting has been received from Ahmedabad, Kanpur and Delhi stock Exchanges and consequently Company's shares are not listed in these Exchanges w.e.f. March 31, 2006, July 28, 2006 and August 14, 2006 respectively. Approval is awaited from Calcutta Stock Exchange.

The Equity shares of the Company are thus currently listed on the National Stock Exchange of India Limited (Code: JPASSOCIAT), The Bombay Stock Exchange Limited (Code: 532532) and Calcutta Stock Exchange. The Company has paid annual listing fees due to the above Stock Exchanges for the year 2006-2007.

The FCCBs issued by the Company during the financial years 2004-2005 and 2005-2006 are listed on Singapore Stock Exchange.

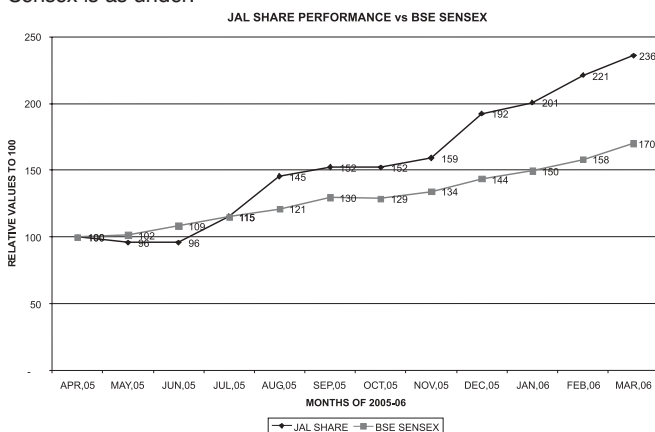
20. MARKET PRICE DATA AND PERFORMANCE IN COMPARISON TO INDEX

The high and low of the share price of the Company during each month in the last financial year at NSE and BSE were as under:

(Rs.)

Month	Share Price at BSE		Share price at NSE	
	High	Low	High	Low
April 2005	209.70	171.45	209.50	167.15
May 2005	195.10	170.00	195.00	166.05
June 2005	194.90	170.20	194.90	170.00
July 2005	256.00	183.00	257.00	183.00
August 2005	324.35	230.00	323.75	229.85
September 2005	316.00	265.15	314.95	261.00
October 2005	321.45	258.05	322.20	258.00
November 2005	342.00	265.00	342.30	261.00
December 2005	404.00	329.25	404.00	325.10
January 2006	410.00	355.00	410.00	357.00
February 2006	454.00	389.00	453.00	389.10
March 2006	513.95	385.00	514.90	446.00

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



Note : Average of BSE Sensex and average of High and Low of Company's Shares at BSE has been considered.

21. 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: 011-41540060-63

Fax: 011-41540064

e-mail: alankit@alankit.com

22. SHARE TRANSFER SYSTEM

The shares received in physical mode for transfer by the Company are transferred expeditiously provided the documents are complete and the relative shares are not under any dispute. The share certificates duly endorsed in favour of the Transferee are returned promptly to shareholders. Confirmations 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.

23. DISTRIBUTION OF SHAREHOLDING

The Distribution of shareholding as on March 31, 2006, was as follows:

No. of shares held	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	94,181	92.54	11,768,766	6.19
501 - 1,000	4,276	4.20	3,282,312	1.73
1,001 - 2,000	1,736	1.71	2,516,762	1.32
2,001 - 3,000	509	0.50	1,292,737	0.68
3,001 - 4,000	217	0.21	761,839	0.40
4,001 - 5,000	170	0.17	794,051	0.42
5,001 - 10,000	268	0.26	1,981,159	1.04
10,001 and above	414	0.41	167,784,358	88.22
TOTAL	101,771	100.00	190,181,984	100.00

Held by:	% holding
Promoters	42.03
Banks / Mutual Funds/FI/FIs	38.57
Private Corporate Bodies	5.76
NRIs / OCBs:	1.99
Indian Public	11.65
	100.00

24. 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 March 31, 2006, 91.12% 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.

25. 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.

26. OUTSTANDING GDRs/ADRs/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

During the financial year 2004-2005, the Company had issued Foreign Currency Convertible Bonds (FCCBs) of USD 100 Million at a coupon of 0.5% p.a. The FCCBs are convertible into Equity Shares of the Company on or before February 17, 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). FCCBs of USD 83.96 Million of this series have been converted into 1,55,56,609 numbers of equity shares of the Company till date. Thus FCCBs of USD 16.04 million are outstanding entitling the holders to allotment of 29,72,018 equity shares on conversion.

During the year 2005-2006 the Company had again issued Foreign Currency Convertible Bonds (FCCBs) of EURO 165 million at a coupon of 0.5% per annum. The FCCBs are convertible into Equity Shares of the Company on or before March 9, 2013 at an initial conversion price of Rs.558.773 per share (with a fixed rate of exchange on conversion of Rs. 53.599 = • 1.00). If all the FCCBs are converted then the Share Capital of the Company would increase by 1,58,27,241 shares. No FCCB under this series have been converted in to equity shares of the Company till date.

27. PROJECT/PLANT LOCATIONS

The Company is engaged in the business of Heavy Civil Engineering Construction, Cement and Real Estate & Hospitality. The Business of Construction of Hydro-Power Projects is operated from various sites of the Clients. The operations of the Company are presently being carried out at the following sites of its clients:

- Dul- Hasti Hydro Electric Project in Jammu & Kashmir
- Baglihar Hydro Electric Project (Stage I & II) in Jammu & Kashmir
- Vishnuprayag Hydro Electric Project in Uttaranchal
- Tehri Hydro Electric Project in Uttaranchal
- Teesta (Stage-V) Hydro Electric Project in Sikkim
- Sardar Sarovar (Narmada) Project in Gujarat
- Tala Hydro Electric Project in Bhutan
- Karcham Wangtoo Hydro Electric Project in Himanchal Pradesh
- Omkareshwar Hydro Electric Project in Madhya Pradesh
- Civil work including tunnels etc in Zone III of Laole- Quazigund section, Jammu and Kashmir
- Srisailem Left Bank Canal Tunnel Works in Andhra Pradesh.
- Sri Rama Sagar Project in Andhra Pradesh
- Polavaram Project in Andhra Pradesh
- Velugonda Project in Andhra Pradesh

The Company has two Cement Plants namely Jaypee Rewa Plant and Jaypee Bela Plant which are located at Jaypee Nagar and Jaypee Puram respectively at Rewa, Madhya Pradesh. The Company is also putting up green field cement plant at Baga and blending/grinding plant at Bagheri, both in Himachal Pradesh, a clinker grinding plant at Panipat in Haryana and one plant at Sidhi in Madhya Pradesh. Besides

this, the Company has its grinding and blending units in Uttar Pradesh.

The Company has been declared successful bidder in the Sale of assets and Plants of U.P. State Cement Corporation Limited (in liquidation), conducted by the Hon'ble High Court of Judicature at Allahabad, having three cement plants at Dala, Churk and Chunar in Uttar Pradesh.

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)

The Company owns a holiday resort – The Jaypee Residency Manor at Mussoorie which is being managed by Jaypee Hotels Ltd., a subsidiary of the Company.

Consequent upon merger of Jaypee Greens Limited with the Company, the Company now also owns a Golf Resort at Greater Noida, Uttar Pradesh.

28. ADDRESS FOR CORRESPONDENCE

Registered Office : G-Block, Surajpur Kasna Road,
Greater Noida City – 201 306, U.P.

Head Office : JA House, 63, Basant Lok, Vasant Vihar,
New Delhi 10057

29. ELECTRONIC CLEARING SERVICE (ECS)

The Company avails of ECS facility for distribution of Dividend in Metropolitan Cities in respect of those Shareholders who have opted for payment of Dividend through ECS.

30. NON-MANDATORY REQUIREMENTS

The Company has constituted a Remuneration Committee. Relevant details of the Remuneration Committee are provided in paragraph 5 of this Report.

As regards training of Board members, the Directors on the Board are seasoned professionals having wide range of expertise in diverse fields. They keep themselves abreast with the latest developments in the field of Management, Technology and Business Environment through various symposiums, seminars, etc.

The Company uploads its Quarterly, Half – Yearly and Annual Results on its web site – www.jalindia.com which is accessible to all. Besides, the Results are also available on www.sebiedifar.nic.in. The results are also reported to Stock Exchanges and published in National Newspapers in English and in Hindi newspapers having wide circulation.

The Company believes in maintaining its accounts in a transparent manner and aims at receiving unqualified report of auditors on the financial statements of the Company.

DECLARATION BY THE MANAGING DIRECTOR & CEO UNDER CLAUSE 49 (1D) OF THE LISTING AGREEMENT

I hereby confirm that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management, as approved by the Board, for the financial year ended March 31, 2006.

MANOJ GAUR

Place : New Delhi
Date : September 4, 2006

Managing Director & CEO
Jaiprakash Associates Limited

CORPORATE GOVERNANCE COMPLIANCE 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, 2006, 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.

We state that no investor grievance is pending for a period exceeding one month with the Company.

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

Place : New Delhi
Date : 04.09.2006

Membership No. 1454

MANAGEMENT DISCUSSION & ANALYSIS REPORT

(Forming part of the Report of the Directors for the year ended March 31, 2006)

ECONOMY AND BUSINESS ENVIRONMENT

During the year under review the Indian Economy continued to grow at a robust rate ushering in an era of massive investment in different sectors of the Economy including those in which the Company and its Subsidiaries operate. In this backdrop, Government's continuing emphasis on development of infrastructure across the Country presents several attractive opportunities for the Company to grow at a rapid pace.

The Company's business can broadly be classified in three major sectors i.e. (i) Engineering and Construction, (ii) Cement (iii) Real Estate and Hospitality. The Construction Industry is booming backed by massive investment in development of large scale infrastructure projects viz. Roads, Air and Sea Ports, with added emphasis on development of Power Projects and rapid growth in Housing Sector. The Cement Industry too achieved impressive growth levels with higher capacity utilization, more sales volume and improved realization resulting in better margin and profitability. Steps to improve infrastructure and focus on rapid industrialization led to growth in business and leisure travel and, resultantly, the Hospitality Sector has also witnessed significant growth. The positive outlook of Indian Economy has also provided fillip to the growth of Real Estate Business. The merger of erstwhile Jaypee Greens Limited with the Company shall help consolidating the Real Estate Business of the Company. Country's growing requirement for energy – to provide further impetus to the expected economic growth – has endowed the Company with several business opportunities in Power, Hydrocarbon and Fossil Fuel sectors.

The Subsidiary Companies, operating in varied sectors, have also performed well.

Sector-wise discussion and analysis is presented in the succeeding paragraphs.

I. ENGINEERING AND CONSTRUCTION**1. Industry and Developments**

Construction Industry has been expanding rapidly. The Company is an acknowledged leader in the construction of multipurpose river valley and hydro-power projects and has developed in-house expertise for underaking 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.

Of late, foreign companies are in the fray with back up and support from their Indian sub-contractors and associates.

2. Opportunities and Threats

On the one hand there are opportunities galore for the construction companies to grow and broaden the construction base in the country, there is also a threat created by some of the upcoming companies joining hands with foreign companies merely for the sake of meeting pre-qualification criteria and later trying to perform the entire work with minimal active participation of the foreign company, who merely collects its fee. The entire exercise results in a small company over-reaching itself leading to failed contracts or time and cost over-runs. In most cases, such ventures are based on very low quotes with offers 25% to 40% below the Owners' estimated costs. In such ventures, it is the Owner, who suffers due to time and cost over-runs with minimal chance of recovering Liquidated Damages from the failed contractors. However, owners have noticed such trend and stringent pre-qualification conditions are being formed to have the companies with proven record and long term commitment to get due recognition in projects of national importance.

3. Segment-wise Performance

3.1 Your Company has done extremely well in its specialised field of Hydro-Power Project Construction. During the year reported, it handed over the completed 300 MW Chamera (Stage-II) Hydro-electric Project to the owner. As you are aware, the Project has been implemented on Engineering Procurement Construction (EPC) Contract basis by Indo-Canadian Hydro Consortium with your Company as the leader. The Project was completed six months ahead of the prescribed completion period of forty eight months.

3.2 During the year reported, the 1,000 MW Indira Sagar (Narmada Sagar) Hydro-electric Project was also completed with

commencement of power generation. The entire civil works for the Project including the concrete Dam and surface Power House have been constructed by your Company.

4. Outlook

4.1 The outlook appears bright. As your Company has been pre-qualified to participate in the tenders for a number of works costing in the range of Rupees 600 crores to over Rupees 1,000 crores, there are bright chances for the Company to secure new works. The Company is also looking for business in the Middle East and South African countries and there are good chances of breaking ground in the near foreseeable future.

4.2 The Hydro-Power Sector in the country is to experience increased activity in the coming years. The target for the next ten years is setting up of projects with additional generation capacity in excess of 25,000 MW of Hydro Power. This augurs well for the Company with proven track record in execution of Hydro Power Projects.

5. Risk and Concerns

Hydro-Power Projects are invariably located in Mountainous Regions and have to face the direct challenges from nature, such as fury of flood, rock fall triggered by snowfall / rain. The Company has to work in the river bed for dams, water conductor systems of tunnels, underground power houses and other project components which pose a serious challenge because so much depends upon the tunnelling / quality of rock geology encountered in which the Project is to be constructed. These areas of risks and concerns require drawing upon the in-depth experience and expertise of established player in the field, like your Company.

6. Internal Control Systems and their Adequacy

Your Company has developed very efficient communication systems between the Projects and the Head Office, which is the key to its high performance levels. This is of utmost assistance in ordering materials, spares and meeting other requirements, pertaining to finalisation of construction drawings, project monitoring and control. These aspects, along with the Management Information Systems, are the areas on which your Company is continuously trying to scale new peaks.

7. Financial and Operational Performance

While the operational performance of the Company has been excellent on most projects, at one or two places your Company had to face adverse site conditions which affected its progress. With perseverance and dedication, your Company is determined to overcome the odds and complete the Projects.

8. Material Development in Human Resource / Industrial Relation

Your Company has been proactive in development of Human Resources and latest techniques are being adopted in evaluating the potential, assessing training and retraining requirements and arranging the same. Leadership by example, with founding Chairman leading the Organisation, consistent policies in Human Resource and their participation in management has ensured unique bonding of entire work force across all spectrum.

II. CEMENT

India is the second largest producer of cement in the world after China, producing 141.81 million MT in the year ended 31 March 2006. Cement production commenced in India in 1914 and has increased significantly since 1980. During the period from 1989 to 2006, installed capacity (excluding the estimated capacity of mini cement plants) increased from approximately 55.87 million MT per annum to approximately 157.15 million MT per annum.

The cement industry in India is fragmented and consists of large manufacturing plants and mini cement plants. There are approximately 129 large plants with a combined installed capacity of 157.15 million MT per annum which are operated by some 54 cement companies. In the financial year ended March 2006, cement production from the large plants amounted to approximately 141.81 million MT, indicating a capacity utilisation of approximately 90.24 per cent.

Cement prices and margins vary across regions, due to the variation in demand-supply balance, level of concentration and demand growth. Over the last five years, prices in the North have remained lower than the rest of the country because of the highly fragmented nature of the market. Prices in the South and West have consistently declined since 2001-02, due to the addition of capacity in the regions. However, prices in the East have remained higher than the country average due to a balanced demand & supply scenario.

While Southern and Western regions are cement surplus, Eastern and Northern regions are cement deficit. This is due to the concentration of lime stone reserves in Andhra Pradesh, Karnataka, Gujarat, Rajasthan, Madhya Pradesh and Maharashtra, with cement plants being located in clusters near limestone mines.

The Company's production facilities are located in the Satna cluster. Installed capacity in the Satna cluster amounted to approximately 19.0 million MT per annum as at March 31, 2006 and, based on current projections, the Company believes that by 2007-08 there is likely to be a shortfall in production in this region to the extent of 2.5 to 3.0 million MT per annum.

The Company's cement division has three modern, computerised process control cement plants with an aggregate installed capacity of 5.40 million MT per annum located at Rewa in Madhya Pradesh, the largest single cement complex in India. In addition, the Company has a blending unit with a capacity of 0.6 million MT per annum at Sadva Khurd in Allahabad District and a grinding unit with a capacity of 1.0 million MT per annum at Tanda in Uttar Pradesh. The Company now has an aggregate capacity of 7.0 million MT per annum.

The Company primarily caters to markets in the Satna cluster i.e. Uttar Pradesh (including Uttaranchal), Bihar and Madhya Pradesh, which accounted for 53.05 per cent, 12.80 per cent and 18.03 per cent respectively of the Company's total cement sales for the year ended March 31, 2006, the balance of the Company's sales being attributable to sales in other parts of Northern and North East India and exports to Nepal.

Your Company's new plant in Himachal Pradesh and Clinker Grinding Unit at Panipat (Haryana), will reinforce participation in fastest growing markets of northern India.

The Company has received a letter of intent from Steel Authority of India Limited (SAIL) for formation of a Joint Venture Company (JVC) to manufacture cement at Bhilai and Satna. While the Company with 74% equity holding in the JVC shall have its management control, SAIL shall contribute balance 26% equity in the JVC.

Risks and Concerns

While the macro economic and industry outlook are positive, factors such as spiraling oil prices, inflationary pressure, increase in interest rates, shortage of coal and power and transport bottlenecks could adversely impact the economic and industry environment.

Review of Operations, Costs & Profitability

Consumption of cement in the markets served by the Company has shown an overall increase in demand in recent years and the Company believes that demand is likely to continue to increase in these markets. The Company believes that growth in demand is likely to be driven by investment in infrastructure projects, including roads, ports and power projects and also by growth in the housing sector in urban and semi-urban areas, with increasing economic activity and population growth likely to increase both per capita and total cement consumption.

The Company believes that, following its increase in production capacity, it will be well placed to take advantage of the growing demand for cement in its markets.

The industry is highly regionalised. Since transport costs are high in relation to the price of cement, production plants are mostly located near sources of raw materials, particularly limestone deposits and target markets. The Group's cement production facilities are located in the Satna cluster in Central India which covers approximately a 600 km radius and comprises the states of Madhya Pradesh, Uttar Pradesh and Bihar (representing 33 per cent of the population of India). The Group's production facilities represent more than 30 per cent of the installed production capacity in the Satna cluster. The Company's competitors in the Satna cluster include Satna Cement, Maihar Cement, Prism Cement, ACC and Diamond Cement.

Measures taken by the Company to improve its efficiency and therefore its competitive position include the establishment of three captive thermal power plants, which will render the Company's cement plants self-sufficient with respect to its energy requirements, as well as reducing its overall energy costs. In addition, the new cement plant being established in Himachal Pradesh, will be eligible for exemption of Excise Duty for 10 years. The Company believes that these advantages will further enhance its competitive position.

The Company's cement is sold under the Buniyad and Buland Brand names. The Company believes that its Brand name recognition, its reputation for consistency in quality and its extensive distribution network entitle it to a premium for its products.

Your Company has developed unique "TRACK THE TRUCK" initiative, linking its all the operating units of M.P. and U.P. with 24 x 7 dedicated V-Sat connectively with its all 127 dumps for ensuring ONLINE connectivity with data / inventory and financial transactions. Your Company is the only Cement Company having such operational modern systems utilising application of I.T.

New entrants to the Indian cement market face significant barriers by reason of the time and capital expense involved in constructing plants

and establishing a distribution network and brand image. Competition between regional producers is also limited by high transportation costs in relation to the value of the cement carried and the limited number of suitable limestone deposits. Accordingly, the Company believes that its principal competitors will continue to be those producing in the same regions as the Company.

The Indian cement market is entirely serviced by domestic cement production. The Company does not foresee any competition from imported cement.

The Company has chalked out a strategy to enhance its position in the fast growing Indian cement sector and is poised to become one of the largest cement groups in India through pursuing organic and inorganic growth. In order to achieve this objective, the Company has undertaken Cement manufacturing capacity expansion programme, as under :-

1. 3 million tonne per annum (MTPA) Cement Plant in Himachal Pradesh
2. 1.0 MTPA Clinker grinding unit at Panipat (Haryana)
3. 2.5 MTPA (in two phases) in Uttar Pradesh
4. 1.2 MTPA in Gujarat through subsidiary company
5. 1.5 MTPA at Sidhi in Madhya Pradesh
6. 2.2 MTPA in Joint Venture with SAIL through SPV.

The Company has also set up a unit (Jaypee Cement Products), adjacent to Jaypee Cement Blending Unit at Sadva Khurd in Allahabad District of the State of Uttar Pradesh, for manufacturing & selling of AC sheets. The plant has been commissioned and is under trial run. The unit is expected to commence commercial production by middle of September, 2006.

III. REAL ESTATE AND HOSPITALITY

Industry Status

The tourism industry continued to perform well in 2005 with the number of foreign tourist visiting India increasing to 3.92 million as against 3.46 million in the previous year, an increase by 13.3%. As a result, the foreign exchange earnings of the Industry increased to 5.73 billion USD during 2005 as against 4.76 billion USD a year ago, an increase by 20%.

The figure of the travel of foreign tourist arrival in India is very low as compared to countries like Thailand, which had close to 12 Million foreign tourist arrivals in the calendar year 2005. This reflects enormous growth potential in the Indian tourism industry. The World Travel and Tourism Council have recently notified India as one of the fastest growing tourist economies in the world.

Other factors that is contributing to the growth of the tourism industry include substantial increase in medical tourism from countries like Middle East and South Asian economies and entry of increasing number of private players in the aviation industry. India thus seems to be all set to emerge as one of the fastest growing tourism markets in the world.

Risks and Concerns

Given strong emphasis of the government on promotion of tourism and improvement of the tourist infrastructure and vast untapped

potential of India as a destination, there is little doubt that future prospects for Indian Hospitality Industry are bright. However, sizable mismatch between the demand and supply of star category rooms and the existing infrastructure in India with regard to airport facilities, road and transport network is not up to the requirements of the discerning foreign tourists. Considering the potential of the Industry, the Government has taken several initiatives to improve the situation.

IV. REVIEW OF OPERATIONS OF JAYPEE RESIDENCY MANOR, MUSSOORIE, JAYPEE GREENS GOLF RESORT AND REAL ESTATE BUSINESS

During the financial year under review, total revenues from Hotel segment were Rs.131 million which represents an increase of approximately 13% compared to Rs. 116 million of previous year. PBIDT increased by 32% to Rs.37 million as compared to Rs. 28 million in the previous year. ARR (Average Room Rate) increased by Rs. 816 i.e. by 20% over the previous year.

The Company has, through the amalgamation of erstwhile Jaypee Greens Ltd., acquired over 450 acres of leased land at Greater Noida for development of Golf Course, Residential, Commercial, Institutional Areas, etc. This new division of the Company is known as Jaypee Greens.

Greater Noida, which is just 35 minutes from Delhi via six-lane expressway, is already renowned for its "Pollution-free Environment" and "well-laid infrastructure facilities".

Jaypee Greens has under its fold an international standard 18 Hole Golf Course, which is India's longest, and a Five Star Deluxe Hotel at Greater Noida. Present developments include construction of a mix of Golf-Centric Real Estate, an Integrated Sports Complex with International standard sports facilities and a 60 acre nature reserve.

Real Estate on a Golf Course is a well-established concept internationally as driver of "premium values", providing for exclusive image benefits attached with living at the Golf Course, escape from pollution and congestion, and a serene habitat with associated support

environment which includes recreational facilities. The development offers an excellent living environment on the Golf Course for the discerning few. This environment is unique and can not be duplicated elsewhere. This gives the project a USP and creates interest in high net worth individuals both in India and abroad.

International level Architects, Designers and Planners have been engaged to create world-class facilities and services with clean environment, lots of green areas, lakes, beautiful landscape and infrastructure facilities for the residential, commercial and institutional development.

The Layout Plan of the area, prepared after extensive studies and consideration of alternative concepts, has already been approved by the GNIDA and it is hoped that this project on completion will be a "land mark" and a "destination in itself" in the country.

The Golf Resort project at Greater Noida has clear competitive advantage in terms of excellent market potential both for Corporates as well as Individuals.

Taj Expressway Project of the Company consisting of construction of 160 KM six lane, access controlled Expressway to be constructed between Noida and Agra alongwith development of 25 million square meters of land along the Expressway at various locations was awarded by Taj Expressway Industrial Development Authority (TEA), on Build, Own, Operate and Transfer basis as per the concession agreement. The said concession agreement, inter alia, provides that the land for Expressway and also for development shall be provided by the TEA at acquisition cost. 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. The Management envisages great potential in the Real Estate business as part of this Project.

The Management has presented the analysis of Division wise performance of the Company for the year 2005-06 and its outlook for the future. This outlook is based on assessment of the current business environment. It may vary due to future economic and other developments, both in India and abroad.

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 2006 and also the annexed Profit and Loss Account and the Cash Flow Statement for the year ended on that date. We did not audit the financial statements of the transferor amalgamating company viz. Jaypee Greens Limited, for the year then ended, as these financial statements and other financial information have been audited by the erstwhile auditors of the said company and whose separate report has been furnished to us, and our opinion is based solely on the report of those auditors. 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 2006, 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 2006 from being appointed as a director, in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with significant accounting policies and 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 2006;
 - 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: 04.09.2006

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 2006, 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) (a) 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 Service tax amounting to Rs.99.17 lacs and Sales Tax amounting to Rs.1.91 lacs.
- (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	2003-2004	3467.29				3467.29
Central Excise	Upto 1999-00		13.65			13.65
	2001-2002		8.53			8.53
	2002-2003		32.68			32.68
	2003-2004	8.34	8.18			16.52
	2004-2005	7.68	6.76			14.44
	2005-2006	10.71	37.00			47.71
Electricity Cess	2003-2004				92.49	92.49
U.P. Trade Tax	1992-1993			15.43		15.43
	1993-1994			7.63		7.63
	1999-2000			0.74	480.15	480.89
	2000-2001				810.29	810.29
	2001-2002				711.14	711.14
	2002-2003	62.81			584.78	647.59
	2003-2004	19.72			289.77	309.49
	2004-2005				612.94	612.94
	2005-2006			83.82		83.82
Bihar Sales Tax	1994-2003		29.44			29.44
U.P. Entry Tax	2003-2004	132.22			226.98	359.20
	2004-2005				412.00	412.00
	2005-2006				582.71	582.71
M.P. Entry Tax	2000-2001	0.90				0.90
	2001-2002			138.58		138.58
	2005-2006			10.18		10.18
Nikay Kar	1997-1998			6.73		6.73
MPCT/CST	1999-2000		12.64			12.64
	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 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. The consideration paid to the shareholders of the amalgamating transferor company viz. Jaypee Greens Ltd, of one equity share in the transferee company viz. Jaiprakash Associates Ltd, for every two equity shares held by them has been accounted for at Rs.10 per equity share, in terms of the Order of the Hon'ble High Court of judicature at Allahabad dated 21st August 2006 sanctioning the Scheme of Amalgamation.
- (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.
- (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 material fraud by or on 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: 04.09.2006

BALANCE SHEET
 AS AT 31ST MARCH, 2006

	SCHEDULE	2005-2006		2004-2005	
		Rs. IN LAKHS		Rs. IN LAKHS	
SOURCES OF FUNDS					
SHAREHOLDERS FUNDS					
Share Capital	A	21,506		17,622	
Reserves and Surplus	B	246,714	268,220	105,853	123,475
LOAN FUNDS					
Secured Loans	C	272,138		253,952	
Unsecured Loans	D	149,840	421,978	65,933	319,885
DEFERRED TAX LIABILITY			49,018		48,810
TOTAL FUNDS EMPLOYED			739,216		492,170
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	E	366,376		311,172	
Less: Depreciation		119,609		105,954	
Net Block		246,767		205,218	
Capital Work-in-Progress [Including Incidental Expenditure Pending Allocation]		87,606	334,373	35,422	240,640
INVESTMENTS	F		155,704		119,198
DEFERRED TAX ASSET			698		546
CURRENT ASSETS, LOANS & ADVANCES					
Inventories		121,246		59,967	
Sundry Debtors		42,238		37,025	
Cash and Bank Balances		166,980		72,723	
Other Current Assets		340		215	
Loans & Advances		91,179		84,852	
		421,983		254,782	
LESS: CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	H	153,688		109,985	
Provisions		19,905		13,257	
		173,593		123,242	
NET CURRENT ASSETS			248,390		131,540
MISCELLANEOUS EXPENDITURE	I		51		246
TOTAL APPLICATION OF FUNDS			739,216		492,170
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

MANOJ GAUR
 Managing Director & CEO

M.P. SINGH

 Partner
 M.No. 1454

SUNIL KUMAR SHARMA
 Managing Director

 Place : New Delhi
 Dated: 04.09.2006

I.N. DUBE
 Jt. President (Accounts &
 Taxation)

R.B. SINGH
 President (Finance)

HARISH K. VAID
 President (Corporate)
 & Company Secretary

S.D. NAILWAL
 Director (Finance) & CFO

PROFIT & LOSS ACCOUNT
 FOR THE YEAR ENDED 31ST MARCH, 2006

	SCHEDULE	2005-2006 Rs. IN LAKHS	2004-2005 Rs. IN LAKHS
INCOME			
Cement Sales [Gross]		144,368	118,501
Less: Excise Duty on Sales		22,305	18,784
Cement Sales [Net]		122,063	99,717
Construction Revenue		192,067	175,537
Profit on Sale of Jaiprakash Hydro-Power Limited Shares		36,137	-
Hospitality Revenue & Other Income	J	18,321	14,933
Increase/(Decrease) in Stocks	K	(1,712)	622
		366,876	290,809
EXPENDITURE			
Manufacturing, Construction & Hospitality Expenses	L	187,982	163,928
Excise Duty [Refer Note No.22(b) of Schedule R]		(351)	125
Personnel	M	12,439	10,027
Selling & Distribution Expenses	N	27,160	25,140
Other Expenses	O	24,070	24,041
Interest	P	23,974	21,339
Depreciation		15,146	13,334
		290,420	257,934
Profit before Taxation		76,456	32,875
Provision for Taxation			
Current Tax		12,141	4,230
Deferred Tax		56	7,882
Fringe Benefit Tax		260	-
		12,457	12,112
Profit after Taxation		63,999	20,763
Profit brought forward from Previous Year		41,859	24,026
Profit/(Loss) Transferred from Transferor Company		(3,292)	-
Debenture Redemption Reserve no longer required		6,650	12,100
		6,650	12,100
Profit Available for Appropriation		109,216	56,889
Less: Provision for Dividend Pertaining to Previous Year [including Dividend Tax]		16	7
Less: Transferred to Reserve for Premium on Foreign Currency Convertible Bonds		936	-
Less: Transferred to Debenture Redemption Reserve		5,208	8,100
Less: Transferred to General Reserve		6,400	2,100
Less: Interim Dividend		3,406	3,172
Proposed Final Dividend		2,398	1,058
Tax on Dividends		814	593
		6,618	4,823
Balance carried to Balance Sheet		90,038	41,859
Accounting Policies and Notes to the Accounts	R		
Basic Earnings Per Share [including extra-ordinary item] [Rupees]		31.26	11.78
Diluted Earnings Per Share [including extra-ordinary item] [Rupees]		30.59	11.77
Basic Earnings Per Share [excluding extra-ordinary item] [Rupees]		13.61	11.78
Diluted Earnings Per Share [excluding extra-ordinary item] [Rupees]		13.33	11.77

 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

MANOJ GAUR
 Managing Director & CEO

M.P. SINGH
SUNIL KUMAR SHARMA
 Managing Director

 Partner
 M.No. 1454

 Place : New Delhi
 Dated: 04.09.2006

I.N. DUBE
 Jt. President (Accounts &
 Taxation)

R.B. SINGH
 President (Finance)

HARISH K. VAID
 President (Corporate)
 & Company Secretary

S.D. NAILWAL
 Director (Finance) & CFO

SCHEDULE "A"
SHARE CAPITAL
2005-2006
Rs. IN LAKHS
2004-2005
Rs. IN LAKHS

Authorised				
103,00,00,000	Equity Shares of Rs.10/- each [Previous Year 98,00,00,000]		103,000	98,000
30,00,000	Preference Shares of Rs.100/- each		3,000	–
			106,000	98,000
Issued, Subscribed and Paid-up				
21,50,57,749	Equity Shares of Rs. 10/- each fully paid up [Previous Year 17,62,16,981 Equity Shares] comprising of 17,21,73,011 Equity Shares [Previous Year 17,21,73,011 Equity Shares] allotted as fully paid-up in terms of the Scheme of Amalgamation effective from 11.03.2004. 40,43,970 Equity Shares allotted for cash under "Jaypee Employees Stock Purchase Scheme 2002", 1,39,65,003 Equity Shares allotted for cash on conversion of Foreign Currency Convertible Bonds and 2,48,75,765 Equity Shares allotted as fully paid in terms of Scheme of Amalgamation effective from 22.08.2006		21,506	17,622
			21,506	17,622

SCHEDULE "B"
RESERVES AND SURPLUS
General Reserve

As per last Balance Sheet	17,812		15,712	
Add: Transfer from Profit & Loss Account	6,400	24,212	2,100	17,812

Debenture Redemption Reserve

As per last Balance Sheet	19,750		23,750	
Add: Provided during the year	5,208		8,100	
	24,958		31,850	
Less: Transfer to Profit & Loss Account on Redemption	6,650	18,308	12,100	19,750

Revaluation Reserve

As per last Balance Sheet	951		951	
Add : Transferred from Transferor Company	52,769		–	
	53,720		951	
Less: Proportionate Amortisation Transferred to Profit & Loss Account	73	53,647	–	951

Securities Premium Account

As per last Balance Sheet	25,481		25,481	
Add : During the year	31,604	57,085	–	25,481

Reserve for Premium on Foreign Currency Convertible Bonds
936 –

Capital Reserve on Amalgamation - Refer Note No.2(a) of Schedule R
2,488 –

Surplus

As per Profit & Loss Account		90,038		41,859
		246,714		105,853

SCHEDULE "C"
SECURED LOANS
A. Term Loans

(i) From Financial Institutions		38,659		44,075
(ii) From Banks				
(a) In Rupees	117,596			76,397
(b) In Foreign Currency	14,839	132,435	171,094	11,513
			171,094	131,985

c/o

SCHEDULE C (Contd...)

		2005-2006 Rs. IN LAKHS	2004-2005 Rs. IN LAKHS
	B/F	171,094	131,985
B. Working Capital Loans			
(Secured against hypothecation of Stocks, Spare Parts & Book Debts)			
For Working Capital From Banks			
(i)	In Rupees	12,133	8,479
(ii)	In Foreign Currency	1,130	1,163
(iii)	For Overseas Works	4,950	5,511
		18,213	15,153
C. Debentures			
(i)	53,00,000 16.5% Non-convertible Secured Debentures of Rs.100/- each fully paid-up in cash [Fully Redeemed] [Previous Year Rs.75/- per Debenture Redeemed]	-	1,325
(ii)	50,00,000 16.5% Non-convertible Secured Debentures of Rs.100/- each fully paid-up in cash [Rs.70/- per Debenture Redeemed] [Previous Year Rs.50/- per Debenture Redeemed]	1,500	2,500
(iii)	1,00,00,000 12% Non-convertible Secured Debentures of Rs.100/- each fully paid-up in cash [Rs.40/- per Debenture Redeemed] [Previous Year Rs.20/- per Debenture Redeemed]	6,000	8,000
(iv)	1,100 13.5% Non-convertible Secured Debentures of Rs.1,00,000/- each fully paid-up in cash [Rs.50,000/- per Debenture Redeemed] [Previous Year Rs.25,000/- per Debenture Redeemed]	550	825
(v)	900 13.5% Non-convertible Secured Debentures of Rs.1,00,000/- each fully paid-up in cash [Rs.50,000/- per Debenture Redeemed] [Previous Year Rs.25,000/- per Debenture Redeemed]	450	675
(vi)	1,000 12% Non-convertible Secured Debentures of Rs.1,00,000/- each fully paid-up in cash [Rs.25,000/- per Debenture Redeemed]	750	1,000
(vii)	4,000 7.5% Non-convertible Secured Debentures of Rs.10,00,000/- each fully paid-up in cash	40,000	40,000
(viii)	1,600 7% Non-convertible Secured Debentures of Rs.10,00,000/- each fully paid-up in cash [Fully Redeemed]	-	16,000
(ix)	1,600 8% Non-convertible Secured Debentures of Rs.10,00,000/- each fully paid-up in cash	16,000	16,000
(x)	1,600 8% Non-convertible Secured Debentures of Rs.10,00,000/- each fully paid-up in cash	16,000	16,000
		81,250	102,325
D. Government Departments, Public Sector Undertakings & Others			
(Secured against hypothecation of Construction Material and Plant & Machinery)			
(i)	Interest Bearing	860	1,640
(ii)	Non Interest Bearing	481	2,239
		1,341	3,879
E. Hire Purchase			
		240	610
		272,138	253,952

SCHEDULE "D"
UNSECURED LOANS

	2005-2006 Rs. IN LAKHS	2004-2005 Rs. IN LAKHS
A. Short Term Loans:		
From Banks & Others	24,700	5,141
[Repayable within one year - Rs.24,700/- Lakhs (Previous Year Rs.5,141/- Lakhs)]		
B. 8,63,083 8% Non-convertible Debentures of Rs.100/- each fully paid-up in cash	863	-
C. Foreign Currency Convertible Bonds [See Note No.3 of Schedule "R"]		
FCCB-I	10,958	43,630
FCCB-II	89,265	-
	<u>100,223</u>	<u>43,630</u>
D. Sales Tax Deferment Loan	3,033	3,890
[Repayable within one year - Rs.882/- Lakhs (Previous Year Rs.759/- Lakhs)]		
E. Bills Discounting	4,545	3,234
[Repayable within one year - Rs.4,545/- Lakhs (Previous Year Rs.3,234/- Lakhs)]		
F. Fixed Deposit Scheme	9,149	5,100
[Repayable within one year - Rs.5,270/- Lakhs (Previous Year Rs.2,614 Lakhs)]		
G. Deposits [from Stockists, Sales Promoters & Golf Course Members]	7,327	4,938
	<u>149,840</u>	<u>65,933</u>

SCHEDULE "E"
FIXED ASSETS

PARTICULARS	Rs. IN LAKHS											
	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As On 1.4.2005	Transfer from Transferor Company	Addition during the Year	Sale/ Transfer/ Disposal during the Year	As On 31.3.2006	Upto 31.3.2005	Transfer from Transferor Company	For The Year	Sale/ Adjust- ment	Total	As On 31.3.2006	As On 31.3.2005
01 Land												
(a) Leasehold Land	1,322	63,192	2,156	28,522	38,148	-	-	-	-	-	38,148	1,322
(b) Freehold Land	1,467	-	1,000	56	2,411	-	-	-	-	-	2,411	1,467
02 Building												
(a) Office	18,426	2,172	2,662	7	23,253	2,558	522	441	3	3,518	19,735	15,868
(b) Hotel	2,553	-	163	-	2,716	393	-	42	-	435	2,281	2,160
03 Purely Temporary Erections	9,825	-	-	-	9,825	9,825	-	-	-	9,825	-	-
04 Railway siding	830	-	105	-	935	468	-	44	-	512	423	362
05 Plant & Machinery												
(a) Cement Division	126,404	-	6,819	695	132,528	53,431	-	6,550	590	59,391	73,137	72,973
(b) Construction Division	115,830	-	5,408	4,072	117,166	34,043	-	5,684	2,116	37,611	79,555	81,787
(c) Golf Course	-	376	46	25	397	-	51	19	6	64	333	-
(d) Hotel	59	-	4	-	63	10	-	3	-	13	50	49
06 Captive Thermal Power Plant	23,695	-	-	-	23,695	810	-	1,374	-	2,184	21,511	22,885
07 Golf Course	-	3,103	6	-	3,109	-	577	148	-	725	2,384	-
08 Miscellaneous Fixed Assets (Hotel)	129	-	41	-	170	29	-	8	-	37	133	100
09 Motor Vehicles	3,386	53	569	137	3,871	1,605	19	323	90	1,857	2,014	1,781
10 Furniture & Office Equipment	6,500	275	583	15	7,343	2,580	69	553	9	3,193	4,150	3,920
11 Ships:Boat	4	-	-	-	4	-	-	-	-	-	4	4
12 Helicopter	739	-	-	-	739	199	-	42	-	241	498	540
13 Technical Books	3	-	-	-	3	3	-	-	-	3	-	-
	<u>311,172</u>	<u>69,171</u>	<u>19,562</u>	<u>33,529</u>	<u>366,376</u>	<u>105,954</u>	<u>1,238</u>	<u>15,231</u>	<u>2,814</u>	<u>119,609</u>	<u>246,767</u>	<u>205,218</u>
PREVIOUS YEAR	<u>251,704</u>	<u>-</u>	<u>60,642</u>	<u>1,174</u>	<u>311,172</u>	<u>93,124</u>	<u>-</u>	<u>13,356</u>	<u>526</u>	<u>105,954</u>	<u>205,218</u>	<u>-</u>
CAPITAL WORK-IN-PROGRESS [Including Incidental Expenditure Pending Allocation]											87,606	35,422

- Note:**
- (i) Out of the Depreciation for the year, Rs.35 Lakhs [Previous Year Rs.22 Lakhs] has been included in Expenditure During Construction Period shown in Schedule "Q" and Rs.50 Lakhs previously excess charged, now reversed.
- (ii) (a) Sale/Transfer/Disposal of Leasehold Land for the year includes Rs.28,325 Lakhs transferred to Projects under development shown under Inventories - Schedule "G" - Current Assets - A-1(h)(ii)
- (b) Capital Work-in-progress of Rs.87,606 Lakhs is after regrouping of Rs.17,684 Lakhs to Projects under development shown under Inventories - Schedule "G" Current Assets - A-1(h)(i)

SCHEDULE "F" INVESTMENTS (AT COST)	2005-2006 Rs. IN LAKHS		2004-2005 Rs. IN LAKHS	
(A) Investments in Subsidiaries				
(a) QUOTED				
(i) 4,00,49,943 Equity Shares of Jaypee Hotels Limited Rs.10/- each fully paid-up	6,542		6,542	
(ii) 31,10,00,600 Equity Shares of Jaiprakash Hydro Power Limited Rs.10/- each fully paid-up [Previous Year 49,10,00,600]	41,376	47,918	59,376	65,918
(b) UNQUOTED				
(i) 42,90,00,000 Equity Shares of Jaiprakash Power Ventures Limited of Rs.10/- each fully paid-up	42,900		42,900	
(ii) 60,00,00,000 Equity Shares of Jaypee Karcham Hydro Corporation Limited of Rs.10/- each fully paid-up [Previous Year 50,000]	60,000		5	
(iii) 50,700 Equity Shares of Jaypee Cement Limited of Rs.10/- each fully paid-up	5	102,905	-	42,905
(B) Other Investments				
(a) QUOTED				
(i) 4,67,970 Equity Shares of Jaiprakash Enterprises Limited of Rs.10/- each fully paid-up	47		47	
(ii) 15,350 Equity shares of Capital Trust Limited of Rs.10/- each fully paid-up	2		2	
(iii) 100 Equity Shares of IFCI Limited of Rs.10/- each fully paid-up	-		-	
(iv) 7,21,600 Equity Shares of Indian Overseas Bank of Rs.10/- each fully paid-up	72		72	
(v) 1,65,900 Equity Shares of PNB Gilts Limited of Rs.10/- each fully paid-up	50	171	50	171
(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 Corp. of India Limited of Rs.100/- each fully paid-up	5		5	
(iii) 20,35,000 Equity Shares of Jaypee DSC Ventures Limited of Rs.10/- each fully paid-up	204	209	204	209
(C) GOVERNMENT SECURITIES				
[Pledged with various Government Departments as Security]				
(i) National Savings Certificates [Face Value Rs.2,000/-] [Previous Year Rs.8,000/-]	-		-	
(ii) Kishan Vikas Patra [Face Value Rs.3,000/-]	-	-	-	-
(D) SHARE APPLICATION MONEY				
(i) Jaypee Karcham Hydro Corporation Limited [Subsidiary Company]	-		9,995	
(ii) Jaypee Cement Limited [Subsidiary Company]	4,500		-	
(iii) Jaiprakash Kashmir Energy Limited [Associate Company]	1	4,501	-	9,995
		155,704		119,198

- Note: 1. Aggregate cost of:
- | | |
|---|--------------------|
| Quoted Investments (Market Value Rs.1271,32,74,230/-
Previous Year Rs.165,27,33,127/-) | Rs. 4,808,839,848 |
| Unquoted | Rs. 10,311,357,250 |
| Government Securities | Rs. 5,000 |
2. All Investments are Long Term

SCHEDULE "G"
CURRENT ASSETS, LOANS & ADVANCES
2005-2006
Rs. IN LAKHS
2004-2005
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)		27,544		24,477
(b) Construction Materials (at cost)		7,036		7,838
(c) Raw Materials - Cement Division (at cost)		399		500
(d) Finished Goods- Cement Division (at estimated cost or net realisable value whichever is lower)		1,546		2,655
(e) Stock in Process-Cement Division (at estimated cost)		770		1,373
(f) Work-in-Progress:				
(i) Construction Division (at estimated cost)	21,715			22,038
(ii) Real Estate Division (at estimated cost)	2,290	24,005		-
(g) Goods in Transit		1,123		1,086
(h) Projects under Development [including direct expenses & interest]				
(i) At Noida - Part of Taj Expressway Project	18,318			-
(ii) At Greater Noida - Refer Note No.23 - Schedule R	40,505	58,823	121,246	-
				59,967

2. SUNDRY DEBTORS

(Unsecured, considered good)

(a) Debts outstanding for a period exceeding six months:				
(i) From Overseas Works	10,163			10,163
(ii) From Others	9,132	19,295		10,818
(b) Other Debts		22,943	42,238	16,044
				37,025

3. CASH AND BANK BALANCES

(a) Cash, Cheques in hand and in transit		4,298		2,930
(b) Balances with Scheduled Banks				
(i) In Current & Cash Credit Account	17,013			14,362
(ii) In Fixed Deposits Account (Fixed Deposit for Rs.98,26,20,989/- pledged with Banks & Others, Previous Year Rs.84,93,57,545/-)	144,609			54,830
(iii) Balance in Dividend Account	482	162,104		193
(c) Balance with Non-Scheduled (Foreign) Banks In Current Account		578	166,980	408
				72,723

4. OTHER CURRENT ASSETS

Interest accrued on Fixed Deposits & Others (From Banks Rs.3,36,05,915/- Previous Year Rs.2,12,05,353/-)			340	215
			330,804	169,930

B. LOANS AND ADVANCES

(Unsecured, considered good)

Advances to Suppliers, Contractors, Sub-Contractors & Others		53,238		54,267
Staff Imprest and Advances		319		493
Claims and Refunds Receivable		6,012		5,784
Prepaid Expenses		2,048		2,705
Deposits with Govt. Deptts., Public Bodies and Others				
(a) Govt. Deptts. & Public Bodies		9,258		6,138
(b) Others		608	9,866	3,232
Works Contract Tax/Sales Tax Recoverable			3,259	4,005
Income Tax Deducted at Source			16,437	8,228
			91,179	84,852
GRAND TOTAL			421,983	254,782

SCHEDULE "H"	2005-2006		2004-2005	
CURRENT LIABILITIES AND PROVISIONS	Rs. IN LAKHS		Rs. IN LAKHS	
A. CURRENT LIABILITIES				
Sundry Creditors				
(a) Dues to Small Scale Undertakings	5		3	
(b) Others	40,404	40,409	40,786	40,789
Advances from Customers		21,375		6,034
Due to Staff		561		460
Adjustable receipts against Contracts (against Guarantees)				
(a) Interest Bearing	11,954		5,659	
(b) Non Interest Bearing				
(i) From Subsidiaries / Associates	47,589		13,443	
(ii) From Others	18,130	65,719	29,620	48,722
Other Liabilities		5,510		7,495
Redemption of Preference Share Capital at par of Transferor Company		2,730		-
Interest accrued but not due on loans		4,946		6,290
Investors Education & Protection Fund: [Appropriate amounts shall be transferred to Investor Education & Protection Fund, if and when due]				
(a) Unclaimed Dividend	482		193	
(b) Share Application Money Refundable A/c (Rights Issue)	2	484	2	195
		153,688		109,985
B. PROVISIONS				
For Taxation		14,898		6,665
For Gratuity		1,605		1,315
For Provident Fund		200		147
For Leave Encashment		468		307
For Interim Dividend		-		3,172
For Proposed Final Dividend		2,398		1,058
For Tax on Dividends		336		593
		19,905		13,257
GRAND TOTAL		173,593		123,242
SCHEDULE "I"				
MISCELLANEOUS EXPENDITURE				
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)				
Share Issue Expenses	26		51	
Less: Written-off during the year	26	-	25	26
Preliminary Expenses		18		4
Deferred Revenue Expenditure		33		216
		51		246
SCHEDULE "J"				
HOSPITALITY REVENUE & OTHER INCOME				
Hospitality Revenue				
Room Sale	1,163		854	
Food & Beverages	482		186	
Wine & Liquor	71		30	
Telex & Telephone	3		4	
Other Services	102	1,821	78	1,152
Golf Membership & Other Receipts		525		0
Dividends		2,341		419
Rent		112		145
Machinery Rentals		6,197		6,845
Foreign Currency Exchange Rate Difference		52		36
Interest (including Rs.38,06,16,753/- from Banks)		3,992		1,012
Miscellaneous		3,281		5,324
		18,321		14,933

SCHEDULE "K"	2005-2006		2004-2005	
INCREASE / (DECREASE) IN STOCKS	Rs. IN LAKHS		Rs. IN LAKHS	
CLOSING STOCKS				
Finished Goods	1,546		2,655	
Stock-in-process	<u>770</u>	2,316	<u>1,373</u>	4,028
LESS:OPENING STOCKS				
Finished Goods	2,655		1,800	
Stock-in-Process	<u>1,373</u>	4,028	<u>1,606</u>	3,406
		<u>(1,712)</u>		<u>622</u>
SCHEDULE "L"				
MANUFACTURING, CONSTRUCTION & HOSPITALITY EXPENSES				
Work-in-Progress as on 01.04.2005 - Construction Division		22,038		17,654
Raw Materials Consumed - Cement Division		13,655		11,792
Construction Expenses		85,527		77,730
Consumption of Food and Beverages etc.		199		99
Hotel & Golf Course Operating Expenses		621		423
Hire Charges and Lease Rentals of Machinery		557		829
Power, Electricity and Water Charges		20,551		20,825
Repairs and Maintenance of Machinery		15,416		14,671
Repairs to Building and Camps		1,436		853
Stores and Spares Consumed		21,222		17,950
Coal and Packing Materials Consumed		22,497		18,471
Freight, Octroi & Transport Charges		<u>10,307</u>		<u>8,538</u>
		214,026		189,835
Less:Self Consumption - Cement		4,329		3,869
Less:Closing Work-in-Progress - Construction Division		<u>21,715</u>		<u>22,038</u>
		<u>187,982</u>		<u>163,928</u>
SCHEDULE "M"				
PERSONNEL				
Salaries, Wages & Bonus		10,139		7,655
Gratuity		380		267
Contribution to Provident & Other Funds		753		635
Staff Welfare		1,167		1,470
		<u>12,439</u>		<u>10,027</u>
SCHEDULE "N"				
SELLING & DISTRIBUTION EXPENSES				
Loading, Transportation & Other Charges		23,125		22,032
Commission on Cement Sales		2,289		1,942
Sales Promotion		1,746		1,166
		<u>27,160</u>		<u>25,140</u>
SCHEDULE "O"				
OTHER EXPENSES				
Rent		389		287
Rates & Taxes		2,055		1,966
Insurance		2,621		2,595
Travelling & Conveyance		1,676		1,334
Bank Charges & Guarantee Commission		4,435		2,821
Loss on Sale / Disposal / Write-off of Assets (Net)		1,631		325
Financing Charges		786		4,814
Postage, Telephone & Telex		393		438
Light Vehicles Running & Maintenance		646		594
Legal & Professional		1,279		2,399
Charity & Donation		<u>1,520</u>		<u>901</u>
	c/o	<u>17,431</u>		<u>18,474</u>

SCHEDULE "O" (Contd...)

	2005-2006		2004-2005	
	Rs. IN LAKHS		Rs. IN LAKHS	
	b/f	17,431		18,474
Security & Medical Service		2,077		1,390
Sundry Balances Written-off		153		1,827
Directors' Fees		6		6
Amortisation of Land Premium	100		-	
Less: Transferred from Revaluation Reserve	73	27	-	-
Miscellaneous Expenses		4,306		2,280
Auditors' Remuneration:				
Audit Fees	19		19	
Tax Audit Fees	2		2	
Other Services	11		8	
To Partners in other capacity:				
For Taxation Matters [Rs.12,000/-]	-		-	
For Management Services	1		1	
Reimbursement of Expenses	3	36	4	34
Preliminary, Share & Debenture Issue & Other carry forward expenses written off		34		30
		24,070		24,041

SCHEDULE "P"
INTEREST

Interest on Non-Convertible Debentures	7,387	5,615
Interest on Term Loans	11,390	11,424
Interest on Bank Borrowing and Others	5,197	4,300
	23,974	21,339

SCHEDULE "Q"
EXPENDITURE DURING CONSTRUCTION PERIOD

Opening Balance as on 01.04.2005	9,715	10,118
Opening Balance transferred from Transferor Company	1,701	-
Electricity, Power and Fuel	443	2,008
Salary, Wages and Staff Welfare	525	350
Site Development Expenses	194	140
Repair and Maintenance	126	159
Legal and Professional	936	1,073
Insurance	215	49
License, Application Fees, Rates and Taxes	24	16
Travelling and Conveyance	67	44
LC Commission, Bank Charges and Bank Guarantee Commission	339	643
Interest	4,020	6,241
Loan Processing / Front End Fee	1,131	1,498
Safety and Security	129	21
Freight and Material Handling	16	194
Environmental and Pollution Study Fee	7	13
Vehicle / Machinery Hire Charges / Lease Rent	113	71
Postage, Telephone and Telex	4	4
Light Vehicles Running and Maintenance	40	34
Depreciation	35	22
Quarry Development / Compensation	3,214	-
Charity and Donation	-	1
Miscellaneous	89	388
	23,083	23,087
Less: Interest Received	147	-
	22,936	23,087
Less: Capitalised During the year	1,631	13,372
Less: Transferred to Projects under Development - Schedule "G" Current Assets - A-1(h)(i)	5,207	-
	16,098	9,715

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) Revenue/Incomes and Costs/Expenditures are accounted for on accrual basis.
- (ii) Cement Sales [Net] are net of Excise Duty/Sales Tax/Trade Tax and exclusive of Self Consumption.
- (iii) Construction Revenue/Incomes for contracts entered on or after 01.04.2003 are accounted as per AS-7 [Revised]. Construction Revenue/Incomes for contracts entered before 01.04.2003 are accounted as per AS-7.
- (iv) Entrance fee for Golf Membership is recognised in the year of receipt, irrespective of the period of membership.
- (v) 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.
- (vi) Escalations/claims are taken in the accounts on the basis of receipts or as acknowledged by the clients.
- (vii) Revenue from Real Estate Projects is recognised as per AS-9.
- (viii) (a) The costs that are incurred before a construction 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 where there is permanent diminution in the value of investments a provision is made wherever 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 - 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 includes 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 Rupees at the rate of exchange prevailing on the date of Balance Sheet.
- (b) Transactions in Foreign Currency are recorded in the Books of Account in Indian Rupees at the rate of exchange prevailing on the date of transaction.

Lease Rentals

- (a) Operating Leases: Rentals are expensed with reference to lease terms.
- (b) Finance Leases: 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. Miscellaneous Expenditure incurred on or 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 construction/implementation is capitalised and apportioned to projects/assets on commissioning.

Earnings Per Share

Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted 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.

Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

(B) NOTES TO THE ACCOUNTS

01 Contingent Liability not provided for in respect of:

(a) Outstanding amount of Bank Guarantees (Previous Year Rs.1037,68,03,606/-)	Rs. 1449,89,08,734
Margin Money deposited against the above (Previous Year Rs 51,94,55,731/-)	Rs. 57,25,13,870
(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.898,54,56,287/-]	Rs. 818,46,72,208
(ii) for Term Loan from Punjab National Bank to Jaiprakash Power Ventures Limited (subsidiary company) [Previous Year Rs.20,00,00,000/-]	Rs. 37,00,00,000
(iii) for Rupee Term Loans and Foreign Currency Loans from Power Finance Corporation Limited to Jaiprakash Power Ventures Limited (JPVL) (subsidiary company) [Previous Year Rs.185,99,61,500/-]	Rs. 219,64,20,000
(c) Claims against the Company not acknowledged as debts (Previous Year Rs.312,27,02,574/-)	Rs. 314,66,48,510
(d) Outstanding Letters of Credit (Previous Year Rs.100,46,36,576/-)	Rs. 205,51,83,209
Margin Money deposited against the above (Previous Year Rs.5,42,28,898/-)	Rs. 8,65,03,898
(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 2.4 times [Previous Year 3.6 times] the CIF Value of Imports upto 2013-2014. The Liability aggregating to Rs.106.55 Crores [Previous Year Rs.47.65 Crores] may arise alongwith interest @15% p.a., in the event of non-fulfilment of export obligation.	
(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.26,34,50,569/-]. Amount deposited under protest Rs.2,33,45,768/- [Previous Year Rs.2,33,45,768/-].	Rs. 26,34,50,569
(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.55,25,46,712/-]. 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.16,73,31,838/- [Previous Year Rs.20,36,38,267/-] with the Department.

Rs. 51,62,37,283

(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. [Previous Year Rs.5,72,05,141/-] The disputed tax for the period from 15.10.2004 to 31.03.2006 in respect of Jaypee Ayodhya Grinding Operations Unit and Jaypee Cement Ghoorpur Unit of the Company established within U.P. amounting to Rs. 19,45,27,327/- {Previous Year Rs.5,72,05,141/-} has been deposited under protest with U.P. Trade Tax Department.

Rs. 20,29,08,862

(h) The Government of U.P. has imposed Entry Tax on Cement @ 2% on the value of the goods w.e.f. 16.05.2003 [Previous Year Rs.15,16,85,121/-]. 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.15,58,01,935/- [Previous Year Rs.3,49,51,832/-] under protest.

Rs. 27,79,71,916

(i) Bihar Sales Tax under appeal.[Previous Year Rs.1,71,20,206/-] [Amount deposited under protest Rs.1,41,76,265/- (Previous Year 1,41,76,265/-)]

Rs. 1,71,20,206

(j) Excise matters under appeal [Previous Year Rs.2,95,33,545/-] [Amount deposited under protest Rs.1,17,12,763/- (Previous Year Rs.1,01,56,944/-)]

Rs. 2,50,64,694

(k) U.P. Trade Tax under appeal [Previous Year Rs.1,10,30,524/-]	Rs. 1,06,33,641
(l) M.P. Entry Tax under appeal [Previous Year Rs.3,23,57,888/-] [Amount deposited under protest Rs.1,59,49,625/- (Previous Year Rs.1,76,24,955/-)]	Rs. 3,09,15,458
U.P. Entry Tax under appeal [Previous Year Rs.8,19,423/-]	Rs. 1,32,21,539
Nikay Kar under appeal [Previous Year Rs.6,72,792/-]	Rs. 6,72,924
MPCT/CST under appeal [Previous Year Rs.40,89,718/- [Amount deposited under protest Rs.6,40,763/- (Previous Year Rs.6,61,691/-)]	Rs. 39,42,999
(m) Electricity Cess under appeal [Previous Year Rs.1,84,97,870/- [Amount deposited under protest Rs. 92,48,936/-]	Rs. 1,84,97,870
(n) Income Tax matters under appeal in respect of A.Y 2003-04 [Previous Year Rs.58,23,47,122/- in respect of A.Y. 2002-03]	Rs. 34,67,29,279
02 (a) Pursuant to the Scheme of Amalgamation U/s 391/394 of the Companies Act, 1956 Jaypee Greens Limited {Transferor Company} engaged in business of Hospitality and Real Estate Development stands merged with Jaiprakash Associates Limited {Transferee Company} w.e.f. April 01,2005 in terms of the Order of Hon'ble High Court of Judicature at Allahabad dated 08.08.2006 sanctioning the Scheme. All the business undertakings, assets, liabilities, rights and obligations of the Transferor Company stood transferred to and vested in the Transferee Company with effect from 1 st April, 2005 in consideration of issue of one equity shares of Rs. 10/- each in the Transferee Company for every two equity shares of Rs. 10/- each held in the Transferor Company. The Assets and Liabilities of the Transferor Company stand vested in the Transferee Company w.e.f. 1 st April, 2005 as follows:	
Assets	
Fixed Assets	713,39,97,688
Current Assets	136,28,13,251
Miscellaneous Expenditure	22,03,910
	849,90,14,849
Liabilities	
Reserves and Surplus:	
Revaluation Reserve	527,69,08,957
Profit and Loss Account	<u>(32,92,39,864)</u>
Current Liabilities	133,8686,654
Secured & Unsecured Loans	144,21,43,702
Redemption of Preference Shares at par of Transferor Company	<u>27,30,00,100</u>
	800,14,99,549
Consideration	
Equity Share Capital [2,48,75,765 Equity Shares of Rs.10/- each]	24,87,57,650
Capital Reserve arising on Amalgamation	<u>24,87,57,650</u>
	849,90,14,849
(b) Pursuant to the Scheme of Amalgamation the authorised Share Capital of the Company stands as under:	
(i) Equity Share Capital	
103,00,00,000 Equity Shares of Rs.10/- each	1030,00,00,000
(ii) Preference Share Capital	
30,00,00,000 Preference Shares of Rs.100/- each	30,00,00,000

(c) Revaluation Reserve:

Reserves acquired on amalgamation of Jaypee Greens Limited, include Revaluation Reserve of Rs.529,00,06,945/- created on revaluation of Fixed Asset [Land] and Inventory [Land]. The said revaluations were done on 14.06.2003 and 28.02.2005 by Rs.250,54,89,147/- and Rs.278,45,17,787/- respectively.

During the F.Y. 2005-06 an amount of Rs.73,42,993/- has been amortised by way of debit to the Revaluation Reserve account and correspondingly credited to the Profit & Loss Account.

- 03 (a) The Company had issued 1,00,000 Nos 0.50% Foreign Currency Convertible Bonds [FCCBs] of USD 1,000 each aggregating to USD 100 Millions, 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. During the Financial year 2005-06 75,370 FCCBs of USD 1,000 each were converted into 1,39,65,003 Equity Shares of Rs. 10/- each.

As on 31.03.2006 24,630 FCCBs of USD 1,000 each were outstanding. Upon conversion of the outstanding Bonds into Equity Shares, the Share Capital of the Company will increase by 45,63,601 Equity Shares of Rs.10/- each.

Unless previously converted, the bonds are redeemable on 17.02.2010 at a premium of 31.959% at maturity; representing a YTM of 6.15% p.a. [value as on 31.03.2006 is USD 1066.65 per Bond]. A reserve amounting to Rs.7,08,11,890/- has been created for the redemption premium due upto 31.03.2006.

- (b) The Company had issued 1,65,000 Nos 0.50% Foreign Currency Convertible Bonds [FCCB] of Euro 1,000 each aggregating to Euro 165 Million at par on 09.03.2006. These Bonds are Convertible into equity shares of Rs. 10/- each fully paid at the conversion price of Rs. 558.773 per share, subject to the terms of issue, with a fixed rate of exchange of Rs. 53.599 equal to Euro 1.00. The conversion is at the option of bond-holders at any time on or after 19.04.2006 and prior to the close of business on 02.03.2013.

Upon conversion of the Bonds into Equity Shares the Share capital of the Company will increase by 1,58,27,241 Equity shares of Rs. 10/- each.

Unless previously converted, the bonds are redeemable on 09.03.2013 at a premium of 32.071% at maturity; representing a YTM of 4.50% p.a. [value as on 31.03.2006 is USD 1002.88 per Bond]. A reserve amounting to Rs.2,27,67,360/- has been created for the redemption premium due upto 31.03.2006.

- 04 During the year the Company sold 18,00,00,000 Equity Shares of Rs.10/- each of Jaiprakash Hydro-Power Limited [JHPL] [wholly owned subsidiary] to the Public through Offer for Sale [OFS]. The OFS got completed on 18.04.05 and the shares were listed on the National Stock Exchange of India and Bombay 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 now 63.34%. However, JHPL continues to be a Subsidiary of the Company.

- 05 Sundry Balances [Net] to the extent of Rs.1,52,76,753 [Previous Year Rs.18,26,60,781/-] have been written off during the year.

- 06 Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of advances) [Previous Year Rs.532,53,57,335/-] **Rs. 987,19,66,007**

- 07 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.

- 08 (a) Term Loans including External Commercial Borrowings from Financial Institutions, Banks and Bank Guarantees to the extent of Rs. 450 crores (for partially securing Non -convertible 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 including 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) Term Loans taken from Housing and Urban Development Corporation Limited [HUDCO] is secured by an equitable mortgage of the Land at Greater Noida with all present and future construction and development work thereon.
- (c) Term Loans obtained from Banks for setting up of 5 mtpa Jaypee Himachal Cement Project together with all interest, liquidated damages, premia on prepayment or on redemption, costs, expenses and other monies, stipulated in the Loan Agreements, are secured / to be secured by equitable mortgage of immovable properties and Hypothecation of movables pertaining to Jaypee Himachal Cement Project (present and future), save and except book debts, 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 for Jaypee Himachal Cement Project.
- (d) Non Convertible Debentures (NCDs), mentioned here-under, together with interest, liquidated damages, remuneration payable to Trustees, and other monies due in respect thereof are secured by:

NCDs at Sl.No.	Nature of Mortgage	Properties at	Trustee	Security charge
(i)	Legal Mortgage in English form	Mouje Dhanot, Taluka Kalol, Dist. Mehsana, Gujarat	IFCI	First Mortgage
(ii)	Legal Mortgage in English form	Mouje Dhanot, Taluka Kalol, Dist. Mehsana, Gujarat	UTI Bank Ltd.	First Mortgage
(iii) to (v)	Legal Mortgage in English form	Mouje Budasan, Taluka Kadi, Dist. Mehsana, Gujarat	UTI Bank Ltd.	First Mortgage
(vi) to (viii)	Legal Mortgage in English form	Mouje Budasan, Taluka Kadi, Dist. Mehsana, Gujarat	UTI Bank Ltd.	First Mortgage

and equitable mortgage of Immovable Properties and Hypothecation of Movables [present and future], ranking pari passu, save and except book debts and exclusive charge on assets including under Hire Purchase, subject to prior charge on specified movables created in favour of the Company's Bankers for working capital facilities for NCDs at Sl.No.(i) to (v) and to the extent of 40% in respect of NCDs aggregating to Rs.720 crores at Sl.No.(vi) to (viii); the balance 60% being secured by way of Bank Guarantee of Rs.450 crores:

- (i) 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.70/- per debenture redeemed);
- (ii) 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.40/- per debenture redeemed]
- (iii) 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.50,000/- per debenture redeemed];

- (iv) 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.50,000/- per debenture redeemed];
- (v) 1,000 12% NCDs of Rs. 1,00,000/- each redeemable in 4 equal annual instalment from 05.06.2005 to 05.06.2008;[Rs.25,000/- per debenture redeemed];
- (vi) 4,000 7.5% NCDs of Rs.10,00,000/- redeemable in 12 equal quarterly instalments from 15.01.2009 to 15.10.2011;
- (vii) 1,600 8% NCDs of Rs.10,00,000/- redeemable in 12 equal quarterly instalments from 30.04.2009 to 31.01.2012 and
- (viii) 1,600 8% NCDs of Rs.10,00,000/- redeemable in 12 equal quarterly instalments from 24.06.2009 to 23.03.2012.

- (e) 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 Overseas Works and Projects under development] ranking pari-passu and by 2nd charge on the Fixed Assets of the Company, both present and future.

- 09 (a) The provision for taxation charged to the Profit & Loss Account includes Rs.11,00,000/- [Previous Year Rs.6,11,950/-] towards Wealth Tax.

	31.03.2006	31.03.2005
	Rupees	Rupees
(b) Deferred Tax		
(i) Deferred Tax Liability on account of :		
Depreciation	371,97,04,922	365,63,53,147
Others	118,21,10,111	122,46,80,134
	490,18,15,033	488,10,33,281
Deferred Tax Assets on account of:		
Employees' Benefits	6,97,50,642	5,45,65,569
	6,97,50,642	5,45,65,569
Net Deferred Tax Liability	483,20,64,391	482,64,67,712

- (ii) Deferred Tax [Net] amounting to Rs.55,96,679/- [Previous Year Rs.78,82,58,905/-] has been recognised in the Profit & Loss Account for the year ended 31st March, 2006.

- 10 Disclosure as per Accounting Standard - 7 (revised)

	2005-2006	2004-2005
	Rupees	Rupees
(i) Contract Revenue during the period	456,08,94,902	273,99,09,260
(ii) Direct Expenses during the period	425,98,23,495	234,67,35,805
(iii) Profits recognised during the period	30,10,71,407	39,31,73,455
(iv) Advances received [Outstanding]	603,84,06,844	94,91,51,688
(v) Retentions during the period *	24,69,79,654	10,15,86,499
(vi) Retentions [Outstanding] *	36,29,74,415	11,59,94,761

* Retentions includes amount released on furnishing of Bank Guarantees

The above information is in respect of Contracts entered into on or after 01.04.03

- 11 (a) Item 6(b) & 8 of Schedule "E" of Fixed Assets include assets costing Rs.7,04,82,811/- (Previous Year Rs.12,93,96,322/-) acquired under Hire Purchase Agreements.
- (b) Fixed Assets acquired on Lease, the Agreements in respect of which have been entered into after 01.04.2001, the future obligation towards Lease Rentals are of Rs.1,82,88,660/- [Previous Year Rs.3,65,77,320/-] [payable within one year] and Rs.NIL [payable after one year and before three years] In respect of the said lease agreements, Security Deposits paid are Rs.Nil and Lease Rental charged to the Profit & Loss Account are Rs.3,65,77,320/- [Previous Year Rs.5,71,05,960/-]. The said Lease Agreements are of fixed term for three years with no renewal / escalation costs.
- 12 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.354,22,00,930/-) **Rs. 876,06,35,203**

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

14 29,49,99,900 Equity Shares of Rs.10/- each [Previous Year Rs.29,49,99,900] 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.7 crores] [included in 1(a) above] for inter connection facility established by SJVNL at Jhakri for evacuation of Power from JHPL's Baspa-II HEP.

15 42,90,00,000 Equity Shares [Previous Year 42,90,00,000 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 938.69 crores [Previous Year Rs.609.01 crores] of RTL/NCDs and 17.65 Million USD equivalent to Rs.79.07 crores [Previous Year 10.35 Million USD equivalent to Rs. 45.43 crores] of Foreign Currency Loan for the financial assistance granted by PFC, PNB, ICICI, IDBI, REC and LIC to JPVL.

16 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 Limited.

17 Other Liabilities shown under the head "Current Liabilities & Provisions" include Book Overdraft of Rs.6,14,55,558/- [Previous Year Rs.6,89,87,651/-].

18 Creditors include Imperial Gases Limited, a Small Scale Industrial Undertakings, to whom Rs.4,64,630/- [Previous Year Rs.2,78,107/-] is outstanding for more than 30 days as on the Balance Sheet date.

19 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.

20 Particulars of investments made subsequent to the date of previous Balance Sheet:

Name of Company	2005-2006 Rupees	2004-2005 Rupees
(i) Jaiprakash Hydro-Power Limited [Previous Year 13,50,00,000 Equity Shares of Rs. 10/- each]	-	237,76,00,000
(ii) Jaiprakash Power Ventures Limited [Previous Year 10,00,00,000 Equity Shares of Rs. 10/- each]	-	100,00,00,000
(iii) Jaypee Karcham Hydro Corporation Ltd (59,99,50,000 Equity Shares of Rs. 10/- each) [Previous Year Rs.99,95,00,000 Share Application Money [pending for allotment].	599,95,00,000	-
(iv) Jaypee Cement Limited (50,700 Equity Shares of Rs. 10/- each)	5,07,000	-
(v) Share Application Money paid to Jaypee Cement Limited - pending for allotment	45,00,00,000	-
(vi) Share Application Money paid to Jaiprakash Kashmir Energy Limited - pending for allotment	1,00,000	-

	2005-2006 Rupees	2004-2005 Rupees
Royalty and Cess	29,67,71,914	25,08,16,915
Salaries and Wages	3,66,85,559	2,86,92,168
Power and Fuel	68,53,518	58,24,978
Stores and Spares Consumed	30,25,68,936	24,62,32,161
Factory and Administrative Overheads	3,99,37,747	2,54,67,460
	68,28,17,674	55,70,33,682

22 (a) In compliance of Accounting Standard-2 [Revised], the Company has provided liability of Excise Duty amounting to Rs.2,58,13,822/- [Previous Year Rs 5,06,22,295/-] on the stocks of Finished Goods lying at Works. However, there is no impact on the profit for the current year.

(b) The Excise Duty related to difference between Closing and Opening Stock Rs.3,51,07,227/- credit [Previous Year Rs.1,24,76,476/- debit] has been recognised in the Profit & Loss Account separately.

23 The costs in respect of "Projects under Development" at Greater Noida comprises of the following:

Opening Balances transferred from Transferor Company as on 01.04.2005	107,40,91,020
Transfer from Land as on 01.04.2005	283,25,41,030
Stamp Duty	3,15,23,244
Lease Rent	87,46,677
Interest	6,50,93,680
Establishment and Other Expenses	3,84,83,611
	405,04,79,262

24 Construction Revenue include Rs 116,47,27,968/- (Previous Year Rs.62,49,83,753/-) for supplies under EPC Contracts.

25 (a) Details of balances with Foreign Banks in Current Account:

Name of the Bank	Balance as at 31.03.2006	Amount of maximum balance during the year	Balance as at 31.03.2005
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]	22,114	22,164	22,164
03 Bank of Bhutan, Phuentsholing, Bhutan [Nu] [A/c No.7311]	1,23,85,775	5,09,94,900	2,20,14,144
04 Bank of Bhutan, Phuentsholing, Bhutan [Nu] [A/c No.268]	4,94,284	92,27,615	8,87,651
05 Royal Bank of Scotland [GBP] A/c No.21872175]	6,420	14,441	3,143
06 Royal Bank of Scotland [USD]	86,618	3,83,061	3,83,061
07 Royal Bank of Scotland [EURO]	2,06,449	1,89,41,075	-
08 Saudi Holland Bank [SR]	20,00,000	20,00,000	-
09 Royal Bank of Bhutan [Nu] [A/c No. 960]	50,09,708	1,44,31,815	-

(b) Details of Fixed Deposits & Balances in Current Account with Indian Banks in Foreign Countries [Foreign Currency Convertible Bonds proceeds pending for utilisation]:

	2005-2006 Values	2004-2005 Values
(i) Fixed Deposits with:		
01 State Bank of India, London (USD)	12,85,877	7,50,00,000
02 Canara Bank, London (USD)	5,12,97,747	-
03 SBI, London (EURO)	2,20,00,000	-
04 Canara Bank, London (EURO)	2,00,00,000	-
05 Bank of India, London (EURO)	4,99,99,983	-
06 ICICI Bank, London (EURO)	5,00,00,000	-
(ii) Current Account with:		
01 Canara Bank, London (USD)	36,958	-
02 State Bank of India, London (EURO)	382	-

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

	2005-2006	2004-2005
	Rupees	Rupees
Salary	97,18,065	70,06,774
Provident Fund Contribution	11,66,168	8,40,813
Perquisites	72,73,095	50,83,508
	* 1,81,57,328	** 1,29,31,095

* includes Rs. 31,25,200/- paid to Directors of Transferor Company Jaypee Greens Limited during F.Y. 2005-06

** includes Rs.23,819/- paid as arrears for the F.Y. 2003-04 in F.Y. 2004-05 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.Nil [Previous year Rs.71,03,077/-].

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

Cement Division	2005-2006	2004-2005
Statistical Data:	Qty. MT	Qty. MT

(A) Capacity & Production

Installed Capacity - Per Annum	70,00,000 *	70,00,000 *
Production - Portland Cement	59,11,070 **	50,54,699 *
- Clinker [Production for Sale]	1,61,981 **	3,27,331 *

* as on 31.03.2006

** as certified by the Management

(B) Sales

	2005-2006	2005-2006	2004-2005	2004-2005
	Qty. (MT)	Value (Rs.)	Qty. (MT)	Value (Rs.)
Cement	56,12,187	1413,88,50,606	46,90,016	1131,46,63,515
(Exclusive of self-consumption)				
Clinker	1,61,981	29,79,16,069	3,27,331	53,54,06,543
		1443,67,66,675		1185,00,70,058
Less:Excise Duty		223,05,17,726		187,84,26,432
		1220,62,48,949		997,16,43,626

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

Opening Stock - Cement *	1,36,466	26,54,52,404	1,00,013	17,99,63,115
Closing Stock - Cement *	86,599	15,45,99,287	1,36,466	26,54,52,404

* after adjusting 3,41,291 MT Self Consumption [Previous Year 3,19,367 MT] and 7,459 MT screening and transit loss (Previous Year 8,863 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(l) (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 31.03.2006.

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

	2005-2006	2004-2005
	Values (Rs.)	Values (Rs.)
(a) Provisions & Beverages (excluding Wine & Liquor)		
Opening Stock	1,93,708	2,34,834
Opening Stock acquired on Amalgamation	1,79,585	-
Purchases	1,79,72,205	1,04,24,281
Closing Stock	6,48,897	1,93,708
Consumption	1,76,96,601	1,04,65,407
(b) Wine & Liquor		
Opening Stock	1,73,270	1,06,244
Opening Stock acquired on Amalgamation	2,04,021	-

	2005-2006	2004-2005
	Values (Rs.)	Values (Rs.)
Purchases	20,07,898	8,13,997
Closing Stock	3,52,376	1,73,270
Consumption	20,32,813	7,46,971

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

	2005-2006	2005-2006	2004-2005	2004-2005
	Qty. (MT)	Value (Rs.)	Qty. (MT)	Value (Rs.)
(a) Raw Materials:				
(i) Indigenous [100%]:				
Limestone	68,67,296	68,28,17,674	61,72,032	55,70,33,682
Gypsum	2,02,442	33,22,14,709	1,77,857	26,72,78,447
Laterite/Iron Ore	1,52,274	5,10,01,848	1,45,649	4,65,88,516
Fly Ash	11,39,834	29,94,16,214	9,43,607	30,82,88,809
		136,54,50,445		117,91,89,454

(b) Stores and Spares:

	2005-2006		2004-2005
	Rupees		Rupees
(i) Indigenous	200,94,85,168	94.69%	1,69,65,71,303
(ii) Imported	11,27,01,447	5.31%	9,83,99,680

(F) Value of Imports (On CIF Basis):

Stores and Spares	33,30,68,834	33,54,25,376
Capital Equipment [including Capital Work-in-Progress]	104,81,51,229	26,45,79,756
Steel Plates	45,69,609	7,71,50,598

(G) Expenditure in Foreign Currency

[including Expenditure During Construction Period]		
Travelling	1,06,13,268	1,17,90,672
Technical Fees	17,42,69,420	21,09,45,307
Contract Work Expenses	30,58,39,087	24,26,77,384
Financial and Bank Charges	30,71,46,481	20,07,37,016
Interest	18,69,69,178	5,78,12,942
Others	2,89,80,126	1,63,98,935

(H) Earnings in Foreign Currency:

Interest	12,21,47,788	1,15,73,056
Contract Receipts (Deemed Export [Foreign Exchange Earnings])	120,79,58,154	83,90,95,356
Cement Exports [FOB Value]	12,74,40,835	3,07,47,518
Hospitality	33,24,786	5,51,383
Others	54,34,399	-

- (I) Dividend Paid to Non-Resident Share-holders For FY 2005-06 For FY 2004-05 For FY 2003-04
- | | | | |
|---------------|-------------|-------------|----------|
| Share-holders | 7,30,95,696 | 6,58,69,303 | 2,97,065 |
|---------------|-------------|-------------|----------|

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

Relationships

(a) Subsidiary Companies [including their subsidiaries]

- [i] Jaiprakash Hydro-Power Limited
- [ii] Jaiprakash Power Ventures Limited
- [iii] Jaypee Hotels Limited
- [iv] Jaypee Karcham Hydro Corporation Ltd.
- [v] Jaypee Cement Limited (w.e.f. 31.01.06) and
- [vi] Gujarat Anjan Cement Limited (w.e.f. 06.03.06) (subsidiary of Jaypee Cement Limited)

(b) Associate Companies:

- [i] Jaypee Ventures Limited
- [ii] Jaiprakash Kashmir Energy Limited (w.e.f. 24.01.06)
- [iii] JIL Information Technology Ltd.
- [iv] Gaur & Nagi Ltd.
- [v] Indesign Enterprises Pvt. Ltd.

(c) Joint Ventures Companies:

- [i] Madhya Pradesh Jaypee Minerals Ltd (w.e.f. 21.02.2006)

(d) Key Management Personnel:

- [i] Shri Manoj Gaur, Managing Director

[ii] 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 [w.e.f. 01.07.04]

[iii] Shri Rahul Kumar [till 24.12.05]

[iv] Shri S.D. Nailwal [w.e.f. 01.07.04]

[v] Shri Pankaj Gaur [w.e.f. 01.07.04]

Directors of Transferor Company Jaypee Greens Ltd

[i] Shri Har Prasad

[ii] Smt Rita Dixit

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

[i] Shri Gyan Prakash Gaur

[ii] Shri Sameer Gaur [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 1(a) above Rupees	Referred in 1(b) above Rupees	Referred in 1(d) above Rupees	Referred in 1(e) above Rupees
Income				
Contract Receipts	245,23,55,306 (138,65,09,203)	-	-	-
Sale of Cement	10,40,80,398 (3,67,850)	-	-	-
Dividend Received	23,32,50,450 (4,00,49,943)	(59,09,954)	-	-
Machinery Hire Charges	40,16,21,942 (43,16,25,038)	-	-	-
Rent	93,36,000 (1,31,04,000)	-	-	-
Expenditure				
Contract Expenses	33,57,47,171 (68,68,93,839)	-	-	-
Lease Rent	55,20,000 (55,20,000)	-	-	-
Technical Consultancy	-	37,70,44,030 (31,40,14,027)	-	-
Service Charges	2,74,67,620 (1,80,37,645)	-	-	-
Salaries & Other Amenities etc.	-	-	1,81,57,328 (1,29,31,095)	42,73,355 (50,09,248)
Security & Medical Services	-	21,62,91,295 (12,91,96,656)	-	-
Gratuity & Leave Encashment	-	-	-	-
Rent	-	24,00,000 (-)	(71,03,077)	-
Outstandings				
Receivables				
Advances to Suppliers, Mobilisation Advances, Security Deposits and Debtors.	36,78,23,545 (43,09,40,579)	104,22,61,243 (1,96,47,74,271)	-	-
Payables				
Mobilisation & Machinery Advances, Unsecured Loans, Security/Earnest Money and Creditors	499,54,40,911 (139,67,69,863)	13,33,36,157 (3,30,96,342)	13,092 (3,499)	1,88,919 (82,067)

Note:

- Guarantees provided and Investments made in the Subsidiaries & Associates are disclosed elsewhere in the Notes to the Account.
- Salaries & other Amenities etc given during FY 2005-06 includes Rs. 31,25,200/- paid to Directors of Transferor Company Jaypee Greens Limited.
- Previous Year figures are given in brackets.

**29. Segment Information
Business Segment:**

Particulars	Construction Rupees	Cement Rupees	Hospitality Rupees	Real Estate Rupees	Unallocated Rupees	Total Rupees
[A] Segment Revenue						
External	1998,19,48,597 (1835,70,67,440)	1232,43,16,206 (1002,95,32,008)	23,73,22,805 (11,56,78,590)	- (-)	431,51,79,032 (51,63,50,159)	3685,87,66,640 (2901,86,28,197)
Inter Segment Revenue	- (-)	38,29,32,396 (36,00,03,276)	24,45,317 (22,69,378)	- (-)	- (-)	38,53,77,713 (36,22,72,654)
[B] Segment Results						
Profit/(Loss) before Tax and Interest	476,42,80,578 (507,39,41,985)	190,50,82,624 (121,44,69,282)	3,68,94,364 (2,22,99,855)	- (-)	333,67,17,821 (-88,90,00,850)	1004,29,75,387 (542,17,10,272)
Less:Interest Expenses						239,73,60,104 (213,39,62,990)
Profit before Taxation						764,56,15,283 (328,77,47,282)
[C] Other Information						
Provision for Tax						121,41,00,000
Current Tax						(42,28,54,950)
Deferred Tax						55,96,679 (78,82,58,905)
Fringe Benefits Tax						2,60,20,036 (-)
Profit After Tax						639,98,98,568 (207,66,33,427)
Segment Assets	1951,74,92,425 (2128,22,22,429)	2288,67,63,706 (1603,23,64,768)	118,95,78,466 (26,61,90,992)	471,65,94,793 (-)	3762,59,64,488 (14,91,469)	8593,63,93,878 (6146,22,69,658)
Segment Liabilities	1055,86,01,153 (856,83,79,964)	301,25,35,074 (249,47,68,754)	395,42,614 (196,60,149)	126,66,88,537 (-)	220,83,93,576 (112,05,60,425)	1708,57,60,954 (1220,33,69,292)
Loans						4219,77,54,702 (3198,86,34,543)
Capital Expenditure during the year including Capital Work-in-Progress	136,38,58,404 (50,74,84,055)	663,55,84,014 (264,52,61,299)	5,43,43,276 (62,56,984)	21,04,69,136 (-)	16,18,84,172 (48,81,568)	842,61,39,002 (316,38,83,906)
Depreciation	61,48,67,047 (58,20,72,065)	84,58,58,449 (72,41,90,353)	2,93,57,496 (55,00,315)	- (-)	2,45,45,488 (2,16,87,853)	151,46,28,480 (133,34,50,586)
Non cash expenditure other than depreciation	- (-)	2,73,96,709 (1,90,88,439)	31,07,143 (-)	- (-)	33,61,779 (29,51,038)	3,38,65,631 (2,20,39,477)

- (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 and Golf Course
- (iv) Real Estate Real Estate
- (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.
- 30 In accordance with the Accounting Standard [AS-20] on 'Earnings Per Share', computation of Basic and Diluted Earnings Per Share is as under:

	2005-2006 Rupees	2004-2005 Rupees
(a) Net Profit for Basic Earning Per Share as per Profit & Loss Account [including extra-ordinary item]	639,98,98,568	207,66,33,426
Adjustment for the purpose of Diluted Earning Per Share		
Interest on Foreign Currency Convertible Bonds	54,78,943	1,79,938
Less:Tax Effect	18,44,212	36,34,731
Net Profit for Diluted Earning Per Share [including extra-ordinary item]	640,35,33,299	207,67,47,520
(b) Net Profit for Basic Earning Per Share as per Profit & Loss Account	639,98,98,568	207,66,33,426
Less:Profit on Sale of Shares of Jaiprakash Hydro-Power Limited	361,37,05,283	-
Net Profit for Basic Earning Per Share [excluding extra-ordinary item]	278,61,93,285	207,66,33,426

	2005-2006	2004-2005
Adjustment for the purpose of Diluted Earning Per Share		
Interest on Convertible Bonds	54,78,943	1,79,938
Less: Tax Effect	18,44,212	36,34,731
Net Profit for Diluted Earning Per Share [excluding extra-ordinary item]	<u>278,98,28,016</u>	<u>207,67,47,520</u>
(c) 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 Shares allotted during the year [including 2,48,75,765 Equity Shares allotted to the Shareholders of Transferor Company]	3,88,40,768	-
(iii) Weighted average shares allotted during the year	2,85,31,623	-
(iv) Number of potential Equity Shares	45,63,601	1,52,290
(v) Weighted average for:		
(a) For Basic Earnings Per Share	20,47,48,604	17,62,16,981
(b) For Diluted Earnings Per Share	20,93,12,205	17,63,69,271
(d) Earnings Per Share [including extra-ordinary item]		
(i) Basic	Rs. 31.26	Rs. 11.78
(ii) Diluted	Rs. 30.59	Rs. 11.77
(e) Earnings Per Share [excluding extra-ordinary item]		
(i) Basic	Rs. 13.61	Rs. 11.78
(ii) Diluted	Rs. 13.33	Rs. 11.77
(f) Face Value Per Share	Rs. 10.00	Rs. 10.00

- 31 Provision for Final Dividend of Rs.27,33,87,249/- [including Tax on Dividend] provided for F.Y. 2005-06 includes Rs.7,65,84,396/- [including Tax on Dividend] payable on Shares allotted to Share-holders of Transferor Company as per terms of Scheme of Amalgamation.
- 32 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.
- 33 Consequent upon the amalgamation of Jaypee Greens Limited with the Company w.e.f. 01.04.2005, current year figures are not comparable with those of the previous year.
- 34 Figures for the previous year have been reworked/regrouped/rearranged wherever considered necessary to conform to this year's classification.
- 35 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"

or M.P. SINGH & ASSOCIATES
Chartered Accountants

M.P. SINGH
Partner

I.N. DUBE **R.B. SINGH** **HARISH K. VAID** **S.D. NAILWAL**
Jt. President President President (Corporate) Director (Finance) & CFO
Taxation (Accounts & Finance) & Company Secretary

For and on behalf of the Board

MANOJ GAUR
Managing Director & CEO

SUNIL KUMAR SHARMA
Managing Director

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: 31.03.2006

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)

	2005-2006
Total Liabilities	739,216
Total Assets	739,216
Sources of Funds	
Paid-up Capital	21,506
Reserve & Surplus	246,714
Secured Loans	272,138
Unsecured Loans	149,840
Deferred Tax Liability	49,018
	<u>739,216</u>

Application of Funds

Net Fixed Assets (including Incidental Expenditure Pending Allocation)	334,373
Investments	155,704
Deferred Tax Asset	698
Net Current Assets	248,390
Miscellaneous Expenditure	51
Accumulated Losses	-
	<u>739,216</u>

IV Performance of Company (Amount in Rs. Lakhs)

Turnover	366,876
Total Expenditure	290,420
Profit/Loss Before Tax (+)	76,456
Profit/Loss After Tax (+)	63,999
Basic Earnings Per Share in [including extra-ordinary item] Rs.	31.26
Diluted Earnings Per Share in [including extra-ordinary item] Rs.	30.59
Basic Earnings Per Share in [excluding extra-ordinary item] Rs.	13.61
Diluted Earnings Per Share in [excluding extra-ordinary item] Rs.	13.33
Dividend Rate (%)	27%

V Generic Names of three Principal Products/Services

of the Company (as per Monetary terms)	
Item Code No. (ITC Code)	252329.01
Product/Services Description	Portland Cement
Item Code No. (ITC Code)	Not Applicable
Product/Services Description	Civil Construction / EPC Contractors
Item Code No. (ITC Code)	Not Applicable
Product/Services Description	Hospitality & Golf Course
Item Code No. (ITC Code)	Not Applicable
Product/Services Description	Real Estate

For and on behalf of the Board

For M.P. SINGH & ASSOCIATES
Chartered Accountants

M.P. SINGH
Partner

Place : New Delhi Dated: 04.09.2006
Jt. President (Accounts & Taxation)

MANOJ GAUR
Managing Director & CEO

SUNIL KUMAR SHARMA
Managing Director

I.N. DUBE **R.B. SINGH** **HARISH K. VAID** **S.D. NAILWAL**
Jt. President President President (Corporate) Director (Finance) & CFO
Taxation (Accounts & Finance) & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

	2005-2006		2004-2005	
	Rs. in Lakhs		Rs. in Lakhs	
(A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before Tax as per Profit & Loss Account		76,456		32,875
Add back:				
(a) Depreciation	15,146		13,334	
(b) Miscellaneous Expenses (Amortized)	340		220	
(c) Interest on Borrowings	23,974		21,339	
(d) Loss on sale of Assets [Net]	1,631		325	
		<u>41,091</u>	<u>325</u>	<u>35,218</u>
		117,547		68,093
Deduct:				
(a) Interest Income	(3,992)		(1,012)	
(b) Dividend Income	(2,341)		(419)	
(c) (Profit)/Loss on Sale of Shares	(36,137)		-	
(d) Other Income	(9,590)		(12,314)	
		<u>(52,060)</u>	<u>(12,314)</u>	<u>(13,745)</u>
Operating Profit before Working Capital Changes		65,487		54,348
Deduct:				
(a) Increase in Inventories	(61,279)		(9,098)	
Less: Transfer from Transferor Company	11,518	(49,761)		
(b) Increase in Sundry Debtors	(5,213)		(8,482)	
Less: Transfer from Transferor Company	93	(5,120)		
(c) Increase in Loans and Advances	(6,327)		(10,652)	
Less: Transfer from Transferor Company	1,493	(4,834)		
(d) Increase in Other Receivables	(125)		(92)	
Less: Transfer from Transferor Company	-	(125)		
(e) Decrease in Trade Payables & Other Liabilities	-		(7,831)	
Less: Transfer from Transferor Company	-	-		
		<u>(59,840)</u>		<u>(36,155)</u>
		5,647		18,193
Add:				
(a) Increase in Trade Payables & Other Liabilities	52,441		-	
Less: Transfer from Transferor Company	-		-	
[i] Trade Payables & Other Liabilities	13,387		-	
[ii] Redemption of Preference Share Capital at par	2,730	16,117	-	
		<u>36,324</u>		<u>-</u>
Cash Generated from Operations		41,971		18,193
Deduct:				
(a) Tax Paid (including Fringe Benefits Tax)		(12,401)		(4,230)
Cash Flow Before Extra-ordinary Items		29,570		13,963
CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	"A"	29,570		13,963
(B) CASH FLOW FROM INVESTING ACTIVITIES:				
Outflow:				
(a) Purchase of Fixed Assets (including CWIP)	(140,547)		(27,745)	
Less: Transfer from Transferor Company	71,340	(69,207)		
(b) Purchase of Investments	-	(54,506)	(43,771)	
(c) Miscellaneous Expenditure	(22)			
Less: Transfer from Transferor Company	22	-		
		<u>(123,713)</u>		<u>(71,516)</u>
Inflow:				
(a) Sale/Transfer of Fixed Assets	29,841		314	
(b) Sale of Investments	54,137		-	
(c) Interest Received	3,992		1,012	
(d) Dividend Received	2,341		419	
(e) Other Income	9,590		12,314	
		<u>99,901</u>	<u>12,314</u>	<u>14,059</u>
NET CASH USED IN INVESTING ACTIVITIES	"B"	(23,812)		(57,457)
(C) CASH FLOW FROM FINANCING ACTIVITIES:				
Inflow:				
Increase in Share Capital (See Note 4)	3,884			
Less: Shares allotted to Shareholders of Jaypee Greens Limited	2,488	1,396		
Increase in Security Premium		31,604		
Increase in Borrowings	217,710		214,811	
Less: Transfer from Transferor Company	14,421	203,289		
		<u>236,289</u>		<u>214,811</u>
Outflow:				
Decrease in Borrowings (See Note 3)	(115,617)		(96,547)	
Interest paid	(23,974)		(21,339)	
Dividend Paid (including Tax on Dividend)	(8,723)		(2,991)	
		<u>(148,314)</u>	<u>(120,877)</u>	
NET CASH FROM FINANCING ACTIVITIES	"C"	87,975		93,934
CASH AND CASH EQUIVALENTS ON AMALGAMATION	"D"	524		-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	"A+B+C+D"	94,257		50,440
CASH AND CASH EQUIVALENTS AS AT 01.04.2005 (OPENING BALANCE)		72,723		22,283
CASH AND CASH EQUIVALENTS AS AT 31.03.2006 (CLOSING BALANCE)		166,980		72,723

Notes:

- Cash and Cash Equivalents:
Cash-in-hand and Balances with Scheduled Banks in Rupees [including Rs 482 Lakhs lying in Unpaid Dividend Account and Rs.2 Lakhs in Rights Issue Account which are not available for use by the Company
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]
- Against the working capital cash credit limit of 13,500 Lakhs (Previous year Rs. 9,874 Lakhs) sanctioned by the Banks the outstanding balance as on 31st March, 2006 is Rs. 13,263 Lakhs [Previous Year Rs. 9,642 Lakhs]
- Increase in Inventories is on account of reclassification of Land into Inventories
- Increase in Share Capital & Share Premium is on account of Conversion of Foreign Currency Convertible Bonds into Equity Shares. Correspondingly, the Borrowings have been decreased.
- 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
 M.No. 1454
 Place : New Delhi
 Dated: 04.09.2006

I.N. DUBE
 Jt. President (Accounts &
 Taxation)

R.B. SINGH
 President (Finance)

HARISH K. VAID
 President (Corporate)
 & Company Secretary

S.D. NAILWAL
 Director (Finance) & CFO

For and on behalf of the Board
MANOJ GAUR
 Managing Director & CEO

SUNIL KUMAR SHARMA
 Managing Director

ANNEXURE TO THE BALANCE SHEET AS AT 31ST MARCH, 2006
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	Jaypee Cement Limited	Gurajat Anjan Cement Limited (Subsidiary of Jaypee Cement Limited)
02	Financial Year of the Subsidiary Company ended on	31.03.2006	31.03.2006	31.03.2006	31.03.2006	31.03.2006	31.03.2006
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) (a) Equity Shares of Rs.10/- each - fully paid-up	311,000,600	429,000,000	40,049,943	600,000,000	507,000	13,627,870
	(b) Equity Shares of Rs. 10/- each-partly paid-up						10,000,000
	(ii) Extent of holding	63.34%	84.28%	72.18%	100%	100%	[Rs. 0.50 paid-up] 94.61%
	(iii) Share Application Money (Rs.)	-	-	-	-	450,000,000	235,316,961
04	Date from which it became Subsidiary Company	04.03.1995	14.03.1998	21.03.2002	29.04.2002	31.01.2006	06.03.2006
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.9228 Lakhs	-	Rs. 1883 Lakhs	-	-	-
	(b) For the Previous Financial Years since it became the Holding Company's Subsidiary	Rs.4245 Lakhs	-	Rs. 1062 Lakhs	-	-	-
	(ii) Dealt with in the Holding Company's Accounts:						
	(a) For the Financial Year of the Subsidiary	Rs. 2333 Lakhs	-	-	-	-	-
	(b) For the Previous Financial Years since it became the Holding Company's Subsidiary	-	-	Rs. 400 Lakhs	-	-	-
06	- Changes in the interest of Jaiprakash Associates Limited between the end of the Subsidiary's Financial Year and 31st March, 2006						
	Number of Shares acquired	-	-	-	-	-	-
	- Material changes between the end of the Subsidiary's Financial Year and 31st March, 2006						
	(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

M.P. SINGH

Partner

M.No. 1454

Place : New Delhi

Dated: 04.09.2006

I.N. DUBE

Jt. President (Accounts & Taxation)

R.B. SINGH

President (Finance)

HARISH K. VAID

President (Corporate) & Company Secretary

S.D. NAILWAL

Director (Finance) & CFO

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, 2006, 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. 3,813.58 Crores as at 31st March, 2006, the total revenue of Rs. 416.72 Crores and cash flows amounting to (-)Rs. 3.40 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. Further, we did not audit the financial statements of the transferor amalgamating company

viz., Jaypee Greens Limited, for the year then ended, as these financial statements and other financial information have been audited by the erstwhile auditors of the said company and whose separate report has been furnished to us. 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, 2006;
 - 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 : 04.09.2006

M.P. SINGH
Partner
M.No. 1454

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006

	SCHEDULE	2005-2006		2004-2005	
		Rs. IN LAKHS		Rs. IN LAKHS	
SOURCES OF FUNDS					
SHAREHOLDERS FUNDS					
Share Capital	A	21,506		17,622	
Reserves and Surplus	B	239,075	260,581	98,982	116,604
MINORITY INTEREST					
Share Capital		19,679		1,544	
Reserves and Surplus		10,026		1,826	
Share Application Money		8,000	37,705	-	3,370
DEFERRED REVENUE	C		1,662		
LOAN FUNDS					
Secured Loans	D	485,407		434,495	
Unsecured Loans	E	152,363	637,770	68,455	502,950
DEFERRED TAX LIABILITY			52,594		52,416
TOTAL FUNDS EMPLOYED			990,312		675,340
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	F	567,112		508,910	
Less: Depreciation		141,103		128,501	
Net Block		426,009		380,409	
Capital Work-in-Progress [Including Incidental Expenditure Pending Allocation]		224,265	650,274	119,604	500,013
INVESTMENTS	G		459		2,353
DEFERRED TAX ASSET			915		1,261
CURRENT ASSETS, LOANS & ADVANCES					
CURRENT ASSETS					
Inventories		129,479		63,242	
Sundry Debtors		57,587		51,697	
Cash and Bank Balances		184,702		82,180	
Other Current Assets		472		295	
Loans & Advances		96,857		89,503	
		469,097		286,917	
LESS: CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	I	110,944		102,198	
Provisions		24,562		19,223	
		135,506		121,421	
NET CURRENT ASSETS			333,591		165,496
MISCELLANEOUS EXPENDITURE	J		5,073		6,217
TOTAL APPLICATION OF FUNDS			990,312		675,340
Accounting Policies and Notes to the Consolidated Accounts	S				

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

M.P. SINGH
Partner

MANOJ GAUR
Managing Director & CEO

SUNIL KUMAR SHARMA
Managing Director

I.N. DUBE Jt. President (Accounts & Taxation)
R.B. SINGH President (Finance)
HARISH K. VAID President (Corporate) & Company Secretary
S.D. NAILWAL Director (Finance) & CFO

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2006

	SCHEDULE	2005-2006		2004-2005	
		Rs. IN LAKHS		Rs. IN LAKHS	
INCOME					
Cement Sales [Gross]		143,327		118,497	
Less: Excise Duty on Sales		22,169		18,784	
Cement Sales [Net]		121,158		99,713	
Construction Revenue		167,543		161,672	
Sale of Hydro Electric Energy [Net of Rebate]		27,181		29,952	
Profit on Sale of Shares		37,636		850	
Hospitality Revenue and Other Income	K	20,663		17,443	
Increase/(Decrease) in Stocks	L	(1,712)	372,469	622	310,252
EXPENDITURE					
Manufacturing, Construction & Hospitality Expenses	M	171,177		152,830	
Excise Duty		(351)		125	
Personnel	N	14,203		11,572	
Selling & Distribution Expenses	O	27,229		25,162	
Other Expenses	P	27,292		27,189	
Interest	Q	34,241		34,183	
Depreciation		21,488		23,515	
Adjustment of Capital Profits on acquisition of Jaiprakash Hydro Power Limited shares [JHPL]		-		1,269	
			295,279		275,845
Profit for the year			77,190		34,407
Add: Reversal of Depreciation for Earlier years			7,360		-
Profit before Taxation			84,550		34,407
Provision for Taxation					
Current Tax		14,192		4,887	
Deferred Tax		525		8,851	
Fringe Benefits Tax		300	15,017	-	13,738
Profit after Taxation			69,533		20,669
Profit brought forward from previous Year			26,815		17,884
Profit/(Loss) transferred from Transferor Company			(3,292)		-
Adjustment on account of Dividend received from JHPL			2,333		-
Adjustment of Capital Profits on acquisition of JHPL shares(till 31.03.04)			-		(1,083)
Debenture Redemption Reserve no longer required			6,650		12,100
Profit available for appropriation			102,039		49,570
Less : Provision for Dividend pertaining to previous year (including Dividend Distribution Tax)			16		7
Less : Reserve for Redemption Premium of Foreign Currency Convertible Bonds			936		-
Less : Transferred to Debenture Redemption Reserve			5,208		11,400
Less : Transferred to General Reserve			6,605		2,100
Less : Interim Dividend		3,406		3,326	
Proposed Final Dividend		2,676		4,740	
Tax on Dividends		954	7,036	1,182	9,248
Balance carried to Balance Sheet			82,238		26,815
Accounting Policies and Notes to the Consolidated Accounts	S				
Basic Earnings per Share (including extra ordinary item) (Rupees)			33.96		11.73
Diluted Earnings per Share (including extra ordinary item) (Rupees)			33.24		11.72
Basic Earnings per Share (excluding extra ordinary item) (Rupees)			15.58		11.25
Diluted Earnings per Share (excluding extra ordinary item) (Rupees)			15.26		11.24
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

M.P. SINGH
Partner

SUNIL KUMAR SHARMA

Managing Director

I.N. DUBE Jt. President (Accounts & Taxation)
R.B. SINGH President (Finance)
HARISH K. VAID President (Corporate) & Company Secretary
S.D. NAILWAL Director (Finance) & CFO

CONSOLIDATED SCHEDULE "A"	2005-2006	2004-2005		
SHARE CAPITAL	Rs. IN LAKHS	Rs. IN LAKHS		
Authorised				
1,030,000,000 Equity Shares of Rs. 10/- each [Previous Year 98,00,00,000]	103,000	98,000		
3,000,000 Preference Shares of Rs. 100/- each	3,000	-		
	106,000	98,000		
Issued, Subscribed and Paid-up				
21,50,57,749 Equity Shares of Rs. 10/- each fully paid-up [Previous Year 17,62,16,981 Equity Shares] comprising of 17,21,73,011 Equity Shares [Previous Year 17,62,16,981 Equity Shares] allotted as fully paid-up in cash in terms of the scheme of Amalgamation effective from 11.03.2004, 40,43,970 Equity shares allotted for cash under "Jaypee Employee Stock Purchase Scheme 2002", 13,965,003 Equity Shares allotted for cash on conversion of Foreign Currency Convertible Bonds and 2,48,75,765 Equity Shares as fully paid in terms of Scheme of Amalgamation effective from 22.08.2006	21,506	17,622		
	21,506	17,622		
CONSOLIDATED SCHEDULE "B"				
RESERVES AND SURPLUS				
General Reserve				
As per last Balance sheet	17,966	15,866		
Add : Transfer from Profit & Loss Account	6,605	2,100		
Add : Opening Balance of Gujarat Anjan Cement Limited	6	-		
Less: Goodwill written off	20	-	17,966	
	24,557	-		
Capital Redemption Reserve				
As per last Balance sheet	100	100		
Debenture Redemption Reserve				
As per last Balance sheet	24,550	25,250		
Add : Provided during the Year	5,208	11,400		
	29,758	36,650		
Less : Transfer to Profit & Loss Account on Redemption	6,650	12,100	24,550	
	23,108	24,550		
Revaluation Reserve				
As per last Balance sheet	1,031	1,032		
Add : Transferred from Transferor Company	52,769	-		
	53,800	1,032		
Less: Proportionate Amortisation transferred to Profit & Loss Account	76	1	1,031	
	53,724	1		
Capital Reserve				
As per last Balance sheet	3	3		
Add : Arising on amalgamation	2,488	-	3	
	2,491	-		
Securities Premium Account				
As per last Balance sheet	30,343	30,343		
Add : During the year	31,604	-	30,343	
	61,947	-		
Reserve for Redemption Premium of Foreign Currency Convertible Bonds	936	-		
Surplus				
As per Profit & Loss Account	82,238	26,815		
	249,101	100,808		
Less: Minority Interest in Reserve & Surplus	10,026	1,826		
	239,075	98,982		

CONSOLIDATED SCHEDULE "C"	2005-2006	2004-2005
DEFERRED REVENUE	Rs. IN LAKHS	Rs. IN LAKHS
Advance against depreciation for the year	1,662	-
	1,662	-

CONSOLIDATED SCHEDULE "D"
SECURED LOANS

(Including interest accrued and due thereon)

A. TERM LOANS

1. From Financial Institutions				
Rupee Loans	88,790		102,843	
Foreign Currency Loans	8,876	97,666	5,606	
2. From Banks				
Rupee Loans	212,877		126,013	
Foreign Currency Loans	14,839		11,513	
3. Buyers Credit	14,043		15,250	
4. From Petroleum Conservation Research Association	-	339,425	2	261,227

B. WORKING CAPITAL LOANS

(Secured against hypothecation of
Stocks, Spare Parts, Plant & Book Debts)

1. From Banks				
[a] Rupee Loans	14,284		10,475	
[b] Foreign Currency Loans	1,130		1,163	
[c] For Overseas Works	4,950	20,364	5,511	17,149

C. DEBENTURES

Secured Non-Convertible Debentures		124,000	151,626
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**D. GOVERNMENT DEPARTMENTS, PUBLIC
SECTOR UNDERTAKINGS & OTHERS**

(Secured against hypothecation of construction
material and plant & machinery)

(a) Interest Bearing	860		1,640
(b) Non Interest Bearing	481	1,341	2,117
			3,757

E. HIRE PURCHASE

	277		736
	485,407		434,495

CONSOLIDATED SCHEDULE "E"
UNSECURED LOANS

(Including interest accrued and due thereon)

A. Short Term Loans				
From Banks & Others		24,700	5,141	
(Repayable within one year- Rs 24,700 Lakhs; Previous year 5,141 Lakhs)				
B. Unsecured Non-Convertible Debentures		863	-	
C. Foreign Currency Convertible Bonds		100,223	43,630	
D. Sales Tax Deferment Loan		3,034	3,890	
(Repayable within one year- Rs 882 Lakhs ; Previous Year Rs 759 Lakhs)				
E. Bills Discounting		4,545	3,234	
(Repayable within one year- Rs 4,545 Lakhs ; Previous Year Rs 3,234 Lakhs)				
F. Fixed Deposit Scheme		9,149	5,100	
(Repayable within one year- Rs 5,270 Lakhs ; Previous Year Rs 2,614 Lakhs)				
G. From Others (Including Deposits)		9,849	7,460	
		152,363	68,455	

**CONSOLIDATED SCHEDULE "F"
FIXED ASSETS**
Rs. IN LAKHS

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	As on 01.04.2005	Transfer from Transferor Company	Addition during the period	Sale/ Transfer/ insurance claim / Adjustment during the period	As on 31.03.2006	Upto 31.03.2005	Transfer from Transferor Company	For the Period	Depreciation Reversed for Earlier Years	Sale/ Adjust- ment	Total	As on 31.03.2006	As on 31.03.2005
GOODWILL	10,482	-	796	20	11,258	1,554	-	1,126	-	-	2,680	8,578	8,928
Land													
(a) Leasehold Land	2,764	63,192	2,465	28,896	39,525	8	-	4	-	-	12	39,513	2,756
(b) Freehold Land	1,554	-	1,858	56	3,356	-	-	-	-	-	-	3,356	1,554
Building	39,106	2,172	3,174	7	44,445	4,337	522	778	-	3	5,634	38,811	34,769
Purely Temporary Erections	9,824	-	-	-	9,824	9,824	-	-	-	-	9,824	-	-
Plant & Machinery	355,679	376	13,246	5,193	364,108	99,801	51	15,446	5,033	2,755	107,510	256,598	255,878
Captive Thermal Power Plant	23,695	-	-	-	23,695	810	-	1,374	-	-	2,184	21,511	22,885
Hydraulic Works	48,742	-	-	-	48,742	4,781	-	1,321	2,327	-	3,775	44,967	43,961
Railway siding	830	-	105	-	935	469	-	44	-	-	513	422	361
Golf Course	-	3,103	6	-	3,109	-	577	148	-	-	725	2,384	-
Miscellaneous													
Fixed Assets (Hotel)	2,505	-	161	2	2,664	828	-	127	-	-	955	1,709	1,677
Motor Vehicles	3,909	54	880	167	4,676	1,751	19	417	-	102	2,085	2,591	2,158
Furniture & Office Equipment	9,074	275	696	16	10,029	4,136	69	767	-	9	4,963	5,066	4,938
Ships: Boat	4	-	-	-	4	-	-	-	-	-	-	4	4
Helicopter	739	-	-	-	739	199	-	41	-	-	240	499	540
Technical Books	3	-	-	-	3	3	-	-	-	-	3	-	-
Live Stock	-	-	-	-	-	-	-	-	-	-	-	-	-
	508,910	69,172	23,387	34,357	567,112	128,501	1,238	21,593	7,360	2,869	141,103	426,009	380,409
PREVIOUS YEAR	440,515	-	69,585	1,190	508,910	105,480	-	23,552	-	531	128,501	380,409	-
CAPITAL WORK IN PROGRESS												224,265	119,604

Note:

- (i) Out of the Depreciation for the year, Rs 55 Lakhs (Previous Year 37 Lakhs) has been included in Expenditure During Construction period shown in Schedule "R" and Rs 50 Lakhs previously excess charged now reversed.
- (ii) (a) Sale/Transfer/Disposal of Leasehold Land for the year includes Rs 28,325 Lakhs transferred to Projects under development shown under Inventories - Schedule "H" Current Assets - A-1(h)(ii)
(b) Capital Work in Progress of Rs 224,265 Lakhs is after regrouping of Rs 17,684 Lakhs to Projects under development shown under Inventories - Schedule "H" Current Assets - A-1(i)(i)

CONSOLIDATED SCHEDULE "G"
INVESTMENTS (AT COST)
Other Investments
(a) QUOTED

	2005-2006 Rs. IN LAKHS	2004-2005 Rs. IN LAKHS
(i) 4,67,970 Equity Shares of Rs.10/- each fully paid up of Jaiprakash Enterprises Limited	47	47
(ii) 15,350 Equity shares of Rs. 10/- each fully paid up of Capital Trust Limited	2	2
(iii) 100 Equity Shares of Rs.10/- each of fully paid up of IFCI Limited	-	-
(iv) 7,21,600 Equity Shares of Rs.10/- each of fully paid up of Indian Overseas Bank Limited	72	72
(v) 1,65,900 Equity Shares of Rs.10/- each of fully paid up of PNB Gilts Limited	50	50
(vi) 868000 Equity Shares of Sumeru Industries Ltd. of Rs 1/- each fully paid up	6	177

(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) 5 Equity Shares of Sanukt Members' Association of Rs.100/- each fully paid-up [Rs.500/-]	-	-

CONSOLIDATED SCHEDULE "G" (Contd...)

	2005-2006 Rs. IN LAKHS	2004-2005 Rs. IN LAKHS
(iv) 20,35,000/- Equity Shares of Jaypee DSC Ventures Limited of Rs 10/- each fully paid-up	204	204
(v) Nil Equity Shares of Jaypee Greens Ltd. of Rs 10/- each fully paid up (Previous year 30,00,000)	-	301
(vi) 50,000 Equity Shares of Indesign Enterprises (P) Ltd, Cyprus of Cyprus Pound 1/- each fully paid-up	72	72
(vii) Nil Preference Shares of Jaypee Greens Ltd. of Rs 100/- each fully paid up (Previous Year 16,00,001)	-	281
(c) GOVERNMENT SECURITIES (pledged with various Govt. Departments as security)		
(i) National Savings Certificates [Face Value Rs.15,700/-]	-	-
(ii) Indira Vikas Patra (Face Value of Rs. 250/-)	-	-
(iii) Kisan Vikas Patra (Face Value of Rs.3,000/-)	-	-
(d) SHARE APPLICATION MONEY: Jaypee Kashmir Energy Limited	1	-
	459	2,353

Note:

1. Aggregate cost of Quoted Investments (Market Value Rs. 783 Lakhs) (Previous Year Rs 628 Lakhs)
Unquoted Government Securities 6,600 12,600
2. All Investments are long term

CONSOLIDATED SCHEDULE "H"		2005-2006	2004-2005	CONSOLIDATED SCHEDULE "I"		2005-2006	2004-2005
CURRENT ASSETS, LOANS & ADVANCES		Rs. IN LAKHS	Rs. IN LAKHS	CURRENT LIABILITIES AND PROVISIONS		Rs. IN LAKHS	Rs. IN LAKHS
A. CURRENT ASSETS				A. CURRENT LIABILITIES			
1. INVENTORIES				Sundry Creditors			
(As per inventories taken valued and certified by the Management)				(a) Dues to Small Scale Undertakings	5	3	
(a) Stores and Spare Parts (at cost)	28,191	24,741		(b) Others	43,095	42,999	43,002
(b) Construction Materials (at cost)	7,044	10,187		Advance from Customers	19,631	6,034	
(c) Raw Materials - Cement Division (at cost)	399	501		Due to Staff	585	466	
(d) Finished Goods - Cement Division (at estimated cost or net realisable value whichever is lower)	1,546	2,655		Due to Directors	1	1	
(e) Food and Beverage	65	58		Adjustable Receipts against Contracts (Against Guarantees)			
(f) Other Operating Supplies and Stores	639	603		(a) Interest Bearing	11,954	5,659	
(g) Stock in Process - Cement Division (at estimated cost)	770	1,373		(b) Non Interest Bearing	18,130	29,653	35,312
(h) Work-in-Progress				Other Liabilities	9,259	8,584	
Construction Division (at estimated cost)	21,715	22,038		Redemption of Preference Share Capital payable at par, of Transferor Company	1,131	-	
Real Estate Division (at estimated cost)	2,290	-		Expenses Payable	273	186	
(i) Goods in Transit	1,122	1,086		Interest accrued but not due on loans	6,371	8,271	
(j) Projects under Development				Investor Education and Protection Fund: (Appropriate amounts shall be transferred to "Investor Education and Protection Fund" if and when due)			
(i) At Noida - Part of Taj Expressway Project	25,193			(a) Unclaimed Dividend	507	340	
(ii) At Greater Noida	40,505	65,698		(b) Share Application Money Refundable Account (Rights Issue)	2	509	342
	129,479	63,242			110,944	102,198	
2. SUNDRY DEBTORS				B. PROVISIONS			
(Unsecured, considered good)				For Taxation	18,425	7,940	
(a) Debts outstanding for a period exceeding six months				For Gratuity	2,008	1,602	
(i) From Overseas Works	10,163	10,163		For Provident Fund	211	151	
(ii) From Others	18,210	19,411		For Property Tax	160	99	
(b) Other Debts	29,214	57,587	51,697	For Hotel Receipt Tax	17	17	
3. CASH AND BANK BALANCES				For Leave Encashment	589	392	
(a) Cash, Cheques in hand & in transit	4,444	2,974		For Interim Dividend	-	3,172	
(b) Balances with Scheduled Banks				For Proposed Final Dividend	2,676	4,740	
(i) In Current & Cash Credit Account	18,261	15,395		For Tax on Dividends	476	1,110	
(ii) In Fixed Deposits Account (Fixed Deposit for Rs 10,085 Lakhs Previous year Rs. 8,609 Lakhs pledged with Banks & Others)	156,545	60,336			24,562	19,223	
(iii) Balance in Dividend Accounts	507	175,313	340	GRAND TOTAL	135,506	121,421	
(c) Balance with Non-Scheduled (Foreign) Banks				CONSOLIDATED SCHEDULE "J"			
(i) In Current Account	578	409		MISCELLANEOUS EXPENDITURE			
(d) In Trust & Retention Account				(To the extent not written off or adjusted)			
(i) In Current Account	1	58		Preliminary Expenses	341	166	
(ii) In Fixed Deposit Account	4,366	2,668		Share & Debenture Issue Expenses	963	1,926	
	184,702	82,180		Less: Written off during the year	963	963	
4. OTHER CURRENT ASSETS				Deferred Revenue Expenses	2,229	2,551	
Interest accrued on Fixed Deposits & Others (From Banks Rs. 441 Lakhs; Previous year Rs. 238 Lakhs)	472	295		Debt Restructuring Expenses	2,503	2,537	
	372,240	197,414			5,073	6,217	
B. LOANS AND ADVANCES				CONSOLIDATED SCHEDULE "K"			
(Unsecured, Considered Good)				HOSPITALITY REVENUE & OTHER INCOME			
Advances to Suppliers, Contractors, Sub-Contractors & Others	55,424	59,393		Hotel Revenue			
Staff Imprest and Advances	367	555		Rooms Sale	6,760	5,217	
Claims and Refunds Receivable	6,032	5,796		Food and Beverages	3,027	2,584	
Prepaid Expenses	2,527	3,202		Wine and Liquor	481	413	
Deposits with Govt. Deptts. Public Bodies and others				Telex and Telephone	71	89	
(a) Govt. Deptts., Public Bodies	9,833	6,640		Other services	224	260	8,563
(b) Others	383	403	7,043	Golf Membership & other Receipts	525	-	
Work Contract Tax/ Sales Tax Recoverable	3,259	4,005		Dividends	9	31	
Income Tax deducted at source	19,032	9,509		Rent	19	14	
	96,857	89,503		Machinery Rentals	2,183	2,487	
GRAND TOTAL	469,097	286,917		Foreign Currency Exchange Rate Difference	45	29	
				Interest (including Rs. 4,045 Lakhs from Banks; Previous Year Rs 1,017 Lakhs)	4,279	1,141	
				Miscellaneous	3,040	5,178	
					20,663	17,443	

CONSOLIDATED SCHEDULE "L"	2005-2006		2004-2005	
INCREASE / (DECREASE) IN STOCKS	Rs. IN LAKHS		Rs. IN LAKHS	
CLOSING STOCK				
Finished Goods	1,546		2,655	
Stock-in-process	770	2,316	1,373	4,028
LESS:OPENING STOCK				
Finished Goods	2,655		1,800	
Stock-in-process	1,373	4,028	1,606	3,406
		(1,712)		622

CONSOLIDATED SCHEDULE "M"				
MANUFACTURING ,CONSTRUCTION & HOSPITALITY EXPENSES				
Opening Work-in-Progress -Construction Division	22,038		17,654	
Raw Materials Consumed(Cement Division)	13,655		11,792	
Construction Expenses	71,397		66,730	
O & M charges for ICF to SJVNL	106		99	
Consumption of Food & Beverages etc.	971		871	
Hotel & Golf Course Operating Expenses	3,280		2,851	
Hire Charges & Lease Rental of Machinery	549		861	
Power, Electricity & Water Charges	19,917		20,386	
Repairs & Maintenance of Machinery	14,279		13,794	
Repairs to Building and Camps	1,435		842	
Stores and Spares Consumed	18,661		16,427	
Coal and Packing Materials Consumed	22,497		18,471	
Freight, Octroi & Transportation Charges	9,252		7,964	
	198,037		178,742	
Less:Self Consumption (Cement)	5,145		3,874	
Less:Closing Work-in-Progress-Construction Division	21,715		22,038	
	171,177		152,830	

CONSOLIDATED SCHEDULE "N"				
PERSONNEL				
Salaries, Wages & Bonus	11,470		8,861	
Gratuity	505		325	
Contribution to Provident & Other Funds	849		729	
Staff Welfare	1,379		1,657	
	14,203		11,572	

CONSOLIDATED SCHEDULE "O"				
SELLING & DISTRIBUTION EXPENSES				
Loading, Transportation & Other Charges	23,125		22,032	
Commission on Cement Sales	2,289		1,942	
Sales Promotion	1,815		1,188	
	27,229		25,162	

CONSOLIDATED SCHEDULE "P"				
OTHER EXPENSES				
Rent	387		386	
Rates & Taxes	1,711		2,020	
Insurance	3,067		2,794	
Travelling & Conveyance	1,887		1,512	
Bank Charges & Guarantee Commission	4,312		2,732	
Loss on Sale / Disposal/ Write-off of Assets (Net)	1,639		327	
Financing Charges	1,160		5,341	
Postage, Telephone & Telex	421		449	
Light Vehicle Running & Maintenance	700		668	
Legal & Professional	1,397		2,498	
Charity & Donation	1,638		908	
Security & Medical Services	2,067		1,413	
Sundry Balances written off	151		1,827	
Directors' Fees	14		9	
Amortisation of Land Premium	100			
Less: Transferred from Revaluation reserve	73	27		
Miscellaneous Expenses	4,249		2,457	
Auditors' Remuneration:				
Audit Fees	28		26	
Tax Audit Fees	3		3	
Other Services	11		8	
To partners In other capacity:				
For Taxation matters [Rs.12,000/-]	-		-	
For Management Services	2		3	
Reimbursement of Expenses	4	48	4	44
Preliminary, Share & Debenture Issue & Other carry forward expenses written off	2,417		1,804	
	27,292		27,189	

CONSOLIDATED SCHEDULE "Q"	2005-2006		2004-2005	
INTEREST	Rs. IN LAKHS		Rs. IN LAKHS	
Interest on Term Loans	18,465		20,490	
Interest on Bank Borrowing & Others	5,246		4,435	
Interest on Non -Convertible Debentures	10,530		9,258	
	34,241		34,183	

CONSOLIDATED SCHEDULE "R"				
EXPENDITURE DURING CONSTRUCTION PERIOD				
Opening Balance	36,720		26,559	
Transfer from Transferor Company	1,701		-	
Opening Balance of Gujarat Anjan Cement Limited	1,097		-	
Electricity, Power and Fuel	449		2,009	
Salary , Wages & Staff Welfare	752		470	
Survey Expenses	135		-	
Site Development Expenses	220		140	
Repair and Maintenance	131		159	
Consultancy,Legal and Professional	1,218		1,229	
Insurance	583		527	
License,Application Fee, Rent, Rates and Taxes	130		77	
Safety & Security	129		21	
LC Commission,Bank Charges and Bank Guarantee Commission	346		649	
Freight and Material Handling	16		195	
Environmental, Ecology, Afforestation, Catchment Area Treatment and Compensation	3,110		180	
Light Vehicle running & Maintenance	43		34	
Staff Recruitment and Training	1		-	
Postage, Telephone & Telex	8		6	
Quary Development & Compensation	3,215		-	
Travelling and Conveyance	116		67	
Vehicle/ Machinery Hire Charges and Lease Rent	114		71	
Directors' Sitting Fees	2		2	
Miscellaneous	162		394	
Loss on settlement of Loans and Guarantees	359		-	
Interest	13,180		13,680	
Financial Charges and Upfront Fee	3,350		3,611	
Audit Fees	23		17	
Depreciation	55		36	
	67,365		50,133	

Less:				
Interest Received	901		74	
Miscellaneous Receipt	(147)		(5)	
Sundry Balances Written off	-		-	
	754		69	
Less: Provision for Taxation	260		28	41

Less:Capitalised During the Year	66,871		50,092	
Less:Transfer to Infrastructure Land	5,207		13,372	

Carried Over to Balance Sheet				
[Capital Work-in-Progress]	60,033		36,720	

CONSOLIDATED SCHEDULE "S"

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:

- (i) The financial statements of JAL and its subsidiaries are 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.
- (ii) The financial statements of JAL and its subsidiaries are consolidated using uniform accounting policies for like transactions and other events in similar circumstances.
- (iii) The difference between 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 or Capital Reserve, as the case may be. Goodwill is 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 is 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 where there is permanent diminution in the value of investments a provision is made wherever 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 - contributed as a percentage of salary / wages.

Inventories

- (i) The inventories resulting from intra-group transactions are stated at cost after deducting unrealised profit on such transactions.
- (ii) The inventories are valued on the basis of Weighted Average Cost Method.
- (iii) 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].
- (iv) Work-in-progress and 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 in Indian Rupees 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.

Earnings Per Share

Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted 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.

Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

(B) NOTES TO THE ACCOUNTS
1 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	63.34%
[b] Jaiprakash Power Ventures Limited [JPVL]	India	84.28%
[c] Jaypee Hotels Limited [JHL]	India	72.18%
[d] Jaypee Karcham Hydro Corpn. Ltd. [JKHCL]	India	100%
[e] Jaypee Cement Limited [JCL] [w.e.f. 31.01.2006]	India	100%
[f] Gujarat Anjan Cement Limited [GACL] [Subsidiary of JCL w.e.f. 06.03.2006]	India	94.61%

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:

	2005-06 Rs. In Lakhs	2004-05 Rs. In Lakhs
(a) Outstanding balance of Bank Guarantees	145722	104462
Margin Money deposited against the above	5753	5227
(b) Claims against the Company not acknowledged as debts	32009	31745
(c) Outstanding Letters of Credit	26094	20800
Margin Money deposited against the above	879	542

4 Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of advances) [Previous Year Rs.492037 Lakhs] **Rs. in Lakhs**
419248

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.151/- Lakhs [Previous Year Rs.1827 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 Holding and Subsidiaries. It also includes Rs.11 Lakhs [Previous Year Rs.6 Lakhs] towards Wealth Tax.

	2005-06	2004-05
	Rs. In Lakhs	Rs. In Lakhs

(b) Deferred Tax:

- (i) Deferred Tax Liability on account of :

Depreciation	40773	40168
Others	11821	12248
	<u>52594</u>	<u>52416</u>

Deferred Tax Assets on account of:

Employees' Benefits	915	658
Unabsorbed Depreciation / carry forward losses	-	564
Others	-	39
	<u>915</u>	<u>1261</u>

Net Deferred Tax Liability 51679 51155

- (ii) Deferred Tax [Net] amounting to Rs.525 Lakhs [Previous Year Rs.8851 Lakhs] has been recognised in the Consolidated Profit & Loss Account for the year ended 31.03.2006.

- 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 **Rs. in Lakhs**
[Previous Year Rs.119604 Lakhs] **224265**

- 9 Managerial remuneration paid/payable by the Company and its subsidiaries to Managing / Whole-time Directors [excluding provisions for Gratuity & Leave Encashment on Retirement]:

	2005-06	2004-05
	Rs. In Lakhs	Rs. In Lakhs

Salary	225	175
Provident Fund Contribution	22	17
Perquisites	97	72

- 10 Goodwill amounting to Rs.11258 lakhs [Previous Year Rs.10461.55 Lakhs] has arisen on consolidation of accounts between Parent Company and its Subsidiary Companies, JHL, JHPL & GACL. Since Goodwill is to be amortised over a period of ten years, an amount Rs.1126 Lakhs [Previous Year Rs.1046 lakhs] has been written-off and included in Depreciation for the year ended 31st March, 2006.

- 11 Related Parties disclosures, as required in terms of "Accounting Standard [AS] 18" 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 Greens Limited [till 31.03.2005]
[iii] JIL Information Technology Ltd.
[iv] Indesign Enterprises Pvt. Ltd.
[v] Gaur & Nagi Ltd.
[vi] Jaiprakash Kashmir Energy Ltd (w.e.f.24.01.06)

(b) Key Management Personnel:

Jaiprakash Associates Limited

- [i] Shri Manoj Gaur, Managing Director
[ii] Shri Sunil Kumar Sharma, Managing Director
[iii] Shri Sunny Gaur, Whole-time Director
[iv] Shri Rahul Kumar, Whole-time Director [till 24.12.05]
[v] Shri S.D. Nailwal, Whole-time Director [w.e.f. 01.07.04]
[vi] Shri Sameer Gaur, Whole-time Director [w.e.f. 01.07.04]
[vii] Shri Pankaj Gaur, Whole-time Director [w.e.f. 01.07.04]

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]

Jaypee Karcham Hydro Corporation Limited

- [i] Shri Dharam Paul Goyal
[ii] Shri Suren Jain

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

- [i] Shri Gyan Prakash Gaur
[ii] Shri Sameer Gaur [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: **Rs. In Lakhs**

Nature of Transactions	Related Parties		
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above
Income			
Contract Receipts	-	-	-
	(-)		
Sale of Cement	-	-	-
	(59)		(-)
Service Charges	81	-	-
	(2)		
Dividend	-	-	-
	(13)		
Sale of Shares	1800	-	-
	(1020)		
Interest	6		
Expenses			
Design Engineering and Technical Consultancy	3853	-	-
	(3222)		
Operations & Maintenance	-	-	-
	(-)		
Security & Medical Services	2244	-	-
	(1374)		
Salaries & Other Amenities etc.	-	310	43
		(264)	(50)
Gratuity & Leave Encashment	-	-	-
		(71)	
Rent	24	-	-
	(-)		
Outstandings			
Receivables	252	-	-
	(19723)	(2)	
Payables	1399	1	2
	(347)	(-)	(1)

12 Other Liabilities shown under the head "Current Liabilities & Provisions" include Book Overdraft of Rs.615 Lakhs [Previous Year Rs.690 Lakhs].

2005-2006
Rs. In Lakhs

2004-2005
Rs. In Lakhs

13 Segment Information
Business Segment:

Rs. In Lakhs

Particulars	Construction Rupees	Cement Rupees	Hospitality Rupees	Power	Real Estate Rupees	Unallocated Rupees	Total
(A) Segment Revenue							
External	170731	122338	11376	27191	-	42545	374181
	(165092)	(100292)	(8763)	(30016)		(5467)	(309630)
Inter Segment Revenue	26869	4734	139	-	-	-	31742
	(13865)	(3604)	(134)	(-)		(-)	(17603)
(B) Segment Results							
Profit/(Loss) before Tax	40318	18962	2635	23915	-	32961	118791
and Interest	(48228)	(12145)	(1627)	(18504)		(-11914)	(68590)
Less:Interest							34241
							(34183)
Profit before Taxation							84550
							(34407)
Provision for Tax							14192
Current Tax							(4887)
Deferred Tax							525
							(8851)
Fringe Benefits Tax							300
							(-)
Profit after Taxation							69533
							(20669)
(C) Other Information							
Segment Assets	190801	233545	31534	316531	47166	247559	1067136
	(210216)	(160324)	(21603)	(259199)	(-)	(137941)	(789283)
Segment Liabilities	55735	31039	1823	5206	11067	27484	132354
	(80500)	(24948)	(1283)	(2717)	(-)	(10768)	(120216)
Total Loans and Interest payable thereon							637770
							(502950)
Capital Expenditure during the year	13639	68061	1736	57278		2418	143132
including CWIP	(5075)	(26453)	(826)	(29395)		(7987)	(69736)
Depreciation	6149	8459	924	(2957)	-	1553	14128
	(5821)	(7242)	(739)	(8377)		(1336)	(23515)
Non cash expenditure other than depreciation	-	274	175	-	-	2273	2722
	(-)	(191)	(144)	(-)	-	(1660)	(1995)

(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.

(b) Business Segment has been disclosed as the primary segment.

(c) Types of Products and Services in each Business Segment:

- | | |
|-------------------|---|
| [i] Construction | Civil Engineering Construction/EPC Contracts/Taj Expressway Project |
| [ii] Cement | Manufacture and Sale of Cement and Clinker |
| [iii] Hospitality | Hotels |
| [iv] Power | Hydro-Power generation |
| [v] Real Estate | Real Estate |

(d) Segment Revenues, 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.

(f) Depreciation in Power segment includes Rs.7360 lakhs reversed for earlier years.

14 In accordance with the Accounting Standard [AS-20] on "Earnings Per Share", computation of Basic and Diluted Earnings Per Share is as under:

(a) Net Profit for Basic Earning Per Share as per Consolidated Profit & Loss Account [including extra-ordinary item]	69533		20669
Add:Adjustment for the purpose of Diluted Earning Per Share			
Interest on Convertible Bonds	55		2
Less:Tax Effect	19	36	1
Net profit for Diluted Earning per share [including extra-ordinary item]	66569		20670
(b) Net Profit for Basic Earning Per Share as per Consolidated Profit & Loss Account [including extra-ordinary item]	69533		20669
Less:Profit on Sale of Shares	37636	31897	850
Add:Adjustment for the purpose of Diluted Earning Per Share			
Interest on Convertible Bonds	55		2
Less:Tax Effect	19	36	1
Net Profit for Diluted Earning Per Share [excluding extra-ordinary item]	31933		19820
(c) 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 Shares allotted during the year [including 2,48,75,765 Equity Shares allotted to the Shareholders of Transferor Company]	3,88,40,768		-
(iii) Weighted average shares allotted during the year	2,85,31,623		-
(iv) Number of potential Equity Shares	45,63,601		1,52,290
(v) Weighted average for:			
[a] For Basic Earnings Per Share	20,47,48,604		17,62,16,981
[b] For Diluted Earnings Per Share	20,93,12,205		17,63,69,271
(d) Earnings Per Share [including extra-ordinary item]			
(i) Basic	Rs. 33.96		Rs. 11.73
(ii) Diluted	Rs. 33.24		Rs. 11.72
(e) Earnings Per Share [excluding extra-ordinary item]			
(i) Basic	Rs. 15.58		Rs. 11.25
(ii) Diluted	Rs. 15.26		Rs. 11.24
(f) 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 Nos.47/134/2006-CL-III dated 10.04.2006 & 03.07.2006 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 six Subsidiaries for the financial year ended on 31.03.2006 subject to, inter alia, presentation of consolidated financial statements of subsidiaries duly audited and disclosure of following information:

	Rs.in Lakhs						Rs.in Lakhs					
	Jaypee Hotels Ltd.	Jaiprakash Hydro Power Ltd.	Jaiprakash Power Ventures Ltd.	Jaypee Karcham Hydro Corp. Ltd.	Jaypee Cement Limited	Gujarat Anjan Cement Ltd.	Jaypee Hotels Ltd.	Jaiprakash Hydro Power Ventures Ltd.	Jaiprakash Power Hydro Corp. Ltd.	Jaypee Karcham Hydro Limited	Jaypee Cement Limited	Gujarat Anjan Cement Ltd.
Capital (including Share Application Money)	5549 (5549)	49100 (49100)	50900 (42900)	60000 (10000)	4505	3901	3819 (2850)	15982 (5549)				
Reserves	8009 (6560)	21270 (6702)	- (-)	- (-)	20	6	1125 (1176)	1414 (439)				
Total Assets	25916 (24037)	186701 (174667)	159107 (115104)	60526 (10121)	5500	4352	2694 (1674)	14568 (5110)				
Total Liabilities	12358 (11928)	116331 (118865)	108207 (72204)	526 (121)	975	445	1139 (NIL)	NIL (4199)				
Investment Details												
Indesign Enterprises Pvt Ltd (50,000 equity shares of Cyprus Pound one each)	72 (72)											
Jaypee Greens Limited (16,00,001 preference shares of Rs.100/- each)	1600 (1600)											
Jaypee Greens Limited (Previous Year 30,00,000 equity shares of 10/- each)	- (301)											
Gujarat Anjan Cement Ltd (1,36,27,870 Equity Shares of Rs.10/- each)					2159							
Gujarat Anjan Cement Ltd 1,00,00,000 Equity Shares of Rs.10/- each Rs.0.50 paid up					50							
Sumeru Industries Ltd (8,68,000 Equity Shares of Rs.1/- each)						6						
Turnover	14249 (15597)	27423 (30134)										

- 16 Consequent upon the amalgamation of Jaypee Greens Limited with Jaiprakash Associates Limited w.e.f. 01.04.2005, and also with the inclusion of two more subsidiary companies in the current year, the figures of the current year are not comparable with those of the previous year.
- 17 Figures for the previous year have been reworked/regrouped/rearranged wherever considered necessary to conform to this year's classification.
- 18 Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Parent Company's Financial statements.

Signatures to Schedules "A" to "S"

For and on behalf of the Board

For M.P. SINGH & ASSOCIATES
Chartered Accountants

MANOJ GAUR
Managing Director & CEO

M.P. SINGH
Partner

SUNIL KUMAR SHARMA
Managing Director

M.No. 1454
Place : New Delhi
Dated: 04.09.2006

I.N. DUBE
Jt. President
(Accounts &
Taxation)

R.B. SINGH
President
(Finance)

HARISH K. VAID
President (Corporate)
& Company Secretary

S.D. NAILWAL
Director (Finance) & CFO

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

	2005-2006 Rs. in Lakhs		2004-2005 Rs. in Lakhs	
(A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before Tax as per Profit & Loss Account		84,550		34,407
Add back:				
(a) Depreciation	14,128		23,515	
(b) Deffered Revenue on account of advance against depreciation	1,662		-	
(c) Miscellaneous Expenses (Amortized)	3,093		1,971	
(d) Interest on Borrowings	34,241		34,183	
(e) Loss on sale of fixed assets	1,639		327	59,996
		54,763		94,403
Deduct:				
(a) Interest Income	(4,279)		(1,141)	
(b) Dividend Income	(9)		(31)	
(c) (Profit)/Loss on Sale of Investments	(37,636)		(850)	
(d) Other Income	(5,242)		(7,679)	(9,701)
Operating Profit before Working Capital Changes		92,147		84,702
Deduct:				
(a) Increase in Sundry Debtors	(5,890)		(13,001)	
Less: Transfer from Transferor Company	93	(5,797)		
(b) Increase in Inventories	(66,237)		(9,742)	
Less: Transfer from Transferor Company	11,518	(54,719)		
(c) Increase in other receivables	(177)		(79)	
Less: Transfer from Transferor Company	-	(177)		
(d) Increase in Loan and Advances	(7,354)		(12,948)	
Less: Transfer from Transferor Company	1,493	(5,861)		
(e) Decrease in Trade Payables & Other Liabilities	-		(17,905)	
Less: Transfer from Transferor Company	-			
		(66,554)		(53,675)
		25,593		31,027

CONSOLIDATED CASH FLOW STATEMENT (Contd...)

			2005-2006	2004-2005
			Rs. in Lakhs	Rs. in Lakhs
Add:				
(a) Increase in Trade Payables & other Liabilities		19,955		
Less: Transfer from Transferor Company				
[i] Trade Payables & Other Liabilities	13,387			
[ii] Redemption of Preference Share Capital at par	2,730	16,117		
			3,838	-
Cash Generated from Operations			29,431	31,027
Deduct:				
Tax Paid (including Fringe Benefits Tax)			(14,492)	(4,887)
Cash Flow Before Extra-ordinary Items			14,939	26,140
CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	"A"		14,939	26,140
(B) CASH FLOW FROM INVESTING ACTIVITIES:				
Outflow:				
(a) For Fixed Assets and Capital Work in progress	(195,877)			(65,636)
Less: Transfer from Transferor Company	71,340	(124,537)		
(b) Purchase of Investments		(7)		
(c) Miscellaneous Expenses	(1,454)			(3,203)
Less: Transfer from Transferor Company	22	(1,432)		
(d) Adjustment of capital profits on acquisition of JHPL shares pertaining to period before 31/03/04		-	(125,976)	(1,083)
				(69,922)
Inflow:				
(a) Sale/Transfer of Fixed Assets		29,258		323
(b) Sale of Investments		39,537		1,020
(c) Interest Income		4,279		1,141
(d) Dividend Received		9		31
(e) Other Income		5,242	78,325	7,679
				10,194
NET CASH USED IN INVESTING ACTIVITIES	"B"		(47,651)	(59,728)
(C) CASH FLOW FROM FINANCING ACTIVITIES:				
Inflow:				
(a) Increase in Share Capital	3,884.00			-
Less: Shares allotted to Shareholders of Jaypee Greens Limited	2,488	1,396.00		
(b) Increase in Share Premium		31,604.00		
(c) Increase in General reserve on Consolidation of Gujarat Anjan Cement Limited		6		
(d) Increase in Minority Interest		26,135.00		-
(e) Increase in Borrowings	134,820			140,017
Less: Transfer from Transferor Company	14,421			-
		120,399	179,540	140,017
Outflow				
(a) Decrease in minority interest		-		(13,500)
(b) Interest Paid		(34,241)		(34,183)
(c) Dividend Paid		(10,589)	(44,830)	(3,217)
				(50,900)
NET CASH FROM FINANCING ACTIVITIES	"C"		134,710	89,117
CASH AND CASH EQUIVALENTS ON AMALGAMATION	"D"		524	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS "A+B+C+D"			102,522	55,529
CASH AND CASH EQUIVALENTS AS AT 01.04.2005 (OPENING BALANCE)			82,180	26,651
CASH AND CASH EQUIVALENTS AS AT 31.03.2006 (CLOSING BALANCE)			184,702	82,180

Notes:

- Increase in Assets and Liabilities include opening balances of new Subsidiaries also.
- Increase in Inventories is on account of reclassification of Land for development into Inventories
- Increase in Share Capital & Share Premium is on account of Conversion of Foreign Currency Convertible Bonds into Equity Shares. Correspondingly, the Borrowings have been decreased.

For M.P. SINGH & ASSOCIATES
Chartered Accountants

M.P. SINGH
Partner
M.No. 1454
Place : New Delhi
Dated: 04.09.2006

I.N. DUBE
Jt. President (Accounts &
Taxation)

R.B. SINGH
President (Finance)

For and on behalf of the Board

MANOJ GAUR
Managing Director & CEO
SUNIL KUMAR SHARMA
Managing Director
HARISH K. VAID
President (Corporate)
& Company Secretary
S.D. NAILWAL
Director (Finance) & CFO



JAIPRAKASH ASSOCIATES LIMITED

ATTENDANCE SLIP

Registered Office: G-Block, Surajpur Kasna Road, Greater Noida City-201 306 (U.P.) India
Head Office : "JA House", 63, Basant Lok, Vasant Vihar, New Delhi - 110 057

NAME OF THE SHAREHOLDER / PROXY*	DP ID**		Folio No.	
	Client ID**		No. of Shares held	

I hereby record my presence at the 9th Annual General Meeting of the Company held at Greater Noida (U.P.) on Friday, the 27th day of October, 2006 at 11.00 A.M.

SIGNATURE OF THE SHAREHOLDER / PROXY*

* Strike out whichever is not applicable

** Applicable for investors holding shares in electronic form.

Note: Please handover the slip at the entrance of the Meeting venue.

----- Cut here -----



JAIPRAKASH ASSOCIATES LIMITED

PROXY

Registered Office: G-Block, Surajpur Kasna Road, Greater Noida City-201 306 (U.P.) India
Head Office : "JA House", 63, Basant Lok, Vasant Vihar, New Delhi - 110 057

I/We of

in the district of.....being a Member(s) of the above named

Company hereby appoint of

of or failing him/her of

of..... as my/our proxy to attend and vote for me/us on my/our behalf at the 9th Annual General Meeting

of the Company to be held on Friday, the 27th day of October, 2006 at 11.00 A.M.

Signed at this..... day of.....2006.

Folio No.		DP ID*	
No. of Shares held		Client ID*	

Affix
Re.1
Revenue
Stamp

* Applicable for investors holding shares In electronic form.

Notes: .

1. The Proxy need not be a member.
2. The form of proxy, duly signed across Re.1 revenue stamp should reach the Company, not less than 48 hours before the time fixed for the meeting.



300 MW Baspa-II Hydro Power Project, H.P.



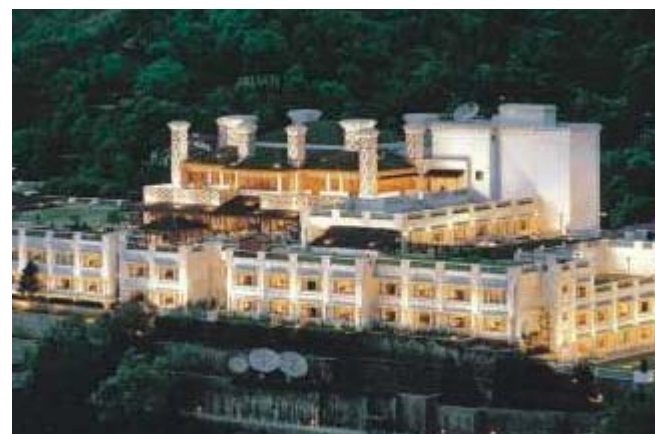
400 MW Vishnu Prayag Project, Uttarakhand



575 x 261m Tehri Dam, Uttarakhand, the third tallest rockfill dam in the world



653 x 92m dam at 1,000 MW (8x125) Indira Sagar Project, M.P.



Hotel Jaypee Manor, Mussoorie, Uttarakhand



Hotel Jaypee Palace, Agra, U.P.

Designed and Printed at IPP

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If undelivered, please return to:

JAIPRAKASH
ASSOCIATES LIMITED

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