



ANNUAL REPORT 2005-2006

AWARDS & ACHIEVEMENTS



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

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

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

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

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

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

NOTICE

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

Ordinary Business

1. To receive, consider and adopt the audited **Balance Sheet** as at **March 31, 2006**, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To confirm interim dividend and declare final **dividend** for the financial year 2005-06.
3. To appoint a Director in place of **Shri Samir Gaur** who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Shri Pankaj Gaur** who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of **Shri Suren Jain** who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a Director in place of **Shri Rakesh Sharma** who retires by rotation and, being eligible, offers himself for re-appointment.
7. To appoint a Director in place of **Shri S. D. Nailwal** who retires by rotation and, being eligible, offers himself for re-appointment.
8. To appoint **M/s M.P. Singh & Associates**, Chartered Accountants, as Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

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

As Ordinary Resolution:

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

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

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

As Special Resolution:

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

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

By Order of the Board
For JAIPRAKASH ASSOCIATES LIMITED

HARISH K. VAID
President (Corporate) &
Company Secretary

Place : New Delhi
 Date : September 4, 2006

NOTES

- (i) Relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolutions set out under item Nos. 9 to 12 is annexed hereto.
- (ii) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
- (iii) Corporate Members intending to send their respective authorized representatives are requested to send a duly certified copy of the Board/Governing Body resolution authorizing such representatives to attend and vote at the Annual General Meeting.
- (iv) All documents referred to in the Notice and accompanying explanatory statement, as well as the Annual Accounts of the subsidiary companies, are open for inspection at the Registered Office of the Company on all working days, except Sunday and

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

- (v) The Register of Members and Share Transfer Books will remain closed from October 18, 2006 to October 27, 2006 (both days inclusive) for payment of final dividend. The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after November 06, 2006 to the members, or their mandate, subject to the provisions of Section 206A of the Companies Act, 1956, whose names appear on the Company's Register of Members as at the close of business hours on October 17, 2006. In respect of dematerialized shares, the dividend will be payable to the "beneficial owners" of the shares whose names appear in the Statement of Beneficial Ownership, as at the close of business hours on October 17, 2006, furnished by the National Securities Depository Limited and Central Depository Services (India) Limited.
- (vi) Members holding shares in electronic form may please note that:
 - (a) the dividend, when declared, will be credited to their respective Bank Accounts as furnished to Depository Participants, through Electronic Clearing Service (ECS), where this facility is available;
 - (b) in other cases, Bank details as furnished to the respective Depository Participants will be printed on the dividend warrants as per the applicable regulations. The Company shall not entertain any direct request from such members for deletion of / change of such bank details. Further, it may be noted that instructions, if any, already given by the members in respect of shares held in physical form will not be automatically applicable to the dividend paid on their holdings in electronic form.
- (vii) Members who are holding shares in physical form are requested to notify the change in their addresses or Bank details to the Company and always quote their Folio Numbers in all correspondence with the Company. In respect of holding in electronic form, members are requested to notify any change in address or Bank details to their respective Depository Participants.
- (viii) Members holding shares in physical mode in more than one folio, either singly or jointly, in identical order of names are requested to write to the Company enclosing their shares certificate (s) to enable the Company to consolidate the holdings in one folio.
- (ix) Members can avail of the nomination facility in terms of section 109A of the Companies Act, 1956 by nominating in Form 2B, as prescribed under Companies (Central Government) General Rules & Forms, 1956, any person to whom their shares shall vest on occurrence of events stated in the said Form. Blank Forms can be supplied on request. The same can also be downloaded from the Company's website www.jalindia.com. Form 2B is to be submitted in duplicate : (a) in case of shares held in physical form, to the Company and (b) in case of shares held in dematerialized form with the respective Depository Participants.
- (x) Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail of the benefits of dematerialization which include easy liquidity since trading is permitted only in dematerialized form, electronic transfer, savings in stamp duty, prevention of forgery, etc.
- (xi) Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid /unclaimed for a period of seven years, are required to be transferred to the Investor Education & Protection Fund (IEPF) of the Central Government. After such transfer no claim of the members whatsoever shall subsist on the said amount. Therefore, members are requested to encash their dividend warrants on priority within the validity period.

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

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

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

1. Shri Samir Gaur

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

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

2. Shri Pankaj Gaur

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

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

3. Shri Suren Jain

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

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

4. Shri Rakesh Sharma

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

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

5. Shri S.D. Nailwal

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

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

EXPLANATORY STATEMENT

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

Item No. 9.

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

The Company has received notice in writing along with a deposit of Rs. 500 from a member of the Company in terms of Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Shri B K Taparia for the office of Director.

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

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

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

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

The Board commends the Resolution for your approval.

Item No. 10.

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

The Company has received notice in writing along with a deposit of Rs. 500 from a member of the Company in terms of Section 257 of the

Companies Act, 1956 signifying his intention to propose the candidature of Shri S.C. Bhargava for the office of Director.

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

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

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

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

The Board commends the Resolution for your approval.

Item No. 11.

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

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

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

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

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

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

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

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

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

The Board commends the Resolution for your approval.

Item No. 12

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Board commends the Resolution for your approval.

DIRECTORS' REPORT

To

The Members,

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

AMALGAMATION OF ERSTWHILE JAYPEE GREENS LIMITED WITH THE COMPANY

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

WORKING RESULTS

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

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

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

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

DIVIDEND

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

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

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

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

CHANGES IN PAID-UP CAPITAL

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

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

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

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

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

OFFER FOR SALE OF SHARES OF JHPL

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

OPERATIONS

a) ENGINEERING DIVISION

1. Works in Progress

Presently the Company is executing works on the following projects:

Sl. No.	Name of the Project under execution	Location of the Project	Contract Price (Base Value) (Rs. in crores)	Power Generating Capacity of the Project (MW)
1.	Dul-Hasti HEP	Jammu & Kashmir	722	390
2.	Baglihar –I & II, HEP	Jammu & Kashmir	2,152	900
3.	Vishnuprayag HEP	Uttaranchal	832	400
4.	Tehri HEP	Uttaranchal	1,658	1,000
5.	Teesta-V HEP	Sikkim	686	510
6.	Sardar Sarovar HEP	Gujarat	633	1,450
7.	Tala HEP	Bhutan	375	1,020
8.	Karcham Wangtoo HEP	Himachal Pradesh	4,150	1,000
9.	Omkareshwar HEP	Madhya Pradesh	880	520
10.	Civil works including tunnels etc. in Zone-III of Laole-Quazigund section	Jammu & Kashmir	168	Railway Line
11.	Turnkey construction of Srisailem Left Bank Canal Tunnel Scheme including Head Regulator etc. of Alimineti Madhava Reddy Project	Andhra Pradesh	1,925	Irrigation Tunnels
Projects being Executed in Joint Venture with JAL being the Leader				
12.	Sri Rama Sagar Project Flood Flow Canal Package – 2	Andhra Pradesh	187	Irrigation Canal
13.	Polavaram Project Right Main Canal Package – 4	Andhra Pradesh	301	Irrigation Canal
14.	Velligonda Feeder and Teegaleru Canal Project-2	Andhra Pradesh	254	Irrigation Canal

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

2. New Contracts

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

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

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

3. Works Completed

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

b) CEMENT DIVISION

1. Operations

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

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

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

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

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

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

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

2. Expansion Plans

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

c) HOTEL & REAL ESTATE DIVISION

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

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

d) TAJ EXPRESSWAY PROJECT

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

e) DIVERSIFICATION

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

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

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

SUBSIDIARIES

The Company has six subsidiaries namely:

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

The status of the aforesaid subsidiaries is as under:

Jaypee Hotels Limited (JHL)

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

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

Jaiprakash Hydro-Power Limited (JHPL)

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

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

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

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

Jaiprakash Power Ventures Limited (JPVL)

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

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

Jaypee Karcham Hydro Corporation Limited (JKHCL)

Jaypee Karcham Hydro Corporation Limited (JKHCL), wholly owned subsidiary of your Company, was incorporated to set-up the Karcham Wangtoo Hydro-electric Project (1000 MW) in private sector on Build, Own and Operate basis. The said project is planned for commissioning by November 2011. The financial tie-up of the said project has been completed.

Jaypee Cement Limited (JCL)

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

Gujarat Anjan Cement Limited (GACL)

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

In terms of the approval of the Central Government accorded under Section 212 (8) of the Companies Act, 1956 the Audited Balance Sheets as at March 31, 2006 in respect of aforesaid subsidiaries of the Company have not been attached to the Balance Sheet of the Company. However, the requisite information for each subsidiary has been disclosed. The annual accounts of the subsidiary companies and the related detailed information will be made available to the investors of the Company / subsidiary companies seeking such information.

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

OUTLOOK

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

CHANGE OF LOCATION OF REGISTERED OFFICE

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

DIRECTORATE

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

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

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

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

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

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

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

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

DEPOSITS

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

PARTICULARS OF EMPLOYEES

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

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

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

NOTES ON ACCOUNTS

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

AUDITORS

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

CORPORATE GOVERNANCE

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

EMPLOYEE RELATIONS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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