

Dear Stakeholders,

We are all aware of the current events in the Global Financial Markets. The Indian Economy cannot be entirely insulated from this volatility, however, one should feel assured even now by drawing inspiration from the performance of the nation's economy during the 1997 South East Asian Crisis. We believe that India's **stringent** financial system, **prudent** financial management by the Government of India and **strong** fundamentals of good corporates has and will enable the Nation to continue to march ahead with an uninterrupted pace.

Stakeholders of JAL must feel reassured that all segments of the company are on track to register robust growth and work is progressing in the right direction with momentum. It is considered prudent to share the progress achieved by your group in the recent past which would doubly reassure all stakeholders of the strong fundamentals of your company.

1. Cement

Cement despatches continue to grow at a healthy pace. **Despatches during Apr-Sep 2008-09 have grown by 10% over Apr-Sep 2007-08.**

Inspite of the good monsoon which is surely going to be the catalyst for future growth of the economy, **the quarter ending Sep 2008 registered a notable growth in despatches which increased by 9% over the corresponding period in 2007.**

The Group's aggregate new capacities in excess of 6 Million Tonnes are under advanced stages of completion and plants are poised to be commissioned at Sidhi (MP), UP and Gujarat and shall begin production between Oct 2008 to Feb 2009.

By the financial year ending Mar 2009, the Group shall have 18 MTPA of capacity in operation.

2. 165 km Yamuna Expressway Project (erstwhile Taj Expressway Project)

a) Jaypee Group's Real Estate foray is unique in the country as the same is an integral part of a large infrastructure project and is invariably located along the expressway connecting Noida to Agra thereby providing competitive edge with respect to the cost as well as the valuation which go hand in hand with the prospects of any real estate project.

At present, **construction work is in progress at approximately 100 km of the expressway.** Execution of Interchanges, Bridges, Underpasses and culverts has commenced.

Financial Tie-up of the Yamuna Expressway project has been completed. The equity required for the project has been fully subscribed and work is progressing to meet the scheduled completion by 2010.

b) JAL's real estate has a **First Mover Advantage** in ribbon development along the expressway, as the same is part of the infrastructure project and is insulated from the market trends. Therefore, the Group's financial and managerial resources have ensured requisite momentum in implementing these projects at Noida and Greater Noida.

➤ Jaypee Greens, Noida was launched in Nov 2007 and was extremely well received. In the span of 5 months ended Mar 2008 an impressive 2.35 mn sq ft. was sold with collections during FY 2007-08 totaling Rs. 247 Crore.

➤ The real estate business has maintained its momentum and recorded sales of 1.697 mn sq ft. and doubled collections to Rs. 503 Crore for the period Apr-Sep 2008.

➤ Total Bookings since inception equalled 4.047 mn sq ft. and total collections equalled Rs. 750 Crore.

3. Power Business

a. **Jaiprakash Hydro Power Limited:** During the period Apr-Aug 2008, the Baspa-II Hydroelectric Project generated 887.5 Million Units (MUs) of energy as against 865 MUs in Apr-Aug 2007.

b. **Jaiprakash Power Ventures Limited:**

i. **Vishnuprayag Hydroelectric Project** generated 1270 MUs of energy in Apr-Aug 2008 as against 1202 MUs in Apr-Aug 2007.

Both, Baspa-II and Vishnuprayag projects are generating energy in excess of their design energy and are consistently achieving ROEs between 24% to 30%.

ii. **Bina Power Supply Company – (5x250 MW) Thermal Power project:** The company has placed orders for **Phase-I (2x250 MW)** plant and machinery on BHEL. **Both the units are envisaged to be commissioned on fast track basis within the 11th plan period.** Entire land required for the project is in the possession of the company. **Necessary financial tie-up has been achieved.**

iii. **Jaypee Karcham Hydro Corporation - 1000 MW Karcham – Wangtoo Project** Civil Works of the Karcham Wangtoo Project are progressing on a fast track basis - **61% of the tunnelling work has been completed as on date.** The project is slated to be commissioned six months ahead of schedule. **Financial Closure has been achieved.**

4. The Company has **successfully completed Phase-I of 450 MW Baglihar Project in J&K in keeping with its reputation of successfully completing projects in the most challenging conditions.**

JAL has been proud to participate in varying capacities (BOO basis, as EPC solutions provider, Engineering Contractor) **to complete over 8330 MW between 2002-2008, a unique feat unmatched in the history of the country.**

5. **JAL has got nil foreign exchange exposure that can be adversely affected due to the global turmoil.** Its Series III Foreign Currency Convertible Bonds (FCCBs) issued in 2007 are due for conversion only in 2012.

JAL, the flagship company of the Jaypee Group has the strongest credentials when it comes to project execution, building new capacities, be it hydropower or cement and has consistently delivered in enhancing shareholder value.

We, as an organisation, are focused to achieve the objectives in each of the sectors we operate in and are confident to not only achieve, but exceed the expectations of all our Shareholders, Banks and FIs, year after year.

With best wishes on the auspicious occasion of Navratras and Diwali.


(Manoj Gaur)
Executive Chairman

30th September, 2008

Executive Chairman



Construction
Power
Cement
Hospitality
Real Estate

— NO DREAM TOO BIG —