

ANNUAL REPORT 1996-97

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CS	<input type="checkbox"/>		DEF	<input checked="" type="checkbox"/>
RO	<input type="checkbox"/>		DEV	<input checked="" type="checkbox"/>
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JAIPRAKASH
INDUSTRIES LIMITED



Board of Directors

Dr. Jaiprakash Gaur
(Executive Chairman)
S.K. Jain
(Executive Vice-Chairman)
Sunil Kumar Sharma (Managing Director)
Manoj Gaur (Managing Director)
B.M. Agarwal (IFCI Nominee)
Ashok Kumar Doda (IDBI Nominee)
R.C. Shah
Gopi K. Arora
B.K. Goswami
Suresh Kumar
D.G. Kadkade
P.K. Jain
Dr. Ramesh C. Vaish
M.S. Srivastava
R.L. Gupta
S.D. Nailwal
Har Prasad
Ranvir Singh

Company Secretary

Harish K. Vaid
[Sr. Vice President (Corp.) & Co.Secy.]

Auditors

M/s. M.P.Singh & Associates,
Lucknow 226001 (U.P.).

Bankers

American Express Bank Ltd.
Bank of Baroda
Bank of India
Canara Bank
Export Import Bank of India
Indian Overseas Bank
Oriental Bank of Commerce
Punjab & Sind Bank
Rafidian Bank, Baghdad (Iraq)
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Indore
State Bank of Mysore
State Bank of Travancore
Syndicate Bank
Union Bank of India

Registered Office

5 Park Road, Hazratganj, Lucknow 226001 (U.P.)

Head Office

'JA House', 63 Basant Lok
Vasant Vihar, New Delhi 110057

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NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the Members of Jaiprakash Industries Limited will be held on **Friday, the 27th February, 1998** at 11.00 A.M. at **Hotel Clarks Avadh, Mahatma Gandhi Road, Lucknow (U.P.)** to transact the following business:

Ordinary Business

- To receive, consider and adopt the audited Balance Sheet as at 30th June, 1997, the Profit & Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
- To appoint a Director in place of Shri Gopi K. Arora who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri Manoj Gaur who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri P.K.Jain who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri D.G.Kadkade who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri R.C.Shah who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors 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 SPECIAL RESOLUTION

- RESOLVED that pursuant to the provisions of Section 370 and other applicable provisions (if any) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to give guarantees or provide securities, from time to time, in connection with a loan or loans made by any other person(s) to or to any person(s) by, other bodies corporate provided the aggregate of the guarantee so given or securities so provided shall not at any time exceed the sum of Rs.75 Crores.

AS ORDINARY RESOLUTION

- 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 wherever situate, present and future, in such manner as may be decided in consultation with the term lending institutions/Banks to and in favour of the Trustees for the Debenture-holders in respect of the Non-Convertible Secured Redeemable Debentures privately placed with Industrial Development Bank of India (IDBI), The Industrial Credit & Investment Corporation of India Ltd (ICICI) and The Industrial Finance Corporation of India Ltd (IFCI), in secure:
 - An amount in the aggregate not exceeding Rs.100 Crores (Rupees One hundred Crores only) subscribed for the Non-Convertible Debentures by private placement by IDBI
 - An amount in the aggregate not exceeding Rs.100 Crores (Rupees One hundred Crores only) subscribed for the Non-Convertible Debentures by private placement by ICICI
 - An amount in the aggregate not exceeding Rs.70 Crores (Rupees Seventy Crores only) subscribed for the Non-Convertible Debentures by private placement by IFCI
 - The interest compounded (additional interest, costs, charges, expenses and all other monies payable by the Company to the Debenture-holders/Trustees in terms of their respective letters of sanction/subscription agreements entered into by the Company in respect of the said debentures.
- RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with the Debenture-holders/Trustees, the documents for creation of the aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

By Order of the Board
For JAIPRAKASH INDUSTRIES LIMITED

HARISH K. VAID
Sr. Vice President (Corp.) &
Company Secretary

New Delhi

Dated: 15th January, 1998

NOTES

- Relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolutions set out under Item Nos.8 & 9 is annexed hereto.
- MEMBERS 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.

- All documents referred to in the accompanying notice and explanatory statement 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.
- The Register of Members and Share Transfer Books will remain closed from **Wednesday, the 18th February, 1998 to Friday, the 27th February, 1998** (both days inclusive).
- Members are requested to notify the change in their address to the Company and always quote their Folio Numbers in all correspondence with the Company.
- 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.
- The unclaimed dividend for the financial year of the Company ended on 31.3.94 is being transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Any claim for payment of such unclaimed dividend should be made by an application in Form II prescribed under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978, to : **Registrar of Companies, U.P., West Cott Building, Mahatma Gandhi Marg, The Mall, Kanpur (U.P.)**. The concerned members are being individually informed of the above position.
- With a view to serve the Members better and for administrative convenience, an attempt has been made to consolidate the multiple folios. Members, who are still holding shares in identical names in more than one folio are requested to write to the Company to enable the Company to consolidate their holdings in one folio.**

Explanatory Statement

Following Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 set out the material facts relating to the business mentioned in the accompanying Notice dated the 15th January, 1998.

Item No.8

In the course of the Company's business, it becomes necessary for the Board of Directors from time to time to give guarantees or provide securities in connection with loans made by any other person(s) to, or to any other person(s) by, other bodies corporate. The shareholders in their meeting held on 18th July, 1988 had authorised the Board of Directors to give such guarantees/provide securities upto the limit of Rs.20 Crores. However, keeping in view the business needs including the condition stipulated by the Indian Overseas Bank for furnishing of the Corporate Guarantee by the Company for the loan of Rs.50 Crores to M/s Jaypee Hotels Ltd. inter-alia for the Hotel project being constructed on the Company's lease-hold land at Agra, it is considered necessary to have the limit increased from Rs.20 Crores to Rs.75 Crores, as mentioned in the Resolution. Since giving of guarantees/providing of securities, as aforesaid, requires the previous authorisation of the shareholders by way of a special resolution in terms of Section 370 of the Companies Act, 1956, it is necessary for the shareholders to pass the proposed resolution.

S/Sh. Jaiprakash Gaur Suresh Kumar and B.K. Goswami may be deemed to be entrusted in their capacity of Directors of Jaypee Hotels Ltd. (JHL) in so far as such guarantees are given to secure the loans obtained by JHL. Your Directors commend the resolution for approval.

Item No.9.

In order to augment the resources to meet long term requirement of funds, the Company has privately placed 16.5% NCDs (plus interest tax in case of ICICI and IFCI) for an aggregate amount of Rs. 270 Crores -Rs.100 Crores with IDBI, Rs.100 Crores with ICICI and Rs.70 Crores with IFCI.

The said NCDs shall be secured by way of first charge ranking pari-passu with the existing chargeholders on such immovable and movable properties of the Company, present and future, as may be decided in consultation with the term lending institutions.

While the debentures allotted to IDBI are proposed to be redeemed in four half yearly equal instalments of Rs.15 Crores each commencing from 1.10.2001 and two half yearly instalments of Rs.20 Crores each from 1.10.2003 and those allotted to ICICI shall be redeemed in four half yearly equal instalments of Rs. 15 Crores each commencing from 15th June, 2002 and two half yearly instalments of Rs. 20 Crores from 15th June, 2004, and those allotted to IFCI in 20 equal quarterly instalments of Rs. 3.50 Crores each from 3rd to 7th year from the date of subscription.

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 undertaking. Since the mortgaging and/or charging by the Company of its immovable and movable properties as aforesaid in favour of the aforesaid institutions 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 is concerned or interested in the resolution.
Your Directors commend the resolution for approval.



DIRECTORS' REPORT

To, The Members,

Your Directors present the 14th Annual Report together with the Audited Accounts of the Company for the year ended 30th June, 1997.

Working Results

The Working Results of the Company for the year under report are as under :

	(Rs. in lacs)	
	30.06.1997	30.6.1996 (15months)
Gross Revenue & Other Income	<u>7,68,07</u>	<u>9,96,31</u>
Profit before depreciation & taxation	<u>62,23</u>	<u>1,35,00</u>
Less :		
- Depreciation	<u>34,42</u>	<u>43,58</u>
Profit before taxation	<u>27,81</u>	<u>91,42</u>
Less :		
- Provision for taxation	<u>2,94</u>	<u>2</u>
Profit after taxation	<u>24,87</u>	<u>91,40</u>
Add :		
- Profit brought forward	3,00,17	2,36,30
- Investment allowance		
Reserve written back	29	96
- Foreign Project reserve		
written back	<u>3,50</u>	<u>3,03,96</u>
		<u>2,37,26</u>
Profit available for appropriation	<u>3,28,83</u>	<u>3,28,66</u>
Less :		
Transferred to :		
- Debenture Redemption		
Reserve	<u>13,74</u>	<u>28,49</u>
Balance Carried to		
Balance Sheet	<u>3,15,09</u>	<u>3,00,17</u>

Dividend

Keeping in view the need to conserve the Company's resources and to meet the enhanced working capital requirements, your Directors are constrained not to recommend any dividend for the year under report.

Share Capital

During the year under report, your Company released and allotted 3250 equity shares of Rs.10 each against the entitlement of the respective shareholders which were kept in abeyance in terms of Section 206A of the Companies Act, 1956.

OPERATIONS

a) ENGINEERING DIVISION.

1. Indian Works.

Your Company's works at 1500 MW Nathpa Jhakri Hydro-Electric Project, having contract value of Rs.475 Crores is progressing satisfactorily. The quality and progress of work has earned high praise from the World Bank and the Panel of Experts appointed by the Government of India. The works at 1000 MW Indira Sagar (Narmada) Hydro-Electric Project in Madhya Pradesh, having contract value of Rs.365 Crores, is progressing, but the stalemate at the Sardar Sarovar (Narmada) Project continues because of controversy regarding height of the Dam which is under consideration of the Supreme Court.

The work on 300 MW Baspa-II Hydro-electric Project, which was suspended in October, 1996, due to non-conclusion of Power Purchase Agreement (PPA) between the Owner Jaiprakash Hydro-Power Limited and the State Government of Himachal Pradesh, has recommenced on signing of the PPA on the 4th June, 1997.

The work of excavation for the Chutte Spillway of Tehri Dam awarded at a contract value of Rs.40.6 Crores has been completed within the stipulated period of completion.

In January, 1997 your Company successfully concluded negotiations with the Tehri Hydro Development Corporation Ltd. in respect of its tender for construction of the 260 metres high Tehri Rockfill Dam. You will be pleased to know that the work has been awarded to your Company at a contract value of Rs.898.50 Crores. After quick mobilisation, the work was commenced in February, 1997.

Your Company in Joint Venture with M/s Statkraft Anlegg AS of Norway bid for the Work Packages No.I & II for the remnant civil works of Dul-Hasti Hydroelectric Project. M/s National Hydroelectric Power Corporation Ltd. (NHPC) has awarded the two Contracts worth Rs.758 Crores to the Joint Venture. Your Company is the Leader of the JV with 98% participation.

Your Company in consortium with M/s SNC-LAVALIN / ACRES Transnational Inc., both of Canada submitted an offer for construction of Chamara-II Hydro-Electric Project in Himachal Pradesh. The offer submitted by the Consortium has been evaluated as the lowest bid for the turnkey construction at Rs.1455 Crores. The financing proposal has also been submitted. Decision on the project is awaited from the Government.

The consortium of your Company and SNC-LAVALIN Inc., Canada, Jaiprakash SNC-Lavalin has signed a Memorandum of Understanding in November, 1997 with The Jammu and Kashmir Power Development Corporation Private Limited, Srinagar for implementation of 450 MW Baglihar Hydro-Electric Project near Chanderkot (Ramban), Jammu & Kashmir, on river Chenab.

2.0 Works Abroad

The contract for the work of Basrah Sewerage Scheme Stage-III in Iraq was frustrated. The Iraqi authorities have confirmed in writing the settlement amount of the Company's claim, which comprises a sum of Iraqi Dinars 21,753,502 equivalent to US Dollars 69,604,595 at contracted rate in foreign currency plus Iraqi Dinars 20,788,457 in local currency. The Iraqi side is ready to sign an agreement for payment on mutually agreed terms after lifting of embargo and sanctions on Iraq. The Company has, however, requested the Iraqi side to consider crediting foreign currency portion of the settlement dues to the existing deferred payment account being maintained by EXIM Bank of India for Basrah Sewerage Contract. The request of the Company is under consideration of the Iraqi Presidential Secretariat.

b) CEMENT DIVISION

Highlights of production and sales from Jaypee Rewa Cement are as under :

Clinker	19,14,226 MT
Cement	21,00,983 MT
Cement Sales	21,07,145 MT

The cement capacity utilisation during the period July, 1996 to June, 1997 was 84.04% as compared to 94.03% in the previous year.

Lower capacity utilisation in 1996-97 is essentially a reflection of the prevailing depressed cement market scenario in U.P., Bihar, M.P. and Northern region, due to various reasons beyond control of the Company.

While cement market was on the downhill, the input costs have gone up substantially. There had been an increase of over 30% in the electrical energy cost and about 25% in the coal cost during 1996-97 compared to previous year. Energy conservation measures however have helped. There had been a 6% reduction in power consumption and over 5% in coal consumption. With a view to reach higher levels of energy conservation in the plants, Holtec Consulting Pvt. Ltd. have been appointed to carry out a Plant Operational Audit for reduction in energy consumption.

'SUPERPLUS JAYPEE CEMENT' continues to hold its premier position in the markets of UP, MP and Bihar.

During the year under report, the Cement Plant-II, Waysee, Beja Cement has been moved off, as a going concern, to Beja Cement Limited, a wholly owned subsidiary of your Company in accordance with the approval of the shareholders. While pending formalities in this regard are being completed, the proposals for disinvestment of financial resources in respect of the said plant are under consideration.

The default no day reason - The Attendance Monitor - at Mussoorie is being run by Jaypee Hotel Limited under arrangement of lease as approved by the shareholders. Necessary steps are being taken to give up the said no day reason to a new Company in accordance with the approval of the shareholders.

The Project was awarded Environmental Clearance by the Ministry of Environment and Forests in November, 1996. The Forest Clearance Agreement (FCA) for the Project was signed with the Central Electricity Board in September, 1996. Subsequently, Technical and Financial aspects of the Project has been recorded by the Central Electricity Authority (CEA) on 30.6.1997 at a completion award of Rs. 680 Crores. Approval being given to start the line along with the construction of 500 KV feeder line and substation works are in progress.

2. Karthikey Mangalagiri Hydel Electric Power Project (1000 MW)
In terms of Memorandum of Understanding (MOU) signed with the Government of Andhra Pradesh, the Government of Orissa has Deputed Project Engineer (DPE) for this Project and submitted to the Government of Andhra Pradesh and India a Joint Feasibility Study (JFS) in February, 1998. The Feasibility Study report is being made available to the Project Engineer on basis from 15.04.2001 On March, 1999, the DPR is also submitted to the Government of GOAP and GOA for a clearance. The major task for on ground will. GOAP to conduct a Project identification, feasibility study, early design.

The Company's future development is mainly in water and wastewater treatment. Meanwhile, in order to improve the competitiveness of the business, besides new works in the market, the Company also places emphasis on the hydrochloric acid and ammonia solution production in China. In the future, the Company's performance is expected to reflect marked improvement in the coming years.

On 10th January 1991, Shri. S. K. Singh, one of the four as Directors in the Board of Directors resigned due to the resignation of Shri S.K. Dava. On 14th Feb. 1991, the Board of Directors, 20th June, 1997 & 21st November, 1999 re-elected him.

Further, the Board of Directors have designated Shri Jay Prakash Gouras Executive Chairman, Mr. P. K. Jha as Executive Vice Chairman and Mr. M. C. Choudhary as Chief Financial Officer and Mr. M. S. Choudhary as Managing Director of

The Board of Directors have also accepted the resignation of Sir Gerald Kinnaird from the whole time office of Director of the Company with effect from January 1998. He would however continue as Vice-Chairman of the Board of the Company.

The statement as required under section 212 of the Companies Act, 1936 in respect of Malprakash & Co. Private Limited and Bala Kumari Limited which are subsidiary companies of your Company, is attached alongwith audited Balance Sheet of the said Companies as at 31st March 1977.

The First Deposit of £100,000 in the bank on 1st July 1997 was repaid on 30th June 1997 against the £25,000. The bank charged £100,000 for the repayment of the loan and the bank charged £100,000 for the repayment of the loan.

A statement showing the payment of the employer's contribution of \$17,226 to the Commission was filed with the court on the basis of Exhibits A and B. The statement was signed by the defendant dated 17-10-1951, and explained that the amount was paid in full.

On the day with regard to the 1996-1997 season, the award of £100,000 of the Computer Law Fund was made for the Group's participation in the development of the 1996-1997 season of the British Directors' Roundtable for the year 1996-1997. The award was made to the Directors' Roundtable for the year 1996-1997. The award was made to the Directors' Roundtable for the year 1996-1997.

The results indicate that the use of the word "I" in the first sentence of the Declaration is a significant predictor of the number of words used to express one's own views. While the results suggest that the use of the word "I" is a predictor of the number of words used to express one's own views, the results do not suggest that the use of the word "I" is a predictor of the number of words used to express one's own views.

1995, 2000, 2005, 2010, 2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050, 2055, 2060, 2065, 2070, 2075, 2080, 2085, 2090, 2095, 2100, 2105, 2110, 2115, 2120, 2125, 2130, 2135, 2140, 2145, 2150, 2155, 2160, 2165, 2170, 2175, 2180, 2185, 2190, 2195, 2200, 2205, 2210, 2215, 2220, 2225, 2230, 2235, 2240, 2245, 2250, 2255, 2260, 2265, 2270, 2275, 2280, 2285, 2290, 2295, 2300, 2305, 2310, 2315, 2320, 2325, 2330, 2335, 2340, 2345, 2350, 2355, 2360, 2365, 2370, 2375, 2380, 2385, 2390, 2395, 2400, 2405, 2410, 2415, 2420, 2425, 2430, 2435, 2440, 2445, 2450, 2455, 2460, 2465, 2470, 2475, 2480, 2485, 2490, 2495, 2500, 2505, 2510, 2515, 2520, 2525, 2530, 2535, 2540, 2545, 2550, 2555, 2560, 2565, 2570, 2575, 2580, 2585, 2590, 2595, 2600, 2605, 2610, 2615, 2620, 2625, 2630, 2635, 2640, 2645, 2650, 2655, 2660, 2665, 2670, 2675, 2680, 2685, 2690, 2695, 2700, 2705, 2710, 2715, 2720, 2725, 2730, 2735, 2740, 2745, 2750, 2755, 2760, 2765, 2770, 2775, 2780, 2785, 2790, 2795, 2800, 2805, 2810, 2815, 2820, 2825, 2830, 2835, 2840, 2845, 2850, 2855, 2860, 2865, 2870, 2875, 2880, 2885, 2890, 2895, 2900, 2905, 2910, 2915, 2920, 2925, 2930, 2935, 2940, 2945, 2950, 2955, 2960, 2965, 2970, 2975, 2980, 2985, 2990, 2995, 3000, 3005, 3010, 3015, 3020, 3025, 3030, 3035, 3040, 3045, 3050, 3055, 3060, 3065, 3070, 3075, 3080, 3085, 3090, 3095, 3100, 3105, 3110, 3115, 3120, 3125, 3130, 3135, 3140, 3145, 3150, 3155, 3160, 3165, 3170, 3175, 3180, 3185, 3190, 3195, 3200, 3205, 3210, 3215, 3220, 3225, 3230, 3235, 3240, 3245, 3250, 3255, 3260, 3265, 3270, 3275, 3280, 3285, 3290, 3295, 3300, 3305, 3310, 3315, 3320, 3325, 3330, 3335, 3340, 3345, 3350, 3355, 3360, 3365, 3370, 3375, 3380, 3385, 3390, 3395, 3400, 3405, 3410, 3415, 3420, 3425, 3430, 3435, 3440, 3445, 3450, 3455, 3460, 3465, 3470, 3475, 3480, 3485, 3490, 3495, 3500, 3505, 3510, 3515, 3520, 3525, 3530, 3535, 3540, 3545, 3550, 3555, 3560, 3565, 3570, 3575, 3580, 3585, 3590, 3595, 3600, 3605, 3610, 3615, 3620, 3625, 3630, 3635, 3640, 3645, 3650, 3655, 3660, 3665, 3670, 3675, 3680, 3685, 3690, 3695, 3700, 3705, 3710, 3715, 3720, 3725, 3730, 3735, 3740, 3745, 3750, 3755, 3760, 3765, 3770, 3775, 3780, 3785, 3790, 3795, 3800, 3805, 3810, 3815, 3820, 3825, 3830, 3835, 3840, 3845, 3850, 3855, 3860, 3865, 3870, 3875, 3880, 3885, 3890, 3895, 3900, 3905, 3910, 3915, 3920, 3925, 3930, 3935, 3940, 3945, 3950, 3955, 3960, 3965, 3970, 3975, 3980, 3985, 3990, 3995, 4000, 4005, 4010, 4015, 4020, 4025, 4030, 4035, 4040, 4045, 4050, 4055, 4060, 4065, 4070, 4075, 4080, 4085, 4090, 4095, 4100, 4105, 4110, 4115, 4120, 4125, 4130, 4135, 4140, 4145, 4150, 4155, 4160, 4165, 4170, 4175, 4180, 4185, 4190, 4195, 4200, 4205, 4210, 4215, 4220, 4225, 4230, 4235, 4240, 4245, 4250, 4255, 4260, 4265, 4270, 4275, 4280, 4285, 4290, 4295, 4300, 4305, 4310, 4315, 4320, 4325, 4330, 4335, 4340, 4345, 4350, 4355, 4360, 4365, 4370, 4375, 4380, 4385, 4390, 4395, 4400, 4405, 4410, 4415, 4420, 4425, 4430, 4435, 4440, 4445, 4450, 4455, 4460, 4465, 4470, 4475, 4480, 4485, 4490, 4495, 4500, 4505, 4510, 4515, 4520, 4525, 4530, 4535, 4540, 4545, 4550, 4555, 4560, 4565, 4570, 4575, 4580, 4585, 4590, 4595, 4600, 4605, 4610, 4615, 4620, 4625, 4630, 4635, 4640, 4645, 4650, 4655, 4660, 4665, 4670, 4675, 4680, 4685, 4690, 4695, 4700, 4705, 4710, 4715, 4720, 4725, 4730, 4735, 4740, 4745, 4750, 4755, 4760, 4765, 4770, 4775, 4780, 4785, 4790, 4795, 4800, 4805, 4810, 4815, 4820, 4825, 4830, 4835, 4840, 4845, 4850, 4855, 4860, 4865, 4870, 4875, 4880, 4885, 4890, 4895, 4900, 4905, 4910, 4915, 4920, 4925, 4930, 4935, 4940, 4945, 4950, 4955, 4960, 4965, 4970, 4975, 4980, 4985, 4990, 4995, 5000, 5005, 5010, 5015, 5020, 5025, 5030, 5035, 5040, 5045, 5050, 5055, 5060, 5065, 5070, 5075, 5080, 5085, 5090, 5095, 5100, 5105, 5110, 5115, 5120, 5125, 5130, 5135, 5140, 5145, 5150, 5155, 5160, 5165, 5170, 5175, 5180, 5185, 5190, 5195, 5200, 5205, 5210, 5215, 5220, 5225, 5230, 5235, 5240, 5245, 5250, 5255, 5260, 5265, 5270, 5275, 5280, 5285, 5290, 5295, 5300, 5305, 5310, 5315, 5320, 5325, 5330, 5335, 5340, 5345, 5350, 5355, 5360, 5365, 5370, 5375, 5380, 5385, 5390, 5395, 5400, 54

Gov. M.L. Singh, "Minister of Industries, Agriculture and Panchayati Raj, Government of India, New Delhi, India, has been elected to the post of President of the committee."

[illegible]

You, Directors of the said Company, are hereby empowered to the whole or part and continue to and extend to the Shareholders & Investors, wholly or partly, all the said capital, interest, and profits, and

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

January 15, 1987

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U.S. DISTRICT COURT



ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION IN PURSUANCE TO SUB-SECTION 2-A OF SECTION 217 OF THE COMPANIES ACT, 1956 IS GIVEN BELOW

Name of Employees, Designation/Nature of Duties, Gross Remuneration (Rs.), Qualification, Age (in years), Total Experience (in years), Date of commencement of Employment, Previous Employment

(A) Employed throughout the year and in receipt of remuneration aggregating Rs.3,00,000/- or more

- * Shri Jaiprakash Gaur, Chairman-cum-Managing Director, Rs.6,76,063, Dip. in Civil Engg., Roorkee, 66, 46, 01.01.1986, Jaiprakash Associates Pvt. Ltd.
- * Shri S.K. Jain, Vice-Chairman-cum-Managing Director, Rs.6,18,900, B.Sc., 60, 39, 01.01.1986, Jaiprakash Associates Pvt. Ltd.
- * Shri S.K. Sharma, Jt. Mg. Director, Rs.5,27,738, B.Sc., 37, 19, 01.01.1986, Jaiprakash Associates Pvt. Ltd.
- * Shri Manoj Gaur, Jt. Mg. Director, Rs.5,57,216, B.E. (Civil) (Hon's.), 33, 12, 01.11.1985, First Employment
- * Shri P.K. Jain, Director, Rs.5,44,930, M.A., 49, 27, 01.01.1986, Jaiprakash Associates Pvt. Ltd.
- * Shri Suresh Kumar, Director, Rs.5,54,032, B.E. (Civil), 57, 35, 01.12.1994, Jaypee Hotels Limited.
- * Shri S.D. Nailwal, Director, Rs.5,03,969, B.A.(Com.) & F.C.S., 50, 32, 01.07.1986, Jaypee Hotels Limited.
- * Shri M.S. Srivastava, Director, Rs.5,15,477, B.Sc., B.E. & M.E., 56, 35, 01.01.1986, Jaiprakash Associates Pvt. Ltd.
- * Shri Har Prasad, Director, Rs.4,94,014, B.Tech. (Hons.) Civil Engg., 61, 36, 01.01.1986, Jaiprakash Associates Pvt. Ltd.
- * Shri Rajender Singh, Adviser, Rs.5,81,412, Self acquired experience in heavy machinery, 61, 49, 01.01.1986, Jaiprakash Associates Pvt. Ltd.

(B) Employed for part of the year and in receipt of remuneration aggregating Rs.25,000/- or more per month

- * Shri H.V. Mirchandani, Adviser, Rs.1,72,249, B.E. (Civil), 72, 50, 05.02.1987, Jaypee Technical Consultants Pvt. Ltd.

Notes :

1. The date of commencement of employment in respect of the employees of the Amalgamating Company Jaiprakash Associates Pvt. Ltd. as given in the above statements is the effective date of amalgamation i.e. 1.1.86. However, their length of service with the amalgamating Company stands protected by the Scheme of Amalgamation.
2. Gross remuneration includes salary, house rent, bonus / incentive and other perks like medical reimbursement, leave travel assistance, Company's contribution towards provident fund etc.
3. Employees working outside India and being paid in Foreign Currency have not been included in the above list.
4. All appointments are in terms of respective letters of appointment and applicable Company's rules and regulations except in the cases marked (*) who are whole-time Directors.
5. None of the employees mentioned in the list is a relative of any Director of the Company except S/Shri Manoj Gaur & S.K. Sharma, who are relatives of Shri Jaiprakash Gaur and Shri P.K. Jain, who is a relative of Shri S.K. Jain.

THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988

(A) CONSERVATION OF ENERGY

1. The Energy Conservation Committee meets every week to discuss the steps to save energy.
2. Following steps are taken on regular basis to save energy :-
 - Reduction of false air in circuit
 - Optimisation of each production unit
 - Sequential start-up to reduce idle run of auxiliary equipment
3. Bolt less shell liners provided for Cement Mill No. 1 & 3 to save mill Electric Power
4. HASLE segmented Dip tube provided for bottom Cyclone for Kiln-I which will save the Thermal Energy

(B) TECHNOLOGY ABSORPTION

1. Unit-II Raw Meal Pneumatic conveying system has been replaced by Bucket Elevator for saving energy.
A similar system for Unit-I Raw Meal Transportation is under installation.
2. ESP and GCT for Kiln-II modified by M/s BHA International to reduce stack emission and to save Electrical Energy
3. Magnesia bricks provided for Kiln-I to have better process control in burnings thus saving Thermal Energy
4. Solid Flow meter for Kiln-II PC / Coal dosing has been provided for better control and technology for same absorbed

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars of Foreign Exchange earnings and outgo are given in Schedule "R" - Notes to the Accounts - under Note No. 19.

FORM A

(Form for disclosure of particulars with respect to conservation of energy)

A: POWER & FUEL CONSUMPTION

CURRENT YEAR	PREVIOUS YEAR
30.06.97	30.06.96
	(12 MONTHS)

I ELECTRICITY

(A) PURCHASED

UNITS (KWH)	147139142	206924948
TOTAL AMOUNT RS	571048811	617507494
RATE PER UNIT RS	3.88	2.98

(B) OWN GENERATION

(i) THROUGH DIESEL GENERATION

UNITS (KWH)	77618960	126719820
UNITS PER LITRE OF -		
-DIESEL & FURNACE		
OIL (KWH)	3.54	3.80
COST PER UNIT (RS.)	3.42	3.11

II COAL

QUALITY	GRADE SLACK- "C" & "D"	GRADE SLACK- "C" & "D"
WHERE USED	-CALCINISING of RAW MEAL	-CALCINISING RAW MEAL
QUANTITY USED (M.T.)	342341.00	510348.00
TOTAL COST	502778849	601173614
AVERAGE RATE PER M T /RS.	1468.65	1177.97

III FURNACE OIL

N/A N/A

IV OTHERS/INTERNAL GENERATION

N/A N/A

B: CONSUMPTION PER UNIT OF PRODUCTION

PRODUCT	CEMENT	CEMENT
UNIT	M.T.	M.T.
ELECTRICITY (KWH)	110.75	117.25
FURNACE OIL	N/A	N/A
COAL PER M.T. OF CLINKER	0.179	0.189
COAL QUALITY		
-AVERAGE ASH CONTENTS (%)	33.49	36.10
-AVERAGE CALORIFIC VALUE (Kcal/Kg)	4095	3739
-OTHERS		

AUDITORS' REPORT

TO,
THE MEMBERS OF
JAIPRAKASH INDUSTRIES LIMITED

We have audited the attached Balance Sheet of M/s Jaiprakash Industries Limited as at 30th June, 1997 and the annexed Profit and Loss Account for the year ended on that date, and report that:

- (1) As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (2) Further to our comments in the Annexure referred to in paragraph 1 above:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account have been kept by the Company as required by law so far as appears from our examination of those books.
 - (c) The Balance Sheet and Profit & Loss Account referred to in this report, are in agreement with the books of account.
 - (c) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, subject to:
 - i) Note No.1(e), in respect of disputed Electricity Duty Payable on captive generation amounting to Rs.4,50,54,397/-;
 - ii) Note No.1(f), regarding disputed Sales Tax demand on packing material amounting to Rs.37,78,464/-
 - iii) Note No.1(g), regarding disputed U.P. Trade Tax demand of Rs.3,64,89,563/- for the Financial Year 1990-91 and Rs.3,44,27,115/- for the Financial Year 1991-92; and
 - iv) Note No.1(h), regarding disputed Excise demand amounting to Rs.5,92,53,180/- of Schedule "R" attached to the Annual Accounts, read together with significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - (i) in the case of Balance Sheet, of the state of affairs of the Company as at 30th June, 1997, and
 - (ii) in the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date.

For M.P. SINGH & ASSOCIATES
Chartered Accountants

Place : New Delhi
Dated : 15th January 1998

M.P. SINGH
Partner

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date on the accounts for the year ended 30th June, 1997, of Jaiprakash Industries Limited.

- (1) The Company is maintaining a register showing full particulars including quantitative details of the Fixed Assets held by the Company. The situation of the movable assets of the Engineering Division used in the construction activity keeps on changing from works sites depending upon requirements for a particular contract. A substantial portion of the Fixed Assets have been physically verified by the management during the year and to the best of our knowledge and information given to us, no serious discrepancies have been noticed on such physical verification.
- (2) The Fixed Assets of the Company have not been revalued during the year.
- (3) The stocks of finished goods, stores, spare parts, raw materials and other construction materials of the Company in its possession have been physically verified by the management at reasonable periods. Materials in the possession and custody of third parties for job works and stock-in-transit as at 30th June, 1997 have been verified by the management with reference to confirmations or statements of account or correspondence of the third parties or subsequent receipt of goods.
- (4) The procedures for physical verification of stocks followed by the Management are reasonable and adequate in relation to size of the Company and the nature of its business.
- (5) The discrepancies noticed on physical verification of stocks as compared to book records were not material and these have been properly dealt with in the books of account.
- (6) On the basis of our examination of the valuation of stocks, we are of the opinion that such valuation is fair and proper and in accordance with the

normally accepted accounting principles and is on the same basis as in the earlier years.

- (7) Where the Company has taken unsecured loan from Companies listed in the register maintained under Section 301 of the Companies Act, 1956, the rate of interest and other terms and conditions of such loan are not prima-facie prejudicial to the interest of the Company. The Company has not taken any loan, secured or unsecured, from any Company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
- (8) Where the Company has granted unsecured loan to Companies listed in the register maintained under Section 301 of the Companies Act, 1956, the terms and conditions of such loans are not prima-facie prejudicial to the interest of the Company. The Company has granted interest-free loan to its Subsidiary Company, namely, Bela Cement Limited. The Company has not granted any loan, secured or unsecured, to a Company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
- (9) The parties, including employees, to whom loans or advances in the nature of loans have been given by the Company, are repaying the principal amounts as per stipulation, wherever such stipulation exists, and are also regular in the payment of interest, wherever applicable.
- (10) There are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
- (11) In our opinion and according to the information and explanations given to us, the transactions for civil work contracts and hiring of machinery, vehicles, and for sale of goods made in pursuance of contracts or engagements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party have been accepted at prices which are reasonable having regard to the prevailing market rates for such goods and/or services at which transactions for similar goods/services have been made with the other parties.
- (12) The Company has a regular procedure for the detection of unserviceable or damaged stores, raw material, packing material and finished goods, and necessary adjustments for the loss have been made in the accounts.
- (13) The Company has complied with the provisions of Section 68A of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted by the Company.
- (14) Reasonable records have been maintained by the Company for the sale and disposal of significant realisable stocks. The Company has no by-products.
- (15) The Company has an internal audit system commensurate with the size and nature of its business.
- (16) We have broadly reviewed the accounts and cost records maintained by the Company in respect of its Cement Division pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that the accounts and records have been maintained. We have not, however, made a detailed examination of the records.
- (17) Provident Fund and E.S. dues have been regularly deposited during the year with appropriate authorities and there were no arrears of such dues at the year end.
- (18) According to the information and explanations given to us, there were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which have remained outstanding up to 30th June, 1997, for a period of more than six months from the date they became payable.
- (19) During the course of our examination of the books of account, we have not come across any personal expenses which have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- (20) The Company is not a sick industrial company within the meaning of clause (o) sub-section (1) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.
- (21) The Company has a proper system of recording receipts, issues and consumption of materials, stores and components. Authorisation proper levels at each work site with necessary control on the issue of stores and allocation of labour to each contract at each work site. Separate set of books are maintained to suit the size and nature of its business.

For M.P. SINGH & ASSOCIATES
Chartered Accountants

Place : New Delhi
Dated : 15th January, 1998

M.P. SINGH
Partner


BALANCE SHEET
AS AT 30TH JUNE, 1997

	SCHEDULE		1996-97 Rs. IN LAKHS	1995-96 Rs. IN LAKHS
SOURCES OF FUNDS				
SHAREHOLDERS FUNDS				
Share Capital	A	1,57,61		1,57,61
Reserves and Surplus	B	6,84,26	8,41,87	6,59,39
				8,17,00
LOAN FUNDS				
Secured Loans	C	9,49,32		10,61,72
Unsecured Loans	D	1,36,08	10,85,40	1,57,86
				12,19,58
TOTAL FUNDS EMPLOYED			19,27,27	20,36,58
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	E	11,02,08		9,17,58
Less: Depreciation		3,20,86		2,87,86
NET BLOCK		7,81,22		6,29,72
Capital Work-in-Progress		19,35	8,00,57	3,57,38
				9,87,10
INVESTMENTS	F		2,33,60	1,93,10
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	G	1,44,06		1,25,12
Sundry Debtors		4,15,56		4,38,83
Cash and Bank Balances		1,63,24		1,42,97
Other Current Assets		88,27		85,76
Loans & Advances		4,81,29		3,59,62
		12,92,42		11,52,30
LESS: CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	H	3,98,97		3,02,56
Provisions		5,38		2,00
		4,04,35		3,04,56
NET CURRENT ASSETS	I		8,88,07	8,47,74
MISCELLANEOUS EXPENDITURE			5,03	8,64
TOTAL APPLICATION OF FUNDS			19,27,27	20,36,58

Notes to the Accounts

R

As per our report of even date
attached to the Balance SheetFor M.P. SINGH & ASSOCIATES
Chartered AccountantsM.P. SINGH
PartnerPlace : New Delhi
Dated : 15th January, 1998I.N. DUBE
Sr. Vice-President
(Accounts & Taxation)HARISH K. VAID
Sr. Vice-President (Corp.) &
Company Secretary

For and on behalf of the Board

JAIPRAKASH GAUR
Executive ChairmanS.K. JAIN
Executive Vice-ChairmanS.D. NAILWAL
Director