



SARDAR SAROVAR DAM



BASPA BARRAGE



TEHRI DAM



REWA PLANT

Annual Report 2006-2007



Construction
Power
Cement
Hospitality
Real Estate

— NO DREAM TOO BIG —

ACHIEVEMENTS DURING THE YEAR

	2005-2006 (Rs. Crores)	2006-2007 (Rs. Crores)	% Change
Gross Revenue	3325	3578	7.61
Profit Before Tax	403*	620	53.85
Net Profit	279*	415	48.75
Total Assets	9128	11196	22.66
Dividend (including interim dividend)	27%	36%	33.33

* excludes profit of Rs. 381.37 crores on sale of shares of Jaiprakash Hydro-Power Limited held by the Company.

- 400 MW Vishnu Prayag Hydro Electric Plant commenced operations 6 months ahead of schedule.
- Jaiprakash Power Ventures Ltd., Company's subsidiary owning the 400 MW Vishnuprayag HEP in Uttarakhand, has declared 7% maiden dividend in the first year of its operation.
- Hon'ble High Court of Judicature at Allahabad confirmed sale of Assets of UP State Cement Corporation Limited (in liquidation) in favour of Jaiprakash Associates Ltd. on 11th October, 2006.
- Third Captive Thermal Power Plant of 38.5 MW commissioned at Jaypee Rewa Plant increasing total captive power generation to 88.5 MW - 100% captive thermal power for entire operation at Rewa Cement Complex.
- Cement dispatch including clinker sale w.r.t. F.Y - '06 up by 11%.
- Captive Power Generation up by 37%.
- Commissioned 16.25 MW Wind Power Plant out of an aggregate capacity of 49 MW at District Dhule, Maharashtra.
- JAL with 90% participating interest in consortium with Prize Petroleum Co. Ltd. secured the South Rewa Block for Oil & Gas Exploration under the NELP-VI round. The production sharing contract with the Govt. of India was signed on 2nd March 2007.
- Joint Venture agreements executed :
 - a) Jaiprakash Associates Ltd. (JAL) with Steel Authority of India Ltd (SAIL) for manufacture of 2.2 MTPA slag cement at Bhilai, with JAL holding 74% stake in the venture.
 - b) Jaiprakash Hydro-Power Ltd. (JHPL), a subsidiary of JAL, with Power Grid Corporation of India Ltd. (PGCIL) for transmission business, with JHPL holding 74% stake in the venture.

Company Secretary

Harish K. Vaid
President (Corporate) & Company Secretary

Auditors

M/s. M.P. Singh & Associates
New Delhi-110057

Bankers

Allahabad Bank
Andhra Bank
Bank of Baroda
Bank of Bhutan
Bank of India
Bank of Maharashtra
Canara Bank
Central Bank of India
Citibank N.A.
Corporation Bank
HSBC Ltd.
Export Import Bank of India
ICICI Bank Limited
Indian Bank
IDBI Bank Ltd.
Indian Overseas Bank
IndusInd Bank Limited
Karur Vysya Bank
Karnataka Bank
Oriental Bank of Commerce
Punjab National Bank
Punjab & Sind Bank
Refidial Bank, Iraq
Royal Bank of Scotland
Standard Chartered Bank
State Bank of India
State Bank of Hyderabad
State Bank of Indore
State Bank of Mysore
State Bank of Patiala
State Bank of Sikkim
State Bank of Travancore
State Bank of Bikaner & Jaipur
Syndicate Bank
The Jammu & Kashmir Bank Limited
UCO Bank
Union Bank of India
UTI Bank Limited
United Bank of India
YES Bank Limited

Board of Directors

Manoj Gaur, Executive Chairman & CEO
Sunil Kumar Sharma, Executive Vice Chairman
Sarat Kumar Jain, Vice Chairman
A. K. Sahoo (LIC Nominee)
Dr. B. Samal (IDBI Nominee)
M. J. Subbaiah (ICICI Nominee)
Gopi K. Arora
R. N. Bhardwaj (w.e.f. July 14, 2007)
S. C. Bhargava
D. N. Davar
B. K. Goswami
E. R. C. Shekar
B. K. Taparla
Suren Jain
M.S. Srivastava
A. K. Jain, Joint Managing Director
Pankaj Gaur, Whole-time Director
Sunny Gaur, Whole-time Director
Samir Gaur, Whole-time Director
Shyam Datt Nailwal, Whole-time Director & CFO

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Registered Office

Sector-128, NOIDA-201 304
Uttar Pradesh

Head Office

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

Website

www.jalindia.com

E-mail ID for Investors

jal.investor@jalindia.co.in

NOTICE

NOTICE is hereby given that the 10th Annual General Meeting of the Members of **Jaiprakash Associates Limited** will be held on **Thursday, August 30, 2007 at 11.00 A.M.** at the Registered Office of the Company at **Sector 128, Noida – 201304, (U.P.)** to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited **Balance Sheet** as at **March 31, 2007**, 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 2006-07.
3. To appoint a Director in place of **Shri Sunny Gaur** who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Shri D. N. Davar** who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of **Shri Gopi K. Arora** who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a Director in place of **Shri S.K.Jain** who retires by rotation and, being eligible, offers himself for re-appointment.
7. To appoint a Director in place of **Shri M.S. Srivastava** 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 Resolutions:

9. "RESOLVED that **Shri E.R.C. Shekar** be and is hereby appointed a Director of the Company, liable to retire by rotation."
10. "RESOLVED that **Shri A.K. Jain** be and is hereby appointed a Director of the Company, liable to retire by rotation."
11. "RESOLVED that **Shri R. N. Bhardwaj** be and is hereby appointed a Director of the Company, liable to retire by rotation."
12. "RESOLVED THAT the consent of the Company be and is hereby accorded in terms of **Section 293(1)(a)** and other

applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company **to Mortgage and/or charge**, subject to the existing charges, immovable and movable properties of the Company, wheresoever situate, present and future, in such manner as may be decided by the Board of Directors or a Committee thereof in consultation with the Term Lending Institutions/Banks /Debenture Trustee etc. to or in favour of Export Import Bank of India (**Exim Bank**) to secure a Rupee Term Loan of Rs. 100 crores from Exim Bank to the Company together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment, costs, charges, expenses, trustees' remuneration and other monies payable by the Company to Exim Bank under Loan Agreements etc. entered into by the Company in respect of the aforesaid loan."

13. "RESOLVED THAT in partial modification of the resolution passed by the shareholders in their meeting held on September 27, 2005, the consent of the Company be and is hereby accorded in terms of **Section 293(1)(a)** and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company **to mortgage and/or charge**, subject to the existing charges, immovable and movable properties of the Company, wheresoever situate, present and future, in such manner as may be decided by the Board of Directors or a Committee thereof in consultation with the Term Lending Institutions/ Banks/Debenture Trustees etc. to or in favour of **UTI Bank Ltd.** (as Security Trustees) to secure the External Commercial Borrowing (**ECB**) of US\$ 25 million or its equivalent arranged by **ICICI Bank Limited** as Lead Arranger together with interest thereon at the agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment, costs, charges, expenses, Trustees' remuneration and other monies payable by the Company to UTI Bank Ltd. (as Security Trustees) in respect of the aforesaid ECB."
14. "RESOLVED THAT the consent of the Company be and is hereby accorded in terms of **Section 293(1)(a)** and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company **to mortgage and/or charge**, subject to the existing charges, immovable and movable properties of the **Wind Power Project** of the Company situated at Distt. Dhule and Distt. Sangli in the State of Maharashtra, present and future, in such manner as may be decided by the Board of Directors or a Committee thereof in consultation with the Term Lending Institutions/ Banks /Debenture Trustee etc. to or in favour of **ICICI Bank Limited** or in favour of **UTI Bank Ltd.** (as Security Trustees) to secure the External Commercial Borrowing (**ECB**) of US\$ 38 million or its equivalent together with interest thereon at the agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment, costs, charges, expenses, Trustees' remuneration and other monies payable by the Company to UTI Bank Ltd. (as Security Trustees) in respect of the aforesaid ECB."

15. "RESOLVED THAT the consent of the Company be and is hereby accorded in terms of **Section 293(1)(a)** and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to **Mortgage and/or charge**, subject to the existing charges, immovable and movable properties of the **Company's Cement Plant** of 1.88 mtpa capacity at **Sidhi**, Madhya Pradesh, and captive power plants of aggregate capacity of 65 MW in Uttar Pradesh, present and future, in such manner as may be decided by the Board of Directors or a Committee thereof in consultation with the Term Lending Institutions/Banks/ Debenture Trustee, etc. to or in favour of **ICICI Bank Limited** to secure a Rupee Term Loan to the Company of Rs. 375 crores from ICICI Bank Limited, to be divided into Tranche A of Rs. 250 crores and Tranche B of Rs. 125 crores for the respective projects, together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment, costs, charges, expenses, trustees' remuneration and other monies payable by the Company to ICICI Bank Limited under Loan Agreements, etc. entered into by the Company in respect of the aforesaid loan."
16. "RESOLVED THAT in supersession of the resolution passed by the shareholders through the process of postal ballot, the results of which were declared on February 8, 2007 and pursuant to **Section 293(1)(d)** and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to **borrow** from time to time any sum or sums of money which together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not exceed, in the aggregate, at any one time, **Rs. 15,000 Crores** (Rupees Fifteen Thousand Crores only) irrespective of the fact that such aggregate amount of borrowing outstanding at any one time may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

As Special Resolutions:

17. "RESOLVED THAT pursuant to **Section 149(2A)** and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for commencing all or any of the business set out in the **Clauses 4, 27 and 29** of the 'Other Objects' clause of the Memorandum of Association of the Company."
18. "RESOLVED THAT in accordance with and subject to the provisions of Section 81, and all other applicable provisions, if any, of the Companies Act, 1956 and/or Foreign Exchange Management Act, 1999 (including any statutory modification(s) or re-enactment thereof), and the applicable

Rules, Regulations, Notifications and Circulars, if any, of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and other concerned and relevant authorities, and other applicable laws, if any, and relevant provisions of the Memorandum and Articles of Association of the Company and subject to such approval(s), consent(s), permission(s) and/or sanction(s) of the Government of India, RBI, SEBI and any other appropriate authority(ies), institution(s) or body(ies), as may be necessary and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, permission or sanction, which the Board of Directors (hereinafter referred to as the "**Board**", which term shall be deemed to include any Committee thereof), be and is hereby authorized to accept, the Board be and is hereby authorised on behalf of the Company to issue, offer and allot in one or more tranches in the domestic or international markets, by way of a public issue and / or on a private placement basis and/or preferential allotment basis, or by way of a Qualified Institutional Placement in terms of the Chapter XIII-A of the Securities and Exchange Board of India(Disclosure and Investor Protection) Guidelines,2000, equity shares with voting rights or with differential rights (including non-voting) as to voting, dividend or otherwise in accordance with such rules and subject to such conditions as may be prescribed and/or equity shares in the form of Global Depository Receipts (**GDRs**) and/or American Depository Receipts (**ADRs**), and / or Foreign Currency Convertible Bonds (**FCCBs**), or any other security convertible into equity shares of the Company with voting rights or with differential rights (including non-voting) as to voting, dividend or otherwise in accordance with such rules and subject to such conditions as may be prescribed or any other instrument (hereinafter referred to as the "**Securities**"), to be subscribed to in foreign currency(ies) by international and/or Indian banks, institutions, institutional investors, mutual funds, companies, other corporate bodies, resident/ non-resident Indians, foreign nationals and other eligible Investors, as may be decided by the Board, (hereinafter referred to as "**Investors**"), whether or not such Investors are members of the Company, at such price as may be determined by the Board, upto an aggregate amount of **USD One Billion or equivalent** thereof (inclusive of such premium as may be determined) and such issue and allotment to be made at such time or times, in such tranche or tranches, in such currency or currencies, in such manner and on such terms and conditions (including in relation to secured or unsecured Securities) as may be decided and deemed appropriate by the Board in its sole discretion at the time of issue or allotment."

"RESOLVED FURTHER THAT in case of a qualified institutional placement pursuant to Chapter XIII-A of the SEBI Guidelines, the allotment of Securities shall only be to Qualified Institutional Buyers within the meaning of Chapter XIII-A of the SEBI Guidelines, such Securities shall be fully paid-up and the allotment of such Securities shall be

completed within 12 months from the date of this resolution.”

“RESOLVED FURTHER THAT the Company and/or any agency or body authorized by the Company, may issue receipts/certificates representing the underlying Securities issued by the Company with such features and attributes as are prevalent in international capital markets for instruments of this nature and provide for the tradability or free transferability thereof as per the international practices and regulations, and under the forms and practices prevalent in the international markets.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot, from time to time, such number of equity shares at such premium as may be decided by the Board in its absolute discretion, as may be required to be issued and allotted upon conversion of such Securities or as may be necessary in accordance with the terms of the offering, including additional equity shares, all such shares ranking *pari passu* with the existing equity shares of the Company in all respects.”

“RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of equity shares or Securities or instruments or Securities representing the same, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion, deem necessary or desirable for such purpose, including, without limitation, determining the form and manner of the issue, the class of investors to whom the securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount on issue/ conversion of securities/ exercise of warrants/ redemption of Securities, rate of interest, redemption period, appointment of Managers, Merchant Bankers, Underwriters, Guarantors, Financial and/ or Legal Advisors, Depositories, Custodians, Registrars, Trustees, Bankers and all other agencies, whether in India or abroad, entering into or execution of all such agreements/ arrangements/ MoUs/ documents with any such agencies, listing of the Securities and the equity shares to be issued on conversion of the said Securities on any Indian and/ or Foreign Stock Exchange(s), as it may in its absolute discretion deem fit.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise, with the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or Executive Chairman or Executive Vice Chairman or Whole-time Director

or any Director or Directors or any other Officer or Officers of the Company to give effect to the aforesaid Resolution.”

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

HARISH K. VAID
President (Corporate) &
Company Secretary

Place : New Delhi
Date : July 14, 2007

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 18** 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 **August 25, 2007 to August 30, 2007** (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 September 12, 2007** 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 **August 24, 2007**. 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 **August 24, 2007**, 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 respective 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 addresses or Bank details to their respective Depository Participants.
- (viii) 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's) General Rules and 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, to the respective Depository Participants.
- (ix) 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.
- (x) 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 and 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 January 11, 2007 had declared an **interim dividend @ 20%** 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.

- (xi) The Members may please note that the Ordinary and Special Resolutions sent through notice dated 30.10.2006, 27.12.2006, 11.01.2007 and 01.03.2007 to all Members for voting through Postal Ballot have been passed on 30.12.2006, 08.02.2007, 09.03.2007 and 10.04.2007 respectively by requisite majority. Relevant details in this regard are covered in the Corporate Governance Report annexed to the Report of the Board of Directors.
- (xii) **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 No. in all correspondence.

(xiii) Any query relating to Accounts or any other items of business set out in the Agenda of the Meeting must be sent to the Company's Registered Office at Sector 128, Noida – 201 304 or Head Office at 'JA House', 63, Basant Lok, Vasant Vihar, New Delhi 110057 **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".

(xiv) Relevant details, in terms of Clause 49 of the Listing Agreement, in respect of the **Directors proposed to be appointed by Resolution nos. 9, 10 & 11** are provided in the Explanatory Statement attached to the Notice and those of the Directors retiring by rotation and proposed to be reappointed are as under:

Shri Sunny Gaur

Shri Sunny Gaur, 38, a graduate from Delhi University has rich experience of over 17 years in various Technical and Commercial functions of the Cement business. He is responsible for the entire operations of the existing 4 Cement Plants having an aggregate capacity of 7 million tonne per annum and 3 Captive Thermal Power Plants of capacity of 90 MW.

He has been part of the senior leadership, which successfully faced challenges of recession and brings with him an entrepreneur approach to various complex situations.

Besides these functions, he is also responsible for the Financial, Commercial and Administrative functions of the Cement Division as well as construction and implementation of two new Cement Plants being put up by the Company in the states of Uttar Pradesh and Madhya Pradesh.

He is also the Managing Director of Madhya Pradesh Jaypee Minerals Limited (A Joint Venture of JAL and MPSMDCL) which has been allotted a Coal Block in Madhya Pradesh with a capacity of extracting 2.5 million tonne per annum, which shall provide coal to 500 MW Thermal Power Plant of JAL. He is also a Director of Jaypee Cement Limited, Bhilal Jaypee Cement Limited, Jaypee Ventures Private Limited, Sunvin Estates Private Limited and Indesign Enterprises Private Limited.

Shri Sunny Gaur holds 31,250 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.

Shri D. N. Davar

Shri D. N. Davar, 73, is M.A. (Economics) and is a Certified Associate of the Indian Institute of Bankers, Fellow of Economic Development Institute of the World Bank, Permanent Honorary Faculty of the Management Development Institute (MDI), India.

Shri D. N. Davar has been a Banker and Ex-Chairman of IFCI Limited. He has rich experience in the fields of Banking, Finance,

Corporate Planning and Administration. He is Chairman of the Board of Sandhar Technologies Ltd., Sandhar Infosystem Ltd. He is also Director on the Boards of Jaiprakash Power Ventures Ltd., Jaiprakash Hydro-Power Ltd., OCL India Ltd., HEG Ltd., Indo Continental Hotel & Resorts Ltd., Ansal Properties & Infrastructure Ltd., Hero Honda Finance Ltd., Rajasthan Spinning & Weaving Mills Ltd., Adayar Gate Hotel Ltd., Ahlcon Parenterals (India) Ltd., Titagarh Wagons Ltd., Maral Overseas Limited., Sandhar Steady Stream Tooling Private Ltd., S.P.Wahi Technology & Management Consultants Private Ltd. and ITIDA CAD Services Private Ltd.

Shri D. N. Davar holds 1,000 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.

Shri Gopi K. Arora

Shri Gopi K. Arora, 73, is a Post Graduate from Allahabad University and holds a Masters' Diploma in Public Administration from Harvard University, Boston, USA. Shri Gopi K. Arora is a retired civil servant and has held prestigious positions in Government of India including Special Secretary in the Office of the Prime Minister (1987), Secretary in the Ministry of Information and Broadcasting (1988), Finance Secretary with Ministry of Finance (1989-1990).

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

Shri Arora is Chairman of Roto Pumps Ltd., Sara Fund Trustee Company Ltd., Noida Toll Bridge Co. Ltd. and Television Eighteen India Ltd. He is Director on the Board of Jaiprakash Hydro Power Ltd., Alps Industries Ltd., Sunil Health Care Ltd., HGS India Ltd., Bengal Ambuja Housing Development Ltd., IL & FS Transportation Net Works Ltd., Infrastructure Leasing & Financial Services Ltd., Jaypee Karcham Hydro Corporation Ltd., Global Broadcast News Ltd., Network 18 Fincap Ltd., Krishvidur Private Ltd. and SOWAR Private Ltd.

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

Shri S.K. Jain

Shri S.K. Jain, 69, is a graduate in Science. He is responsible for the successful execution of various projects over last 47 years. Shri Jain oversees the construction activities and the Hydro- Power wing of the Jaypee Group. He is Director on the Board of Jaiprakash Hydro- Power Ltd., Jaypee Venture Private Ltd. and Essjay Enterprises Private Ltd.

Shri S. K. Jain holds 7,51,376 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.

Shri M.S. Srivastava

Shri M. S. Srivastava, 67, is B.Sc. B.E. and M.E. with specialisation

in Dam Design, Hydraulic and Irrigation Engineering, having 44 years of rich experience in the field of Civil Engineering and Construction to his credit. He is Director of Jaiprakash Kashmir Energy Ltd.

Shri M. S. Srivastava holds 10,091 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 July 14, 2007:

Item No. 9

Shri E. R. C. Shekar was appointed as Director w.e.f. December 27, 2006 in casual vacancy caused due to resignation of Shri Jaiprakash Gaur.

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 ensuing Annual General Meeting of the Company. The Company has received notice in writing alongwith a deposit of Rs. 500 from a member of the Company in terms of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri E R C Shekar for the office of Director at the ensuing Annual General Meeting.

Shri E .R. C. Shekar, 75, diploma in Metallurgy, has vast and rich experience in various facets of business. He had held various senior positions in the industry including that of Chairman, Steel Authority of India Ltd. He is Executive Chairman of SPA Computers Private Ltd. and Director on the Boards of Sunflag Iron & Steel Company Ltd., Nav Bharat Ventures Ltd. and Hazira Plate Ltd.

Shri E. R. C. Shekar 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 E R C Shekar himself, is concerned or interested in the Resolution.

The Board commends the resolution for your approval.

Item No. 10

Shri A.K. Jain was appointed as Additional Director w.e.f. March 1, 2007 and designated as Joint Managing Director. His appointment/ remuneration as Joint Managing Director of the Company was duly approved by the shareholders on April 10, 2007 through the process of Postal Ballots. By virtue of Section 260 of the Companies Act, 1956 read with Article 133 of the Articles of Association of the Company, he holds office upto the date of ensuing Annual General Meeting of the Company. The Company has received notice in writing alongwith a deposit of Rs. 500 from a member of the Company in terms of Section 257 of the Companies Act, 1956, signifying his intention to propose the

candidature of Shri A.K. Jain for the office of Director at the ensuing Annual General Meeting.

Shri A.K. Jain, 59, has vast and rich experience in Cement Business. He was the Director on the Board of The Associated Cement Companies Ltd., Almatris – ACC Ltd., Bulk Cement Corporation (India) Ltd., Tarmac India Private Ltd., Cement Marketing Co(l) Ltd., Damodhar Cement & Slag Ltd., Everest Industries Ltd, International Ferrites Ltd. and Bargarh Cement Ltd.

Shri A. K. Jain 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 A. K. Jain himself, is concerned or interested in the Resolution.

The Board commends the resolution for your approval.

Item No. 11

Shri R.N. Bhardwaj was appointed as Additional Director w.e.f. July 14, 2007, after resignation of Shri Gunjit Singh from the Directorship of the Company w.e.f. July 9, 2007.

By virtue of Section 260 of the Companies Act, 1956 read with Article 133 of the Articles of Association of the Company, he holds office upto the date of ensuing Annual General Meeting of the Company. The Company has received notice in writing alongwith a deposit of Rs. 500 from a member of the Company in terms of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri R.N. Bhardwaj for the office of Director at the ensuing Annual General Meeting.

Shri R.N. Bhardwaj, 62, is a Post Graduate in Economics from Delhi School of Economics, University of Delhi and holds diploma in Industrial Relations and Personnel Management. He is former Chairman-cum-Managing Director of Life Insurance Corporation of India (LIC) and has also served as Member of Securities Appellate Tribunal (SAT).

He has more than 35 years of experience in the fields of Economics, Finance, Investments, Portfolio Management, Human Resource Management and Securities Market. He was nominated as Member of Committee formed by Central Government in 2001 to study the Investment Management. He had been a nominee of LIC on the Boards of various companies including your Company for a period of nine months in the year 2004.

Shri R.N. Bhardwaj 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 R.N. Bhardwaj himself, is concerned or interested in the Resolution.

The Board commends the resolution for your approval.

Item No.12, 13, 14 & 15

To meet its requirement of funds, the Company had raised a

Rupee Term Loan of Rs. 100 crores from Exim Bank and External Commercial Borrowing (ECB) of US\$ 25 Million or its equivalent arranged by ICICI Bank Ltd for which UTI Bank Ltd. is the Security Trustee.

The financial assistance from Exim Bank is to be secured by way of first charge ranking pari-passu with the existing charge holders on such immovable and movable properties of the Company, present & future, as may be decided by the Board of Directors or a Committee thereof in consultation with the said Bank.

The ECB of US\$ 25 Million or its equivalent arranged by ICICI Bank Ltd. is to be secured by way of first charge ranking pari-passu with the existing charge holders on such immovable and movable properties of the Company, present & future, as may be decided by the Board of Directors or a Committee thereof in consultation with the Lending Institutions / Banks. Resolution No. 13 is in partial modification of the earlier resolution passed by the shareholders in their meeting held on September 27, 2005 whereby the assets of Company's Cement Plant at Himachal Pradesh were to be provided as security.

Further, to meet the requirement of funds of the Wind Power Project of the Company situated at Distt. Dhule and Distt. Sangli in the State of Maharashtra, the Company had raised External Commercial Borrowing (ECB) of US\$ 38 Million or its equivalent arranged by ICICI Bank Ltd for which UTI Bank Ltd. is the Security Trustee. This ECB is to be secured by way of first charge on the immovable and movable properties of the said Wind Power Project of the Company situated at Distt. Dhule & Distt. Sangli in the State of Maharashtra, present & future, as may be decided by the Board of Directors or a Committee thereof in consultation with the Term Lending Institution viz. ICICI Bank Limited.

Similarly, the Company had raised a Rupee Term Loan of Rs. 375 crores from ICICI Bank Limited, in Tranche A of Rs. 250 crores and Tranche B of Rs. 125 crores for the purpose of capital expenditure for the Company's Cement Plant of 1.88 mtpa capacity at Sidhi, Madhya Pradesh and Captive Power Plants of aggregate capacity of 65 MW in Uttar Pradesh. This financial assistance is to be secured, inter-alia, by way of exclusive first charge on the immovable and movable properties of the respective projects, present & future, as may be decided by the Board of Directors or a Committee thereof in consultation with the said Bank. The Company has since executed the Facility Agreement and availed the financial assistance of Rs.200 crores against the sanctioned amount of Rs.375 crores.

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

for the Members to pass the resolutions under Section 293(1)(a) of the Companies Act, 1956 before creation of the said mortgage/charge. Hence the resolutions.

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

The Board commends the resolutions for your approval.

Item No. 16

The Company has undertaken a major expansion of its Cement Business. It is also planning for a larger stride in its Engineering Construction Business. In addition, the Company by itself/ through its subsidiaries, is also diversifying into other areas including thermal power generation, wind power generation, coal mining, manufacture of steel and civil aviation activities. This would call for sizeable debt financing from domestic and international sources.

To meet the requirement of funds for the expansion and diversification activities, your Company needs to borrow funds from time to time.

Section 293(1)(d) of the Companies Act, 1956, inter-alia, provides that the Board of Directors of a Public Company shall not, without the consent of such public company, borrow moneys together with moneys already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) exceeding the aggregate of paid-up capital of the company and its free reserves.

To meet the increased requirement of funds, it is considered expedient to seek the approval of the shareholders in terms of Section 293(1)(d) of the Companies Act, 1956, authorising the Board to borrow funds up to a limit of Rs. 15,000 crores (Rupees Fifteen Thousand Crores only), as against the existing borrowing powers upto the limit of Rs. 10,000 crores, as might be expedient from time to time. Hence the proposal.

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

The Board commends the resolution for your approval.

Item No.17

With the growth of Indian Economy and with various opportunities available in the market, your Company intends to take up the business in the fields of Civil Aviation and manufacture of Iron & Steel which will increase the growth and prospects of the Company. Your Company, with requisite managerial and financial strength, stands in a unique position to seize the opportunities being unfolded in these sectors.

It is proposed to commence the business mentioned in the existing Clauses 4, 27 and 29 of the 'Other Objects' Clause of the Memorandum of Association of the Company, which authorizes taking up the said businesses.

Section 149(2A) of the Companies Act, 1956 stipulates that the approval of the shareholders by way of Special Resolution is

necessary to commence any business under 'Other Objects' Clause of the Memorandum of Association of a Company. Hence the resolution.

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

The Board commends the resolution for your approval as a Special Resolution.

Item No. 18

With a view to meet the Company's requirement of funds for the proposed capital expenditure and other permissible uses, as per the guidelines of Government of India/ Reserve Bank of India, for its proposed expansion/diversification plans, the Board of Directors have decided to raise funds from international market through Foreign Currency Convertible Bonds (FCCBs), ADRs, GDRs or such other instrument as may be finalized by the Board or Committee thereof, to the extent of **US Dollar One Billion or equivalent** sum in Indian Rupees/ in any other currency in the manner as set out in the resolution. This will result in raising of low cost funds, which could be converted into equity at a later stage.

The said resolution is an enabling resolution conferring authority on the Board to do all acts and deeds which may be required to issue / offer Securities of appropriate nature at opportune time, including the size, structure, price and timing of the issue(s)/ offer(s) at the appropriate time(s). The detailed terms and conditions for the international offering will be determined in consultation with the Lead Managers, Merchant Bankers, Guarantors, Consultants, Advisors, Underwriters and/or such other intermediaries as may be appointed for the issue/offer. Wherever necessary and applicable, the pricing of the issue/ offer will be finalized in accordance with applicable guidelines in force of Government of India, Reserve Bank of India and other appropriate authorities.

Section 81(1) of the Companies Act, 1956, inter-alia, provides that whenever it is proposed to increase the subscribed capital of company by further issue/ offer and allotment of shares, such shares shall be offered to the existing shareholders of the company in the manner laid down in the said Section, unless the shareholders decide otherwise by a special resolution.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of the Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the listing agreements executed by the Company with the Stock Exchanges, authorizing the Board to issue Securities, as stated in the resolution, which would result in issuance of further Securities of the Company to persons other than the existing members of the Company in accordance with the terms and nature of the Securities.

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

The Board commends the resolution for your approval as a Special Resolution.

sometimes a smile is more rewarding than profits.

The seed planted in the year 1985, has today bloomed into a healthy tree. Under it, more than 14,000 students treasure the umbrella of quality education on an affordable basis. Jaiprakash Sewa Sansthan (JSS), a 'not-for-profit' trust, supported by Jaypee Group has provided a platform for various educational facilities because we believe, education brings enlightenment, which in turn, empowers people to pursue their dreams. Today, JSS is imparting education in different streams across the entire spectrum of the education curve with five schools, two ITI's and three universities. A unique and effective step is Sardar Patel Uchattar Madhyamik Vidyalaya, spreading education in the economically challenged segment of society having land holding of less than four acres and parental income below Rs.3000/- per month. Education is provided at a nominal monthly fee of Rs.10/- including a free mid-day meal. JSS is not just helping children, but also encouraging adult education with prime focus on strong careers and employment. Moreover, by 2014, we are committed to touch lives of one lac students to ensure the well-being of greater numbers.

It is our dream of a brighter India that gives us the courage to brave the odds and emerge successful. It's no small dream. But then, it's not too big either.



शिक्षा च सेव्यं

JAIPRAKASH
SEWA SANSTHAN

DIRECTORS' REPORT

To

The Members,

The Directors of your Company are pleased to present the 10th Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2007.

WORKING RESULTS

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

	(Rs. in Crores)			
Financial year ended	31.03.2007		31.03.2006	
Gross Revenue	3578.35		3324.51	
Profit before Depreciation & Tax	782.96		554.65	
Less : Depreciation	163.05		151.46	
Profit before Tax & exceptional item	619.91		403.19	
Profit on sale of shares of Jaiprakash Hydro-Power Ltd. (Subsidiary Company) (Exceptional Item)		-	361.37	
Less : Provision for Tax				
• Current Tax	195.09		121.41	
• Deferred Tax	6.90		0.56	
• Fringe Benefit Tax	3.02	205.01	2.60	124.57
Profit after Tax & exceptional item	414.90		639.99	
Add :				
• Profit brought forward	900.38		418.59	
• Profit/(Loss)transferred from Transferor Company (erstwhile Jaypee Greens Ltd.)		-	(32.92)	
• DRR no longer required	32.00	932.38	66.50	452.17
Profit available for appropriation	1347.28		1092.16	
Less : Transferred to :				
• Provision for Dividend Pertaining to Previous Year (including Dividend Tax)		-	0.16	
• Reserve for Premium on FCCB	31.98		9.36	
• Debenture Redemption Reserve	71.33		52.08	
• General Reserve	43.00		64.00	
• Interim Dividend	43.74		34.06	
• Proposed Final Dividend	35.08		23.98	
• Tax on Dividends	12.09	237.22	8.14	191.78
Balance carried to Balance Sheet	1110.06		900.38	
Earning Per Share (excluding exceptional item)	Rs. 19.10		Rs. 13.61	
Earnings Per Share (including exceptional item)	Rs. 19.10		Rs. 31.26	

The operational results of the current year in comparison to the corresponding results of previous year (excluding exceptional item of sale of shares of Jaiprakash Hydro-Power Limited) have registered an increase as under:-

Sl. No. (excluding exceptional item)	Operational Results	Unit	Year ended 31.03.2007	Year ended 31.03.2006	Increase
1.	Profit before tax	Rs. Crores	619.91	403.19	54 %
2.	Profit after tax	Rs. Crores	414.90	278.62	49 %
3.	Earning per share	Rs.	19.10	13.61	40 %

DIVIDEND

Your Directors had declared and paid in January, 2007 an interim Dividend of 20% for the financial year ended March 31, 2007. The Board has recommended a final dividend of 16% which will be paid after your approval at the ensuing Annual General Meeting. The final dividend will absorb an amount of Rs. 41.04 crores (including dividend tax of Rs. 5.96 crores). The total dividend payout for the year, aggregating Rs. 78.82 Crores (excluding tax on dividend of Rs. 12.09 crores), represents 36% of the Company's paid-up equity capital.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

To meet part of the fund requirements for the on-going and growing business requirements of the Company, your Company had during the preceding two years issued Foreign Currency Convertible Bonds (FCCBs) for USD 100 million and EURO 165 Million. The particulars about conversion, outstanding amount, coupon, listing etc. are detailed at para 26 of the Corporate Governance Report forming part of this Report.

INCREASE IN THE LIMIT OF INVESTMENT BY FILLS IN COMPANY'S EQUITY SHARE CAPITAL FROM 24% TO 45%

In terms of the Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000, the Fills/SEBI approved sub-accounts of Fills can, in aggregate, hold up to 24% of paid up equity share capital of a company. The aforesaid limit of 24% has been increased to 45% with the requisite approval of the shareholders received on April 10, 2007 through Postal Ballots.

EXTERNAL COMMERCIAL BORROWING (ECB)

During the year under report, the Company has mobilized an Unsecured Syndicated Term Loan Facility of US \$250 million (Japanese Yen equivalent of US \$217.5 million and US \$32.5 million) for funding its growth requirements. The Facility received overwhelming market response and was upsized from US\$200 million due to oversubscription. The syndicate comprises 18 major financial institutions from Australia, India, the Middle East, Taiwan and the United Kingdom.

The Facility has 3 tranches with tenors of 6, 7 and 10 years and margins of 1.80%, 2.10% and 2.50% respectively over LIBOR. The proceeds will be primarily used for capital expenditure in accordance with Reserve Bank of India's external commercial borrowing (ECB) guidelines. The ECB route was adopted as part of the Company's efforts to reduce cost of funds. The principal amount will be fully hedged against exchange rate fluctuations.

CHANGES IN PAID-UP CAPITAL

The paid-up capital of the Company on March 31, 2006 stood at Rs. 2,15,05,77,490, which included shares issued on August 25, 2006 under the Scheme of Amalgamation of Jaypee Green Limited for an aggregate face value of Rs. 24,87,57,650. During the year ended March 31, 2007, 22,570 FCCBs have been converted into 41,81,905 equity shares thus raising share capital by Rs. 4,18,19,050. Thus, the paid up capital of the company as at March 31, 2007 stood at Rs. 219,23,96,540.

OPERATIONS
ENGINEERING DIVISION
1. Works in Progress

1.1 Presently the Company is executing works of the following projects:

Sl. No.	Name of the Project under execution	Location of the Project	Contract Price/ Estimated Project cost (Base Value) (Rs. in crores)	Power Generating Capacity of the Project (MW)
Works Pertaining to:				
1.	Baglihar -I & II, HEP	Jammu & Kashmir	2,152	900
2.	Toesta-V HEP	Sikkim	686	510
3.	Karcham Wangtoo HEP	Himachal Pradesh	4,150	1,000
4.	Omkareshwar HEP	Madhya Pradesh	880	520
5.	Civil works including tunnels etc. in Zone-III of Lale-Quazigund section	Jammu & Kashmir	168	Railway Line
6.	Turnkey construction of Srisailem Left Bank Canal Tunnel Scheme including Head Regulator etc. of Almineti Madhava Reddy Project	Andhra Pradesh	1,925	Irrigation Tunnels
7.	Taj Expressway (165 km) connecting Noida & Agra and related activities	Uttar Pradesh (NCR)	20,000	Expressway & Real Estate Project
8.	Turnkey execution of 1600 MW Siang Lower Hydro-electric Project on BOOT basis	Arunachal Pradesh	5,000	1,600
9.	Turnkey execution of 500 MW Hironag Hydro-electric Project on BOOT basis	Arunachal Pradesh	1,500	500
10.	Zirakpur-Parwanoo Highway From Km 39.860 to Km 67.000 Of NH - 22 on BOT basis	Punjab, Haryana & Himachal Pradesh	412	Highway Project with toll collection - concession period of 20 years
Projects being executed in Joint Venture with JAL being the Leader				
11.	Sri Rama Sagar Project Flood Flow Canal Package - 2	Andhra Pradesh	187	Irrigation Canal
12.	Polavaram Project Right Main Canal Package - 4	Andhra Pradesh	301	Irrigation Canal
13.	Veligonda Feeder and Toogaleru Canal Project-2	Andhra Pradesh	254	Irrigation Canal
14.	Rajiv Sagar Lift Irrigation Project (Dummugudem)	Andhra Pradesh	282	Lift Irrigation Project
15.	GNSS Main Canal from km. 119.000 to km 141.350 including construction of CM & CD works	Andhra Pradesh	112	Irrigation Canal
Total			38,099	5,030 MW

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

2. Works Completed

2.1 Your Company during the year completed the works pertaining to:

- Dul-Hasti Hydroelectric Project (390 MW) in Jammu & Kashmir;
- Vishnuprayag Hydroelectric Project (400 MW) in Uttaranchal;
- Tehri Hydroelectric Project (1,000 MW) in Uttaranchal;
- Sardar Sarovar Hydroelectric Project (1450 MW) in Gujarat; and
- Tala Hydroelectric Project (1,020 MW) in Bhutan.

2.2 Thus during the year under report, your Company completed Projects with power generation capacity of 4,260 MW.

3. New Contracts

3.1 During the year under report, your Company was awarded contracts for the following works:

- Laying of pressure mains (including surge protection) from Pump House No. 6 to Sudimalla Pedda Cheruvu including CM & CD works of Rajiv Sagar Lift Irrigation Project (Dummugudem) in Distt. Khammam, Andhra Pradesh. The work was secured by the Joint Venture, with the Company as leader, at a Contract Value of Rs. 282 crore.
- Construction of GNSS Main Canal from km. 119.000 to km.141.350 including construction of CM & CD works of Uddimadugu Kadapa District of Andhra Pradesh. The work was secured by the Joint Venture, with the Company as leader, at a Contract Value of Rs. 112 crore.
- Construction of Zirakpur-Parwanoo Highway from Km 39.860 to Km 67.000 of NH-22 in the States of Punjab, Haryana & Himachal Pradesh on BOT basis at a project value of Rs. 412 crore.
- Thermal Power Project in Madhya Pradesh.

3.2 Your Company on its own has been prequalified to participate in the tender for the following projects invited on turnkey basis :

- 330 MW Kishanganga Hydroelectric Project in J & K State;
- 1,500 MW Tipaimukh Hydroelectric Project in Manipur State; and
- 1,000 MW Pakal Dul Hydroelectric Project in J & K State.

CEMENT DIVISION
1. Operations

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

	2006-07	2005-06
Cement Production (MT)	66,80,910	59,11,070
Clinker Production (MT)	51,02,939	46,86,654
Cement Sale (MT)		
(including Self-Consumption)	66,38,409	59,53,476
Clinker Sale (MT)	1,00,095	1,61,981

The cement and clinker production for the year under report registered a growth of 13% and 9% respectively over the previous year. The aggregate sale of cement and clinker also registered a growth of 10% 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, 2007 was 7 million tonnes per annum.

During the financial year 2006-07, Jaypee Rewa Plant and Jaypee Bela Plant had achieved new milestones of highest ever Productivity Indices as under:

Sl. No.	Indices	Unit	Jaypee Rewa Plant	Jaypee Bela Plant
1	Limestone Crushing	MT	41,41,504	33,62,432
2	Raw Meal Grinding	MT	46,65,875	29,82,287
3	Clinker Production	MT	31,06,908	19,96,031
4	Cement Grinding	MT	32,06,793	24,14,139
5	Cement Despatch	MT	32,00,650	24,05,138

Power and fuel costs have strong influence on the operating expenditure of a cement plant 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 alongwith the third captive power plant which was commissioned at Jaypee Rewa Plant in August 2006 provided 52.14 crore units of electricity during the year under review, which accounted for 90% of power requirement for cement production. The commissioning of the third captive power plant has made the Cement Division self-sufficient in power. It will also help bringing down the power cost further in the current financial year. This is the largest captive thermal power facility at one location in cement industry in the country.

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 dispatches as well as on coal and gypsum inflow during the current financial year.

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/Subsidiary Companies 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.

HOTEL & REAL ESTATE DIVISION

Consequent upon amalgamation of erstwhile Jaypee Green Limited (JGL) with your Company, the Jaypee Greens Golf Resort, categorised as 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 Jaypee Greens, 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.

TAJ EXPRESSWAY PROJECT

All efforts are being made 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 along with development of 25 million square metres of land along the Expressway, as per the terms of the Concession Agreement.

As approved by the Shareholders on March 09, 2007, through the process of Postal Ballot, a new Company under the name of Jaypee Infotech Limited has been incorporated on April 05, 2007 as a wholly owned subsidiary of the Company with Registered Office at Sector - 12B, Noida 201 304, Uttar Pradesh to implement the Taj Expressway Project. Necessary steps for transfer of the Taj Expressway Project to the new Company have been initiated.

WIND POWER GENERATION

The Company is in advanced stage of implementation of Wind Power Project of 49 MW in the State of Maharashtra. The first phase of 25 MW in Distt. Dhule is under construction and 13 out of 20 machines of 1.25 MW each have been commissioned from December 2006 to March 2007. The electricity generated from the same is being sold to Maharashtra State Electricity Distribution Company Limited. The order for machinery for the second phase of 24 MW in Distt. Sangli

has already been placed. The entire project is expected to be fully operational within next six months.

DIVERSIFICATION

(i) Coal Blocks in Madhya Pradesh

Your Company has entered into Joint Venture with Govt. of Madhya Pradesh and floated a Subsidiary, 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.

Further, the Company has received a Letter of Intent (LOI) dated May 11, 2007 from the Madhya Pradesh State Mining Corporation Limited (MPSMCL) for formation of a Joint Venture Company (JVC) for mining of Coal in Dongri Tal II Coal Block of District Sidhi in M.P. In terms of LOI, MPSMCL would be allotted 51% of issued equity shares in the JVC and your Company would be required to hold 49% equity in the JVC. The development of this new Coal Block would be logistically advantageous for the Company as it would be near the Amelia (North) Coal Block being developed by the Company in District Sidhi in M.P.

(ii) Thermal Power Plant of 1000 MW

Your Company shall be setting up 500 MW Pit-head based Thermal Power Plant on the Amelia 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.). In terms of the LOI received from MPSMCL, another Thermal Power Plant of 500 MW would be set up in Distt. Sidhi itself, thus taking the total capacity of thermal power generation to 1000 MW.

This would add new horizons to Company's diversification into Coal Mining and Thermal Power Generation.

(iii) Energy from Municipal Solid Waste

The Company is also setting up a plant at Chandigarh for producing alternate source of energy from Municipal Solid Waste.

(iv) Exploration of Oil and Natural Gas Under NELP VI

The Government of India by its Letter dated February 12, 2007 conveyed its approval to award the South Rewa Block SR-ONN-2004/1 for development of on-land block to the Consortium of the Company and Prize Petroleum Corporation Limited. The Company's stake in the Consortium is 90% and balance 10% is of Prize Petroleum Corporation Limited.

In terms of the said approval, a Production Sharing Contract would be executed between the President of India and the Consortium.

SUBSIDIARIES

As on March 31, 2007, the Company had eight subsidiaries namely:

1. Jaypee Hotels Limited (72.18%) (JHL)
2. Jaiprakash Hydro-Power Limited (63.34%). (JHPL)
3. Jaiprakash Power Ventures Limited (84.28%) (JPVL)
4. Jaypee Karcham Hydro Corporation Limited (100%) (JKHCL)
5. Jaypee Cement Limited (100%) (JCL)
6. Gujarat Anjan Cement Limited (98.35% Subsidiary of JCL) (GACL)
7. Jaypee Powergrid Limited (79.36% Subsidiary of JHPL) (JPGL)
8. Madhya Pradesh Jaypee Minerals Ltd. (70%) (MPJML)

After March 31, 2007, two more subsidiaries have been incorporated as under:

1. Jaypee Infratech Limited (100%) w.e.f. 05.04.2007 (JIL)
2. Bhilai Jaypee Cement Limited (74%) w.e.f. 11.04.2007 (BJCL)

The status of the aforesaid subsidiaries is as under:

1. Jaypee Hotels Limited (JHL)

Jaypee Hotels Limited (JHL), a 72.18% subsidiary of your Company, performed well during the year under report. The Board of Directors of JHL has declared a dividend of 18% in respect of the year ended March 31, 2007. The Hotel Industry in India is prospering which shows positive signs of growth. The Hotel business is expected to perform better in the Financial Year 2007-08. 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.

2. 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, was as under:-

Plant Availability	Saleable Energy Generation (million units)
98.83%	1121.54

During the financial year 2006-07, the Company earned revenue of Rs. 356.52 crores and a net profit of Rs. 199.57 crores. During the year generation at the Company's power plant at Baspa was affected for nearly three months due to landslides. After necessary restoration work, the power station is now working satisfactorily. In order to conserve resources for meeting substantial capital expenditure incurred due to the restoration work undertaken as a result of Force Majeure events, the Directors of JHPL have not recommended any dividend for the Financial Year 2006-07.

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 viz. Jaypee Powergrid Ltd. has been formed for transmission of Power from 1000 MW Karcham Wangtoo Hydro-Electric Project in Himachal Pradesh.

3. Jaiprakash Power Ventures Limited (JPVL)

Jaiprakash Power Ventures Limited (JPVL), a subsidiary of your Company, has completed implementation of 400 MW Vishnu Prayag Hydro-electric Project in private sector on Build, Own and Operate basis. The Units of 100 MW each of this Project were commissioned from June to October, 2006, each ahead of Schedule.

The generation of power from the Project in the financial year 2006-07 was as under:-

Period	Saleable Design Energy (MU)	Actual Delivered Energy (MU)	12% Free Energy for Govt. of Uttarakhand (MU)	Actual Saleable Energy (MU)
From Commercial Operation Dates of various Units upto 31.03.2007	823.25	951.55	114.18	837.37

Your Company holds 84.28% paid-up equity share capital of this subsidiary, balance being held by ICICI Bank Limited.

4. Jaypee Karcham Hydro Corporation Limited (JKHCL)

Jaypee Karcham Hydro Corporation Limited (JKHCL), a 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. Till March 31, 2007, your Company has invested Rs. 750 crores as equity share capital in JKHCL, while lenders have lent to the extent of Rs. 248 crores. The river diversion of the project has already been achieved on April 11, 2007.

5. Jaypee Cement Limited (JCL)

This was the second year since incorporation of the Company. Till March 31, 2007, the Company acquired 98.35% equity shares of Gujarat Anjan Cement Limited, a company registered in Ahmedabad, Gujarat setting up a 1.2 mtpa cement plant at Bhuj, Gujarat. The Company is also exploring further opportunities of setting up / acquiring new / existing cement plants in India.

6. Gujarat Anjan Cement Limited (GACL)

This 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 has 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 has been completed. 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 has been completed. The manufacturing of cement is expected to commence in March 2008.

7. Jaypee Powergrid Limited (JPGL)

JPGL was incorporated on October 5, 2006 as a subsidiary of JHPL for transmission of energy from Karcham Wangtoo Hydro Electric Project of 1000 MW at Distt. Kinnaur in Himachal Pradesh from Wangtoo to the interconnecting point with the northern grid at Abdullapur, Yamunanagar, Haryana. In terms of Joint Venture between JHPL and Power Grid Corporation of India Limited (PGCIL), 74% equity shares of JPGL is to be held by JHPL and 26% by PGCIL. The Shareholders' Agreement, Transmission Services Agreement and Implementation Agreement for the same were concluded on February 22, 2007.

8. Madhya Pradesh Jaypee Minerals Limited (MPJML)

MPJML was incorporated on September 29, 2006 in joint venture with M P State Mining Corporation Ltd. (MPSMCL), Bhopal. As per JV agreement 70% of total equity is held by your Company and remaining 30% by MPSMCL. Its main business is development of Coal Mines Block and setting up of Pit Head based Thermal Power Plant of 500 MW in first phase.

Coal mining is to take place in Amelia (North) Coal Block in Sidhi Distt. of Madhya Pradesh. The coal so mined will be used for Thermal Power Project and also for supply to other industries in case of surplus availability of Coal.

9. Jaypee Infratech Limited (JIL)

JIL was incorporated on April 5, 2007 as a wholly owned subsidiary for implementation of Taj Expressway Project comprising 165 KM 6/8 lane access controlled Expressway connecting Noida & Agra and related activities including development of land. The Taj Expressway Project was awarded to your Company by Taj Expressway Industrial Development Authority (TEA) on Build, Own, Operate and Transfer basis and a Concession Agreement was accordingly executed between TEA and the Company.

10. Bhilai Jaypee Cement Limited (BJCL)

BJCL was incorporated on April 11, 2007 in the State of Chhattisgarh as a Joint Venture with Steel Authority of India Ltd. (SAIL). In terms of the Joint Venture Agreement between your Company and SAIL, 74% equity in the Company is held by JAL and 26% equity is held by SAIL. The said company is to produce 2.2 MTPA of cement at Bhilai and Satna.

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 Standard (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, 2007 in respect of the 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.

CHANGE OF LOCATION OF REGISTERED OFFICE

As approved by the Shareholders through Postal Ballots, the Registered Office of the Company was shifted from G-Block, Surajpur Kasna Road, Greater Noida City - 201 306 to Sector 128, Noida - 201 304 within the State of Uttar Pradesh, w.e.f. January 11, 2007.

DIRECTORATE

Shri Jaiprakash Gaur resigned from the Board and relinquished the office of Chairman of the Board of the Company w.e.f. December 27, 2006, which was reluctantly accepted by the Board in its meeting held on December 27, 2006. The Board places on record its deep appreciation for the pioneering initiative and relentless efforts of Shri Jaiprakash Gaur for bringing the Company from conceptual stage to its current heights and for shaping its future. However, as Founder Promoter, his guidance will continue to be available for future growth of the Company.

In the aforesaid meeting, the Board appointed Shri Manoj Gaur as

Executive Chairman of the Company with substantial powers of management, w.e.f. December 27, 2006. Shri Manoj Gaur was also nominated as CEO in keeping with the requirements of the Listing Agreement. Further, the Board in the same meeting also appointed Shri Sunil Kumar Sharma as Executive Vice-Chairman.

Consequent upon appointment of Shri Manoj Gaur as Executive Chairman of the Company, the Board was reconstituted on December 27, 2006 to make the same compliant with the requirements of Clause 49 of the Listing Agreement. Accordingly, Shri Rakesh Sharma and Shri Suresh Kumar stepped down from the Board. Further, Shri E R C Shekar and Shri Gunjit Singh joined the Board on December 27, 2006 as Independent Directors in the casual vacancies caused due to the resignations of Shri Jaiprakash Gaur and Shri Suresh Kumar respectively.

Shri S Roy Chowdhury, the nominee of LIC resigned from the Board w.e.f. November 29, 2006.

Subsequently, Shri B K Goswami and Shri A K Sahoo (LIC Nominee) joined the Board as Independent Directors on March 1, 2007. Shri A K Jain also joined the Board on March 1, 2007 and was designated as Joint Managing Director.

The newly appointed Directors 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.

The Board places on record its deep appreciation for the valuable contribution made by S/Shri S Roy Chowdhury, Suresh Kumar and Rakesh Sharma during their tenure as Directors of the Company.

S/Shri Sunny Gaur, D N Davar, Gopi K Arora, S K Jain and M S Srivastava, Directors would retire by rotation at the forthcoming Annual General Meeting of the Company. Proposals for their re-appointment have been included in the Notice of the Annual General Meeting.

DEPOSITS

Fixed deposits received from the shareholders and the public as on March 31, 2007 stood at Rs. 1,40,90,48,000. Deposits of Rs. 65,74,000 due for repayment on maturity remained unclaimed by the depositors as on March 31, 2007.

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, 1986 for the year ended March 31, 2007, 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, 2007:

- 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, 2007 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 Ltd., 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

MANOJ GAUR

Executive Chairman

Dated: May 18, 2007

ANNEXURE TO THE DIRECTORS' REPORT

Information in pursuance to 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 per annum

1. Shri Manoj Gaur, Executive Chairman, 7,593,749, B.E. (Civil Hons.), 43, 22, November 1, 1985, Jaiprakash Industries Limited.
2. Shri Sunil Kumar Sharma, Executive Vice-Chairman, 7,634,378, B. Sc., 47, 29, January 1, 1986, Jaiprakash Industries Ltd.
3. Shri Pankaj Gaur, Whole-time Director, 2,561,718, B.E. (Instrumentation), 36, 14, March 12, 2004, Jaiprakash Industries Limited.
4. Shri Sunny Gaur, Whole-time Director, 3,171,476, Graduate, 38, 14, February 1, 1992, Jaiprakash Industries Limited.
5. Shri S D Nailwal, Whole-time Director, 2,625,651, B.A. (Com.), FCS, 59, 41, July 1, 1986, Jaypee Hotels Limited.
6. Shri G P Gaur, Executive Director, 2,780,096, Intermediate, 59, 39, January 1, 1986, Jaiprakash Industries Limited.
7. Mrs. Rita Dixit, Executive President, 2,689,778, B.A. (Hons.) (Eco), F.C.A., 40,16, April 1, 2002, Jaypee Greens Limited.
8. Shri Har Prasad, Advisor, 2,694,196, B. Tech. (Hons.), Civil Engineering, 71, 46, March 29, 2004, Jaypee Greens Limited.

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

1. Shri A K Jain, Joint Managing Director, 436,000, B. Tech (Hons.), 59, 38, March 1, 2007, ACC Limited.
2. Shri Rahul Kumar, Chief Operating Officer (Cement), 1,301,823, F.C.A., 39, 14, November 1, 2006, Jaiprakash Enterprises Limited.

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, Executive Chairman, is brother of Shri Sunny Gaur and Shri Samir Gaur, Wholetime Directors of the Company.
3. The Executive Chairman, Executive Vice-Chairman, Joint Managing Director and Whole-time Directors hold their respective offices for a period of five years from the date of their 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 31st March, 2007

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:

At Jaypee Rewa Plant:

1. Cement Mill No.1, 3 & 4 ESP converted to Bag House and ESP Fan replaced with new high efficiency Bag House Fan alongwith V/F.
2. Cement Mill No.1 Central diaphragm replaced with new AIA flow control type diaphragm and Mill 1st chamber length also reduced by 1.0 Mtr.
3. Cement Mill No.2 new dedicated silo B/E has been installed and started on March 02, 2007.

At Jaypee Bela Plant:

1. Optimized operating voltage by changing tap position of transformers for reduction in energy consumption.
2. Installation of FRP blades in PC Fan GRR cooling fans.
3. Replacement of conventional type tube light by energy efficient ones.
4. Avoid idle running of equipment in Clinker transport system.
5. Reduced operating pressure of Cement silo aeration compressors.
6. Reduced cooling tower pump impeller size for reduction in energy consumption.
7. Re-located kiln outlet seal cooling fan and modified outlet duct for reduction in energy.
8. Installed VFD in apron feeder below wagon tippler for smooth controlling of Coal feed.

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. The Company has, inter-alia, taken the following steps towards technology absorption, adaptation and innovation:-

At Jaypee Rewa Plant:
Technology Already Absorbed

1. Clinker Silo for storage special low Alkali Clinker in Unit I.
2. Brick demolishing machine from BROKK was received & used during kiln shutdown.
3. Apron feeder installed below Unit I Raw mill Laterite hopper.
4. Drag chain feeder installed below Raw Coal hopper in Unit I Coal Mill.
5. Drag chain conveyor installed below Dust setting chamber of T.A. Duct in Unit I
6. Sox Gas Analyzer installed at Kiln inlet of Unit I.
7. Reinforced Yoke with larger hub and bearings and new Bypass damper in ESP were installed in Unit I Raw mill.
8. Opacity meter for online monitoring of stack emissions installed at Unit I Raw Mill ESP Main stack and U-1 & U-2 cooler ESP stack.
9. Pocket type cooler grate plates, supplied by FLS for Grate No.1 & 2 in U-2.
10. Poly Tetra fluoro Ethylene (PTFE) Membrane filter bags in KCP Dust collector of Cement mill No.2.

11. New Steel silo for storage of OPC T 40 Grade.
12. Smartfill sensor of M/s KIMA, Germany, has been installed in Cement Mill 3 for better operational control by observing mill 1st & 2nd chamber degree of filling.

Technology Under Absorption

1. Installation of automatic star delta star converters for identified lightly loaded motors.
2. Installation of demand side controllers for Compressor system.
3. Installation of automation system for Cement mills.
4. Installation of new high efficiency Bag filter fans for Fans identified by CII

At Jaypee Bela Plant:
Technology Already Absorbed

1. Wireless radio linking interlocking system in place of cable reeling drum system in L.S. Reclaimer.
2. Installation of bus-bar system and wireless radio linking system in Wagon loading machines to replace festooning cable arrangement.
3. Installation of new INTICONT Controller for Lime stone weigh feeder, kiln feed and coal feed solid flow feeders.
4. Replaced 7 Nos ordinary silo pilot type level measuring system by Radar type system in Clinker silo, Cement silo, CF silo and LS Hopper.
5. Installed water spray system in Kiln and Preheater down comer duct.
6. Installed MSDS system for Raw Mill Maag Gear Box parameter monitoring by OEM at Germany via internet.
7. Replacement of Duocast Coal mill roller shells by Sinter cast for improved production rate & lower power consumption.
8. Installation of 225 tph Capacity Vibrating screen in place of 90 tph. Capacity. For better operational efficiency of Packer machines.
9. Installed Primasonic Acoustic Horns in Cement silos to avoid false Cement sets in silo walls and discharge outlets.
10. Two Nos. packer machines replaced with higher capacity.
11. Installation and commissioning of Cement & Clinker loading in Railway wagons with complete yard and loco marshalling system.
12. Installation and commissioning of Coal Wagon tippler with side arm charger, Crusher and Conveyor belts for tipping the Coal wagons automatically.

Technology Under Absorption

1. Installation of Two No's SPRS system for PC Fan & Bag House Fan for Energy Conservation & smooth speed control.
2. Installation of energy saving lighting transformer in lighting circuit.
3. Installation of delta/star controllers in under loaded motors.
4. Installation of VFD in Raw Mill spray pump & Cement Mill No.2 ESP Fan.
5. Installation of demand side controllers for Compressor System.
6. Installation of Adaptive - Predictive (Fuzzy Logic) Controller system for Cement Mills.

D. Foreign Exchange earnings and outgo

Particulars of Foreign Exchange earnings and outgo are given in Schedule S, Notes to the Accounts under Note No. B 24 (F) & (G).

FORM A

A. POWER & FUEL CONSUMPTION	CURRENT YEAR 2006-07	PREVIOUS YEAR 2005-06
I. ELECTRICITY		
(a) PURCHASED		
UNITS (KWH)	107,861,634	149,467,087
TOTAL AMOUNT (RS.)	498,043,617	628,804,157
RATE PER UNIT (RS.)	4.62	4.21
(b) OWN GENERATION		
(i) THROUGH DIESEL GENERATION		
UNITS (KWH)	40,521,453	52,819,485
UNITS PER LITRE OF- -DIESEL & FURNANCE OIL (KWH)	3.48	3.59
COST PER UNIT (RS.)	8.19	7.38
(ii) THROUGH THERMAL GENERATION		
UNITS (KWH)	416,873,770	327,589,423
UNITS PER TON OF COAL (KWH)	1,009.92	1,085.31
COST PER UNIT (RS.)	1.80	1.71
(iii) THROUGH TRIAL RUN		
UNITS (KWH)	21,200,120	-
UNITS PER TON OF COAL (KWH)	784.70	-
COST PER UNIT (RS.)	1.70	-
II. (a) COAL FOR KILN		
QUALITY	GRADE SLACK/STEAM/ PET COKE A,B,C & D	GRADE SLACK/STEAM/ PET COKE A,B,C & D
WHERE USED	CALCINISING OF RAW MEAL	CALCINISING OF RAW MEAL
QUANTITY USED (M.T.)	730,919.00	656,264.00
TOTAL COST (RS.)	2,007,479,243.00	1,571,672,486.00
AVERAGE RATE PER M.T./RS.	2,746.51	2,394.86
II. (b) COAL FOR CTPP		
QUALITY	GRADE SLACK/STEAM ROM ,C D & F	GRADE SLACK/STEAM ROM ,C D & F
WHERE USED	BOILER	BOILER
QUANTITY USED (M.T.)	468,672.00	318,769.00
TOTAL COST (RS.)	667,883,193.00	447,193,299.00
AVERAGE RATE PER M.T./RS.	1,425.05	1,402.79
III FURNACE OIL	N/A	N/A
IV OTHERS/INTERNAL GENERATION	N/A	N/A
B. CONSUMPTION PER UNIT OF PRODUCTION		
PRODUCT	CEMENT	CEMENT
UNIT	M.T.	M.T.
ELECTRICITY (KWH)	85.93	86.84
FURNACE OIL	N/A	N/A
COAL PER M.T. OF CLINKER	0.143	0.140
COAL QUALITY		
- AVERAGE ASH CONTENTS (%)	29.09	28.68
AVERAGE CALORIFIC VALUE (Kcal/Kg)	4,689	4,701
OTHERS	-	-

REPORT ON CORPORATE GOVERNANCE

In the fast changing business scenario, good Corporate Governance helps in achieving long term Corporate Goal of enhancing Stakeholders' value. Corporate Governance focuses on commitment to values adhering to ethical business practices. This includes corporate structures, culture, policies and the manner in which the Corporate entity 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 cornerstone 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 opened 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 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, have developed insight into the Company and its affairs.

The Board of Directors comprised 20 Directors as on March 31, 2007. As per Clause 49 of the Listing Agreement, in case of an Executive Chairman, at least half of the Board should comprise independent directors. Consequent upon reconstitution of the Board w.e.f. December 27, 2006, our Board, which is headed by Executive Chairman, has 10 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, 2007, are given below:

Name of the Directors	Category	Position	Last Annual General Meeting Attended	No. of Board Meetings Attended out of 7 meetings held during the year	No. of other Directorships*	Committee Positions held	
						Chairman	Member
Shri Manoj Gaur, Executive Chairman	Executive	Promoter	Yes	7	12	2	-
Shri Sunil K. Sharma, Executive Vice Chairman	Executive	Promoter	Yes	7	7	-	-
Shri S.K. Jain, Vice Chairman	Non-Executive	Promoter	Yes	3	1	1	-
Dr. B. Samal, (IDBI Nominee)	Non-Executive	Independent	Yes	6	7	3	3
Shri Gopi K. Arora	Non-Executive	Independent	Yes	7	14	4	5
Shri D.N. Davar	Non-Executive	Independent	Yes	7	14	5	5
Shri M.J. Subbaiah (ICICI Bank Nominee)	Non-Executive	Independent	Yes	7	5	2	4
Shri Suren Jain	Non-Executive	Promoter	Yes	7	2	-	2
Shri B. K. Talaria	Non-Executive	Independent	Yes	7	4	2	3
Shri M.S. Srivastava	Non-Executive	Professional	No	3	1	-	-
Shri S. C. Bhargava	Non-Executive	Independent	No	7	14	1	2
Shri Sunny Gaur	Executive	Promoter	No	3	2	-	1
Shri Samir Gaur	Executive	Promoter	Yes	6	2	-	2
Shri Pankaj Gaur	Executive	Promoter	Yes	5	NIL	-	-
Shri S. D. Nailwal	Executive	Professional	Yes	7	1	-	3
Shri E. R. C. Shekar (w.e.f. 27.12.2006)	Non-Executive	Independent	No	2	3	-	-
Shri Gunjit Singh (w.e.f. 27.12.2006)	Non-Executive	Independent	No	3	2	-	3
Shri B. K. Goswami (w.e.f. 01.03.2007)	Non-Executive	Independent	No	1	4	-	2
Shri A. K. Sahoo (LIC Nominee) (w.e.f. 01.03.2007)	Non-Executive	Independent	No	-	NIL	-	-
Shri A. K. Jain (w.e.f. 01.03.2007)	Executive	Professional	No	1	NIL	-	-

Notes:

1. The following Directors resigned during the year 2006-07:-

S. No.	Name of the Director	Date of Resignation	No. of Meetings attended by the Director
i)	Shri Jaiprakash Gaur	27.12.2006	4
ii)	Shri Rakesh Sharma	27.12.2006	NIL
iii)	Shri Suresh Kumar	27.12.2006	4
iv)	Shri S. Roy Chowdhury (LIC Nominee)	29.11.2006	1

2. Shri Manoj Gaur, Managing Director till December 26, 2006, has been designated as Executive Chairman & CEO w.e.f. December 27, 2006. Shri Sunil Kumar Sharma, Managing Director till December 26, 2006, has been designated as Executive Vice- Chairman w.e.f. December 27, 2006.

3. Shri A.K.Jain has been designated as Joint Managing Director w.e.f. March 01, 2007.

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
i)	Shri S. K. Jain	7,51,376	NIL
ii)	Shri M. J. Subbaiah (ICICI nominee)	1,000	NIL
iii)	Dr. B. Samal (IDBI Nominee)	-	NIL
iv)	Shri D. N. Davar	1,000	NIL
v)	Shri Gopi K. Arora	-	NIL
vi)	Shri B. K. Tapania	-	NIL
vii)	Shri S. C. Bhargava	-	NIL
viii)	Shri Suren Jain	3,10,062	NIL
ix)	Shri M. S. Srivastava	10,091	NIL
x)	Shri E. R. C. Shekar	-	NIL
xi)	Shri Gunjit Singh	1,500	NIL
xii)	Shri B. K. Goswami	-	NIL
xiii)	Shri A. K. Sahoo (LIC Nominee)	-	NIL

Number of Board Meetings held and dates thereof:

During the financial year 2006-07, seven meetings of the Board of Directors were held as against the requirement of four meetings. The meetings were held on **April 29, 2006, July 24, 2006, September 04, 2006, October 17, 2006, December 27, 2006, January 11, 2007 and March 01, 2007**. 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 covers the items specified in Clause 49 of the Listing Agreement and such other items which are necessary to facilitate meaningful and focused deliberations on issues concerning the Company and taking decision in an informed and efficient manner. Besides, the Directors on 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, 2007, 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 four meetings. The meetings were held on **April 29, 2006, July 24, 2006, September 04, 2006, October 17, 2006 and January 11, 2007**. The details of constitution of the Committee and attendance at meetings 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	5
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 Whole-time Directors (including Executive Chairman, Executive Vice-Chairman & Joint Managing Director). The Remuneration Committee comprises three Independent Directors.

Three meetings of Remuneration Committee were held during the year on **September 04, 2006, January 11, 2007 and March 01, 2007**. The details of constitution of the Committee and attendance at the

meetings are as under:

Name	Total Meetings held during the tenure of the member	Meetings attended
Shri M. J. Subbaiah, Chairman	3	3
Dr. B. Samal, Member	3	3
Shri B. K. Taparia, Member	3	3

Note:

Remuneration was paid to Whole-time Directors in the form of Salary and Perquisites.

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

a) Executive Directors

Details of remuneration paid for the year ended **March 31, 2007** to Whole-time Directors are as follows:

S.	Name	Designation	Salary	Benefits	Total
1	Shri Manoj Gaur	Executive Chairman & CEO (Managing Director till 26.12.2006)	4,350,000	3,243,749	7,593,749
2	Shri S. K. Sharma	Executive Vice-Chairman (Managing Director till 26.12.2006)	4,140,000	3,494,377	7,634,378
3	Shri A.K. Jain	Jt. Mg. Director	300,000	136,000	436,000
4	Shri Pankaj Gaur	Whole-time Director	1,320,000	1,241,718	2,561,718
5	Shri Sunny Gaur	Whole-time Director	1,590,000	1,581,476	3,171,476
6	Shri Samir Gaur	Whole-time Director	1,320,000	1,050,771	2,370,771
7	Shri S. D. Nailwal	Whole-time Director & CFO	1,410,000	1,215,651	2,625,651
	Total		14,430,000	11,963,743	26,393,743

b) Non-Executive Directors

During the year under report, the Company has not paid any remuneration to Non-Executive Directors except sitting fee @ Rs. 5,000/- for the meetings of the Board and its Committee held on April 29, 2006. For other meetings held during the Financial Year, each Non-Executive Director was paid sitting fee @ Rs. 10,000/- per meeting (w.e.f. May 01, 2006) for attending meetings of the Board of Directors and Committees thereof.

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 the 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.

In view of the increased responsibility in the wake of expanding business operations of the Company, the sitting fee has been further increased from Rs. 10,000/- to Rs. 20,000/- w.e.f. May 18, 2007 by the Board of Directors in the meeting held in May 18, 2007.

Details of sitting fees paid to non-executive Directors during the financial year **2006-07** are as under:

Name of the Directors	Designation	Total sitting fee paid (Rs.)
Shri Jaiprakash Gaur (up to 27.12.2006)	Chairman	35,000
Shri S.K. Jain	Vice Chairman	130,000

Shri M. J. Subbaiah	Nominee Director (ICICI bank)	140,000
Shri Gopi K. Arora	Director	135,000
Shri D.N. Davar	Director	110,000
Shri Suren Jain	Director	110,000
Shri Suresh Kumar (upto 27.12.2006)	Director	55,000
Shri S. C. Bhargava	Director	65,000
Shri B.K. Taparia	Director	95,000
Shri S. Roy Chowdhury (upto 29.11.2006)	Nominee Director (LIC)*	10,000
Shri M. S. Srivastava	Director	25,000
Shri Rakesh Sharma (upto 27.12.2006)	Director	—
Dr. B. Samal	Nominee Director (IDBI)	85,000
Shri E. R. C. Shekar (w.e.f 27.12.2006)	Director	20,000
Shri Gunjit Singh (w.e.f 27.12.2006)	Director	30,000
Shri B. K. Goswami (w.e.f 01.03.2007)	Director	10,000
Shri A. K. Sahoo (w.e.f 01.03.2007)	Nominee Director (LIC)	Nil
	Total	1,055,000

*The sitting fee for LIC Nominee was paid directly to LIC.

6. INVESTORS' GRIEVANCE AND SHARE TRANSFER COMMITTEE

The Investors' Grievance and Share Transfer Committee comprises of Shri S. K. Jain as Chairman and Shri Samir Gaur and Shri S. D. Nailwal as Members. Shri Sunil Kumar Sharma ceased to be a Member of the Committee w.e.f. January 29, 2007. This Committee has been constituted to approve transfer of shares and to monitor redressal of shareholders' grievances viz. non-transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. During the year, 15 meetings of the Committees were held.

During the year, the Company had received 3389 references from the shareholders. 3365 references were resolved/addressed till March 31, 2007 and the remaining references were resolved / addressed 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
Jaiprakash 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 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 Executive Chairman & 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 their respective meetings held on May 18, 2007.

10. GENERAL BODY MEETINGS

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

Year	Venue	Date	Time
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.
2006	Jaypee Greens Golf Resort, Surajpur Kasna Road, Greater Noida, Uttar Pradesh	27.10.2006	11.00 A.M.

DETAILS OF SPECIAL RESOLUTIONS PASSED IN PREVIOUS THREE ANNUAL GENERAL MEETINGS.

(A) Year 2004

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

(B) 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.

(C) Year 2006

- Resolutions under section 314(1B) of the Companies Act, 1956 according consent, subject to the approval of 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.

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

During the year ended March 31, 2007, the Company sought approval from its shareholders on four occasions for passing Special/Ordinary resolutions through the process of Postal Ballot in accordance with the provisions of Section 192A of the Act, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. The Board of Directors of the Company, at its meetings had appointed Scrutinizers and Alternate Scrutinizers for conducting Postal Ballot in fair and transparent manner. The Postal Ballot forms received were kept in boxes sealed by the Scrutinizers. The declared results of the Postal Ballot were announced through newspaper and the website of the Company www.jalindia.com. The details of the same are given below:

(A) Resolutions passed on December 30, 2006 :-

S. No.	Particulars	Details / Dates
1	Date of Board Meeting	October 17, 2006
2	Scrutinizer appointed by the Board of Directors at its meeting	Shri T. V. Narayanaswamy, FCS, Practicing Company Secretary
3	Alternate Scrutinizer appointed by the Board of Directors at its meeting	Shri V. P. Kapoor, FCS, AICWA, LL.B., Practicing Company Secretary
4	Date of Notice seeking Shareholder approval	October 30, 2006
5	Date of completion of Dispatch of Notice	November 29, 2006
6	Last Date of receipt of duly filed Postal Ballot Form	December 28, 2006
7	Date of submission of Scrutinizer's report to the Chairman	December 30, 2006
8	Date of declaration of Result	Saturday, December 30, 2006 at 4.00 P.M.

Particulars of Resolutions and Voting Pattern :-

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. Addition in the 'Other Objects' Clause of Memorandum of Association of the Company	Special	217,409,028	116,034,592	115,961,162 (99.95%)	53,430 (0.05%)
2. Creation of security/ provision of corporate guarantee by the Company in favour of lenders of Jaiprakash Hydro-Power Limited	Special	217,409,028	116,032,658	115,355,533 (99.42%)	677,125 (0.58%)
3. Provision of guarantee by the Company in favour of the Lenders of the Cement produced by the Company	Special	217,409,028	116,033,395	115,353,070 (99.41%)	680,325 (0.59%)
4. Shifting of Registered Office within the State of U.P.	Special	217,409,028	117,993,273	117,074,637 (99.98%)	18,636 (0.02%)
5. Creation of Security in favour of Banks/ Financial Institution	Ordinary	217,409,028	116,988,512	116,369,822 (99.47%)	618,690 (0.53%)

(B) Resolutions passed on February 8, 2007 :-

S. No.	Particulars	Details / Dates
1	Date of Board Meeting	December 27, 2006
2	Scrutinizer appointed by the Board of Directors at its meeting	Shri T. V. Narayanaswamy, FCS, Practicing Company Secretary
3	Alternate Scrutinizer appointed by the Board of Directors at its meeting	Shri D. P. Gupta, FCS, Practicing Company Secretary
4	Date of Notice seeking Shareholder's approval	December 27, 2006
5	Date of completion of Dispatch of Notice	January 5, 2007
6	Last Date of receipt of duly filed Postal Ballot Form	February 5, 2007
7	Date of submission of scrutinizer's report to the Chairman	Wednesday, February 7, 2007
8	Date of declaration of Result	Thursday, February 8, 2007 at 4.00 p.m.

Particulars of Resolutions and Voting Pattern :-

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) Increase in the borrowing powers of the Board	Ordinary	217,909,300	112,280,535	111,691,596 (99.48%)	588,939 (0.52%)
(2) Creation of Security by the Company in favour of lenders of Jaiprakash Hydro-Power Limited	Special	217,909,300	112,272,633	112,241,336 (99.97%)	31,297 (0.03%)

(C) Resolutions passed on March 9, 2007 :-

S. No.	Particulars	Details / Dates
1	Date of Board Meeting	January 11, 2007
2	Scrutinizer appointed by the Board of Directors at its meeting	Shri T. V. Narayanaswamy, FCS, Practicing Company Secretary
3	Alternate Scrutinizer appointed by the Board of Directors at its meeting	Shri K. K. Malhotra, FCS, Practicing Company Secretary
4	Date of Notice seeking Shareholder's approval	January 11, 2007
5	Date of completion of Dispatch of Notice	February 5, 2007
6	Last Date of receipt of duly filed Postal Ballot Form	March 7, 2007
7	Date of submission of scrutinizer's report to the Chairman	March 8, 2007
8	Date of declaration of Result	March 9, 2007 at 4.00 p.m.

Particulars of Resolutions and Voting Pattern :-

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) Making investment in a Special Purpose Vehicle to be incorporated as a wholly owned subsidiary of the Company for implementation of the Taj Expressway Project	Special	218,683,796	112,297,630	112,284,342 (99.99%)	13,288 (0.01%)
(2) Transfer of the Taj Expressway Project to a Special Purpose Vehicle to be incorporated as a wholly owned subsidiary of the Company for implementation of the Project	Ordinary	218,683,796	112,291,070	112,275,810 (99.99%)	15,260 (0.01%)
(3) Creation of second charge on the fixed assets of the Company in favour of the lenders for working capital facilities	Ordinary	218,683,796	112,286,940	111,808,916 (99.57%)	478,024 (0.43%)
(4) Increase in remuneration of Shri Manoj Gaur, Executive Chairman	Ordinary	218,683,796	112,285,737	112,214,764 (99.94%)	70,973 (0.06%)
(5) Increase in remuneration of Shri Sunil Kumar Sharma, Executive Vice Chairman	Ordinary	218,683,796	112,285,179	112,210,527 (99.93%)	74,652 (0.07%)

(D) Resolutions passed on April 10, 2007 :-

S. No.	Particulars	Details / Dates
1	Date of Board Meeting	March 01, 2007
2	Scrutinizer appointed by the Board of Directors at its meeting	Shri T. V. Narayanaswamy, FCS, Practicing Company Secretary
3	Alternate Scrutinizer appointed by the Board of Directors at its meeting	Ms. Sunita Mathur, FCS, Practicing Company Secretary
4	Date of notice seeking Shareholder's approval	March 1, 2007
5	Date of completion of Dispatch of Notice	March 10, 2007
6	Last Date of receipt of duly filed Postal Ballot Form	April 9, 2007
7	Date of submission of scrutinizer's report to the Chairman	April 10, 2007
8	Date of declaration of Result	April 10, 2007 at 4.00 PM.

Particulars of Resolutions and Voting Pattern :-

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) Increase in the limit of investment by Foreign Institutional Investors (FIIs) in the Company's Equity	Special	219,239,654	108,912,303	108,898,485 (99.99%)	13,818 (0.01%)
(2) Investment in the Special Purpose Vehicle to be incorporated as a Joint Venture Company with Gujarat Mineral Development Corporation Ltd.	Special	219,239,654	108,905,936	10,897,146 (99.99%)	7,890 (0.01%)
(3) Investment in Special Purpose Vehicle to be incorporated as a wholly owned subsidiary for development of Zirokpur - Parwanoo Bypass Project on BOT basis	Special	219,239,654	108,905,248	108,897,077 (99.99%)	8,171 (0.01%)
(4) Appointment and remuneration of Shri A.K.Jain as a Wholtime Director designated as joint managing director	Ordinary	219,239,654	108,903,367	108,882,181 (99.99%)	21,186 (0.02%)

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 constitution of Remuneration Committee, which has been constituted to determine the remuneration package of the Whole-time Directors (including Executive Chairman / Executive Vice-Chairman/Joint Managing Director). Other details about non-mandatory requirements are contained in 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 and Dainik Jagran. 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.sebidifir.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.

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
10th Annual General Meeting

The meeting shall be held as under: -

Date : August 30, 2007
Time : 11.00 A.M.
Venue : Sector 128, Noida-201304, (U.P.)

17. FINANCIAL CALENDAR

For the Financial Year 2006-2007 the results were announced on:

Results	Announced on
1st Quarter Result as on 30-06-2006	July 24, 2006
2nd Quarter Result as on 30-09-2006	October 17, 2006
3rd Quarter Result as on 31-12-2006	January 11, 2007
4th Quarter Result (Audited) as on 31-03-2007	May 18, 2007

For each calendar quarter, the financial results were reviewed by the Audit Committee and thereafter approved by the Board.

18. DIVIDEND PAYMENT DATE

For interim dividend for the year 2006-07, the record date was fixed as January 27, 2007 and dividend was paid within the stipulated time. For final dividend for the year 2006-2007, the Company has fixed August 25, 2007 to August 30, 2007 (both days inclusive) as the book closure dates and the dividend shall be distributed after declaration thereof at the forthcoming Annual General Meeting.

19. LISTING ON STOCK EXCHANGES AND STOCK CODES

As approved by Shareholders in their Annual General Meeting held on September 27, 2005, the Company had 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 still awaited from Calcutta Stock Exchange inspite of submission of requisite documents and constant follow up.

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 NSE & BSE for the year 2007-2008.

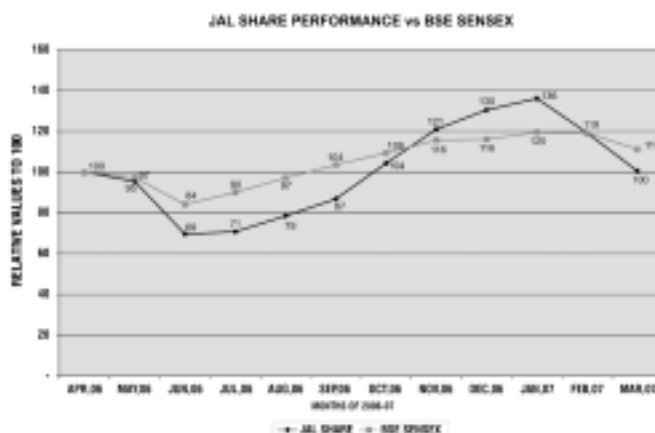
The FCCBs issued by the Company during the financial years 2004-2005 and 2005-2006 are listed on Singapore Stock Exchange.

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 2006	583.00	467.40	582.80	468.05
May 2006	623.65	378.00	624.90	381.00
June 2006	450.00	280.00	456.00	279.00
July 2006	426.00	317.05	428.00	317.05
August 2006	475.00	350.00	475.00	348.00
September 2006	492.25	419.00	491.90	419.20
October 2006	647.70	448.00	651.00	448.00
November 2006	703.65	567.00	702.85	568.10
December 2006	740.00	630.00	740.00	645.00
January 2007	753.00	676.60	754.00	656.00
February 2007	716.95	535.05	745.00	530.00
March 2007	589.90	465.00	589.40	463.00

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



Note : Average of high & low of BSE Sensex and average of High and Low of Company's Shares at BSE has been considered. The high and low of the share price of the Company as on May 17, 2007 were Rs. 663.00 and Rs. 618.75 respectively on BSE.

21. REGISTRAR AND TRANSFER AGENTS

The details of Registrar & Transfer Agent appointed by the Company are as under: -

M/s Alankit Assignments Limited,
 Alankit House, 2E/21, Jhandewalan Extn.,
 New Delhi 110 055.

Tel: 011-42541234/23541234

Fax: 011-23552001

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 Transferees are returned promptly to shareholders. Confirmations in respect of the requests for dematerialisation of shares are sent to the respective depositories i.e. NSDL and CDSL expeditiously.

23. DISTRIBUTION OF SHAREHOLDING

The Distribution of shareholding as on March 31, 2007, was as follows

No. of shares held	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	93,608	93.48	1,07,07,125	4.88
501 - 1,000	3,703	3.70	27,88,751	1.27
1,001 - 2,000	1,480	1.48	21,16,016	0.97
2,001 - 3,000	403	0.40	10,16,789	0.46
3,001 - 4,000	184	0.18	6,40,181	0.29
4,001 - 5,000	146	0.15	6,74,492	0.31
5,001 - 10,000	233	0.23	17,02,992	0.78
10,001 and above	383	0.38	19,95,93,308	91.04
TOTAL	1,00,140	100.00	21,92,39,654	100.00

Held by:	% holding
Promoters	47.68
Banks / Mutual Funds/FI/Fills	36.61
Private Corporate Bodies	4.94
NRIs / OCBs	1.98
Indian Public	8.79
Total	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, 2007, 83.34% 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 2004-05, the Company had issued Foreign Currency Convertible Bonds (FCCB) 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 97.94 Million of this series have been converted into 1,81,46,908 equity shares of the Company till March 31, 2007. Thus, FCCBs of USD 2.06 million of this series are outstanding entitling the holders to allotment of 3,81,689 equity shares on conversion.

During the financial year 2005-06, the Company had again issued FCCBs of EURO 165 million at a coupon of 0.5% p.a. 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 = Euro 1.00). If all these FCCBs are converted then the Equity Share Capital of the Company would increase by 1,58,27,241 shares. No FCCBs under this series have been converted into 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 location of the project sites is as under:-

- Baglihar Hydro Electric Project (Stage I & II) in Jammu & Kashmir.
- Teesta (Stage-V) Hydro Electric Project in Sikkim.
- Karcham Wangtoo Hydro Electric Project in Himachal 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 flood flow canal Package-2 Project in Andhra Pradesh.
- Polavaram Project right main canal package -4 in Andhra Pradesh.
- Velgonda Feeder & Teegaleru Canal Project in Andhra Pradesh.
- Taj Expressway Project (165 Km.) connecting Noida & Agra in UP.
- Slang lower Hydro-electric Project in Arunachal Pradesh.
- Hirung lower Hydro-electric Project in Arunachal Pradesh.
- Rajiv Sagar Left Irrigation Project (Dummuguden) in Andhra Pradesh.
- GNSS Main Canal 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 acquired the assets and Plants of U.P. State Cement Corporation Limited (in liquidation), having three cement plants at Dala, Churk and Chunar in Uttar Pradesh.

The Company owns a holiday resort – The Jaypee Residency Manor at Mussoorie and a Golf Resort with associated recreational and residential facilities at Greater Noida, Uttar Pradesh. The said facilities are being managed by Jaypee Hotels Ltd., a subsidiary of the Company.

28. ADDRESS FOR CORRESPONDENCE

Registered Office : Sector – 128, Noida – 201304, (U. P.)
Head Office : 'JA House', 63, Basant Lok, Vasant Vihar,
New Delhi 110057

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.sebidifar.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 EXECUTIVE CHAIRMAN & 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, 2007.

MANOJ GAUR

Place : New Delhi
Date : May 18, 2007

Executive Chairman & 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, 2007, 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 : 18th May, 2007

Membership No. 1454

MANAGEMENT DISCUSSION & ANALYSIS REPORT

(Forming part of the Report of the Directors for the year ended March 31, 2007)

Macro-Economic Environment

Since 2003, India has been one of the fastest growing economies of the world leading to rapid increase in per capita income and industrial growth, in turn leading the GDP growth to newer levels every year. The GDP grew at 9 % in FY 2006 and at 8.5-9% in FY 2007. The economy is projected to grow at a sustained average growth rate of 8% till 2020 and India is likely to become the world's largest economy by 2050 surpassing the size of the US economy. (Source: Goldman Sachs, BRICS report). The lack of infrastructure is the key constraint to achievement of a higher economic trajectory and therefore the same is getting renewed focus from the Government. Infrastructure investments are slated to be of the order of 280 to 350 Billion USD over the next 5 years (Source: World Bank, Planning Commission, Rakesh Mohan Committee). In this scenario, your Company which is an Infrastructural Conglomerate has selected a path of rapid growth to match the country's requirement and its own defined goals.

The Company's business can be broadly classified in the following sectors.

1. Engineering & Construction
2. Cement
3. Energy (Power, Oil & Gas)
4. Real Estate and Expressways
5. Hospitality

Overall Review

Jaiprakash Associates Limited is India's leading Engineering and Construction Company with strong focus on development of River Valley and Hydro Electric Projects. The company participated in 54.3% of Hydropower Projects (in different capacities) under implementation in the recently concluded 10th Five Year Plan of the Govt. of India. During the period of 2003-2007, projects completed by your company added 7350 MW to the national grid, which were 69% of hydropower projects completed in the period. A Unique FEAT for any organization.

The Company today is also India's largest Private Sector Build, Own & Operate Hydropower Developer, has 700 MW of Operating Assets through its Subsidiaries and is developing India's largest Build, Own & Operate Hydropower Project – the 1000 MW Karcham-Wangtoo HEP in Himachal Pradesh through its subsidiary Jaypee Karcham Hydro Corporation Limited.

The cement business of the Group, till recently concentrated in the Central Region of the country (where it is the leader in terms of market share and owns and operates India's largest single location plant) has 7 Million Tonnes of Installed Capacity. Major capacity expansion is currently underway with new cement plants coming up in the Northern, Central, Western and Eastern Regions of the country, which are likely to make your company the 3rd largest Cement Producing group in the country with 25 MTPA installed capacity by 2010 ensuring a Pan India presence. You will be pleased to know that beginning with the establishment of the first cement plant in 1986, Jaypee Group would have set up 25 MT in 25 years, an unprecedented achievement in the cement industry. It will also be worthwhile to mention that your company (directly and indirectly through its subsidiaries and Joint Ventures) is likely to add 20% of the new cement capacities planned for installation in the country in the 11th Five Year Plan.

Jaiprakash Associates Limited through its Subsidiary, Jaypee Hotels Limited is also present in the Hospitality Business. Jaypee Hotels Limited owns and operates three 5- star hotels, two in Delhi and one in Agra. Jaypee Hotels Limited also manages 2 Hotel properties owned by Jaiprakash Associates Limited, one at Mussoorie and one at Jaypee Greens, Greater Noida. With the Hospitality Industry in India prospering and showing signs of growth, your Company too is tirelessly striving to maintain a robust growth rate in its hospitality business. During the year, Jaypee Siddharth at Rajendra Place, New Delhi underwent a complete renovation and has now emerged as the preferred choice for 'up-market travelers.' The other Hotels of the group continue to do well and all reported encouraging results.

Your Company diversified into the fast growing Real Estate Sector

through the merger of Jaypee Greens Limited in April 2006. . Your Company today has emerged to be a pioneer by developing India's first golf centric real estate. The same, being at prime location in Greater Noida, today has become the most exclusive address for high end segment of home owners. 8 million square feet of real estate in 5 years with 86% green cover has given your company the engine to spearhead its foray in real estate segment of its diversified business portfolio

India is home to the 2nd largest network of roads amongst the large nations of the world. For a country of the length & breadth of our size Road/Highways are like veins which need to keep pace with growing demand of a fast developing nation. Union Government and various State Governments have been taking measures to address this critical requirement which economy on fast track demands.

Taj Expressway an Project linking most frequently visited tourist destination of India- Agra with NCR is a 160 km long 6/8 lane access controlled expressway, bagged by your company and is ON COURSE.

The project envisages ribbon development along the expressway at 5 locations totaling 40 million square feet for residential/industrial/institutional purposes and shall trigger multi dimensional socio economic development in Western UP besides strengthening your company's presence in real estate segment in this decade.

You will be pleased to know that during the year under review, your Company successfully bid for and was awarded the concession for 27 km long Zirakpur-Parwanoo toll road project on BOT basis. The project has a 20 year concession period and will be completed at an estimated total cost of Rs 416 Crs. Work on the project is expected to commence shortly.

With a reasonably strong presence in the development of Hydro Power Projects as an EPC Contractor and on Build, Own & Operate basis, your Company is now focusing on other areas related to the Energy Sector, inter-alia, including development of Thermal Power Projects, Oil & Gas Exploration, Coal Mining and Reconnaissance Surveys.

In line with the above, during the year under review, your Company participated in the NELP-VI round of bidding of various potential Oil Blocks in the Country. The Company in consortium with Prize Petroleum Company Ltd. (a Joint Venture Company of Hindustan Petroleum Corporation Limited and ICICI Bank Ltd.) bid for the South Rewa Block in the said round of bidding. We are pleased to report that your Company (with Jaiprakash Associates Ltd. having 90% participating interest and balance 10% with Prize Petroleum Company Ltd.) was able to secure the South Rewa Block and subsequently signed the Production Sharing Contract with the Government of India on 2nd March, 2007. We have since applied for the Petroleum Exploration Licence, which is expected to be awarded to the Company shortly. We believe that this will mark the foray of your company in Oil & Gas Exploration business and your company will look at new opportunities in the sector as and when they arise.

Madhya Pradesh Jaypee Minerals Limited was set up as a Joint Venture Company with M P State Mining Corporation Limited in early 2006 to develop a Coal Block in District Siddhi of M.P. for a 2 MTPA output to support a Coal-based Thermal Power Plant of 500 MW. We are pleased to report as on the date of publishing of this Annual

Report, your Company has secured another Coal Block in M.P. again in a Joint Venture a similar output. Your Company is now fully geared to establish a 1000 MW Coal-based Thermal Power Plant at Siddhi(MP) and source its own fuel from the above two Coal Blocks. The fuel linkages which are essential feedstock for long term sustainability of Thermal Power Plants have been secured and your Company will now be producing power at optimum price and will have competitive edge from its maiden Thermal Power venture right from inception. Your Company is targeting the said 1000 MW Thermal Power Plant to be operational by the Calendar Year 2011.

Your Company has also been granted permission for Reconnaissance Survey by the Mineral Resources Department, M.P. for an area of 4000 KM in the District of Mandsaur and Neemuch to survey for precious stones and minerals. The survey is mainly to be carried out for exploration of Diamonds, Gold, Copper, Zinc, Lead and Iron in the given area. Topological survey and sampling has been carried out for the entire area. The samples are being evaluated at Perth in Australia, results of which are expected shortly.

Given the strong Government focus on development of new power generation capacities across the Country, your Company believes that Power Transmission Business in India is set to grow rapidly to ensure congestion free flow of power across the Country. In view of the emerging opportunities in the sector, your company through its Subsidiary Jaiprakash Hydro Power Limited has floated a Joint Venture Company "Jaypee Powergrid Limited" with Power Grid Corporation of India Limited (PGCIL) which is currently the Central Transmission Utility. While Jaiprakash Hydro Power Limited has a 74% stake in the said Company the balance 26% is held by PGCIL. The Company has been formed with the objective of setting up of the Transmission System associated with your Group's 1000 MW Karcham Wangtoo Hydro Electric Project. The Transmission Project will consist of a 230 KM long Transmission Line between Wangtoo in Himachal Pradesh and Abdullapur in Haryana. Over 150 KM of the said Transmission Line will be in Snow Zone having a snowfall of 2 to 3 feet. Jaypee Powergrid Limited has since applied for a Transmission License, which is expected to be granted shortly.

Towards becoming an integrated power player in the Country and after having established a strong presence in the Hydro Power Sector, and having initiated its entry into Thermal Power generation, your Company has also forayed into Wind power during the year wherein it is setting up through M/s. Suzlon, 49 MW of Wind Power in two phases in Maharashtra.

The Highlights of Performance of the Company for the year 2006-07

- 1) Gross Revenue at Rs. 3578 Crores (up 8%)
- 2) EBITDA at Rs. 1040 Crores (up 31%)
- 3) Profit after Tax at Rs 415 Crores (up 49%)
- 4) Net Block including capital work in progress increased from Rs. 2268 Crores in FY-04, Rs. 2406 Crores in FY-05 and Rs. 3344 Crores in FY-06 to Rs. 5150 Crores in FY-07.

I. Engineering & construction

Industry Overview

The Government's focus on infrastructure development to achieve the projected GDP growth level have translated into healthy order

books for the engineering and construction sector. In view of Government's encouragement to set up Hydropower Projects to not only meet the current energy supply – demand imbalance but also to balance the Thermal Power/Hydropower mix, the company expects that there will be increased business opportunities in the Hydropower Sector, both on EPC Contract basis and on Build, Own & Operate basis.

The Government thrust on development of Hydropower is evident from the capacity addition of Hydropower achieved in the 10th Plan period, which is higher than the capacity addition in any two Five Years Plans put together. The Government's initiative for development of 50,000 MW of Hydropower has translated into preparation of feasibility reports for 162 hydroelectric projects for the planned aggregate capacity and the 20,000 MW of planned capacity in the 11th plan period of 2007-12 seems closer to reality. These initiatives augur well for the sector.

Operational Performance

During the year, your company successfully completed the following Hydropower Projects thereby contributing over 4000 MWs of Hydropower to the National Grid.

- (a) 1000 MW Tehri Dam Project - Your company constructed the Rockfill Dam and the Spillway for this project
- (b) 1020 MW Tala Hydroelectric Project in Bhutan - Your company constructed the Powerhouse.
- (c) 390 MW Dul Hasti Hydroelectric Project – Your company executed the Dam, Powerhouse and the Head Race Tunnel.
- (d) 1450 MW Sardar Sarovar Project – Your company executed the Dam and Powerhouse. While certain civil works are still to be completed on this project, the project has reached a stage where it is now generating its entire installed capacity.
- (e) 400 MW Vishnuprayag Hydroelectric Project undertaken on EPC basis by your company for its subsidiary Jaiprakash Power Ventures Limited.

You will be pleased to know that while the Vishnuprayag Hydroelectric Project was commissioned by your company 6 months ahead of schedule, the Tehri Dam constructed by your company is the 3rd largest Rockfill Dam in Asia. The Dul Hasti project located in District Doda of Jammu & Kashmir was executed by your company despite the challenging environment prevailing in the Region and in the most torturous terrain. The Tala Project has seen some of the highest rainfall in the region. The prestigious Sardar Sarovar Dam is India's largest concrete dam in terms of volume of chilled concrete placed.

You will be happy to note that your company has set an unprecedented track record for successful execution of such challenging assignments and has, in turn, earned a goodwill with its clients, various State Governments and the local population which will go a long way towards securing the future growth of your organization.

II. Cement Division

Industry Overview

The strong growth in the Indian economy and the impressive GDP growth witnessed by the country has been reflected in all sectors of economy including the construction sector. The Construction Industry

is witnessing an unprecedented growth in all sectors including infrastructural development, housing, retail, entertainment and special economic zones. This growth of the construction industry is being aptly reflected in the growth for cement demand which has led to not only demand-supply mismatch in favour of supply but also the likely creation of almost 100 Million Tonnes of new cement capacities after almost a decade of subdued market conditions. Cement sector is a shining example of how an industry when deshackled from controlled regime, can go on to become one of the most efficient and cost effective producer of cement in the country.

Cement being a vital ingredient for Infrastructure Sector as well as Housing Sector, has its fortune tied up with the national economy. Early 90s best remembered for initiation of reforms, were also witness of actualization of reforms process, which hardly kept pace with the promises made, therefore, cement along with steel went through a long drawn recessionary cycle, expanding close to one decade.

While Indian Cement Manufacturing capacity expanded from 51 million tones per annum to close to 160 million tones in March 2007 (in 15 years), it was the **"Brown Field Capacity Expansion"** accounted for bulk of the new capacity creation in the last about 6 years, which was the direct result of productivity enhancement, debottlenecking and maximization of clinker to cement conversion and cost saving initiatives. The cement demand, in the second year in succession, has registered a double digit growth (10.5% in FY 07), and a much awaited stable price regime. It is worth noting that even at current level, cement price index from 2000-01 has remained below all commodity price index such as steel, timber, bricks etc. despite the steep rise in coal price, rail / road freight which contribute to almost 40% of the delivered cost on which companies have no control.

Our economy, being marshalled with great resolute by the Father of the Reforms, Hon'ble Prime Minister and his able Finance Minister has exhibited optimism and confidence. It is expected that India needs almost 250 million tones cement per annum by 2012 and even though cement import in the country has been allowed at Zero Import Duty, cement being produced by Indian companies, even at the prevailing tax regime on Indian cement which incidentally is amongst the highest, totaling 30% of the delivered cost, is still more competitive over the cement imported on the prevailing Zero Import Duty. Industry for the last 25 years, in general, has created capacity ahead of the requirement and at present Rs. 52,000 crores is being invested by this sector in creation of new capacities on the strength of their balance sheet and managerial resources available with the various groups. We expect that with the continuous impetus available to the economy, cement is likely to see a stable growth in consumption as well as a satisfactory price regime.

Your Company has successfully implemented one of the most comprehensive multi-dimensional modernization scheme in 2004, which resulted in clinker production growth of over 23%, cement production growing by over 40% and setting up of 100% Captive Thermal Power Plant ahead of time. All this resulted for your Company, being able to produce significant additional cement on cost effective basis from all the 4 plants with cost of power being cheapest in the industry, timing of which matched with the growth in consumption and in fact your company foresaw earlier than others, helped in enhancing greater shareholder value, for all its stakeholders. Your

Company has taken measures in last two years which has now given your Company opportunity to create new capacity in Western and Northern region besides moving in to further consolidate its position in Central India.

Some of the unique features of the Cement Division are as under:-

- All Cement Plants have factored latest technology and have Captive Thermal Power Plants right from 1st day, which would ensure most cost effective source of power.
- As part of Jaypee Himachal Cement Plant, Municipal Solid Waste Plant is coming up in Chandigarh which would process MSW, which in turn shall be used as fuel in the Captive Thermal Power Plant for our Cement Project in Himachal Pradesh. It shall provide cost efficient fuel and CDM benefit.
- Your Company has entered into with a Joint Venture for 2.2 million tones per annum Cement Plant with SAIL, a Navratna PSU, first time in the industry.
- On completion of new Projects under implementation, Jaypee Group would have growth of 25 million tones capacity (in 25 years of its existence in Cement Business) by 2011.

The new capacities being added by your company are as under :

Region	Capacity in Operation	Capacity under Implementation	Total (MnTPA)	Captive Thermal Power (MW)
Central	7.0	4.2	11.2	123
West	-	2.7	2.7	50
North	-	10.54	10.54	125

The various capacity expansions are under execution and with the commissioning of the first of the planned capacities by FY 2008 your company will see additional capacity creation for each one of the next four years.

Operational Performance

During the year, the company witnessed 13% increase in cement production from 5.9 Million Tonne in 2005-06 to 6.6 Million Tonnes. The cement and clinker dispatch grew by 11% from 6.1 Million Tonne to 6.8 Million Tonnes. While on one hand the power consumption was controlled at levels of the previous year, the commissioning of the 38.5 MW captive power plant, the third at the location helped bring down the cost of power by close to 7%. You will be pleased to know that your company's present cement operations are now 100% self-reliant for their power requirement. **Your cement plants at Rewa and Bela in M.P. have achieved their best ever productivity levels on account of limestone crushing, clinker production, cement grinding etc.**

The excellence in operation supported by encouraging market conditions helped achieve an all round noteworthy performance..

III. Energy

Power Sector Overview

The Growth of the Indian economy is necessarily required to be supported by a suitable power regime with availability of reliable and quality power. The Indian Power Sector has huge capacity shortages. At the end of the 10th Five Year Plan the power industry added

approximately 23,000 MW of capacity as compared to the revised target of 37,000 MW (from 41,000 MW earlier) representing a capacity addition shortfall of approximately 38%. With power demand growing at an increasing rate across the nation (industrial, services, household and rural segments) this has resulted in power deficit increasing to 13% on an average and to 15% in peak hours. Transmission and distribution losses in India are amongst the highest in the world. Electrification in certain parts of the country is still in the distance which the Government hopes to suitably address with the Power for all by 2012nd capacity addition target of 1,00,000 MW during the 10th and 11th plan periods. As per the 16th Electric Power Survey, electric supply in India needs to grow by plus 8.2% p.a. over FY06-12, much higher than the 5.8% seen in the past decade. Executing projects on timely basis will be key to addressing the country's requirements in this scenario of ever increasing demand.

The enactment of Electricity Act, 2003 was a step taken by the Government to put in place a framework for development of the Power Sector and seen to be a right step forward by the Government to achieve higher generation capacities. The Electricity Act 2003, has led to a reduction in transmission and distribution losses and a regulated power regime for the nation. These actions of the Government have created an environment for a paradigm shift in the development of power sector for the nation.

The twin drivers of government focus on the power sector and the continuing power deficit are likely to give a strong boost to the power generation business.

Operational Performance

Your Company through its subsidiaries is operating 700 MW of Hydro Power Plants namely 300 MW in Baspa at Himachal Pradesh and the 400 MW Vishnu Prayag Project in Uttranchal. The two projects have jointly delivered 2262.03 millions units of clean & green energy to the national grid. The operational result of the two subsidiaries speaks for itself in the performance of the two plants.

IV. Real Estate

Industry Overview

The Real Estate sector in India is growing at a record pace, fueled by rising GDP, increase in disposable incomes, demand from IT, ITES, Retail sectors, and robust Foreign Direct Investment flows. Rapid population growth, favorable demographics, decreasing household sizes and a housing shortage of currently 25-30 million units shall require extensive residential construction. There is also a marked shift towards demand for quality organised real estate as a result of growing disposable incomes, which has led to high consumer confidence and increasing aspiration levels. Easier availability of loans, tax advantages, growing population coupled with nuclear families, urbanisation and the lower average age of property ownership are other factors contributing to the demand for quality Real Estate.

It is estimated that nearly 91% of the investments will be in the residential sector representing an average annual addition of 2.3 bn sq ft of residential space over the next five years. The commercial sector led by the huge demand from the IT and ITES sector is likely to add 61 mn sq ft of office space and the fast growing retail sector about 25 mn sq ft of retail space over the next five years. This is likely

to result in a 33% increase in total constructed area requiring Real Estate investments of USD 91.5 bn or 6.8% of GDP annually. (Source: Edelweiss Capital Report)

Operational Performance

Your Company is developing premium golf centric complex of about 8 million Sq.ft. at Jaypee Greens, primarily consisting of high end residential development for HNIs and Corporates. Jaypee Greens is located at the heart of Greater Noida, one of the fastest growing townships in the National Capital Region of Delhi, with world class infrastructure. A six-lane expressway connects Greater Noida to Delhi with a travel time of about 35 minutes. An 18 hole Greg Norman signature international championship course with a practice range of about 194 acres of land including a club house, golf academy, 25 cottages, health club, swimming pools, restaurants and bars, conference halls etc are already operational. The golf course is the largest in India and the 3rd largest in Asia while the practice range is the largest in India.

The concept of "golf-centric real estate" is unique to India and the Jaypee Greens property has created a niche segment in itself, with no property in India falling under direct competition. It is envisioned as a development of international standard and excellence with tie-ups with the best designers, planners & international consultants for each area of the project. The Company envisages developing approximately 1,800 residential units of various types over the next 4-5 years and during the year about 1.2 million Sq.ft. consisting of approx. 400 Units has been sold by the Company.

V. Hospitality

Industry Overview

The Hospitality Industry in India has shown a smart recovery over the last few years. Occupancy Levels and ARRs which were at a low in 2002-03 have climbed sharply to a point where now demand is exceeding supply. This has been driven primarily by the tremendous increase in business travelers whose travel plans are determined by the economic growth of the country. Forex revenues, which typically account for a major proportion of the revenue stream, have also grown on the back of a strong influx of international tourists into India (Average CAGR of 7.6% over the past 5 years). During the calendar year 2006, foreign tourist arrival grew 13% to 4.43 Million as against 3.92 Million in 2005. Forex earnings from tourism grew at 14.6% to US \$ 6.6 Billion. This scenario of healthy growth is expected to continue in the future in view of the high business confidence index levels and continuing growth in international tourist arrivals into India.

Operational Performance

Jaypee Hotels Limited, a subsidiary of Jaiprakash Associates Limited has been present in the Hospitality business for approximately 26 years. Jaypee Hotels Limited owns and operates three 5- star hotels, Jaypee Vasant Continental and Jaypee Siddharth at Delhi and Jaypee Palace Hotel at Agra. Jaypee Hotels Limited also manages 2 Hotel properties owned by Jaiprakash Associates Limited, Jaypee Residency Manor at Mussoorie and Jaypee Greens Resorts, at Greater Noida. During the year under review the average occupancy level for Jaypee Vasant Continental, Jaypee Siddharth and Jaypee Palace Hotel was approximately 80%, 74% and 55% respectively. The average room rent was Rs 7,954, Rs 6,351 and Rs 3,722 respectively.

Your Company is tirelessly striving to maintain a robust growth rate in its Hospitality business in line with the growth in the Hospitality industry. The operational result of the current year, in relation to the corresponding operation of the previous year, have shown an increase in the hotel business. Thrust on cost management initiatives has also yielded positive results. During the year, Jaypee Siddharth at Rajendra Place, New Delhi underwent a complete renovation and has emerged as the preferred choice for 'up-market travelers.' The other Hotels of the group continue to do well and all reported encouraging results.

OPPORTUNITIES & THREATS

- **Engineering & Construction Industry:** With a lot of thrust by the Government of India to add hydropower generation in India to meet growing power demand and to correct the Hydro Power mix to 40-60, it is expected that large number of hydropower projects will be taken up by various Government undertakings thus more opportunities for Company which specialises in development of Hydro power and River Valley Projects. Similar Governmental thrust on other infrastructure projects like highways / expressways has provided more opportunities for the Company.
- **Hydro Power:** The necessity for addition of hydro-power as above and the various incentives provided by the Govt. of India for private sector participation in development of power will be key to the development of Hydro projects on BOO basis by the Company.
- **Hospitality :** Growth in India's tourism, with higher tourist arrivals and the increased economic activities in the country will facilitate growth in the Hospitality business.
- **Cement :** Cement consumption in India has been growing at a compound annual growth rate of around 8% during the last 5 years. The market is now looking up and selling prices are firming up. The Company has taken steps to improve economy in operations.
- **Mining :** The Company is actively pursuing for a Captive Coal Block for Cement business, which as per GOI's latest guidelines are available for captive uses of Steel, Cement and Power Sector. Captive Coal Block to meet the requirement of Cement business would not only meet its long term energy need, but would also bring down the cost of production substantially.
- The Company has manufacturing and distribution facilities of Cement located in Central India with an installed capacity of 7 mtpa. The Company is in the process of enlarging its Cement capacities at various locations across country, more particularly in Northern part of India.
- The Indian Economy is expected to grow at over 6-6.5% p.a. in the medium term. The growth is envisaged to be driven by investments in infrastructure including Roads, Ports, Power Sector etc. Besides, housing sector in the urban and semi-urban areas is poised for growth.

Increasing economic activity and population is expected to increase both, per capita and aggregate, cement consumption. These factors are expected to positively impact the prospects of demand for cement.

The Company has emerged as a Significant Infrastructure Company with diversification in Real Estate, Expressways and Hospitality business. Already on a higher trajectory in growth curve, the Company is poised to seize every opportunity to enter the existing line of business or new related line of businesses. The Company is well equipped to handle threats of competition and challenges which might emanate from Cement Industry or the Company's ongoing execution of Projects on Mountainous Regions and at difficult terrains.

RISKS & CONCERNS

- a) Cement industry is highly energy intensive.

The setting up of the captive power units for its cement plants in addition to steps taken by it to reduce the power consumption of the units will improve its competitiveness by lowering its power cost, which is one of the key inputs. JAL has commissioned two thermal power plants of 25 MW each in February and November 2004 and third Captive Power Plant of 38.50 MW is envisaged to be commissioned by Financial Year 2008. The Company is in the process of enlarging its Cement capacities in different locations across the country with an endeavor to have captive power units at each such location to make its cement price competitive.

- b) The Engineering & Construction Division of the Company provides performance guarantees in relation to some of its projects and other activities.

The Company provides the Performance Guarantee which depends on the Terms and Conditions as stipulated by the Clients and is up to 5% of the contract price and is in line with the general practice prevailing in the country for awards of contracts.

- c) Cyclical and Political Condition affecting businesses :

The Cement Industry is cyclical in nature and consumption level of cement reduces during monsoon season. However, the level of spending on housing sector is dependent on the growth of economy, which is predominantly dependent on agriculture since India is an Agricultural centric economy.

E & C Growth in infrastructure sector is dependent on political stability. There has been continuous emphasis on development of Infrastructure and Housing by successive governments after reform process was initiated in nineties.

- d) **Contract Payment Risk**

In view of the fact that JAL typically takes up large size construction contracts of sizes over Rs.500 crores which require large scale mobilization of man power, machinery and material, the timely receipt of payments from the client is critical.

Generally, the contract terms involve payment of advance for mobilization while the balance amount is linked to the physical progress of the project. JAL restricts its interest to those projects, which have the budgetary outlay / sources of finances tied up (i.e. financial closure achieved), thus, minimizing the risk of delays in payment.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has an internal control system commensurate with its size and nature of business, which covers the following areas :-

- Optimum utilization of resources
- Accurate & prompt recording of transactions
- Efficient communication system between the Projects and Head Office
- Safeguarding of assets
- Compliance with prevalent statutes, listing agreement provisions, management policies & procedures
- Efficient management information system
- Adherence to applicable accounting standards and policies
- Review of IT and other systems

The internal control system provides for adherence to approved procedures, policies, guidelines and authorization.

In order to ensure that all checks and balances are in place and all the internal control systems and procedures are in order, regular and exhaustive internal audit is conducted by qualified Chartered Accountants.

Internal audit reports are reviewed by the Audit Committee on a regular basis.

MATERIAL DEVELOPMENT AND HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Excellence in business operations is achieved through a committed, talented and focussed work force. Led by the Founder Chairman of Jaypee Group, the Company is fortunate to have created a pool of dedicated personnel to share a common passion and vision which has resulted in phenomenal growth of the Group. The Company adopts latest techniques in evaluating the potential of Personnel and training needs of the employees at all cadres. Designing of tailor made training programmes /courses that could fill the knowledge/skill gap and imparting in-house training and imparting external programmes are significant functions of Human Resource Department of the Company, which also has in place a monitoring mechanism which continuously evaluates the training needs.

The Company's Safety Policy comprises a statement of the Organization's objectives regarding safety of Man and Equipment in Operation at work sites. The Management's endeavor is to establish Risk-Free and zero accident work environment. For this, a Safety Committee headed by a Senior Executive of the Safety of Establishment, as per the 'Internal Safety Organization' guidelines, oversees the safety aspects.

Industrial relations in the organization continue to be cordial and progressive.

The Management has presented the analysis of Division wise performance of the Company for the year 2006-07 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 development, both in India and abroad.

BRIEF PROFILE OF SIGNIFICANT SUBSIDIARY COMPANIES AS ON 31.03.2007
JAIPRAKASH HYDRO- POWER LIMITED (JHPL)
PROJECT DETAILS

Jaiprakash Hydro- Power Ltd. (JHPL), has developed and is operating Baspa - II Hydro-electric Project (300 MW) on Build-Own-Operate basis. The project is located on the river Baspa, a tributary of river Sutlej in Distt. Kinnaur, Himachal Pradesh about 210 km from Shimla.

The Power plant, 300 MW H E, designed to produce electrical energy of 1213.18 MUs annually in a 90% dependable year. Some of the Special Features of the Plant are:

- Run of the river scheme not involving any submergence or rehabilitation and is environment friendly
- Barrage at an elevation of 2,520.50 meters above sea level , the highest altitude for any such structure to come up in India.
- 56.70 Km long 400 kV transmission line comprising 121 towers passing through elevation ranging from 1,500 to 2,800 m in one of the most difficult terrain, crossing the valley 13 times and River Satluj twice.

The power generated by the Power Station is being supplied to HPSEB under a Power Purchase Agreement executed in 1997 including 12% free power to the State Government.

WORKING RESULTS

The working results for the year ended 31st March, 2007 under report are as under :-

	Rs. in Crores	
	Year ended 31st March, 07	Year ended 31st March, 06
Gross Revenue	335.77	277.55
Less: Rebate for prompt payments	6.89	5.73
	<u>329.08</u>	<u>271.82</u>
Add: Other income	27.44	2.41
	<u>356.52</u>	<u>274.23</u>
Profit before depreciation & Taxation	221.25	130.42
Less: Depreciation	45.62	43.95
	<u>175.63</u>	<u>86.47</u>
Add: Extra-Ordinary items - Reversal of Depreciation for financial Years 2003-04 & 2004-05	-	73.35
Add: Prior Period Adjustments	49.21	-
Profit before taxation	224.84	159.82
Less: Provision for taxation (MAT)	25.30	14.14
Profit after taxation	199.54	145.68
Add: Profit brought forward from previous year	164.70	19.02
Balance Carried to Balance Sheet	<u>364.24</u>	<u>164.70</u>

OPERATIONS

The performance of the Plant and the Energy generated during the year ended 31st March, 2007 is as under :-

Plant Availability(%)	Generation (million units) Net Saleable Energy
98.83	1121.54

The tariff for the year 2006-07 , as per the Tariff Order dated 24.02.2007 and in accordance with the Power Purchase Agreement (PPA), works out to Rs.2.99 per unit. The generation of the Plant during the year was very good. 1274.48 MUs including 12% Free Power to Himachal Pradesh State Electricity Board/ Government of Himachal Pradesh

were delivered at Jhakri. The Net Saleable Energy worked out to 1121.54 MUs out of which 1050.06 MUs was as the Primary Energy and the balance 71.48 MUs was Secondary Energy. The aforesaid generation was achieved during the period from 2nd May, 2006 (i.e. after recommencement of generation which was suspended from 19th January, 2006 due to rockfall on the installations of the Pothead Yard) to 31st March, 2007.

NATIONAL AWARD

Baspa-II Hydro Power Station has been conferred with the "NATIONAL AWARD FOR MERITORIOUS PERFORMANCE FOR THE YEAR 2004-05" in recognition of its outstanding performance. The award has been instituted by the Ministry of Power, Government of India. The Award was presented by the Hon'ble Prime Minister of India at a function organized at Balyogi Auditorium, Parliament Library Building, Parliament House, New Delhi on 21st March, 2007.

OUTLOOK

The generation of energy units during the year ended 31st March, 2007 t was satisfactory. The Plant generated 1050.06 MUs as Primary Energy and 71.48 MUs as Secondary Energy. The Plant availability achieved was 98.83%. The entire energy generated was purchased by HPSEB and payment was received regularly on time. The availability of water in River Baspa is satisfactory. The Company is hopeful that barring unforeseen events, the Plant would generate full design energy during the current year.

The company has incorporated a subsidiary Company, namely Jaypee Powergrid Limited in Joint Venture with Power Grid Corporation of India Limited, for establishing a Transmission System for evacuating power from 1000 MW Karcham Wangtoo Hydro-Electric Project. The Detailed Project Report is under finalisation. The Shareholders' Agreement has been executed with Power Grid Corporation of India Limited and effective steps are being taken to forge ahead with the Project.

The future outlook of the Company's operations is bright.

AUDIT COMMITTEE

The Audit Committee consists of Independent Directors, namely S/ Shri B.K. Taparia (Chairman), B.K. Gupta (LIC Nominee), B.K. Batra (IDBI Nominee) and S.D. Nailwal, satisfying the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges.

DIRECTORATE

The Board of Directors comprise of the following:-

1. Shri Manoj Gaur, Chairman
2. Shri Sunil Kumar Sharma, Vice Chairman
3. Shri S.K. Jain
4. Shri Gopi K. Arora, I.A.S (Retd.)
5. Shri D.N. Davar, Ex-Banker
6. Shri B.K. Taparia, Ex-Banker
7. Dr. Ramesh C Vaish
8. Shri Balkrishnan Batra (IDBI Nominee)
9. Shri Bal Krishna Gupta (LIC Nominee)
10. Dr. D.G. Kadkade
11. Dr. R.L. Gupta
12. Shri G.P. Gaur
13. Shri S.D. Nailwal
14. Shri Narendra Singh
15. Shri J.N. Gaur (Whole-time Director & CEO)
16. Shri R. K. Narang (Whole-time Director & CFO)
17. Shri Har Prasad
18. Shri Rajiv Ranjan Bhardwaj

JAIPRAKASH POWER VENTURES LIMITED (JPVL)
PROJECT DETAILS

The 400 MW Vishnuprayag hydro-electric project has been developed by and is being operated by Jaiprakash Power Ventures Limited ("JPVL") in Uttaranchal on a BOO basis.

The Vishnuprayag project is a run-of-the river power plant on river Alaknanda in Chamoli district in the state of Uttrachal. A power purchase agreement has been entered into between

JPVL and Uttar Pradesh Power Corporation Ltd. ("UPPCL").

Pursuant to the power purchase agreement, UPPCL will purchase the entire energy generation of the project for a period of 30 years (extendable by mutual agreement for a further 20 years). 12 per cent of the energy generated by the project will be provided by JPVL to the government of Uttaranchal free of charge with balance of 88 per cent. of the energy generated being sold to UPPCL at a tariff based on a pass through mechanism computed on the basis of interest charges, depreciation, return on equity and certain other criteria.

The project is designed to generate 1774.4 MU in a 90 per cent. dependable year and 1947 MU in a 50 per cent. dependable year.

PROGRESS OF THE PROJECT
Commissioning of the Project

The Project has been successfully implemented during the year ended 31st March, 2007 under report and the various Units have been commissioned approximately 6 (six) months ahead of the schedule provided in the Power Purchase Agreement (PPA) as shown below:-

	Commissioning Schedule as per PPA	Actual Commissioning Date
Unit-1	31.12.2006	17.06.2006
Unit-2	31.01.2007	14.07.2006
Unit-3	28.02.2007	31.08.2006
Unit-4	31.03.2007	13.10.2006

WORKING RESULTS

JPVL achieved Commercial Operation of its 1st Unit on 17.06.2006, 2nd Unit on 14.07.2006, 3rd Unit on 31.08.2006 and 4th Unit on 13.10.2006. Accordingly, the working results for the year ended 31.03.2007 (for the period from 17.06.2006 to 31.03.2007) are as under:-

	Rs. in Crores
Gross Revenue	217.63
Less: Rebate for prompt payments	3.47
	214.16
Add: Other Income	2.43
	216.59
Profit before depreciation & taxation	117.18
Less: Depreciation	36.32
Profit before taxation	80.86
Less: Provision for taxation	9.09
Profit after taxation	71.77
Profit available for appropriation	71.77
Appropriation to:	
- Debenture Redemption Reserve	29.00
- Proposed Dividend	35.63
- Dividend Tax	6.05
Balance carried over to Balance Sheet	1.09

The Company declared maiden dividend in the very first year of its operations.

OPERATIONS

The performance of the Plant and the Energy generated during the year ended 31st March, 2007 under report was as under:-

Plant Availability (%)	Generation (million units)		
	Actual Energy delivered	12% Free Energy	Saleable Energy
98.50%	951.55	114.18	837.37

FUTURE OUTLOOK

All efforts are being made to minimize such spillage of water from the Barrage, which could be utilized for generation of power.

The generation of energy during April and May 2007 has exceeded the Design Energy of the corresponding months and the Plant Availability has been 99.68% during the same period.

Barring unforeseen circumstances, the Company is confident of largely improved performance during the Financial Year 2007-08 with higher net profit.

DIRECTORATE

The Board of Directors comprise of the following:-

1. Shri Suresh Kumar Executive Chairman
2. Shri G.P. Singh, Vice Chairman
3. Shri N.C. Sharma, Vice Chairman
4. Shri Manoj Gaur
5. Shri Sunil Kumar Sharma
6. Shri Basant Kumar Goswami, I.A.S. (Retd.)
7. Shri B.K. Taparia, Ex-Banker
8. Shri D.N. Davar, Ex-Banker
9. Shri Harish Chandra Jain, Director (Nominee LIC)
10. Shri L.P. Aggarwal, Director (Nominee IDBI)
11. Shri M.A. Siddiqi
12. Shri R.L. Gupta
13. Shri Shailendra Gupta
14. Shri Subhash Chandra Bhargava
15. Shri Suresh Chandra
16. Shri M.C. Maheshwari, Director (Whole Time)

JAYPEE KARCHAM HYDRO CORPORATION LIMITED (JKHCL)
PROJECT

JKHCL is implementing 1000 MW Karcham Wangtoo Hydro-electric Project in District Kinnaur, Himachal Pradesh on Build, Own & Operate basis. The Project, envisaged as run-of-the-river on the Satluj river in the reach between Karcham and Wangtoo villages in Kinnaur District of Himachal, will utilize the head available between tail waters of BASPA-II and head waters of Nathpa-Jhakri HEP. The underground power station will have installed capacity of 1000 MW (4 x 250 MW) with Francis Turbines. Based on 10% water discharge for aquatic life, the annual generation will be 4463.88 Million Units in 90% dependable year and 4810.70 Million Units in 50% dependable year.

PROGRESS OF THE PROJECT

JKHCL has obtained all statutory approvals required for setting up of the Project including Environmental Clearance & approval from Ministry of Environment & Forest, Government of India for diversion of forest land.

M/s. Acres International Ltd., Canada have been appointed as Lender's Engineer to perform engineering services for the Project.

Works like Construction of Diversion Tunnel, Approach Roads, Infrastructure Works and adits to various underground works on the Project have already commenced. The first important milestone of river diversion at Karcham Dam through the diversion tunnel has also been achieved on 11th April 2007.

In terms of the Memorandum of Understanding signed between Jaiprakash Hydro-Power Ltd., a Group Company, with the Power Grid Corporation of India Ltd., a Joint Venture Company namely Jaypee Powergrid Limited, has been promoted for establishing the Transmission System for evacuating power from the Project. JKHL has executed the Transmission Service Agreement and the Implementation Agreement with Jaypee Powergrid Limited.

The project cost as appraised by ICICI Bank Limited (the Lead) at Rs 5600 crores is proposed to be financed at Debt Equity Ratio of 70:30. The Project would be financed by raising equity capital of Rs 1680 crores and term loans from the Banks/Financial Institutions of Rs 3920 crores. ICICI Bank Limited (the Lead) and various Banks/Financial Institutions have since sanctioned the financial assistance aggregating Rs. 3920 crores to JKHL.

POWER PURCHASE AGREEMENT (PPA)

PPA has been executed on 21st March 2006 with PTC India Limited for sale of 704 MW power for a term of 35 years. Tariff shall be based on completion cost as approved by Central Electricity Authority (CEA)/ Central Electricity Regulatory Commission (CERC) and regulated on the basis of CERC Regulations dated 26th March 2004.

DIRECTORATE

The Board of Directors comprise of the following:-

1. Shri Sunil Kumar Sharma, Chairman
2. Shri Manoj Gaur, Vice Chairman (Executive Chairman - Jaiprakash Associates Ltd.)
3. Shri Dharam Paul Goyal, Managing Director (Ex Director Project - TALA Project)
4. Shri Gopi K Arora I.A.S. (Retd.)
5. Shri GP Singh,
6. Shri Suresh Kumar
7. Shri Suren Jain, Whole-time Director
8. Shri Rakesh Sharma
9. Shri Brij Mohan Agarwal (Ex Executive Director IFCI)
10. Shri Arun Gupta

JAYPEE HOTELS LIMITED (JHL)

Jaypee Hotels is engaged in Hospitality business, operating International Standard Hotel and Golf Course. Presently it owns **three hotels of five-Star and above category** namely Jaypee Siddharth, Jaypee Vasant Continental at New Delhi and Jaypee Palace at Agra. It also manages the operations of Hotel Residency Manor at Mussoorie and Jaypee Green Resorts including 18 hole Golf Course at Greater Noida.

FINANCIAL HIGHLIGHTS

Particulars	(Rs. In Lac)	
	Year ended 31.03.2007	Year ended 31.03.2006
Gross Revenue	13080.09	14249.48
Gross operating profit	3536.69	5256.10
Less:		
a) Interest & Financial Charges	391.20	502.37
b) Depreciation & Amortization	991.04	934.81
Profit before tax	2154.45	3818.92
Less:		
a) Provision for current tax	793.40	626.47
b) Deferred tax	(36.79)	469.24

c) Fringe Benefit tax	30.00	29.15
Profit after tax	1367.85	2694.06
Add/(Less)		
Other adjustments from earlier years	(5.31)	(85.59)
Profit available for appropriation	1362.54	2608.47
Less:		
a) Transfer to General Reserve	105.00	205.00
b) Proposed Dividend	998.82	998.82
c) Tax on Dividend	169.75	140.08
Balance carried to Balance Sheet	88.97	1264.57

FUTURE OUTLOOK

Consequent to Government's liberalized policies, focused and planned approach towards developments, country has sustained robust economic growth. Hospitality industry in general and the hotel business in particular are poised for growth in the coming years.

It has been an endeavor of the Company to constantly strive to sustain growth and maintain high quality standards. The staff and executives of the Company are well motivated and the organization is prepared to confront challenges in emerging competitive environment. Renovated Hotels, Jaypee Vasant Continental, Vasant Vihar, New Delhi and Jaypee Siddharth, Rajendra Place, New Delhi are contemporary and positioned in the up market business segment. The Company has added presidential suite at Jaypee Palace Agra, thereby creating a competitive edge over others in distinguished dignitaries segment. The Company is confident to achieve better performance in the coming years. The Greg Norman designed Jaypee Greens 18 hole Golf Course at Greater Noida, being managed by the Company is acknowledged as one of the best Golf Courses in and around New Delhi.

DIRECTORATE

The Board of Directors comprise of the following:-

1. Shri Sunil Kumar Sharma, Chairman
2. Shri Manoj Gaur, Vice-Chairman
3. Shri S.G. Awasthi, Managing Director
4. Shri S.P. Warty, Whole-time Director
5. Shri Manju Sharma, Whole-time Director
6. Shri K Subramanian
7. Shri Gunjit Singh
8. Shri B.K. Taparia
9. Shri S.K. Chakrabarti
10. Shri Pawan Kumar Jain
11. Smt. Rita Dixit
12. Shri Harish Kumar Vaid
13. Shri Santosh Kumar Bansal
14. Ms. Sunita Joshi

GUJARAT ANJAN CEMENT LIMITED (GACL)

PROJECT DETAILS

The Company is setting up a 1.2 mtpa cement plant at Bhuj District in Gujarat with 22MW captive power plant to establish presence in the western markets of India and tap the cement export market to Middle East. The estimated total cost of the project is approximately Rs. 850 Crs. The project is scheduled to be commissioned in the Financial Year 2008-09.

PROJECT STATUS

Capital Expenditure amounting to Rs. 114.06 Crs. has been incurred during the year ended 31st March, 2007, as under:-

	(Rs. in Crores)
Fixed Assets (Net of Dep.)	2.09
Capital work-in-progress	104.40
Expenditure during construction period	7.57
	114.06

PHYSICAL PROGRESS

- Land measuring 462.96 Hectares has been allotted by Govt. of Gujarat.
- Lease agreement(s) for 659 Hectares of Lime Stone Block & 400 Hectares of Laterite Block have been executed.
- Approval for 120 Hectares clay mines has been received.
- Linkage for supply of Lignite from Panandharo mines of GMDC has been received.
- Orders for Major plant and machinery viz. pyro processing equipment, Raw Mill, Lignite Mill, Bag house for Raw Mill, Cement Mill and DG Sets have been placed.
- Approval of Ministry of Environment and Forests, Govt. of India, for Cement Plant and Limestone mines has been received.
- Civil & Structural work is in progress.

DIRECTORATE

The Board of Directors comprise of the following:-

1. Shri Manoj Gaur, Chairman
2. Shri Samir Gaur,
3. Shri PV Vora
4. Shri Ranvijay Singh
5. Shri Harish K. Vaid
6. Shri Alok Gaur

JAYPEE POWERGRID LIMITED (JPPGL)
PROJECT DETAILS

Jaypee Powergrid Limited was incorporated as a Joint Venture between Jaiprakash Hydro-Power Limited and Power Grid Corporation of India Limited, with the object of implementing, a Transmission System to evacuate power to be generated by 1000 MW Karcham Wangtoo Hydro Electric Power Project in Kinnaur District in Himachal Pradesh. The system will consist of a Transmission Line from the powerhouse at Wangtoo to the inter-connecting point with the northern grid at Abdullapur, Yamunanagar, Haryana. The estimated total cost of completion is Rs 1,000 Crores

PROJECT STATUS

The Feasibility Report cum Detailed Project Report has been prepared. The finalisation of alignment of the Transmission Line is expected by the end of July, 2007. The Transmission License Application has been filed with Central Electricity Regulatory Commission (CERC) and is expected to be accepted for listing by CERC shortly.

Consequent upon grant of the Transmission, Jaypee Powergrid Limited expects to award contracts for the construction of Transmission Line and other packages for the Project subsequent to finalisation of detailed designing and engineering of the Project by September, 2007. Clearances from the Ministry of Environment and Forests shall be applied for by the end of the year and the work on the Project is expected to begin in March, 2008.

DIRECTORATE

The Board of Directors comprise of the following:-

1. Dr. RP Singh, Chairman
(Chairman – Power Grid Corporation India Limited)
2. Shri Manoj Gaur, Vice Chairman
3. Shri Rajiv Ranjan Bhardwaj, Managing Director
4. Shri Sunil Kumar Sharma
5. Shri Suren Jain
6. Shri GP Singh

7. Shri RK Narayan
(Former Chairman – Power Grid Corporation India Limited)
8. Shri RB Mishra, Director (Project)
9. Shri Prabhakar Singh

MADHYA PRADESH JAYPEE MINERALS LIMITED (MPJPML)
PROJECT DETAILS

The Madhya Pradesh State Mining Corporation Limited (MPSMCL) invited tender for selection of a joint venture partner to develop and mine coal from Amelia (North) Coal Block, which had been allotted to them by Govt. of India, Ministry of Coal. Jaiprakash Associates Limited (JAL) was selected as joint venture partner and the agreement between MPSMCL and JAL was entered into on 27th January, 2006.

PROJECT STATUS

Capital Expenditure amounting to Rs.9.92 Crs., besides Security Deposit of Rs.5.00 Crs., financed by Equity has been incurred till 31st March, 2007, as under:-

	(Rs. in Crs)
Fixed Assets (Net of Dep.)	1.90
Capital work-in-progress	2.56
Expenditure during construction period	5.45
	9.92

Various Project activities have commenced as under:-

- Private land measuring approximately 18.14 Acres has been purchased for setting up of base-camp.
- Mining Plan has been approved by Ministry of Coal, Government of India.
- Mining Lease Application has been submitted to Secretary to Government of Madhya Pradesh, Minerals Resource Deptt. & Draft Mining Lease for vetting has been submitted to Ministry of Coal, Government of India.
- Work order has been placed for Geological Investigations of Coal block & Drilling activity has been completed
- Work Order for undertaking EIA/EMP study and necessary clearances from Ministry of Environment and Forests has been placed.
- The Public Hearing for Environmental Clearance as per new Environmental Notification 2006 has been held at Gram Panchayat Bhavan, village Majhauil.
- Topographical survey has been completed, whereas site survey has commenced
- Work Order to prepare detailed Project Report of Coal Block enticing all mining related activities of Amelia (North) Coal Block has been placed.
- Forest Clearance application has been forwarded to Ministry of Environment & Forest, Government of India by Chief Conservator of Forest, Bhopal.
- Land requirement for various mining activities has been identified and proposal for acquisition of approximately 134 Hectares of land has been submitted to Collector, Sidhi
- Work-Order for preparation of Detailed Project Report as well as in-principle approval from Railways for private Railway sidings at Amelia (North) Coal Block has been placed
- Dispensary has started functioning.

DIRECTORATE

The Board of Directors comprise of the following:-

1. Shri Rakesh Agarwal (IAS), Chairman
2. Shri Manoj Gaur, Vice Chairman
3. Shri Sunny Gaur, Managing Director
4. Shri Amit Sharma
5. Shri MN Jha (Former CMD, Coal Mine Planning & Development Institute)

Yes. There's a selfish reason behind our efforts. It's called **satisfaction.**

The seed planted in the year 1985, has today bloomed into a healthy tree. Under it, more than 25 villages surrounding the 'cement complex' and at locations where the group has its area of operation treasure the comfort of quality structures. Yes, Jaiprakash Sewa Sansthan (JSS) through its Comprehensive Rural Development Programme (CRDP) was established to realize Jaypee's philosophy and objectives of supporting socio-economic development, reducing the pain in society, and providing education at all levels of the learning curve. With construction and renovation of roads (more than 50 kms) around cement complex roads, village schools, healthcare facilities, animal husbandry, irrigation, drainage system and numerous temples, JSS is not just providing the basic social needs, but also striving to build a satisfying and contented community - for a stronger nation.

It is our dream of a brighter India that gives us the courage to brave the odds and emerge successful. It's no small dream. But then, it's not too big either.



शिक्षा व सेवा

JAIPRAKASH
SEWA SANSTHAN

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 2007 and also the annexed Profit and Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Jaiprakash Associates Limited 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 2007, 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 2007 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 2007;
 - (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: 18.05.2007

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 2007, of **Jaiprakash Associates Limited**.

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. The situation of the moveable assets used in the construction activity keeps on changing from works sites depending upon requirements for a particular contract.
- (b) A substantial portion of the Fixed Assets have been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the Company & nature of its assets. According to the information given to us and to the best of our knowledge, no material discrepancies were noticed on such physical verification.
- (c) Fixed assets disposed off by the Company during the year were not substantial; hence it does not affect the Company as a going concern.
- (ii) (a) The inventories have been physically verified by the management at reasonable intervals during the year. In our opinion the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification were not material and these have been properly dealt with in the books of account.
- (iii) The Company has not granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods, electrical energy, 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 court 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.

(b) (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.89.00 lacs and Sales Tax amounting to Rs.1.92 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	AY 2004-05	2312.70				2312.70
Central Excise	1996-97			44.28		44.28
	1997-03	12.72				12.72
	1998-02	18.57				18.57
	2001-02		7.79			7.79
	2001-03		88.22			88.22
	2002-03		6.08			6.08
	2003-04		105.59			105.59
	2004-05	0.49	116.15			116.64
	2005-06		148.82			148.82
	2006-07	48.09				48.09
Electricity Cess	2003-04				92.49	92.49
U.P Trade Tax	1993-94			7.63		7.63
	1999-00			0.74	480.15	480.89
	2000-01				810.29	810.29
	2001-02				711.14	711.14
	2002-03				584.78	584.78
	2003-04	13.80			289.77	303.57
	2004-05				612.94	612.94
	2006-07			17.86		17.86
Bihar Sales Tax	1994-03		29.44			29.44
U.P Entry Tax	2001-02			5.23		5.23
	2003-04	132.22			213.66	345.88
	2004-05				53.07	53.07
	2005-06				449.43	449.43
	2006-07				380.75	380.75
M.P Entry Tax	2000-01	0.90				0.90
	2001-02			138.58		138.58
	2005-06			10.18		10.18
Nikay Kar	1997-98			6.73		6.73
MPCT/CST	1999-00		12.64			12.64
	2001-02	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.

(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: 18.05.2007

BALANCE SHEET
 AS AT 31ST MARCH, 2007

	SCHEDULE	2006-2007		2005-2006	
		Rs. IN LAKHS		Rs. IN LAKHS	
SOURCES OF FUNDS					
SHAREHOLDERS FUNDS					
Share Capital	A	21,924		21,506	
Reserves and Surplus	B	<u>265,371</u>	<u>287,295</u>	<u>246,714</u>	268,220
LOAN FUNDS					
Secured Loans	C	368,595		272,138	
Unsecured Loans	D	<u>182,981</u>	<u>551,576</u>	<u>149,840</u>	421,978
DEFERRED TAX LIABILITY			49,943		49,018
TOTAL FUNDS EMPLOYED			888,814		739,216
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	E	420,193		366,376	
Less: Depreciation		<u>127,997</u>		<u>119,609</u>	
Net Block		<u>292,196</u>		<u>246,767</u>	
Capital Work-in-Progress [Including Incidental Expenditure Pending Allocation]		<u>222,813</u>	<u>515,009</u>	<u>87,606</u>	334,373
INVESTMENTS	F		177,874		155,704
DEFERRED TAX ASSET			932		698
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	G	80,616		60,133	
Projects Under Development		45,847		61,113	
Sundry Debtors		45,205		42,238	
Cash and Bank Balances		142,981		166,980	
Other Current Assets		1,253		340	
Loans & Advances		<u>109,850</u>		<u>91,179</u>	
		<u>425,752</u>		<u>421,983</u>	
LESS: CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	H	200,360		153,688	
Provisions		<u>30,407</u>		<u>19,905</u>	
		<u>230,767</u>		<u>173,593</u>	
NET CURRENT ASSETS			194,985		248,390
MISCELLANEOUS EXPENDITURE	I		14		51
TOTAL APPLICATION OF FUNDS			888,814		739,216
Accounting Policies and Notes to the 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

MANOJ GAUR
 Executive Chairman & CEO

M.P. SINGH
 Partner
 M.No. 1454

SUNIL KUMAR SHARMA
 Executive Vice Chairman

 Place : New Delhi
 Dated: 18.05.2007

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, 2007

SCHEDULE	2006-2007		2005-2006	
		Rs. IN LAKHS		Rs. IN LAKHS
INCOME				
Cement Sales [Gross]	207,270		144,368	
Less:Excise Duty on Sales	25,419	181,851	(22,305)	
Construction Revenue		161,072	192,067	
Asbestos Sheets Sales [Gross]	1,403		-	
Less:Excise Duty on Sales	115	1,288	-	
Hotel / Hospitality, Power & Other Revenue	J	13,624	18,321	
Increase/(Decrease) in Stocks	K	1,527	(1,712)	330,739
EXPENDITURE				
Manufacturing, Construction, Hotel/Hospitality & Power Expenses	L	177,426	187,982	
Excise Duty [Refer Note No.20(b) of Schedule S]		218	(351)	
Personnel	M	16,108	12,439	
Selling & Distribution Expenses	N	34,505	27,160	
Other Expenses	O	27,084	24,070	
Interest	P	25,725	23,974	
Depreciation		16,305	15,146	290,420
Profit before Tax and exceptional item		61,991		40,319
Profit on Sale of Shares of Jaiprakash Hydro-Power Limited [Subsidiary Company]		-	-	36,137
Provision for Tax				
Current Tax		19,509	12,141	
Deferred Tax		690	56	
Fringe Benefit Tax		302	260	12,457
Profit after Tax and exceptional item		41,490		63,999
Profit brought forward from Previous Year		90,038		41,859
Profit/(Loss) Transferred from Transferor Company		-		(3,292)
Debenture Redemption Reserve no longer required		3,200		6,650
Profit Available for Appropriation		134,728		109,216
Less : Provision for Dividend Pertaining to Previous Year [including Dividend Tax]		-		16
Less : Transferred to Reserve for Premium on Foreign Currency Convertible Bonds		3,198		936
Less : Transferred to Debenture Redemption Reserve		7,133		5,208
Less : Transferred to General Reserve		4,300		6,400
Less : Interim Dividend		4,374	3,406	
Proposed Final Dividend		3,508	2,398	
Tax on Dividends		1,209	814	6,618
Balance carried to Balance Sheet		111,006		90,038
Accounting Policies and Notes to the Accounts S				
Basic Earning Per Share [excluding exceptional item]	(Rupees)	19.10		13.61
Diluted Earning Per Share [excluding exceptional item]	(Rupees)	17.77		13.33
Basic Earning Per Share [including exceptional item]	(Rupees)	19.10		31.26
Diluted Earning Per Share [including exceptional item]	(Rupees)	17.77		30.59

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
 Executive Chairman & CEO

M.P. SINGH
 Partner
 M.No. 1454

SUNIL KUMAR SHARMA
 Executive Vice Chairman

 Place : New Delhi
 Dated: 18.05.2007

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"		2006-2007	2005-2006	
SHARE CAPITAL		Rs. IN LAKHS	Rs. IN LAKHS	
Authorised				
103,00,00,000	Equity Shares of Rs.10/- each	103,000	103,000	
30,00,00,000	Preference Shares of Rs.100/- each	3,000	3,000	
		106,000	106,000	
Issued, Subscribed and Paid-up				
21,92,39,654	Equity Shares of Rs. 10/- each fully paid up [Previous Year 21,50,57,749 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", 1,81,46,908 Equity Shares [Previous Year 1,39,65,003] 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	21,924	21,506	
		21,924	21,506	
SCHEDULE "B"				
RESERVES AND SURPLUS				
General Reserve				
As per last Balance Sheet		24,212	17,812	
Add: Transfer from Profit & Loss Account		4,300	6,400	
Less: Adjustment on account of Actuarial Valuation of Gratuity and Earned Leave Due till 31.03.06 in terms of AS-15 [Revised]		445	28,067	-
		28,067	24,212	
Debenture Redemption Reserve				
As per last Balance Sheet		18,308	19,750	
Add: Provided during the year		7,133	5,208	
		25,441	24,958	
Less: Transfer to Profit & Loss Account on Redemption		3,200	22,241	6,650
		22,241	18,308	
Revaluation Reserve				
As per last Balance Sheet		53,647	951	
Add : Transferred from Transferor Company		-	52,769	
Less: Revaluation Reserve on Leasehold Land under Development reversed		22,688	-	
		30,959	53,720	
Less: Proportionate Amortisation		73	30,886	73
		30,886	53,647	
Securities Premium Account				
As per last Balance Sheet		57,085	25,481	
Add : During the year on conversion of Foreign Currency Convertible Bonds into Shares		9,464	66,549	31,604
		66,549	57,085	
Reserve for Premium on Foreign Currency Convertible Bonds				
As per last Balance Sheet		936	-	
Add : During the year		3,198	4,134	936
		4,134	936	
Capital Reserve on Amalgamation		2,488		2,488
Surplus				
As per Profit & Loss Account		111,006	90,038	
		265,371	246,714	

SCHEDULE "C"		2006-2007		2005-2006	
SECURED LOANS		Rs. IN LAKHS		Rs. IN LAKHS	
A. Debentures					
(i)	50,00,000 16.5% Non-convertible Secured Debentures of Rs.100/- each fully paid-up in cash [Rs.90 Per Debenture Redeemed] [Previous Year Rs.70/- per Debenture Redeemed]	500		1,500	
(ii)	1,00,00,000 12% Non-convertible Secured Debentures of Rs.100/- each fully paid-up in cash [Rs.60/- per Debenture Redeemed] [Previous Year Rs.40/- per Debenture Redeemed]	4,000		6,000	
(iii)	1,100 13.5% Non-convertible Secured Debentures of Rs.1,00,000/- each fully paid-up in cash [Rs.75,000/- per Debenture Redeemed] [Previous Year Rs.50,000/- per Debenture Redeemed]	275		550	
(iv)	900 13.5% Non-convertible Secured Debentures of Rs.1,00,000/- each fully paid-up in cash [Rs.75,000/- per Debenture Redeemed] [Previous Year Rs.50,000/- per Debenture Redeemed]	225		450	
(v)	1,000 12% 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]	500		750	
(vi)	1,800 [Previous Year 4,000] 7.5% Non-convertible Secured Debentures of Rs.10,00,000/- each fully paid-up in cash	18,000		40,000	
(vii)	1,600 8% Non-convertible Secured Debentures of Rs.10,00,000/- each fully paid-up in cash [Fully Redeemed]	-		16,000	
(viii)	1,600 8% Non-convertible Secured Debentures of Rs.10,00,000/- each fully paid-up in cash [Fully Redeemed]	-		16,000	
(ix)	1,500 9.5% Non-convertible Secured Debentures of Rs.10,00,000/- each fully paid-up in cash	15,000		-	
(x)	Advance Subscription against Non-convertible Secured Debentures of Rs.50,00,00,000/-	3,000	41,500	-	81,250
B. Term Loans					
(i)	From Financial Institutions	27,921		27,159	
(ii)	From Banks				
(a)	In Rupees	242,598		129,096	
(b)	In Foreign Currency	29,044	271,642	14,839	
(iii)	From Others	10,000	309,563	-	171,094
C. Working Capital Loans					
From Banks:					
(i)	For Working Capital				
(a)	in Rupees	12,611		12,133	
(b)	in Foreign Currency	-	12,611	1,130	
(ii)	For Overseas Works	3,682	16,293	4,950	18,213
D. Advances from Clients					
From Government Departments, Public Sector Undertakings & Others - Secured against hypothecation of Construction Material and Plant & Machinery					
(i)	Interest Bearing	932		860	
(ii)	Non Interest Bearing	231	1,163	481	1,341
E. Hire Purchase					
			76		240
		368,595		272,138	

SCHEDULE "D"
UNSECURED LOANS

	2006-2007		2005-2006	
	Rs. IN LAKHS		Rs. IN LAKHS	
A. Foreign Currency Convertible Bonds [See Note No.4 of Schedule "S"]				
FCCB-I [USD]	889		10,958	
FCCB-II [EURO]	94,908	95,797	89,265	100,223
B. Foreign Currency Loans from Banks [ECB]		29,016		-
C. Debentures:				
(i) 8,63,083 8% Non-convertible Unsecured Debentures of Rs.100/- each fully paid-up in cash	863		863	
(ii) 1,000 9.1% Non-convertible Unsecured Debentures of Rs.1,00,000/- each fully paid-up in cash	10,000	10,863	-	863
D. Short Term Loans from Banks [Repayable within one year - Rs.7,775 Lakhs (Previous Year Rs.24,700 Lakhs)]		17,775		24,700
E. Sales Tax Deferment Loan [Repayable within one year - Rs.845 Lakhs (Previous Year Rs.882 Lakhs)]		2,102		3,033
F. Bills Discounting [Repayable within one year - Rs.4,867Lakhs (Previous Year Rs.4,545 Lakhs)]		4,867		4,545
G. Fixed Deposit Scheme [Repayable within one year - Rs.8,051 Lakhs (Previous Year Rs.5,270 Lakhs)]		14,091		9,149
H. Deposits [from Stockists, Sales Promoters & Golf Course Members]		8,470		7,327
		182,981		149,840

SCHEDULE "E"
FIXED ASSETS

PARTICULARS	Rs. IN LAKHS											
	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As On 1.4.2006	Transfer from Transferor Company	Addition during the Year	Sale/ Transfer/ Disposal during the Year	As On 31.3.2007	Upto 31.3.2006	Transfer from Transferor Company	For the Year	Sale/ Adjust- ment	Total	As On 31.3.2007	As On 31.3.2006
01 Land												
(a) Leasehold Land	38,148	-	4,772	374	42,546	-	-	-	-	-	42,546	38,148
(b) Freehold Land	2,411	-	5,192	-	7,603	-	-	-	-	-	7,603	2,411
02 Building												
(a) Office	23,253	-	2,181	163	25,271	3,518	-	706	11	4,213	21,058	19,735
(b) Hotel	2,716	-	93	-	2,809	435	-	44	-	479	2,330	2,281
03 Purely Temporary Erections	9,825	-	8	3,422	6,411	9,825	-	8	3,422	6,411	-	-
04 Railway siding	935	-	6,061	-	6,996	512	-	158	-	670	6,326	423
05 Plant & Machinery												
(a) Cement Division	132,528	-	6,352	3	138,877	59,391	-	6,797	3	66,185	72,692	73,137
(b) Construction Division	117,166	-	4,533	6,396	115,303	37,611	-	5,984	4,318	39,277	76,026	79,555
(c) Golf Course	397	-	43	-	440	64	-	20	-	84	356	333
(d) Hotel	63	-	5	-	68	13	-	3	-	16	52	50
06 Captive Thermal Power Plant	23,695	-	16,720	-	40,415	2,184	-	1,735	-	3,919	36,496	21,511
07 Wind Turbine Generators	-	-	7,967	-	7,967	-	-	62	-	62	7,905	-
08 Golf Course	3,109	-	-	-	3,109	725	-	148	-	873	2,236	2,384
09 Miscellaneous Fixed Assets (Hotel)	170	-	15	-	185	37	-	10	-	47	138	133
10 Motor Vehicles	3,871	-	1,014	136	4,749	1,857	-	389	106	2,140	2,609	2,014
11 Furniture & Office Equipment	7,343	-	1,269	194	8,418	3,193	-	582	178	3,597	4,821	4,150
12 Ships:Boat	4	-	5	-	9	-	-	-	-	-	9	4
13 Aeroplane / Helicopter	739	-	9,014	739	9,014	241	-	56	276	21	8,993	498
14 Technical Books	3	-	-	-	3	3	-	-	-	3	-	-
	366,376	-	65,244	11,427	420,193	119,609	-	16,702	8,314	127,997	292,196	246,767
PREVIOUS YEAR	311,172	69,171	19,562	33,529	386,376	105,954	1,238	15,231	2,814	119,609	246,767	-
CAPITAL WORK-IN-PROGRESS [Including incidental Expenditure Pending Allocation]											222,813	87,606

Note:

(i) Out of the Depreciation for the year, Rs.397 Lakhs [Previous Year Rs.35 Lakhs] has been included in Expenditure During Construction Period shown in Schedule "R".

SCHEDULE "F"	2006-2007		2005-2006	
INVESTMENTS (AT COST)	Rs. IN LAKHS		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	41,376	47,918	41,376	47,918
(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) 75,00,00,000 Equity Shares of Jaypee Karcham Hydro Corporation Limited of Rs.10/- each fully paid-up [Previous Year 60,00,00,000]	75,000		60,000	
(iii) 4,50,50,700 Equity Shares of Jaypee Cement Limited of Rs.10/- each fully paid-up [Previous Year 50,700]	4,505	122,405	5	102,905
(B) Investment in Joint Venture Subsidiary				
UNQUOTED				
(i) 1,05,00,000 Equity Shares of Madhya Pradesh Jaypee Minerals Limited of Rs.10/- each fully paid-up		1,050		-
(C) Investment in Associate Company				
UNQUOTED				
(i) 10,000 Equity Shares of Jaiprakash Kashmir Energy Limited of Rs.10/- each fully paid-up		1		-
(D) Other Investments				
(a) QUOTED				
(i) Nil Equity Shares of Jaiprakash Enterprises Limited of Rs.10/- each fully paid-up [Previous Year 4,67,970]	-		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	124	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'n. 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) BULLION				
Gold [27 Kgs]		260		-
(E) GOVERNMENT SECURITIES				
[Pledged with various Government Departments as Security]				
(i) National Savings Certificates [Face Value Rs.2,000/-]	-		-	
(ii) Kishan Vikas Patra [Face Value Rs.3,000/-]	-	-	-	-
(F) SHARE APPLICATION MONEY				
(i) Jaypee Cement Limited [Subsidiary Company]	5,506		4,500	
(ii) Jaiprakash Kashmir Energy Limited [Associate Company]	101		1	
(iii) Madhya Pradesh Jaypee Minerals Limited [Joint Venture Subsidiary]	300	5,907	-	4,501
		177,874		155,704

Note : 1. Aggregate cost of:

Quoted Investments (Market Value Rs.1127,31,37,680/-

Previous Year Rs.1271,32,74,230/-)

Unquoted

Rs. 4,804,160,148

Rs. 12,392,475,163

2. All Investments are Long Term

SCHEDULE "G"	2006-2007		2005-2006	
CURRENT ASSETS, LOANS & ADVANCES	Rs. IN LAKHS		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)	29,311		27,544	
(b) Construction Materials (at cost)	5,398		7,036	
(c) Raw Materials - Cement Division (at cost)	641		399	
(d) Raw Materials - Asbestos Sheets (at cost)	506		-	
(e) Finished Goods - Cement Division (at estimated cost or net realisable value whichever is lower)	2,377		1,546	
(f) Finished Goods - Asbestos Sheets (at estimated cost or net realisable value whichever is lower)	710		-	
(g) Stock in Process-Cement Division (at estimated cost)	756		770	
(h) Work-in-Progress-Construction Division (at estimated cost)	39,598		21,715	
(i) Goods in Transit	1,319	80,616	1,123	60,133
2. PROJECTS UNDER DEVELOPMENT [at cost] [also refer Schedule "Q"]		45,847		61,113
3. 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	15,279		9,132	
Less: Provision for Bad and Doubtful Debts	140	15,139	25,302	-
(b) Other Debts		19,903	45,205	22,943
4. CASH AND BANK BALANCES				
(a) Cash, Cheques in hand and in transit		9,162		4,298
(b) Balances with Scheduled Banks				
(i) In Current & Cash Credit Account		23,705		17,013
(ii) In Fixed Deposits Account (Fixed Deposits of Rs.86,26,44,845/- pledged as Margin Money with Banks & Others) [Previous Year Rs.98,26,20,969/-]		109,602		144,609
(iii) Balance in Dividend Account		400	133,707	482
(c) Balance with Non-Scheduled (Foreign) Banks In Current Account		112	142,981	578
5. OTHER CURRENT ASSETS				
Interest accrued on Fixed Deposits & Others (From Banks Rs.12,10,69,109 /- Previous Year Rs.3,36,05,915/-)			1,253	340
			315,902	330,804
B. LOANS AND ADVANCES (Unsecured, considered good)				
Advances to Suppliers, Contractors, Sub-Contractors & Others		53,013		53,238
Staff Imprest and Advances		333		319
Claims and Refunds Receivable		8,592		6,012
Prepaid Expenses		4,645		2,048
Deposits with Govt. Deptts., Public Bodies and Others				
(a) Govt. Deptts. & Public Bodies		14,794		9,258
(b) Others		893	15,687	608
Works Contract Tax/Sales Tax Recoverable			2,705	3,259
Advance Tax and Income Tax Deducted at Source			24,875	16,437
			109,850	91,179
GRAND TOTAL			425,752	421,983

SCHEDULE "H"	2006-2007		2005-2006	
CURRENT LIABILITIES AND PROVISIONS	Rs. IN LAKHS		Rs. IN LAKHS	
A. CURRENT LIABILITIES				
Sundry Creditors				
(a) Dues to Small Scale Undertakings	5		5	
(b) Others	<u>48,312</u>	48,317	<u>40,404</u>	40,409
Advances from Customers		42,140		21,375
Due to Staff		900		561
Due to Directors		2		-
Adjustable receipts against Contracts (against Guarantees)				
(a) Interest Bearing	21,217		11,954	
(b) Non Interest Bearing				
(i) From Subsidiaries / Associates	61,430		47,569	
(ii) From Others	<u>7,106</u>	<u>68,536</u>	<u>18,130</u>	77,673
Other Liabilities		11,863		5,510
Redemption of Preference Share Capital at par of Transferor Company		-		2,730
Interest accrued but not due on loans		6,983		4,946
Investors Education & Protection Fund: [Appropriate amounts shall be transferred to Investor Education & Protection Fund, if and when due]				
(a) Unclaimed Dividend	400		462	
(b) Share Application Money Refundable A/c (Rights Issue)	<u>2</u>	<u>402</u>	<u>2</u>	484
		200,360		153,688
B. PROVISIONS				
For Taxation		23,291		14,898
For Gratuity		1,981		1,605
For Provident Fund		270		200
For Leave Encashment		761		468
For Proposed Final Dividend		3,508		2,398
For Tax on Dividends		596		336
		30,407		19,905
GRAND TOTAL		230,767		173,593
SCHEDULE "I"				
MISCELLANEOUS EXPENDITURE				
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)				
Share Issue Expenses	-		26	
Less: Written-off during the year	-	-	<u>26</u>	-
Preliminary Expenses		14		18
Deferred Revenue Expenditure		-		33
		14		51
SCHEDULE "J"				
HOTEL / HOSPITALITY, POWER & OTHER REVENUE				
Hotel / Hospitality Revenue				
Room Sale	1,414		1,163	
Food & Beverages	577		482	
Wine & Liquor	89		71	
Telex & Telephone	2		3	
Other Services	<u>95</u>	<u>2,177</u>	<u>102</u>	1,821
Golf Membership & Other Receipts		758		525
Sale of Thermal & Wind Power		646		139
Dividends		740		2,341
Rent		88		112
Machinery Rentals		2,628		6,197
Foreign Currency Exchange Rate Difference		279		52
Interest (including Rs.25,57,23,620/- from Banks)		2,709		3,992
Miscellaneous		3,599		3,142
		13,624		18,321

SCHEDULE "K"	2006-2007		2005-2006	
INCREASE / (DECREASE) IN STOCKS	Rs. IN LAKHS		Rs. IN LAKHS	
CLOSING STOCKS				
Finished Goods	3,087		1,546	
Stock-in-process	756	3,843	770	2,316
LESS: OPENING STOCKS				
Finished Goods	1,546		2,655	
Stock-in-Process	770	2,316	1,373	4,028
		1,527		(1,712)
SCHEDULE "L"				
MANUFACTURING, CONSTRUCTION, HOTEL / HOSPITALITY & POWER EXPENSES				
Work-in-Progress as on 01.04.2006 - Construction Division		21,715		22,038
Raw Materials Consumed - Cement Division		17,227		13,655
Raw Materials Consumed - Asbestos Sheets		1,098		-
Construction Expenses		74,495		85,527
Consumption of Food and Beverages etc.		212		199
Hotel & Golf Course Operating Expenses		720		621
Hire Charges and Lease Rentals of Machinery		463		557
Power, Electricity and Water Charges		20,760		20,551
Repairs and Maintenance of Machinery		25,470		15,416
Repairs to Building and Camps		2,004		1,436
Stores and Spares Consumed		22,159		21,222
Coal and Packing Materials Consumed		28,143		22,497
Freight, Octroi & Transport Charges		9,348		10,307
		223,814		214,026
Less: Self Consumption - Cement & Asbestos Sheets		6,790		4,329
Less: Closing Work-in-Progress - Construction Division		39,598		21,715
		177,426		187,982
SCHEDULE "M"				
PERSONNEL				
Salaries, Wages & Bonus		13,425		10,139
Gratuity		346		380
Contribution to Provident & Other Funds		1,099		753
Staff Welfare		1,238		1,167
		16,108		12,439
SCHEDULE "N"				
SELLING & DISTRIBUTION EXPENSES				
Loading, Transportation & Other Charges		29,703		23,125
Commission on Cement Sales		2,663		2,289
Sales Promotion		2,139		1,746
		34,505		27,160
SCHEDULE "O"				
OTHER EXPENSES				
Rent		397		389
Rates & Taxes		3,586		2,055
Insurance		3,335		2,621
Travelling & Conveyance		1,924		1,676
Bank Charges & Guarantee Commission		3,196		4,435
Loss on Sale / Disposal / Write-off of Assets (Net)		1,764		1,631
Financing Charges		412		786
		14,614		13,593

c/f

SCHEDULE "O" (Contd....)

		2006-2007 Rs. IN LAKHS	2005-2006 Rs. IN LAKHS
	b/f	14,614	13,593
Postage, Telephone & Telex		443	393
Light Vehicles Running & Maintenance		1,046	646
Legal & Professional		1,454	1,279
Charity & Donation		2,631	1,520
Security & Medical Service		1,884	2,077
Sundry Balances Written-off		291	153
Provision for Bad and Doubtful Debts		140	-
Directors' Fees		11	6
Amortisation of Land Premium		100	100
Less: Transferred from Revaluation Reserve		73	73
Miscellaneous Expenses		4,510	4,306
Auditors' Remuneration:			
Audit Fees		22	19
Tax Audit Fees		2	2
Other Services		-	11
To Partners in other capacity:			
For Taxation Matters [Rs. 12,000/-]		-	-
For Management Services		1	1
Reimbursement of Expenses		4	3
Preliminary, Share & Debenture Issue & Other carry forward expenses written off		4	34
		27,084	24,070

SCHEDULE "P"
INTEREST

Interest on Non-Convertible Debentures	5,535	7,387
Interest on Term Loans	14,688	11,390
Interest on Bank Borrowing and Others	5,502	5,197
	25,725	23,974

SCHEDULE "Q"
PROJECTS UNDER DEVELOPMENT

Opening Balance as on 01.04.2006	61,113	11,275
Less: Revaluation reserve on Lease-hold Land under Development reversed	22,688	-
	38,425	11,275

Expenses On Development of Land during the year

Transfer from Land	-	46,643
Purchase of Land	419	315
Construction Expenses	3,969	1,456
Technical Consultancy	508	-
Power, Electricity and Water Charges	156	35
Personnel Expenses	328	86
Sales and Promotional Expenses	251	-
Lease Rent	87	88
Interest / Financing Charges	1,226	651
Other Expenses	478	564
Balance carried to SCHEDULE G - A-2	45,847	61,113

SCHEDULE "R"

	2006-2007 Rs. IN LAKHS	2005-2006 Rs. IN LAKHS
EXPENDITURE DURING CONSTRUCTION PERIOD		
Opening Balance as on 01.04.2006	16,098	9,715
Opening Balance transferred from Transferor Company	-	1,701
Electricity, Power and Fuel	583	443
Salary, Wages and Staff Welfare	1,554	525
Site Development Expenses	616	194
Repair and Maintenance	1,065	126
Legal and Professional	2,593	936
Insurance	342	215
Travelling and Conveyance	185	67
LC Commission, Bank Charges and Bank Guarantee Commission	571	339
Interest / Financing Charges	14,227	5,151
Safety and Security	395	129
Freight and Material Handling	333	16
Vehicle / Machinery Hire Charges / Lease Rent	165	113
Light Vehicles Running and Maintenance	84	40
Depreciation	397	35
Querry Development / Compensation	363	3,214
Trial Run Expenses	183	-
Miscellaneous	765	124
	<u>40,519</u>	<u>23,083</u>
Less:		
(i) Miscellaneous Receipt [Rs.22,000/-]	-	-
(ii) Foreign Exchange Fluctuation	137	-
(iii) Interest Received	3,042	147
Less : Provision for Taxation	<u>1,024</u>	<u>-</u>
	<u>38,364</u>	<u>22,936</u>
Less:Capitalised/Transferred During the year	<u>2,821</u>	<u>6,838</u>
	<u>35,543</u>	<u>16,098</u>

SCHEDULE "S"
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 from/in respect of Contracts entered on or after 01.04.2003 are accounted as per AS-7 [Revised]. Construction Revenue/Incomes from/in respect of 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 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/materialise.

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 borrowing and financial 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.

Employee Benefits

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

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

Inventories

- (i) Stock of Cement/ Asbestos Sheets is valued at estimated cost or net realisable value, whichever is less. Value of Cement, Asbestos Sheets and Clinker lying in the factory premises includes excise duty, pursuant to the Accounting Standard (AS-2) [Revised].
- (ii) The closing stocks are valued on the basis of Weighted Average Cost Method.
- (iii) Work-in-Progress/Material-in-Process is valued at estimated cost.

Foreign Currency Transactions

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

Lease Rentals

- (i) Operating Leases: Rentals are expensed with reference to lease terms.
- (ii) 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 and 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 or sale. 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 [AS - 29]

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.

	31.03.2007 Rupees	31.03.2006 Rupees
(B) NOTES TO THE ACCOUNTS		
01 Contingent Liability not provided for in respect of:		
(a) Outstanding amount of Bank Guarantees	10,887,918,513	14,486,808,734
Margin Money deposited against the above	546,778,638	572,513,870
(b) Corporate Guarantees:		
(i) for Term Loans, NCDs and Deferred Payment Guarantees granted by Financial Institutions & Banks to Jaiprakash Hydro-Power Limited [Subsidiary Company]	6,069,621,803	8,184,672,208
(ii) for Rupee Term Loans and Foreign Currency Loans granted by Financial Institutions & Banks to Jaiprakash Power Ventures Limited [Subsidiary Company]	4,079,299,600	3,520,720,000
(c) Claims against the Company not acknowledged as debts	3,383,729,617	3,146,648,510
Amount deposited under Protest	88,550,669	38,151,883
Bank Guarantee deposited under Protest [included in 1 (a) above]	600,389,000	536,000,000
(d) Outstanding Letters of Credit	3,653,230,477	2,055,183,209
Margin Money deposited against the above	-	86,503,898

	31.03.2007 Rupees	31.03.2006 Rupees
(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 amounting to Rs.1225.16 Crores [Previous Year Rs.608.67] till F.Y. 2012-13. The Liability on account of custom duty aggregating to Rs.153.14 Crores [Previous Year Rs.106.55 Crores] may arise alongwith interest @15% p.a., in the event of non-fulfillment 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. Demand for the period January 2004 to March 2007 which has not been raised by the Madhya Pradesh Government till 31.03.07 Amount deposited under Protest	263,450,569 23,345,768	263,450,569 23,345,768
(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. 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, [a] 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 [b] granted interim stay for refund of amount of Rs.16,73,31,838/- [Previous Year Rs.16,73,31,838/-] deposited under protest with the Department.	516,237,283	516,237,283
(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. The disputed tax for the period from 15.10.2004 to 31.03.2007 in respect of Jaypee Ayodhya Grinding Operations Unit and Jaypee Cement Ghoorpur Unit established within U.P. amounting to Rs.38,66,77,875/- [Previous Year Rs.19,45,27,327/-] has been deposited under protest with U.P. Trade Tax Department.	388,463,473	202,908,862
(h) The Government of U.P. has imposed Entry Tax @2% on the value of the Cement w.e.f. 16.05.2003. This was challenged by the Company before 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 before the Hon'ble Supreme Court of India. The Hon'ble Supreme Court has directed Hon'ble Allahabad High Court on 14.07.06 to examine the constitutional validity of U.P. Entry Tax Act. The High Court on 08.01.07 has held the above Act ultra vires. The Hon'ble Supreme Court on 17.04.07 passed an interim order sustaining the High Court Order and restricting further deposit. The final decision of Hon'ble Supreme Court is awaited. Amount deposited under Protest	450,113,952 340,423,021	277,971,916 155,801,935
(i) Bihar Sales Tax under appeal Amount deposited under Protest	17,120,206 14,176,265	17,120,206 14,176,265
(j) Excise matters under appeal Amount deposited under Protest	70,393,371 10,712,892	25,064,694 17,112,763
(k) U.P. Trade Tax under appeal	2,217,025	10,633,641
(l) M.P. Entry Tax under Appeal Amount deposited under Protest	30,915,458 15,949,625	30,915,458 15,949,625
(m) U.P. Entry Tax under Appeal	13,744,539	13,221,539
(n) Nikay Kar under appeal	672,924	672,924
(o) MPCT/CST under appeal Amount deposited under Protest	3,942,999 640,763	3,942,999 640,763
(p) Electricity Cess under appeal Amount deposited under Protest	18,497,870 9,248,936	18,497,870 9,248,936
(q) Service Tax matters under appeal Amount deposited under Protest	153,955 153,955	- -
(r) Income Tax matters under appeal in respect of A.Y.2004-2005 [Previous Year for A.Y. 2003-04]	231,270,470	346,729,279
02 Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of advances)	12,820,704,953	9,871,986,007

03 Revaluation Reserve

- (a) Reserves acquired on amalgamation of erstwhile Jaypee Greens Limited, include Revaluation Reserve of Rs.529,00,06,945/- created on revaluation of Fixed Asset [Land] and "Projects Under Development [Land]" under the Current Assets. The said revaluations were done on 14.06.2003 and 28.02.2005 by Rs.250,54,89,147/- and Rs.278,45,17,798/- respectively.
- (b) The aforesaid Revaluation Reserve included Rs.226,88,29,528/- in respect of "Projects Under Development [Land]" forming part of the Inventory under the Current Assets. During the Financial Year 2006-07 the value of "Projects Under Development [Land]" under the Current Assets has been stated at cost and the related Revaluation Reserve amounting to Rs.226,88,29,528/- has been reversed. The Previous Year amount of Rs.611,12,64,598/- in respect of "Projects Under Development [Land]" under the Current Assets included the said Revaluation Reserve of Rs.226,88,29,528/-.
- (c) During the F.Y. 2006-07 an amount of Rs.73,42,993/- has been amortised by way of debit to the Revaluation Reserve account and credited to the Profit & Loss Account.

- 04 (a) The Company had issued 1,00,000 Nos 0.50% Foreign Currency Convertible Bonds [FCCB - I] of USD 1,000 each aggregating to USD 100 Million, at par, on 18.02.2005. These Bonds are convertible at the option of bond-holders 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 at any time on or after 29.03.2005 and prior to the close of business on 10.02.2010. 22,570 FCCBs of USD 1,000 each [Previous Year 75,370] were converted into 41,81,905 Equity Shares of Rs.10/- each during the F.Y. 2006-07 [Previous Year 1,39,65,003].

2,060 FCCBs of USD 1,000 each [Previous Year 24,630] were outstanding as on 31.03.2007. Upon conversion of the outstanding Bonds into Equity Shares, the Share Capital of the Company will increase by 3,81,690 Equity Shares of Rs.10/- each.

Unless previously converted, the bonds are redeemable at maturity on 17.02.2010 at a premium of 31.959% ; representing a YTM of 6.15% p.a. [value as on 31.03.2007 is USD 1,123.47 (Previous Year USD 1,066.65) per Bond]. A reserve aggregating to Rs.1,09,80,212/- upto 31.03.2007 has been created for the redemption premium .

- (b) The Company has issued 1,65,000 Nos 0.50% Foreign Currency Convertible Bonds [FCCB-II] of Euro 1000 each aggregating to Euro 165 Million at par on 09.03.2006. These Bonds are convertible at the option of bond-holders 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 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 at maturity on 09.03.2013 at a premium of 32.071% ; representing a YTM of 4.50% p.a. [value as on 31.03.2007 is Euro 1,042.40 (Previous Year Euro 1,002.88) per Bond]. A reserve aggregating to Rs.40,24,09,920/- upto 31.03.2007 has been created for the redemption premium.

- 05 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.

- 06 (a) 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 as under :

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) & (vi)	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

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 in respect of NCDs at Sl.No.[i] to [v] & [vii] and to the extent of 40% in respect of NCDs aggregating to Rs.180 crores at Sl.No.[vi] ; the balance 60% being secured by way of Bank Guarantee of Rs.112.50 crores included under [b] below :

- (i) 50,00,000 16.5% NCDs of Rs.100/- each redeemable in 20 equal quarterly installments from 15.10.2002 to 15.07.2007 [Rs.90 per debenture redeemed];
- (ii) 1,00,00,000 12% NCDs of Rs.100/- each redeemable in 20 equal quarterly installments from 15.04.2004 to 15.01.2009 [Rs.60 per debenture redeemed];
- (iii) 1,100 13.5% NCDs of Rs.1,00,000/- each redeemable in 4 equal annual installments from 21.09.2004 to 21.09.2007 [Rs.75,000/- per debenture redeemed];
- (iv) 900 13.5% NCDs of Rs.1,00,000/- each redeemable in 4 equal annual installments from 30.12.2004 to 30.12.2007 [Rs.75,000/- per debenture redeemed];
- (v) 1,000 12% NCDs of Rs.1,00,000/- each redeemable in 4 equal annual installments from 05.06.2005 to 05.06.2008 [Rs.50,000/- per debenture redeemed];
- (vi) 1,800 7.5% NCDs of Rs.10,00,000/- each redeemable in 12 equal quarterly installments from 15.01.2009 to 15.10.2011; [Previous Year 4,000]
- (vii) 1,500 9.5% NCDs of Rs.10,00,000/- each redeemable in 12 equal quarterly installments from 01.04.2010 to 01.01.2013; and
- (b) Term Loans including External Commercial Borrowings from Financial Institutions, Banks and Bank Guarantees to the extent of Rs.112.50 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.
- (c) Term Loans and NCD's obtained from Banks for setting up of 5 Million TPA Cement Plant in H.P. at Baga & Bagheri and Grinding Unit in Haryana at Panipat, 2.2 Million TPA Cement Plant in U.Pat Dalla,Churk and Chunar and 1.5 Million TPA Cement Plant in M.P. at Sidhi 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 of respective Cement Plants [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.				
	(d) Term Loans from Housing and Urban Development Corporation Limited [HUDCO] of Rs 31,88,35,216/- [Previous Year Rs 122,56,50,323/-] for Real Estate development at Greater Noida is secured by equitable mortgage of the Land at Greater Noida with all present and future construction and development work thereon.				
	(e) Term Loan of Rs 200 crores sanctioned by Punjab National Bank for Taj Expressway Project [Rs 7,44,68,729/- disbursed till 31.03.07] is secured by way of 2nd charge on 452.26 acres of Lease Hold Land and other Assets at Greater Noida.				
	(f) The Working Capital facilities availed from the Consortium member Banks with Canara Bank, as lead, are secured by way of first charge on Current Assets i.e. 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 2nd charge on the Fixed Assets of the Company, both present and future except assets exclusively charged.				
07	(a) The Provision for Taxation charged to the Profit & Loss Account includes Rs.12,00,000/- [Previous Year Rs.11,00,000/-] towards Wealth Tax.				
		2006-2007	2005-2006		
	(b) Deferred Tax	Rupees	Rupees		
	(i) Deferred Tax Liability on account of:				
	Depreciation	3,784,530,480	3,719,704,922		
	Others	1,209,724,720	1,182,110,111		
		4,994,255,200	4,901,815,033		
	Deferred Tax Assets on account of:				
	Employees' Benefits	93,187,231	69,750,642		
		93,187,231	69,750,642		
	Net Deferred Tax Liability	4,901,067,969	4,832,064,391		
	(ii) Deferred Tax [Net] amounting to Rs. 6,90,03,578/- [Previous Year Rs.55,96,679/-] has been recognised in the Profit & Loss Account for the year ended 31st March, 2007.				
08	Disclosure as per Accounting Standard - 7 [Revised]				
	(a) Contract Revenue during the period	4,646,183,595	4,560,894,902		
	(b) Direct Expenses during the period	4,191,444,464	4,259,823,496		
	(c) Profits recognised during the period	454,739,131	301,071,407		
	(d) Advances received [Outstanding]	8,273,639,763	6,038,406,844		
	(e) Retentions during the period *	173,833,893	246,979,654		
	(f) Retentions [Outstanding] *	534,058,306	362,974,415		
	* Retentions includes amounts released against furnishing of Bank Guarantees.				
	The above information is in respect of Contracts entered into on or after 01.04.2003.				
09	(a) Item 5 & 10 of Schedule "E" of Fixed Assets include assets costing Rs.6,88,19,371/- [Previous Year Rs.7,04,82,811/-] 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.NIL [Previous Year Rs.1,82,88,660/-] payable within one year and Rs.NIL payable after one year and before five 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.1,82,88,660/- [Previous Year Rs.3,65,77,320/-].				
10	(a) 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 & new Cement Projects in Himachal Pradesh, Uttar Pradesh & Madhya Pradesh.	22,289,995,388	8,760,635,203		
	(b) Capital Work in Progress includes Rs 459 crores deposited with the Hon'ble High Court of Judicature at Allahabad for purchase of Assets of U P State Cement Corporation Limited (in liquidation) located at Dalla, Churk & Chunar (U.P). The Hon'ble High Court has permitted physical possession of the Assets at Dalla, Churk & Chunar for inventory, renovation & refurbishment of the Cement Plants. The capitalisation of Assets will be done after necessary mutation is completed.				
11	The Free-hold Land [Agricultural] purchased by the Company for Rs.2,96,407/- measuring 7 Bighas at Rangpuri, New Delhi and has been notified for acquisition u/s 4 & 6 of the Land Acquisition Act. The Company's claim for compensation is pending settlement.				
12	29,49,99,900 Equity Shares of Rs.10/- each of Jaiprakash Hydro-Power Limited [JHPL] [subsidiary company] are pledged with IFCI Limited as collateral 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 [included in 1(a) above] for inter connection facility established by SJVNL at Jhakri for evacuation of Power from JHPL's Baspa-II HEP.				
13	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 collateral security for the financial assistance of Rs.1,025.89 crores [Previous Year Rs.938.69 crores] and 30.82 Million USD equivalent to Rs.134.93 crores [Previous Year 17.65 Million USD equivalent to Rs.79.07 crores] of Foreign Currency Loan granted by PFC, PNB, ICICI, IDBI, REC and LIC to JPVL and 22,50,00,000 Equity Shares of Rs.10/- each of fully paid-up of Jaypee Karcham Hydro Corporation Limited [JKHCL] are also pledged with ITSL as collateral security for financial assistance of Rs.248.38 crores being granted to JKHCL.				
14	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.				
15	Other Liabilities shown under the head "Current Liabilities & Provisions" include Book Overdraft of Rs.45,75,07,403/- [Previous Year 6,14,55,558/-].				
16	Creditors include Imperial Gases Limited, a Small Scale Industrial Undertaking, to whom Rs.8,20,043/- [Previous Year Rs.4,64,630/-] is outstanding for more than 30 days as on the Balance Sheet date.				
17	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.				
18	Particulars of investments made subsequent to the date of previous Balance Sheet:				
	Name of Company	2006-2007	2005-2006		
		Rupees	Rupees		
	(a) Jaypee Karcham Hydro Corporation Limited 15,00,00,000 [Previous Year 59,99,50,000] Equity Shares of Rs.10/- each	1,500,000,000	5,999,500,000		
	(b) Madhya Pradesh Jaypee Minerals Limited 1,05,00,000 Equity Shares of Rs.10/- each	105,000,000	-		

	2006-2007 Rupees	2005-2006 Rupees
(c) Jaypee Cement Limited 4,50,00,000 Equity Shares of Rs 10/- each [Previous Year 50,700 Equity Shares of Rs.10/- each & Rs 45,00,00,000 Share Application Money]	450,000,000	507,000
(d) Jaiprakash Kashmir Energy Limited 10,000 Equity Shares of Rs.10/- each [Previous Year Rs 1,00,000 Share Application Money]	100,000	-
(e) Share Application Money paid to Jaypee Cement Limited - pending for allotment	550,600,000	450,000,000
(f) Share Application Money paid to Jaiprakash Kashmir Energy Limited - pending for allotment	10,100,000	100,000
(g) Share Application Money paid to Madhya Pradesh Jaypee Minerals Limited - pending for allotment	30,000,000	-
19 Cost of Limestone raised included in raw materials consumed:		
Royalty and Cess	323,856,633	296,771,914
Salaries and Wages	52,042,109	36,685,559
Power and Fuel	6,987,603	6,853,518
Stores and Spares Consumed	381,432,614	302,568,936
Factory and Administrative Overheads	69,916,698	39,937,747
	834,235,657	682,817,674

- 20 (a) In compliance of Accounting Standard-2 [Revised], the Company has provided liability of Excise Duty amounting to Rs. 3,05,79,404/- [Previous Year Rs.2,58,13,822/-] 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 Rs.2,17,63,751/- [Previous Year Rs.3,51,07,227/- credit] related to difference between Closing and Opening Stock has been recognised in the Profit & Loss Account separately.
- 21 Construction Revenue include Rs.48,93,15,044/- [Previous Year 116,47,27,968/-] for supplies under EPC Contracts

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

Name of the Bank	Balance as at 31.03.2007	Amount of maximum balance during the year	Balance as at 31.03.2006
01 Rafidian Bank, Subkusoor, Baghdad (I.D.)	27,380,207	27,380,207	27,380,207
02 Bank of Bhutan, Phuentsholing, Bhutan [Nu] [A/c No.7340]	22,064	22,114	22,114
03 Bank of Bhutan, Phuentsholing, Bhutan [Nu] [A/c No.7311]	5,838,392	63,658,192	12,385,775
04 Bank of Bhutan, Phuentsholing, Bhutan [Nu] [A/c No.268]	123,445	1,964,538	494,284
05 Royal Bank of Scotland [GBP] [A/c No.21872175]	11,323	11,323	6,420
06 Royal Bank of Scotland [USD]	63,601	86,961	86,618
07 Royal Bank of Scotland [EURO]	10,342	207,515	206,449
08 Saudi Holland Bank [SR]	-	2,000,000	2,000,000
09 Royal Bank of Bhutan [Nu] [A/c No.960]	9,381	4,887,095	5,009,708

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

	2006-2007 Values	2005-2006 Values
(i) Fixed Deposits with:		
01 State Bank of India, London [USD]	1,291,254	1,285,877
02 Canara Bank, London [USD]	18,136,271	51,297,747
03 State Bank of India, London [EURO]	-	22,000,000
04 Canara Bank, London [EURO]	-	20,000,000
05 Bank of India, London [EURO]	-	49,999,983
06 ICICI Bank, London [EURO]	50,794,011	50,000,000
07 Bank of India, Tokyo [USD]	3,000,000	-
08 Syndicate Bank, London [USD]	9,000,000	-
(ii) Current Account with:		
01 Canara Bank, London [USD]	2,402	36,968
02 State Bank of India, London [EURO]	7,447	382
03 Canara Bank, London [EURO]	68,456	-
04 State Bank of India [USD]	2,427	-
05 Bank of Baroda, London [EURO]	442,872	-
23 Managerial remuneration paid/payable to Whole-time Directors [excluding Provisions for Gratuity & Leave Encashment on retirement]		
Salaries	15,126,936	9,718,065
Provident Fund Contribution	1,815,233	1,166,168
Perquisites	11,007,937	7,273,095
	27,950,106*	18,157,328*

* includes Rs.15,56,363/- [Previous Year Rs.31,25,200/-] paid to Directors of Transferor Company, erstwhile Jaypee Greens Limited during F.Y. 2006-07

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

Statistical Data:

(A) Cement	2006-2007 Qty. (MT)	2005-2006 Qty. (MT)
(a) Capacity & Production:		
Installed Capacity - Per annum	7,000,000 *	7,000,000 *
Production - Portland Cement	6,680,910**	5,911,070**
- Clinker (Production for Sale)	100,095**	161,981**

* as on 31.03.2007

** as certified by the Management.

(b) Sales

	2006-2007 Qty. (MT)	2005-2006 Value (Rs.)	2006-2006 Qty. (MT)	2005-2006 Value (Rs.)
Cement [exclusive of self-consumption]	6,171,910	28,489,242,281	5,612,187	14,138,850,606
Clinker	100,095	295,701,015	161,981	297,916,069
		28,726,943,296		14,436,766,675
Less: Excise Duty		2,541,872,962		2,230,517,726
		18,185,070,334		12,206,248,949

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

Opening Stock - Cement *	86,599	154,599,287	136,466	265,452,404
Closing Stock - Cement *	106,450	237,685,929	86,599	154,599,287

* after adjusting 4,02,210 MT Self Consumption (Previous Year 3,41,291 MT) and 7,039 MT screening and transit loss (Previous Year 7,459 MT)

(B) Cement Product - Asbestos Sheets

(a) Capacity & Production:

Installed Capacity - Per annum	1,00,000 *	- *
Production - Asbestos Sheet	36,752 **	- **

* as on 31.03.2007

** as certified by the Management. (Commercial Production w.e.f. 19.09.2006)

	2006-2007	2006-2007	2005-2006	2005-2006
	Qty. (MT)	Value (Rs.)	Qty. (MT)	Value (Rs.)
(b) Sales :				
Asbestos Sheet	21,441	148,322,867	-	-
(exclusive of self-consumption)				
Less: Excise Duty		11,499,437		-
		128,823,430		-
(c) Particulars in respect of Opening Stock and Closing Stock:				
Opening Stock - Asbestos Sheet*	-	-	-	-
Closing Stock - Asbestos Sheet*	14,332	71,036,434	-	-
*after adjusting 331MT Self Consumption and 648 MT Dry waste less				
(C) Details of Raw Materials, Stores and Spares Consumed:				
(a) Raw Materials:				
Cement				
(i) Indigenous : (100%)				
Limestone	7,503,936	834,235,057	6,867,296	682,817,674
Gypsum	218,588	419,295,882	202,442	332,214,709
Lateralite Ore	184,480	88,972,063	152,274	51,001,848
Fly Ash	1,448,773	488,229,253	1,139,834	299,416,214
		1,722,732,855		1,365,450,445
Cement Product - Asbestos Sheets				
(i) Indigenous : (39.90%)				
Cement OPC	15,375	24,128,434	-	-
Pulp	218	2,793,943	-	-
Fly Ash	9,986	4,071,306	-	-
Fibre	394	12,832,011	-	-
(ii) Imported: (60.10 %)				
Fibre	2485	86,021,533	-	-
		108,845,227		-
(b) Stores and Spares:	2006-2007		2005-2006	
	Rupees		Rupees	
(i) Indigenous	2,064,752,172	93.18%	2,009,485,168	94.69%
(ii) Imported	151,665,368	6.82%	112,701,447	5.31%
	2,216,417,540	100%	2,122,186,615	100%
(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.46/93/2007-CL-II dated 01.05.2007 to the effect that the disclosure of quantitative details in compliance of paras 3(i)(a) and 3(i)(d) of Part-II of Schedule-V to the Companies Act, 1956 as amended vide Notification No.GSR 494(E) dated 30th October, 1973 in respect of goods which are less than 10% of the total value of Company's turnover, purchases, goods traded, sales,consumption of raw material etc., shall not be necessary for the Company in respect of its Hotel/ Hospitality Business for the financial year ended on 31.03.2007.				
No class of goods is in excess of 10% of the total value of Company's turnover, purchases, goods traded, sales,consumption of raw material etc., in respect of which quantitative details are required to be disclosed.				
	2006-2007		2005-2006	
	Rupees		Rupees	
(E) Value of Imports [On CIF Basis]:				
Stores and Spares	694,785,886		333,068,834	
Capital Equipment (including Capital Work-in-Progress)	4,252,364,276		1,048,151,229	
Steel Plates	1,272,904		4,569,609	
Raw Materials	89,465,000		-	
(F) Expenditure in Foreign Currency (including Expenditure During Construction Period):				
Travelling	14,062,932		10,613,268	
Technical Fees	85,918,884		174,269,420	
Contract Work Expenses	588,171,781		305,639,067	
Financial and Bank Charges	147,931,616		307,146,481	
Interest	93,261,437		189,969,178	
Others	8,601,780		28,960,126	
(G) Earnings in Foreign Currency:				
Contract Receipts (Deemed Export (Foreign Exchange Earnings))	1,118,711,286		1,207,968,154	
Cement Exports (FOB Value)	144,560,863		127,440,835	
Hospitality	3,618,842		3,324,786	
Interest	288,211,958		122,147,788	
Others	4,467,935		5,434,369	

(H) Dividend Paid to Non-Resident Share Holders in Foreign Currency

	During FY 2006-2007		During FY 2005-2006
	Int. Div. for FY 06-07	Final Div. for FY 05-06	Int. Div. for FY 05-06
Number of Share Holders	96	92	93
Number of Shares	149,009	144,996	146,007
Dividend Paid [Rs.]	296,018	138,499	252,813

25 The External Commercial Borrowings (ECBs) outstanding as on 31.03.2007 of USD 250,00,000 and JPY 789,75,00,000 (disbursed against ECB of JPY 2555,62,50,000) and USD 224,85,179 (disbursed against ECB of USD 3,80,00,000) are hedged in respect of coupon as well as repayment.

As on 31.03.2007, the Company has outstanding exposure of USD 20,60,000 against Foreign Currency Convertible Bonds (FCCB-I) (Previous Year USD 2,46,30,000) and Euro 16,50,00,000 against Foreign Currency Convertible Bonds (FCCB-II) (Previous Year Euro 16,50,00,000) unhedged (owing to Current Market Share Price being higher than Conversion Price) pending conversion into Equity Share Capital. USD 1,94,27,525 (Previous Year USD 5,25,83,624) and Euro 5,07,94,011 (Previous Year Euro 11,99,99,983) are parked overseas pending utilization.

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

Relationships
(a) Subsidiary Companies (including their subsidiaries):

- JaiPrakash Hydro Power Limited
- JaiPrakash Power Ventures Limited
- Jaypee Hotels Limited
- Jaypee Kancham Hydro Corporation Limited
- Jaypee Cement Limited [w.e.f. 31.01.06] and
- Gajarat Anjan Cement Limited [w.e.f. 06.03.06] [subsidiary of Jaypee Cement Limited]

(b) Associate Companies:

- Jaypee Ventures Pvt. Limited
- JaiPrakash Kashmir Energy Limited [w.e.f. 24.01.06]
- JL Information Technology Limited
- Gaur & Nagi Limited
- Indesign Enterprises Private Limited

(c) Joint Venture Subsidiaries :

- Madhya Pradesh Jaypee Minerals Limited [w.e.f. 29.09.06]
- Jaypee Powergrid Limited [w.e.f. 30.01.07] [Joint Venture Subsidiary Company of JaiPrakash Hydro Power Limited]

(d) Key Management Personnel:

- Shri Manoj Gaur, Executive Chairman
- Shri Sunil Kumar Sharma, Executive Vice Chairman

Whole-time Directors:

- Shri A.K.Jain, Joint Managing Director [w.e.f. 01.03.07]
- Shri Sunny Gaur
- Shri Sameer Gaur
- Shri Rahul Kumar [till 24.12.05]
- Shri S.D. Nallwal
- Shri Pankaj Gaur

Directors of Transferor Company, erstwhile Jaypee Greens Limited

- Shri Har Prasad [till 21.06.05]
- Smt. Rita Dixit [till 21.09.06]

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

- Shri Gyan Prakash Gaur
- Smt.Rekha Dixit
- Smt.Rita Dixit [w.e.f. 22.06.06]
- Shri Rahul Kumar [w.e.f. 01.11.06]
- Shri Praveen Kumar Singh [till 31.03.06]
- Shri Naveen Kumar Singh [till 31.03.06]
- Shri Sachin Gaur
- Shri Veon Jain [till 30.06.05]

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	Rupees				
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above	Referred in 1(d) above	Referred in 1(e) above
Incomes					
Contract Receipts	1,777,987,670	-	-	-	-
	(2,452,355,306)	-	-	-	-
Sale of Cement/ Other Material	179,229,739	-	2,291,530	-	-
	(104,080,398)	-	-	-	-
Dividend Received	72,089,897	-	-	-	-
	(233,250,450)	-	-	-	-
Machinery Hire Charges	212,881,190	-	-	-	-
	(401,621,942)	-	-	-	-
Rent	6,674,000	-	-	-	-
	(9,336,000)	-	-	-	-
Expenditure					
Contract Expenses	174,478,377	-	-	-	-
	(335,747,171)	-	-	-	-
Lease Rent	5,340,000	-	-	-	-
	(5,520,000)	-	-	-	-
Technical Consultancy	-	471,385,401	-	-	-
	-	(377,044,039)	-	-	-
Service Charges	40,032,851	-	-	-	-
	(27,467,620)	-	-	-	-
Salaries & Other Amenities etc.	-	-	-	27,950,106	9,995,159
	-	-	-	(18,157,328)	(4,273,355)
Security & Medical Services	-	232,420,511	-	-	-
	-	(216,291,295)	-	-	-
Gratuity & Leave Encashment	-	-	-	-	-
	-	-	-	-	-
Rent	-	2,400,000	-	-	-
	-	(2,400,000)	-	-	-
Outstandings					
Receivables					
Advances to Suppliers, Mobilisation Advances, Security Deposits and Debtors	416,487,406	380,802,117	16,517,999	-	-
	(367,823,545)	(1,842,261,243)	-	-	-
Payables					
Mobilisation & Machinery Advances, Unsecured Loans, Security/Earnest Money and Creditors	6,403,330,110	195,880,854	-	163,092	2,000
	(4,995,440,911)	(133,336,157)	-	(13,092)	(188,919)

Note:

1. Guarantees provided and investments made in the Subsidiaries & Associates are disclosed elsewhere in the Notes to the Account.
2. Salaries & other Amenities etc., paid to Key Management Personnel during FY. 2006-07 includes Rs 15,56,363/- (Previous Year Rs.31,25,200/-) to Directors of Transferee erstwhile Jaypee Greens Limited
3. Previous Year figures are given in brackets.

27. Segment Information

Particulars	Rupees						Total
	Construction	Cement/Cement Products	Hotel/Hospitality	Real Estate	Mind Power	Unallocated	
(A) Segment Revenue							
External	16,572,929,661	10,462,193,994	298,202,375	-	4,811,376	445,267,759	35,783,494,765
	(19,981,948,597)	(12,324,316,298)	(237,322,806)	-	(-)	(4,315,179,032)	(36,858,796,640)
Inter Segment	-	857,187,327	771,062	-	-	-	857,958,409
Revenue	-	(382,932,396)	(2,445,317)	-	(-)	-	(385,377,713)
(B) Segment Results							
Profit/(Loss) before Tax and Interest	3,521,202,857	5,705,857,788	57,222,573	-	(-) 1,466,551	(-) 511,130,255	8,771,646,412
	(4,764,289,578)	(1,806,862,624)	(36,894,364)	-	-	(3,336,717,621)	(10,942,975,387)
Less: Interest Expenses	-	-	-	-	-	-	2,572,589,192
	-	-	-	-	-	-	(2,387,369,104)
Profit before Taxation							6,199,657,229
							(7,645,615,283)
(C) Other Information							
Provision for Tax							1,950,933,391
Current Tax							(1,214,100,000)
Deferred Tax							69,033,578
Fringe Benefits Tax							(5,398,679)
							39,207,396
							(26,020,036)
Profit after Taxation							4,148,912,095
							(5,399,898,568)
Segment Assets	23,233,444,529	38,543,091,235	1,220,521,668	6,189,025,137	1,820,885,691	37,943,672,117	106,870,040,277
	(19,517,492,425)	(22,886,763,796)	(1,189,578,466)	(4,716,594,793)	(-)	(37,625,964,466)	(85,936,393,678)
Segment Liabilities	10,874,864,954	3,569,995,842	33,666,779	3,922,733,895	550,375,090	3,675,649,619	22,995,295,199
	(10,558,601,153)	(3,012,535,974)	(39,542,614)	(1,286,688,537)	(-)	(2,209,393,576)	(17,885,760,954)
Loans							55,157,609,376
							(42,197,754,702)
Capital Expenditure during the year including Capital Work-in-Progress	2,257,387,419	15,134,966,396	27,115,391	496,424,017	1,229,460,755	950,122,311	20,095,358,199
	(1,393,859,404)	(6,635,584,914)	(54,343,276)	(210,499,136)	(-)	(161,894,172)	(8,426,139,032)
Depreciation	645,248,441	916,754,435	31,280,861	-	6,201,863	28,936,161	1,630,520,891
	(914,867,047)	(845,858,448)	(29,357,486)	-	(-)	(24,545,466)	(1,514,628,490)
Non Cash expenditure other than depreciation	-	3,344,094	2,681,222	-	-	-	6,025,226
	-	(27,396,799)	(3,107,143)	-	(-)	(3,361,779)	(33,895,631)

- (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/Cement Products | Manufacture and Sale of Cement, Clinker and Cement Products |
| (iii) Hotel/Hospitality | Hotel and Golf Course |
| (iv) Real Estate | Real Estate |
| (v) Wind Power | Generation and Sale of Energy |
- (d) Segment Revenues, Operating Results, Assets and Liabilities include the amounts identifiable to each segment and amounts allocated on a reasonable basis.
- (e) Segment Assets exclude Miscellaneous Expenditure & Deferred Tax Asset. Segment Liabilities exclude Deferred Tax Liability.

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

	2006-2007		2005-2006
	Rupees		Rupees
(a) Net Profit for Basic Earning Per Share as per Profit & Loss Account (including exceptional item)	4,148,912,865		6,399,898,568
Adjustment for the purpose of Diluted Earning Per Share			
Interest on Foreign Currency Convertible Bonds	-	5,478,943	
Less: Tax Effect	-	1,844,212	3,634,731
Net Profit for Diluted Earning Per Share (including exceptional item)	4,148,912,865		6,403,533,299
(b) Net Profit for Basic Earning Per Share as per Profit & Loss Account	4,148,912,865		6,399,898,568
Less: Profit on Sale of Shares of Jaiprakash Hydro-Power Limited	-		3,613,705,263
Net Profit for Diluted Earning Per Share (excluding exceptional item)	4,148,912,865		2,786,193,285
Adjustment for the purpose of Diluted Earning Per Share			
Interest on Foreign Currency Convertible Bonds	-	5,478,943	
Less: Tax Effect	-	1,844,212	3,634,731
	4,148,912,865		2,789,828,016
(c) Weighted average number of equity shares for Earnings Per Share computation:			
(i) Number of Equity Shares at the beginning of the year	215,057,749		176,216,981
(ii) Number of Shares allotted during the year	4,181,505		38,840,768
(iii) Weighted average shares allotted during the year	2,158,297		28,531,623
(iv) Number of potential Equity Shares	16,206,531		4,563,601
(v) Weighted average for:			
(a) Basic Earnings Per Share	217,216,046		204,748,604
(b) Diluted Earnings Per Share	233,424,977		209,312,205
(d) Earnings Per Share (including exceptional item)			
(i) Basic	Rs. 19.10	Rs.	31.26
(ii) Diluted	Rs. 17.77	Rs.	30.59
(e) Earnings Per Share (excluding exceptional item)			
(i) Basic	Rs. 19.10	Rs.	13.61
(ii) Diluted	Rs. 17.77	Rs.	13.33
(f) Face Value Per Share	Rs. 10.00	Rs.	10.00

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

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

31. All the figures have been rounded off to the nearest lakh rupees (except in the Notes to the Account).

Signature to Schedule "A" to "B"

For M.P. SINGH & ASSOCIATES
Chartered Accountants

M.P. SINGH

Partner
M.No. 1454

Place : New Delhi
Dated: 15.05.2007

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

R.B. SINGH
President (Finance)

HARISH K. VAID
President (Corporate) & Company Secretary

MANOJ GAUR
Executive Chairman & CEO

SUNIL KUMAR SHARMA
Executive Vice Chairman

S.D. NAILWAL
Director (Finance) & CFO

For and on behalf of the Board

Every time we borrow from nature, we return it with interest.

For us sustaining ecological balance is of paramount importance. Our environment management approach has led to efficient and optimum utilization of available resources, minimization of waste. Adoption of latest technology using air cooled condensers in our thermal plants have translated into less consumption of 300 crore liters of water per year. Not just that, recognizing the responsibility to protect and preserve the environment, we have taken green initiatives, afforestation drives, resources conservation, water conservation, air quality control and noise pollution control and created a 'green oasis' amidst the limestone belt at our 'cement complex' in Rewa. Mined our area today, has garland canal around it to collect rain water. Rain water harvesting scheme has ensured, man made reservoirs of greater than 30 lac cum, ensuring water table going up by over 1 meter in last five years. In the afforestation drive, so far, 83 hectares of back-filled area has been restored by planting around 1.5 lac trees. In addition to this, massive plantation of over 4 lac trees has been done around the 'cement complex'. These are just a few of the steps that we take in maintaining the harmony between people and their environment. Because we know, the environment is the prime essence of healthy life and healthy living as what we do today will be reaped by the next generation.

It is our dream of a brighter India that gives us the courage to brave the odds and emerge successful. It's no small dream. But then, it's not too big either.



शिक्षा व सेवा

JAIPRAKASH
SEWA SANSTHAN

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	31.03.2007		
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)			
		2006-2007	
Total Liabilities		888,814	
Total Assets		888,814	
Sources of Funds			
Paid-up Capital		21,824	
Reserve & Surplus		265,371	
Secured Loans		368,595	
Unsecured Loans		182,981	
Deferred Tax Liability		49,943	
		888,814	
Application of Funds			
Net Fixed Assets (including Incidental Expenditure Pending Allocation)		515,009	
Investments		177,874	
Deferred Tax Asset		932	
Net Current Assets		194,985	
Miscellaneous Expenditure		14	
Accumulated Losses		-	
		888,814	
IV Performance of Company (Amount in Rs. Lakhs)			
Turnover		359,362	
Total Expenditure		297,371	
Profit/Loss Before Tax (+)		61,991	
Profit/Loss After Tax (+)		41,490	
Basic Earnings Per Share in Rs.		19.10	
Diluted Earnings Per Share in Rs.		17.77	
Dividend Rate (%)		36%	
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	Hotel / Hospitality & Golf Course		
Item Code No. (ITC Code)	Not Applicable		
Product/Services Description	Real Estate		
Item Code No. (ITC Code)	Not Applicable		
Product/Services Description	Thermal & Wind Power		

For and on behalf of the Board

 For M.P. SINGH & ASSOCIATES
 Chartered Accountants

MANOJ GAUR
 Executive Chairman & CEO

M.P. SINGH

 Partner
 M.No. 1454

SUNIL KUMAR SHARMA

Executive Vice Chairman

 Place : New Delhi
 Dated: 18.05.2007

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

	2006-2007 Rs. in Lakhs		2005-2006 Rs. in Lakhs	
(A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before Tax and exceptional item as per Profit & Loss Account		61,991		40,319
Add back:				
(a) Depreciation	16,365		15,146	
(b) Miscellaneous Expenses (Amortized)	338		340	
(c) Interest on Borrowings	25,725		23,974	
(d) Loss on sale of Assets [Net]	1,764	44,132	1,631	41,881
		186,123		61,410
Deduct:				
(a) Interest Income	(2,786)		(3,992)	
(b) Dividend Income	(740)		(2,341)	
(c) (Profit)/Loss on Sale of Shares	-		-	
(d) Other Income	(6,961)	(18,418)	(9,590)	(15,523)
Operating Profit before Working Capital Changes		95,713		65,467
Deduct:				
(a) Increase in Inventories	(20,483)		(18,484)	
Less: Transfer from Transferor Company	-	(20,483)	243	(18,241)
(b) Increase in Projects under Development	(7,422)		(42,796)	
Less: Transfer from Transferor Company	-	(7,422)	11,275	(31,520)
(c) Increase in Sundry Debtors	(2,967)		(5,213)	
Less: Transfer from Transferor Company	-	(2,967)	93	(5,120)
(d) Increase in Loans and Advances	(18,671)		(6,327)	
Less: Transfer from Transferor Company	-	(18,671)	1,493	(4,834)
(e) Increase in Other Receivables	(913)		(125)	
Less: Transfer from Transferor Company	-	(913)	-	(125)
		(58,458)		(59,840)
		45,257		5,647
Add:				
(a) Increase in Trade Payables & Other Liabilities	55,359		52,441	
Less: Transfer from Transferor Company				
(i) Trade Payables & Other Liabilities	-		13,367	
(ii) Redemption of Preference Share Capital at par	-	55,359	2,730	16,117
Cash Generated from Operations		186,616		41,871
Deduct:				
(a) Tax Paid (including Fringe Benefits Tax)		(19,811)		(12,401)
CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	"A"	88,895		29,570
(B) CASH FLOW FROM INVESTING ACTIVITIES:				
Outflow:				
(a) Purchase of Fixed Assets (including CWP)	(200,854)		(140,547)	
Less: Transfer from Transferor Company	-	(200,854)	71,340	(69,207)
(b) Purchase of Investments		(22,217)		(54,506)
(c) Miscellaneous Expenditure	-		(22)	
Less: Transfer from Transferor Company	-		22	
		(222,271)		(123,713)
Inflow:				
(a) Sale/Transfer of Fixed Assets	975		29,841	
(b) Sale of Investments	47		54,137	
(c) Interest Received	2,786		3,992	
(d) Dividend Received	740		2,341	
(e) Other Income	6,961	11,432	9,590	99,901
NET CASH USED IN INVESTING ACTIVITIES	"B"	(218,839)		(23,812)
(C) CASH FLOW FROM FINANCING ACTIVITIES:				
Inflow:				
Increase in Share Capital (See Note 3)	418		3,684	
Less: Shares allotted to Shareholders of Jaypee Greens Limited	-	418	2,468	1,396
Increase in Security Premium (See Note 3)		9,464		31,604
Increase in Borrowings	251,270		217,710	
Less: Transfer from Transferor Company	-	251,270	14,421	203,289
236,289				
Outflow:				
Decrease in Borrowings (See Note 3)		(121,671)		(115,617)
Interest paid		(25,725)		(23,974)
Dividend Paid (including Tax on Dividend)		(7,721)		(8,723)
(148,314)				
NET CASH FROM FINANCING ACTIVITIES	"C"	186,035		67,975
CASH AND CASH EQUIVALENTS ON AMALGAMATION	"D"	-		524
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	"A + B + C + D"	(23,999)		94,257
CASH AND CASH EQUIVALENTS AS AT 01.04.2006 (OPENING BALANCE)		166,980		72,723
CASH AND CASH EQUIVALENTS AS AT 31.03.2007 (CLOSING BALANCE)		142,981		166,980

2006-2007

2005-2006

Notes:

- Cash and Cash Equivalents:
Cash-in-hand and Balances with Scheduled Banks in Rupees [including Rs. 400 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. 13,500 Lakhs) sanctioned by the Banks the outstanding balance as on 31st March, 2007 is Rs. 12,611 Lakhs (Previous Year Rs. 13,263 Lakhs)
- 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.

Rs. 1,42,869 Lakhs
Rs. 112 Lakhs

 Rs. 1,66,402 Lakhs
 Rs. 578 Lakhs

For and on behalf of the Board

 For M.P. SINGH & ASSOCIATES
 Chartered Accountants

MANDU GAUR
 Executive Chairman & CEO

M.P. SINGH
 Partner
 M.No. 1454

SUNIL KUMAR SHARMA
 Executive Vice Chairman

 Place : New Delhi
 Date: 18.05.2007

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

R.B. SINGH
 President (Finance)

HARISH K. VAID
 President (Corporate)
 & Company Secretary

S.D. NAIKAL
 Director (Finance) & CFO

ANNEXURE TO THE BALANCE SHEET AS AT 31ST MARCH, 2007
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 (JHPL)	Jaiprakash Power Ventures Limited	Jaypee Hotels Limited	Jaypee Kachrom Hydro Corporation Limited	Jaypee Cement Limited (JCL)	Madhya Pradesh Jaypee Minerals Limited	Gujarat Anjan Cement Limited (Subsidiary of JCL)	Jaypee Power Grid Limited (Subsidiary of JHPL)
02 Financial Year of the Subsidiary Company ended on	31.03.2007	31.03.2007	31.03.2007	31.03.2007	31.03.2007	31.03.2007	31.03.2007	31.03.2007
03 Number of Shares held by Jaiprakash Associates Limited with its nominees in the Subsidiary Companies at the end of the financial year of the Subsidiary Companies								
(i) Equity Shares of Rs.10/- each - fully paid-up	311,000,000	429,000,000	40,049,943	750,000,000	450,507,000	10,500,000	38,562,070	50,000
(ii) Extent of holding	63.34%	84.28%	72.18%	100%	100%	79.00%	98.88%	79.37%
(iii) Share Application Money (Rs.)	-	-	-	-	550,600,000	30,000,000	55,347,190	38,500,000
04 Date from which it became Subsidiary Company	04.03.1995	14.05.1986	21.03.2002	29.04.2002	31.01.2006	29.09.2006	08.03.2006	30.01.2007
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.12638 Lakhs	Rs. 6050 Lakhs	Rs. 983 Lakhs	-	-	-	-	-
(b) For the Previous Financial Years since it became the Holding Company's Subsidiary	Rs.13473 Lakhs	-	Rs. 2224 Lakhs	-	-	-	-	-
(ii) Dealt with in the Holding Company's Accounts:								
(a) For the Financial Year of the Subsidiary	-	-	Rs. 721 Lakhs	-	-	-	-	-
(b) For the Previous Financial Years since it became the Holding Company's Subsidiary	Rs. 2333 Lakhs	-	Rs. 400 Lakhs	-	-	-	-	-
06 - Changes in the interest of Jaiprakash Associates Limited between the end of the Subsidiary's Financial Year and 31st March, 2007								
Number of Shares acquired	-	-	-	-	-	-	-	-
- Material changes between the end of the Subsidiary's Financial Year and 31st March, 2007								
(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

MANDU GAUR
 Executive Chairman & CEO

M.P. SINGH
 Partner
 M.No. 1454

SUNIL KUMAR SHARMA
 Executive Vice Chairman

 Place : New Delhi
 Date: 18.05.2007

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

R.B. SINGH
 President (Finance)

HARISH K. VAID
 President (Corporate)
 & Company Secretary

S.D. NAIKAL
 Director (Finance) & CFO

You don't need
to be superhuman
to fulfill people's needs.
Only human.

The seed planted in the year 1985, has today bloomed into a healthy tree. Under it, more than 25 villages treasure the shade of quality healthcare. Yes, Jaiprakash Sewa Sansthan (JSS) through its Comprehensive Rural Development Programme (CRDP) was established to realize Jaypee's philosophy and objectives of supporting socio-economic development, reducing the pain in society, and providing education at all levels of the learning curve. We believe, as a responsible corporate citizen it is our duty to ensure that the benefits of our growth are not just shared by the members of our organization but also the local environment in which we operate. We have set up a 24 bedded hospital at our 'cement complex' which benefits over one lac villagers. An equal number of villagers in areas around our various project locations benefit from free medical treatment. By providing safe drinking water and huge water reservoirs, medical facilities and free animal care at various locations, JSS is not just improving lives of people but also making a better tomorrow for all.

It is our dream of a brighter India that gives us the courage to brave the odds and emerge successful. It's no small dream. But then, it's not too big either.



शिक्षा च सेवा

JAIPRAKASH
SEWA SANSTHAN



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 2007, 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 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. 445,236 lacs as at 31st March 2007, the total revenue of Rs. 70,391 lacs and cash flows amounting to Rs.11,545 lacs 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. 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 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, 2007;
 - 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

M.P.SINGH
 Partner
 M.No.1454

Place : New Delhi
 Dated :18.05.2007

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

	SCHEDULE	2006-2007	2005-2006
		Rs. IN LAKHS	Rs. IN LAKHS
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	A	21,924	21,506
Reserves and Surplus	B	270,931	239,075
		292,855	260,581
MINORITY INTEREST (In Subsidiaries)			
Share Capital		28,037	19,679
Reserves and Surplus		17,868	10,026
Share Application Money		-	8,000
		45,905	37,705
DEFERRED REVENUE	C	4,704	1,682
LOAN FUNDS			
Secured Loans	D	625,121	485,407
Unsecured Loans	E	185,501	152,363
		810,622	637,770
DEFERRED TAX LIABILITY		53,532	52,594
TOTAL FUNDS EMPLOYED		1,207,618	990,312
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	F	770,896	567,112
Less: Depreciation		159,174	141,103
Net Block		611,722	426,009
Capital Work-in-Progress (Including Incidental Expenditure Pending Allocation)		273,900	231,140
		885,622	657,149
INVESTMENTS	G	773	459
DEFERRED TAX ASSET		1,200	915
CURRENT ASSETS, LOANS & ADVANCES			
CURRENT ASSETS			
Inventories		70,333	61,491
Projects under Development		43,847	61,113
Sundry Debtors		74,158	57,587
Cash and Bank Balances		182,295	184,702
Other Current Assets		11,619	472
Loans & Advances		119,152	96,857
		503,484	462,222
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	I	145,468	110,944
Provisions		40,502	24,562
		185,970	135,506
NET CURRENT ASSETS		317,434	326,716
MISCELLANEOUS EXPENDITURE	J	2,589	5,073
TOTAL APPLICATION OF FUNDS		1,207,618	990,312
Accounting Policies and Notes to the Consolidated Accounts			
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

M.No. 1454
 Place : New Delhi
 Dated : 18.05.2007

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

R.B. SINGH
 President
 (Finance)

HARISH K. VAID
 President (Corporate)
 & Company Secretary

NANJ GAIK
 Executive Chairman & CEO

SUNIL KUMAR SHARMA
 Executive Vice Chairman

S.D. NAIKAL
 Director (Finance) & CFO

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2007

	SCHEDULE	2006-2007 Rs. IN LAKHS	2005-2006 Rs. IN LAKHS
INCOME			
Cement Sales [Gross]	205,250		143,327
Less: Excise Duty on Sales	25,201		22,169
	180,058		121,158
Construction Revenue	143,292		167,543
Sale of Energy [Net of Rebate]	54,970		27,320
Asbestos Sheets Sales [Gross]	1,403		-
Less: Excise Duty on Sales	115		-
	1,288		-
Hotel/Hospitality, Power and Other Revenue	K 23,537		20,524
Increase/(Decrease) in Stocks	L 1,527	484,672	(1,712)
334,833			
EXPENDITURE			
Manufacturing, Construction, Hotel/ Hospitality & Power Expenses	M 167,738		171,177
Excise Duty	218		(351)
Personnel	N 17,731		14,203
Selling & Distribution Expenses	O 34,517		27,229
Other Expenses	P 28,682		27,292
Interest	Q 45,874		34,241
Depreciation	25,957		21,488
	320,717		295,279
Profit for the year	83,955		39,554
Add: Prior Period Adjustments	4,921		7,360
Profit before Taxation and Exceptional Items	88,876		46,914
Profit on Sale of Shares	-		37,636
Provision for Taxation			
Current Tax	23,734		14,192
Deferred Tax	653		525
Fringe Benefits Tax	341	24,728	300
15,017			
Profit after Taxation and before			
Minority Interest	64,148		69,533
Minority Share Holders Interest	8,822		6,067
Profit after Minority Share Holders Interest	55,326		63,466
Profit brought forward from Previous Year	82,238		25,815
Profit/(Loss) Transferred from Transferor Company	-		(3,292)
Adjustment on account of Dividend received from JHPL	-		2,333
Debtore Redemption Reserve no longer required	3,200		6,650
Profit available for appropriation	140,764		95,972
Less: Provision for Dividend Pertaining to Previous year (Including Dividend Distribution Tax)	-		16
Less: Transferred to Reserve for Redemption Premium on Foreign Currency Convertible Bonds	3,198		936
Less: Transferred to Debenture Redemption Reserve	10,033		5,208
Less: Transferred to General Reserve	4,405		6,605
Add: Minority Shareholders Interest for Appropriation	8,822		6,067
Less: Interim Dividend	4,374		3,405
Proposed Final Dividend	4,246		2,676
Tax on Dividends	1,965	10,705	954
7,036			
Balance carried to Balance Sheet	121,245		82,238

Accounting Policies and Notes to the Consolidated Accounts T

 For M.P. SINGH & ASSOCIATES
 Chartered Accountants

 M.P. SINGH
 Partner

 M.No. 1454
 Place : New Delhi
 Dated: 18.05.2007

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

 R.S. SINGH
 President
 (Finance)

 HARISH K. VAID
 President (Corporate)
 & Company Secretary

 For and on behalf of the Board
 MANOJ GAUR
 Executive Chairman & CEO

 SUNIL KUMAR SHARMA
 Executive Vice Chairman

 S.D. NAIKAL
 Director (Finance) & CFO

CONSOLIDATED SCHEDULE "W"

SHARE CAPITAL	2006-2007 Rs. IN LAKHS	2005-2006 Rs. IN LAKHS
Authorised		
1,030,000,000 Equity Shares of Rs. 10/- each (Previous Year 98,00,00,000)	103,000	103,000
3,000,000 Preference Shares of Rs. 100/- each	3,000	3,000
	106,000	106,000
Issued, Subscribed and Paid-up		
21,92,39,654 Equity Shares of Rs. 10/- each fully paid-up (Previous Year 21,50,57,749 Equity Shares) comprising of 17,21,73,011 Equity Shares [Previous Year 17,21,73,011 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", 1,81,46,908 Equity Shares (Previous Year 13,965,003 Equity Shares) allotted for cash on conversion of Foreign Currency Convertible Bonds and 2,48,75,766 Equity Shares as fully paid in terms of Scheme of Amalgamation effective from 22.08.2006 .	21,924	21,506
	21,924	21,506

CONSOLIDATED SCHEDULE "B"

RESERVES AND SURPLUS	2006-2007 Rs. IN LAKHS	2005-2006 Rs. IN LAKHS
General Reserve		
As per last Balance sheet	24,557	17,966
Add : Transfer from Profit & Loss Account	4,405	6,605
Add : Opening of Gujarat Anjan Cement Limited	-	6
Less: Goodwill written off	-	20
Less: Adjustment on account of Actuarial Valuation of Gratuity and Earned Leave due till 31.03.06 in terms of AS-15 [Revised]	445	28,517
	28,517	24,557
Capital Redemption Reserve		
As per last Balance sheet	100	100
Debenture Redemption Reserve		
As per last Balance sheet	23,186	24,550
Add : Provided during the Year	10,033	5,208
	33,141	29,758
Less : Transfer to Profit & Loss Account on Redemption	3,200	29,941
	29,941	6,650
23,108		
Revaluation Reserve		
As per last Balance sheet	53,724	1,031
Add : Transferred from Transferor Company	-	-
Less : Revaluation Reserve on Lease Hold Land under Development reversed	22,688	52,760
	31,036	53,890
Less: Proportionate Amortisation	76	30,960
	30,960	76
53,724		
Capital Reserve		
As per last Balance sheet	2,491	3
Add : Arising on amalgamation	-	2,488
	2,491	2,491
Securities Premium Account		
As per last Balance sheet	61,947	30,343
Add : During the year on conversion of Foreign Currency Convertible Bonds into Shares	9,464	71,411
	71,411	31,604
61,947		
Reserve for Redemption Premium of Foreign Currency Convertible Bonds		
As per last Balance sheet	936	-
Add : During the year	3,198	936
	4,134	936
Surplus		
As per Profit & Loss Account	121,245	82,238
	283,799	249,101
Less: Minority Share Holders Interest in Reserve & Surplus		
	17,868	10,025
	270,931	239,075

CONSOLIDATED SCHEDULE "C"	2006-2007	2005-2006
DEFERRED REVENUE	Rs. IN LAKHS	Rs. IN LAKHS
Advance against depreciation for the year		
As Per last Balance Sheet	1,662	-
Add: During the Year	2,352	1,662
Add: Prior Period Adjustments	690	-
	4,704	1,662

CONSOLIDATED SCHEDULE "D"	2006-2007	2005-2006
SECURED LOANS	Rs. IN LAKHS	Rs. IN LAKHS
(Including interest accrued and due thereon)		
A. DEBENTURES		
Secured Non-Convertible Debentures	83,800	124,000
B. TERM LOANS		
1. From Financial Institutions		
Rupee Loans	86,936	77,290
Foreign Currency Loans	14,325	8,876
2. From Banks		
(a) Rupee Loans	267,942	224,377
(b) Foreign Currency Loans	29,843	14,839
3. From Others	10,800	-
4. Buyers Credit	12,234	14,043
5. From Petroleum Conservation Research Association	528,480	339,425
C. WORKING CAPITAL LOANS		
(Secured against hypothecation of Stocks, Spare Parts, Plant & Book Debts)		
From Banks		
(i) For Working Capital		
(a) Rupee Loans	16,720	14,284
(b) Foreign Currency Loans	16,720	1,130
(ii) For Overseas Works	3,862	4,950
	623,862	483,789

Schedule "D" (Contd...)	2006-2007	2005-2006
	Rs. IN LAKHS	Rs. IN LAKHS
b/f	623,862	483,789
D. Advances from Clients		
From GOVERNMENT DEPARTMENTS, PUBLIC SECTOR UNDERTAKINGS & OTHERS - Secured against hypothecation of construction material and plant & machinery		
(a) Interest Bearing	932	890
(b) Non Interest Bearing	231	481
E. HIRE PURCHASE	76	277
	625,121	485,407

CONSOLIDATED SCHEDULE "E"	2006-2007	2005-2006
UNSECURED LOANS	Rs. IN LAKHS	Rs. IN LAKHS
(Including interest accrued and due thereon)		
A. Foreign Currency Convertible Bonds		
FCCB - I	889	10,958
FCCB - II	84,908	89,265
B. Foreign Currency Loans from Banks [ECB]	29,016	-
C. Non Convertible Debentures	10,863	863
D. Short Term Loans from Banks	17,775	24,700
(Repayable within one year- Rs 7,775 Lakhs; Previous year 24,700 Lakhs)		
E. Sales Tax Deferral Loan	2,182	3,034
(Repayable within one year- Rs 845 Lakhs ; Previous Year Rs 882 Lakhs)		
F. Bills Discounting	4,867	4,545
(Repayable within one year- Rs 4,867 Lakhs ; Previous Year Rs 4,545 Lakhs)		
G. Fixed Deposit Scheme	14,090	9,149
(Repayable within one year- Rs 8,051 Lakhs ; Previous Year Rs 5,270 Lakhs)		
H. From Others (Including Deposits from Stockists, Sales Promoters & Golf Course Members)	10,991	9,849
	185,591	152,363

CONSOLIDATED SCHEDULE "F" FIXED ASSETS Rs. IN LAKHS

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	As on 01.04.2006	Transfer from Transferor Company	Addition during the year	Sale/ Transfer/ Insurance claim Adjustment during the year	As on 31.03.2007	Upto 31.03.2006	Transfer from Transferor Company	For the year	Depreciation Reversed for Earlier Years	Sale/ Adjust-ment	Total	As on 31.03.2007	As on 31.03.2006
GOODWILL	11,258	-	55	-	11,313	2,680	-	1,131	-	-	3,811	7,502	8,578
Land													
(a) Leasehold Land	39,525	-	4,979	374	44,130	12	-	27	-	-	39	44,091	39,513
(b) Freehold Land	3,356	-	5,192	-	8,548	-	-	-	-	-	-	8,548	3,356
Building	44,445	-	8,379	163	52,987	5,634	-	1,132	-	11	6,755	45,906	38,811
Purely Temporary Erections	9,824	-	6	3,422	6,410	9,824	-	6	-	3,422	6,410	-	-
Plant & Machinery	364,108	-	70,829	6,399	428,338	107,510	-	17,119	-	4,320	120,309	308,029	256,596
Captive Thermal Power Plant	23,695	-	16,720	-	40,415	2,184	-	1,735	-	-	3,919	36,496	21,511
Hydraulic Works	48,742	-	82,280	-	130,942	3,775	-	3,094	-	-	6,899	124,073	44,967
Wind Turbine Generators	-	-	7,967	-	7,967	-	-	62	-	-	62	7,905	-
Railway siding	935	-	6,061	-	6,996	513	-	158	-	-	671	6,325	422
Golf Course	3,109	-	-	-	3,109	725	-	148	-	-	873	2,236	2,384
Miscellaneous Fixed Assets (Hotel)	2,664	-	277	2	2,939	955	-	148	-	1	1,102	1,837	1,789
Motor Vehicles	4,676	-	1,576	160	6,092	2,085	-	487	-	117	2,455	3,637	2,591
Furniture & Office Equipment	10,029	-	1,456	194	11,291	4,963	-	822	-	178	5,697	5,694	5,086
Ships: Boat	4	-	5	-	9	-	-	-	-	-	-	9	4
Helicopter	739	-	9,014	739	9,014	240	-	56	-	276	20	8,994	499
Capital Assets - Not owned by the Company (Roads)	-	-	260	-	260	-	-	260	-	-	260	-	-
Mining Rights	-	-	450	-	450	-	-	-	-	-	-	450	-
Technical Books	3	-	-	-	3	3	-	-	-	-	3	-	-
Live Stock	-	-	-	-	-	-	-	-	-	-	-	-	-
	567,112	-	215,237	11,453	770,096	141,103	-	26,396	-	8,325	159,174	611,722	426,009
PREVIOUS YEAR	508,910	69,172	23,387	34,357	567,112	128,501	1,238	21,593	7,350	2,669	141,103	426,009	
CAPITAL WORK IN PROGRESS												273,900	231,140

Note: (i) Out of the Depreciation for the year, Rs 439 Lakhs (Previous Year 55 Lakhs) has been included in Expenditure During Construction period shown in Schedule "S"

CONSOLIDATED SCHEDULE "G" INVESTMENTS (AT COST)			2006-2007 Rs. IN LAKHS		2005-2006 Rs. IN LAKHS	
Other Investments						
[A] INVESTMENT IN ASSOCIATE COMPANY						
	10,000 Equity Shares of Jaiprakash Kashmir Energy Limited of Rs 10/- each fully paid up	1		-		
[B] Other Investments						
(a) QUOTED						
(i)	15,350 Equity shares of Rs. 10/- each fully paid up of Capital Trust Limited	2		2		
(ii)	100 Equity shares of Rs. 10/- each fully paid up of IFCI Limited	-		-		
(iii)	7,21,600 Equity Shares of Rs.10/- each of fully paid up of Indian Overseas Bank Limited	72		72		
(iv)	1,65,900 Equity Shares of Rs.10/- each of fully paid up of PNB Gilts Limited	50		50		
(v)	86900 Equity Shares of Sumera Industries Ltd. of Rs 1/- each fully paid up	6		6		
(vi)	Nil Equity Shares of Rs. 10/- each fully paid up of Jaiprakash Enterprises Limited [Previous Year 4,67,970]	-	139	47	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 Sansk Members' Association of Rs. 100/- each fully paid-up [Rs.500/-]	-		-		
(iv)	20,35,000/- Equity Shares of Jaypee DSC Ventures Limited of Rs 10/- each fully paid-up	204		204		
(v)	50,000 Equity Shares of Indesign Enterprises (P) Ltd, Cyprus of Cyprus Pound 1/- each fully paid-up	72		72		
			281		281	
(c) Bullion						
	Gold (27 kgs)	269		-		
[C] GOVERNMENT SECURITIES						
(pledged with various Govt. Departments as security)						
(i)	National Savings Certificates [Face Value Rs.1,600/- (Previous Year Rs 3,600/-)]	-		-		
(ii)	Kisan Vikas Patra (Previous Year Face Value of Rs.3,000/-)	-		-		
[D] SHARE APPLICATION MONEY:						
	Jaypee Kashmir Energy Limited	101		1		
		773		459		
Note:						
		Rs.		Rs.		
1.	Aggregate cost of					
	Quoted Investments (Market Value Rs. 790 Lakhs (Previous Year Rs 783 Lakhs)	12,906,009		17,579,700		
	Unquoted	54,126,454		26,008,541		
	Government Securities	1,609		6,600		
2.	All Investments are long term					

CONSOLIDATED SCHEDULE "H" CURRENT ASSETS, LOANS & ADVANCES			2006-2007 Rs. IN LAKHS		2005-2006 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)	29,963		28,191		
	(b) Construction Materials (at cost)	5,457		7,044		
	(c) Raw Materials - Cement Division (at cost)	641		399		
	(d) Raw Materials - Asbestos Sheets (at cost)	596		-		
	(e) Finished Goods - Cement Division (at estimated cost or net realisable value whichever is lower)	2,377		1,546		
	(f) Finished Goods - Asbestos Sheets (at estimated cost or net realisable value whichever is lower)	710		-		
	(g) Food and Beverage	84		65		
	(h) Other Operating Supplies and Stores	756		639		
	(i) Stock in Process - Cement Division (at estimated cost)	756		770		
	(j) Work-in-Progress- Construction Division (at estimated cost)	27,598		21,715		
	(k) Goods in Transit	1,485		1,122		
			70,333		61,491	
2. Projects under Development (at Cost) (Also refer Schedule R)						
			45,847		61,113	
3. 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	33,721		18,210		
	Less Provision for Bad & Doubtful Debts	140		-		
	(b) Other Debts	30,414	74,158	29,214	57,587	
4. CASH AND BANK BALANCES						
(a) Cash, Cheques in hand & in transit						
		13,340		4,444		
(b) Balances with Scheduled Banks						
	(i) In Current & Cash Credit Account	27,865		18,261		
	(ii) In Fixed Deposits Account (Fixed Deposits of Rs 8,753 Lakhs Previous year Rs. 10,065 Lakhs pledged as Margin Money with Banks & Others)	139,477		156,545		
	(iii) Balance in Dividend Accounts	437	167,719	507		
(c) Balance with Non-Scheduled (Foreign) Banks						
	(i) In Current Account	112		578		
(d) In Trust & Retention Account						
	(i) In Current Account	3		1		
	(ii) In Fixed Deposit Account	1,121	1,124	4,366		
			162,295		184,702	
5. OTHER CURRENT ASSETS						
Interest accrued on Fixed Deposits & Others (From Banks Rs. 1,492 Lakhs; Previous year Rs. 441 Lakhs)						
			11,619		472	
			384,252		365,365	
B. LOANS AND ADVANCES (Unsecured, Considered Good)						
Advances to Suppliers, Contractors, Sub-Contractors & Others						
		53,491		55,424		
Staff Imprest and Advances						
		382		367		
Claims and Refunds Receivable						
		8,989		6,032		
Prepaid Expenses						
		5,095		2,527		
Deposits with Govt. Depts./Public Bodies and others						
	(a) Govt. Depts., Public Bodies	15,654		9,833		
	(b) Others	322	15,976	383	10,216	
Work Contract Tax/ Sales Tax Recoverable						
		2,705		3,259		
Advance Tax & Income Tax deducted at source						
		32,554		19,032		
			119,152		96,657	
GRAND TOTAL			503,484		492,222	

CONSOLIDATED SCHEDULE "Q"	2006-2007	2005-2006
INTEREST	Rs. IN LAKHS	Rs. IN LAKHS
Interest on Non-Convertible Debentures	9,320	10,530
Interest on Term Loans	30,868	18,465
Interest on Bank Borrowing & Others	5,686	5,248
	<u>45,874</u>	<u>34,243</u>

CONSOLIDATED SCHEDULE "R"	2006-2007	2005-2006
PROJECTS UNDER DEVELOPMENT		
Opening Balance as on 01.04	61,113	11,275
Less: Revaluation Reserve on Lease Hold Land under Development reversed	22,688	-
	<u>38,425</u>	<u>11,275</u>
Expenses On Development of Land during the year		
Transfer from Land [Fixed Assets]	-	46,644
Purchase of Land	419	-
Construction Expenses	3,969	316
Technical Consultancy	588	1,456
Power, Electricity and Water Charges	156	34
Personnel Expenses	328	85
Selling and Promotional Expenses	251	-
Lease Rent	87	87
Financing Charges	1,226	651
Other Expenses	478	564
	<u>45,847</u>	<u>61,113</u>

CONSOLIDATED SCHEDULE "S"	2006-2007	2005-2006
EXPENDITURE DURING CONSTRUCTION PERIOD		
Opening Balance	60,033	36,720
Transfer from Transferor Company	-	1,701
Opening Balance of Gujarat Anjan Cement Limited	-	1,097
Electricity, Power and Fuel	595	449
Salary, Wages & Staff Welfare	1,847	752
Survey Expenses	372	135
Site Development Expenses	772	220
Repair and Maintenance	1,142	131
Consultancy, Legal and Professional	2,900	1,218
Insurance	1,152	583
License, Application Fee, Rent, Rates and Taxes	203	130
Safety & Security	395	129
LC Commission, Bank Charges and Bank Guarantee Commission	634	346
Freight and Material Handling	335	16
Environmental, Ecology, Afforestation, Catchment Area Treatment and Compensation	1,844	3,110
Light Vehicle running & Maintenance	109	43
Quarry Development & Compensation	363	3,215
Travelling and Conveyance	283	116
Vehicle/ Machinery Hire Charges and Lease Rent	165	114
Directors' Sitting Fees	-	2
Miscellaneous	992	171
Loss on settlement of Loans and Guarantees	4	359
Interest and Financial Charges	21,014	16,530
Audit Fees	5	23
Depreciation	439	55
	<u>95,598</u>	<u>67,365</u>
Less:		
Interest Received	4,447	901
Foreign Exchange Fluctuation	137	-
Miscellaneous Receipt	135	(147)
Sundry Balances Written off	-	-
	<u>4,719</u>	<u>754</u>
Less: Provision for Taxation	1,511	260
	<u>3,208</u>	<u>494</u>
Less: Capitalised / Transferred During the Year	42,780	66,871
Carried Over to Balance Sheet		
[Capital Work-in-Progress]	49,610	60,033

CONSOLIDATED SCHEDULE "T"
ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED ACCOUNTS

[A] SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of Consolidated Financial Statements:

- (i) The Consolidated Financial Statements are prepared in accordance with Accounting Standards [AS 21] on Consolidated Financial Statements, Accounting for Investment

in Associates in Consolidated Financial Statements [AS 23] and Financial Reporting of Interests in Joint Ventures [AS 27].

- (ii) The Financial statements of the Subsidiary Companies including Joint Venture Subsidiaries used in the consolidation are drawn upto the same reporting date, as that of the Parent Company, Jaiprakash Associates Limited (JAL).
- (iii) The Accounts are prepared on the historical cost basis and on the principles of a going concern.
- (iv) 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 including Joint Venture 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

- (i) Revenue/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 borrowing and financial cost upto the date of acquisition / installation.

Depreciation

- (i) Depreciation has been provided @ 2.71% p.a. on straight line method on Hydro Electric Plant as approved by the Ministry of Company Affairs, Government of India.
- (ii) Depreciation on Fixed Assets other than (i) above 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.

Employee Benefits

Employee 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 transaction.
- (ii) The inventories are valued on the basis of weighted Average Cost Method.
- (iii) Stock of Cement/ Asbestos Sheets is valued at estimated cost or net realisable value, whichever is less. Value of Cement, Asbestos Sheets and Clinker lying 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 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.

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 or sale. 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

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 [AS-29]

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 Subsidiaries

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

Name of Subsidiaries/Joint Venture Subsidiaries	Country of Incorporation	Proportion of Ownership Interest
[a] Jaiprakash Hydro Power Limited [JHPL]	India	63.34%
[b] Jaiprakash Power Ventures Limited [JPVL]	India	84.20%
[c] Jaypee Hotels Limited [JHL]	India	72.18%
[d] Jaypee Kachham Hydro Corporation Ltd [JKHCL]	India	100%
[e] Jaypee Cement Limited [JCL]	India	100%
[f] Gujarat Anjan Cement Limited [GACL] [Subsidiary of JCL]	India	98.88%
[g] Madhya Pradesh Jaypee Minerals Ltd [MPJPM] [Joint Venture Subsidiary w.e.f. 28.09.2006]	India	70.00%
[h] Jaypee Power Grid Limited [Joint Venture Subsidiary of JHPL w.e.f. 30.01.2007]	India	79.37%

02 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 disclosure.

03 Contingent Liability not provided for in respect of :

	2006-07 Rs. in Lakhs	2005-06 Rs. in Lakhs
[a] Outstanding amount of Bank Guarantees	109,881	145,722
Margin Money deposited against the above	5,479	5,753
[b] Claims against the Company not acknowledged as debts	34,899	32,009
Amount deposited under protest	886	382
Bank Guarantee deposited under protest [Included in 03(a) above]	6,084	5,360
[c] Outstanding Letters of Credit	48,013	26,094
Margin Money deposited against the above	29	879
04 Estimated amount of Contract remaining to be executed on capital account and not provided for (net of advances)	462,524	419,248
05 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.		
06 (a) The provision for taxation is the sum of provisions made for taxation in the separate accounts of the Holding and Subsidiaries. It includes Wealth Tax also.	12	11

	2006-07 Rs. in Lakhs	2005-06 Rs. in Lakhs
(b) Deferred Tax:		
(i) Deferred Tax Liability on account of:		
Depreciation	41,435	40,773
Others	12,097	11,821
	53,532	52,594
Deferred Tax Assets on account of:		
Employees' Benefits	1,280	915
	1,280	915
Net Deferred Tax Liability	52,332	51,679

(ii) Deferred Tax [Net] amounting to Rs.653 Lakhs [Previous year Rs.525 Lakhs] has been recognised in the Consolidated Profit & Loss Account for the year ended 31.03.2007.

07 Plant & Machinery includes a sum of Rs.6287 Lakhs being the cost paid for Inter Connection Facility (ICF) established by Satluj Jal Vidyut Nigam Limited [SJVN] at their Switch Yard at Jhakra for evacuation of power generated by Baspa-II Hydro-Electric Project. The maintenance cost of ICF is paid by the company to SJVN.

08 The Trust and Retention Account [refer Schedule "H"] is maintained pursuant to the stipulations of the "Financing Agreements" executed with the Lenders.

09 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

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

Salaries	290	225
Provident Fund Contribution	35	22
Perquisites	213	97
	538	344

11 Goodwill amounting to Rs. 11,312 lakhs [Previous Year Rs.11258 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. 1131 Lakhs [Previous Year Rs.1126 Lakhs] has been written-off and included in Depreciation for the year ended 31st March,2007.

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

[a] Associate Companies:

- (i) Jaypee Ventures Private Limited
- (ii) JIL Information Technology Limited
- (iii) Indesign Enterprises Private Limited
- (iv) Gaur & Negi Limited
- (v) Jaiprakash Kashmir Energy Limited
- (vi) Madhya Pradesh Minerals Limited [w.e.f. 29.09.06]
- (vii) Power Grid Corporation of India Limited [w.e.f. 30.01.07]

[b] Key Management Personnel:
Jaiprakash Associates Limited

- (i) Shri Manoj Gaur, Executive Chairman
- (ii) Shri Sunil Kumar Sharma, Executive Vice Chairman
- (iii) Shri Sunny Gaur
- (iv) Shri S.D. Nailwal
- (v) Shri Sameer Gaur
- (vi) Shri Rahul Kumar [till 24.12.05]
- (vii) Shri Pankaj Gaur
- (viii) Shri A.K. Jain, Joint Managing Director [w.e.f. 01.03.07]

Jaypee Hotels Limited

- (i) Shri S.G.Awasthi, Managing Director
- (ii) Lt. Gen. S.N. Endley (Retd.), Whole-time Director [upto 23.01.07]
- (iii) Smt. Manju Sharma, Whole-time Director
- (iv) Shri Shashank P. Warty, Whole-time Director [w.e.f. 01.02.07]

Jaiprakash Hydro-Power Limited

- (i) Shri J.N.Gaur
- (ii) Shri R.K. Narang

Jaiprakash Power Ventures Limited

- (i) Shri Sunesh Kumar
- (ii) Shri M.C. Maheshwari
- (iii) Shri Viree Jain [till 31.03.07]

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) Smt. Rekha Dixit
- (iii) Shri Sachin Gaur
- (iv) Smt. Rita Dixit [w.e.f. 22.03.06]
- (v) Shri Rahul Kumar [w.e.f. 01.11.06]
- (vi) Shri Praveen Kumar Singh [till 31.03.06]
- (vii) Shri Naveen Kumar Singh [till 31.03.06]
- (viii) Shri Viree Jain [till 30.06.05]

Transactions carried out with related parties referred to above:

Nature of Transactions	Rs. in Lakhs		
	Referred in 1(a) above	Related Parties Referred in 1(b) above	Referred in 1(c) above
Income			
Contract Receipts	-	-	-
Sale Cement	-	-	-
Service Charges	(81)	-	-
Dividend	12	-	-
Sale of Shares	(1,000)	-	-
Interest	(6)	-	-
Expenses			
Design Engineering and Technical Consultancy	4,734 (3,853)	-	-
Mining Rights	450	-	-
Security & Medical Services	2,343 (2,244)	-	-
Salaries & Other Amenities etc.	-	537 (316)	100 (43)
Gratuity & Leave Encashment	-	-	-
Rent	24 (24)	-	-
Outstanding			
Receivables	3,952 (252)	-	-
Payables	2,544 (1,399)	3 (1)	- (2)
Investments			
Shares Purchased	1	-	-

Notes:

- Salaries & other Amenities etc., paid to Key Management Personnel during FY. 2006-07 includes Rs 15,56,363/- [Previous Year Rs 31,25,200/-] to Directors of Transferor erstwhile Jaypee Greens Limited
- Previous Year figures are given in brackets.

13 Other Liabilities shown under the head "Current Liabilities & Provisions" include Book Overdraft Rs.4,575 Lakhs [Previous Year Rs.645 Lakhs]

14 Segment Information

Particulars	Rs. in Lakhs						
	Construction	Cement/Cement Products	Hotel/Hospitality	Power	Real Estate	Unallocated	Total
(A) Segment Revenue							
External	145,512	192,329	13,893	56,945	-	4,696	483,145
Inter Segment	(178,735)	(122,338)	(11,378)	(27,191)	-	(42,545)	(374,991)
Revenue	26,808	4,734	136	-	-	-	28,300
(B) Segment Results							
Profit/(Loss) before Tax and Interest	31,552	58,501	3,250	58,369	-	(1) 7,019	134,759
Less: Interest	(48,318)	(18,982)	(2,635)	(23,915)	-	(32,961)	(118,791)
Profit before Taxation							
Provision for Tax	-	-	-	-	-	-	-
Current Tax	-	-	-	-	-	-	23,734
Deferred Tax	-	-	-	-	-	-	(14,192)
Fringe Benefits Tax	-	-	-	-	-	-	683
Profit after Taxation							
							(526)
							343
							(308)
							61,148
							(68,533)
(C) Other Information							
Segment Assets	216,034	406,595	32,680	408,048	61,989	246,699	1,366,985
	(198,800)	(233,545)	(31,534)	(318,531)	(47,196)	(247,559)	(1,067,136)
Segment Liabilities	47,254	35,848	2,179	11,265	32,164	46,431	180,253
	(55,735)	(31,639)	(1,803)	(5,306)	(11,967)	(27,484)	(132,354)
Total Loan and Interest payable thereon							810,622
Capital Expenditure during the year including O&M	22,573	163,298	1,478	58,592	4,964	9,555	257,558
	(13,638)	(58,661)	(1,736)	(57,378)	-	(2,418)	(143,522)
Depreciation	6,452	8,198	1,190	7,739	-	1,470	25,957
	(6,148)	(6,459)	(934)	(1,957)	-	(1,553)	(14,108)
Net Cash expenditure other than depreciation	-	33	174	-	-	6	215
	-	(274)	(175)	-	-	(2,273)	(2,722)

(a) Segments have been identified in accordance with Accounting Standards on Segmental Reporting [AS-17] taking into account the organisational 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 Engineering Construction/EPC Contract/To Expressway Project
- (ii) Cement/Cement Products: Manufacture and Sale of Cement and Clinker
- (iii) Hotel / Hospitality: Hotel and Golf Course
- (iv) Hydro Electric & Wind Power: Generation of Power
- (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 Liability exclude Deferred Tax Liability.

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

	2006-2007		2005-2006	
	Rs. IN LAKHS		RS. IN LAKHS	
(a) Net Profit for Basic Earnings Per Share as per Consolidated Profit & Loss account [including exceptional item]	55,326		63,466	
Add: Adjustment for the purpose of Diluted Earning Per Share	-		55	
Interest on Foreign Currency Convertible Bonds	-		-	
Less: Tax Effect	-		19	36
Net Profit for Diluted Earning Per Share [including extra-ordinary item]	55,326		63,502	

	2006-2007		2005-2006			
	RS. IN LAKHS		RS. IN LAKHS			
(b) Net Profit for Basic Earning Per Share as per Consolidated Profit & Loss account [including exceptional item]	55,326	63,466			(ii) Weighted average shares allotted during the year	2,156,297
Less: Profit on Sale of Shares					(iv) Number of potential Equity Shares	28,531,623
Net Profit for Basic Earnings per Share [excluding exceptional item]	55,326	37,636	25,830		(v) Weighted average for:	4,563,601
Add: Adjustment for the purpose of Diluted Earning Per Share					(a) For Basic Earnings Per Share	217,216,046
Interest on Convertible Bonds	-	55			(b) For Diluted Earnings Per Share	233,424,977
Less: Tax Effect	-	19	36		(d) Earnings Per Share [excluding exceptional item]	
Net Profit for Diluted Earning Per Share [excluding exceptional item]	55,326		25,866	16	(i) Basic	Rs. 25.47
(c) Weighted average number of equity shares for Earnings per share					(ii) Diluted	Rs. 23.70
(i) Number of Equity Shares at the beginning of the year	215,857,749	176,216,981			(e) Earnings Per Share [including exceptional item]	
(ii) Number of Shares allotted during the year	4,161,995	38,840,768			(i) Basic	Rs. 25.47
					(ii) Diluted	Rs. 23.70
					(f) Face Value Per Share	Rs. 10.00

The Central Government in exercise of the powers conferred by sub-section 6 of section 212 of the Companies Act 1956 has directed vide Ministry of Company Affairs letter Nos.47/211/2007-II dated 23.04.2007 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 eight Subsidiaries for the financial year ended on 31.03.2007 subject to, inter alia, presentation of consolidated financial statements of subsidiaries duly audited and disclosure of following information:

	Jaypee Hotels Ltd	Jaiprakash Hydro Power Ltd	Jaiprakash Power Ventures Ltd.	Jaypee Karcham Hydro Corp. Ltd.	Jaypee Cement Limited	Gujarat Anjan Cement Ltd.	Madhya Pradesh Jaypee Minerals Ltd.	Jaypee Power Grid Ltd.
Capital (including Share Application Money)	5,549	49,100	50,900	75,000	10,011	9,231	1,800	371
Reserves	(5,549)	(49,100)	(50,900)	(60,000)	(4,505)	(3,901)	-	-
Total Assets	8,202	41,224	3,009	-	-	6	-	-
	(8,009)	(21,270)	-	-	-	(6)	-	-
Total Assets	25,965	206,256	180,209	101,088	10,275	20,099	2,063	378
Total Liabilities	(25,916)	(186,701)	(159,107)	(60,526)	(5,500)	(4,352)	-	-
	12,214	115,932	126,291	26,088	264	10,862	263	7
	(12,358)	(116,331)	(108,207)	(526)	(975)	(445)	-	-
Investment Details (including Share Application Money)								
Indesign Enterprises Pvt Ltd (50,000 equity shares of Rs.10/- each)	72	-	-	-	-	-	-	-
Gujarat Anjan Cement Ltd (8,009) (72)								
Gujarat Anjan Cement Ltd (8,009) (72)								
3,65,62,070 Equity Shares of Rs.10/- each (Previous Year 1,35,27,870 Equity Shares fully paid up and 1,00,00,000 Equity Shares of Rs.10/- each Partly paid up)	-	-	-	-	10,040	-	-	-
Sumers Industries Ltd (8,68,000 Equity Shares of Rs. 1/- each)	-	-	-	-	(4,562)	-	-	-
Turnover (including Other Income)	13,080	35,652	21,659	-	-	6	-	-
	(14,249)	(27,423)	-	-	-	(6)	-	-
Profit Before Taxation	2,154	22,483	8,087	-	-	-	-	-
	(3,819)	(15,982)	-	-	-	-	-	-
Provision for Taxation	788	2,530	909	-	-	-	-	-
	(1,125)	(1,414)	-	-	-	-	-	-
Profit After Taxation	1,363	19,053	7,178	-	-	-	-	-
	(2,694)	(14,568)	-	-	-	-	-	-
Proposed Dividend (including Dividend Distribution Tax)	1,169	-	4,169	-	-	-	-	-
	(1,139)	-	-	-	-	-	-	-

17 Figures for the previous year have been reworked / regrouped/ rearranged wherever considered necessary to confirm 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 "T"

 For M.P. SINGH & ASSOCIATES
 Chartered Accountants

M.P. SINGH
 Partner

 M. No. 1454
 Place : New Delhi
 Date: 18.05.2007

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

R.B. SINGH
 President
 (Finance)

HARISH K. WAID
 President (Corporate)
 & Company Secretary

For and on behalf of the Board
MANU GAUR
 Executive Chairman & CEO

SUNIL KUMAR SHARMA
 Executive Vice Chairman

S.D. NAIKWA
 Director (Finance)
 & CFO

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

	2006-2007 Rs IN LAKHS		2005-2006 Rs IN LAKHS	
(A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before Tax , Exceptional Item and Minority Shareholders Interest as per Profit & Loss Account		88,876		46,914
Add back:				
(a) Depreciation	25,957		14,128	
(b) Deferred Revenue on account of advance against depreciation	3,042		1,662	
(c) Miscellaneous Expenses (Amortized)	491		3,093	
(d) Interest on Borrowings	45,674		34,241	
(e) Loss on sale of fixed assets	1,771	77,135	1,639	54,763
		<u>166,811</u>		<u>101,677</u>
Deduct:				
(a) Interest Income	(5,651)		(4,279)	
(b) Dividend Income	(31)		(9)	
(c) Other Income	(3,910)	(9,592)	(5,242)	(9,530)
Operating Profit before Working Capital Changes		156,419		92,147
Deduct:				
(a) Increase in Sundry Debtors	(16,571)		(5,890)	
Less: Transfer from Transferor Company	-	(16,571)	93	(5,797)
(b) Increase in Inventories	(8,842)		(16,567)	
Less: Transfer from Transferor Company	-	(8,842)	243	(16,324)
(c) Increase in Projects under Development	(7,422)		(42,795)	
Less: Transfer from Transferor Company	-	(7,422)	11,275	(31,520)
(d) Increase in other receivables	(11,147)		(177)	
Less: Transfer from Transferor Company	-	(11,147)	-	(177)
(e) Increase in Loan and Advances	(22,295)		(7,354)	
Less: Transfer from Transferor Company	-	(22,295)	1,493	(5,861)
		<u>90,142</u>		<u>32,468</u>
Add:				
(a) Increase in Trade Payables & other Liabilities	47,454		19,955	
Less: Transfer from Transferor Company				
(i) Trade Payables & Other Liabilities	-		13,387	
(ii) Redemption of Preference Share Capital at par	-	47,454	2,730	3,838
Cash Generated from Operations		137,596		36,306
Deduct:				
Tax Paid (including Fringe Benefits Tax)		(24,075)		(14,492)
CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	"A"	113,521		21,814

	2006-2007		2005-2006	
	Rs IN LAKHS		Rs IN LAKHS	
(B) CASH FLOW FROM INVESTING ACTIVITIES:				
Outflow:				
(a) For Fixed Assets and Capital Work in progress	(257,558)		(202,752)	
Less: Transfer from Transferor Company	-	(257,558)	71,340	(131,412)
(b) Purchase of Investments		(361)		(7)
(c) Miscellaneous Expenses	(212)		(1,454)	
Less: Transfer from Transferor Company	-	(212)	22	(1,432)
		(258,131)		(132,851)
Inflow:				
(a) Sale/Transfer of Fixed Assets		963		29,258
(b) Sale of Investments		47		39,537
(c) Recovery of Debt Restructuring Expenses from HPSEB		2,303		-
(d) Interest Income		5,851		4,279
(e) Dividend Received		31		9
(f) Other Income		3,910	13,125	5,242
				78,325
NET CASH USED IN INVESTING ACTIVITIES	"B"	(245,006)		(54,526)
(C) CASH FLOW FROM FINANCING ACTIVITIES:				
Inflow:				
(a) Increase in Share Capital	418		3,684	
Less: Shares allotted to Shareholders of Jaypee Greens Limited	-	418	2,488	1,396
(b) Increase in Share Premium		9,464		31,604
(c) Increase in General reserve on Consolidation of Gujarat Anjan Cement Limited		-		6
(d) Increase in Minority Interest		358		28,135
(e) Increase in Borrowings	172,852		134,620	
Less: Transfer from Transferor Company	-	172,852	14,421	120,399
		183,092		179,540
Outflow:				
(a) Decrease in minority interest		-		-
(b) Interest Paid		(45,874)		(34,241)
(c) Dividend Paid		(8,140)	(54,014)	(10,569)
				(44,830)
NET CASH FROM FINANCING ACTIVITIES	"C"	129,078		134,710
CASH AND CASH EQUIVALENTS ON AMALGAMATION	"D"	-		524
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS "A + B + C + D"		(2,407)		102,522
CASH AND CASH EQUIVALENTS AS AT 01.04.2006 (OPENING BALANCE)		184,782		82,180
CASH AND CASH EQUIVALENTS AS AT 31.03.2007 (CLOSING BALANCE)		182,295		184,702

Notes:

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 and on behalf of the Board

 For M.P. SINGH & ASSOCIATES
 Chartered Accountants

M.P. SINGH
 Partner

 M. No. 1454
 Place : New Delhi
 Dated: 18.05.2007

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

R.B. SINGH
 President
 (Finance)

HARISH K. VAID
 President (Corporate)
 & Company Secretary

MANOJ GAUR
 Executive Chairman & CEO

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 Executive Vice Chairman

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 Director (Finance)
 & CFO