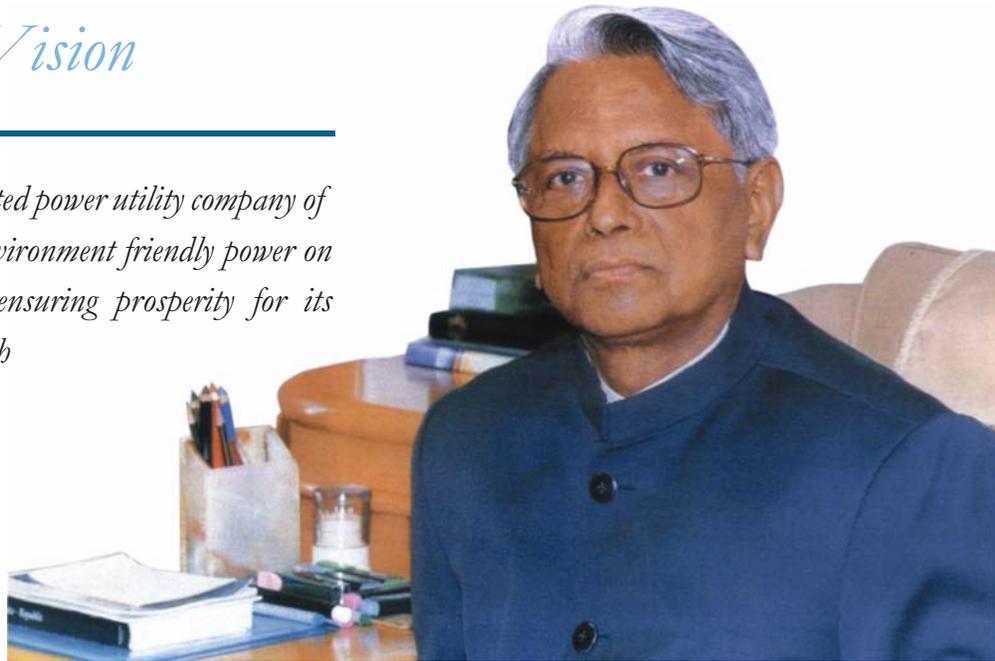


Transforming Challenges Into Opportunities



Our Vision

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



Our Mission

“Perfection in Power”

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

Jai Prakash Gaur

*Jaiprakash Gaur
Chairman*

Dear Shareowners,

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

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

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

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

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

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

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

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

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

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

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

For and On behalf of the Jaypee Group

Jaiprakash Gaur

Company Secretary

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

Auditors

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

Bankers

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

Registered Office

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

Head Office

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

Board of Directors

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

Contents

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

HIGHLIGHTS

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



DISTINCTIVE FEATURES OF THE COMPANY

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

AWARDS AND ACHIEVEMENTS

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

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

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

For
Lowest Average Frequency Rate
Longest Accident Free Period

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

For
Lowest Thermal Energy Consumption

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

For Overall performance, Afforestation and Water Quality Management

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

For
Transport of miners & overburden etc.

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

For
Overall Performance, Standard of working & House Keeping

NOTICE

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

Ordinary Business

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

Special Business

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

As Ordinary Resolutions:

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

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

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

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

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

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

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

As Special Resolutions:

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

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

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

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

By Order of the Board

For **JAIPRAKASH ASSOCIATES LIMITED**

HARISH K. VAID

President (Corporate) & Company Secretary

Place: New Delhi

Date : 30th June, 2005

NOTES

- (i) Relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolutions set out under item Nos. 8 to 17 is annexed hereto.
- (ii) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- (iii) All documents referred to in the Notice and accompanying explanatory statement, as well as the annual accounts of the subsidiary companies, are open for inspection at the Registered Office of the Company on all working days, except holidays, between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.
- (iv) The Register of Members and Share Transfer Books will remain closed from Friday, the 16th September, 2005 to Tuesday, the 27th September, 2005 (both days inclusive) for payment of dividend. The dividend in respect of equity shares held in the electronic form will be paid on the basis of beneficial ownership as per the details available from the National Securities Depository Ltd. and Central Depository Services (India) Ltd. as at the end of business hours on 15th September, 2005.
- (v) Members holding shares in electronic form may please note that: (a) the dividend, when declared will be credited to their Bank Accounts as furnished to Depository Participants, through Electronic Clearing Service (ECS), where this facility is available. (b) In other cases, Bank details as furnished to the respective Depository Participants will be printed on the dividend warrants as per the applicable regulations. The Company will not entertain any direct

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

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

Shri Jaiprakash Gaur

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

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

Shri Sunny Gaur

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

Shri Prabodh Varaglal Vora

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

Shri Rahul Kumar

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

EXPLANATORY STATEMENT

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

Item Nos.8 to 11

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

Shri D. N. Davar

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

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

Shri S. K. Jain

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

Shri Gopi K. Arora

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

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

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

Shri M.S. Srivastava

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

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

The Board of Directors commends the resolutions for your approval.

Item No.12

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

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

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

The Board of Directors commends the resolution for your approval.

Item Nos. 13 & 14

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

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

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

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

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

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

The Board of Directors commends the resolutions for your approval.

Item No.15

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

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

The Board of Directors commends the resolution for your approval.

Item No. 16

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

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

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

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

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

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

The Board of Directors commends the resolution for your approval.

Item No. 17

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

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

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

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

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

The Board of Directors commends the resolution for your approval.