

ANNUAL REPORT 1998-99



JAIPRAKASH
INDUSTRIES LIMITED



Board of Directors

Dr. Jaiprakash Gaur (Chairman)
 S.K. Jain (Vice-Chairman)
 Manoj Gaur (Managing Director)
 Sunil Kumar Sharma (Managing Director)
 B.M. Agarwal (IFCI Nominee)
 Ashok Kumar Doda (IDBI Nominee)
 Sandeep Bakhshi (ICICI Nominee)
 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
 The Jammu & Kashmir Bank Ltd.
 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 **16th Annual General Meeting** of the Members of Jaiprakash Industries Limited will be held on **Monday, the 27th September, 1999 at 10.00 A.M. at Hotel Clark's Ayadh, Mahatma Gandhi Road, Lucknow 226001 (U.P.)** to transact the following business:

Ordinary Business

- To receive, consider and adopt the audited **Balance Sheet as at 31st March, 1999**, 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 **Dr. Jaiprakash Gaur** who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of **Shri S.K. Jain** who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of **Shri Suresh Kumar** who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of **Dr. R.C. Vaish** who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of **Shri Sunil Kumar Sharma** 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 ordinary resolutions:

- "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 situated, present and future, in such manner as may be decided in consultation with the term lending institutions to or in favour of the Trustees for the Debenture-holders in respect of the Non-Convertible Secured Redeemable Debentures privately placed with The Industrial Finance Corporation of India Ltd. (IFCI) and ICICI Ltd. (ICICI), to secure :
 - An amount in the aggregate not exceeding Rs. 57 Crores (Rupees fifty seven crores only) subscribed for the Non-Convertible Debentures by private placement by IFCI to the Company.
 - An amount in the aggregate not exceeding Rs. 50 Crores (Rupees fifty crores only) subscribed for the Non-Convertible Debentures by private placement by ICICI to the Company, for the purpose of meeting part of the shortfall in the overall projected cash flow of the Company."
 "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."
- "RESOLVED that in accordance with the provisions of Sections 198, 269, 309 & 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent and approval of the Company be and is hereby accorded to the **re-appointment of Dr. Jaiprakash Gaur**, Chairman for a period of 5 years from 1st April, 1999 to 31st March, 2004 at the remuneration as set out in the Explanatory Statement to this resolution with liberty to the Board of Directors to alter or vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may here-in-after be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board of Directors and **Dr. Jaiprakash Gaur**, Chairman."
 "RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."
- "RESOLVED that in accordance with the provisions of Sections 198, 269, 309 & 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent and approval of the Company be and is hereby accorded to the **re-appointment of Shri S.K. Jain**, Vice-Chairman for a period of 5 years from 1st April, 1999 to 31st March, 2004 at the remuneration as set out in the Explanatory Statement to this resolution with liberty to the Board of Directors to alter or vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may here-in-after be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board of Directors and **Shri S.K. Jain**, Vice-Chairman."
 "RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."
- "RESOLVED that in supersession of the resolution passed at the Annual General Meeting held on 27th December, 1994 and pursuant to Section 293 (1) (d) of the Companies Act, 1956 and other applicable provisions, if any, the consent of the company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time any sum or sums of money which together with the money already borrowed by the Company (apart from temporary loans obtained from the Bankers of the Company in ordinary course of business) shall not exceed in the aggregate at any one time Rs. 3000 crores (Rupees Three Thousand Crores only) irrespective of the fact that such aggregate amount of borrowing outstanding at any one time may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

As Special Resolution :

- "RESOLVED that in accordance with the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 including any Statutory Modification(s) and re-enactment thereof for the time being in force, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association, of the Company be and are hereby altered in the following manner.
 - Include the following interpretation at the appropriate place in Article 2 of the Articles of Association.

"Beneficial Owner" shall mean the beneficial owner as defined in clause (a) of the Sub-Section (1) of Section 2 of the Depositories Act, 1996.

"Depository" shall mean a Depository as defined under clause (e) of Sub-Section (1) of Section 2 of the Depositories Act, 1996.

"SEBI" means Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992.
 - Insert the following in the margin in the existing Articles of Association and add a new Article as Article 19A after Article 19."
 - DEMATERIALISATION OF SECURITIES**
Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.
 - OPTIONS FOR INVESTORS**
Every person subscribing to securities offered by the Company shall have the option to receive security certificate or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.
If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.
 - SECURITIES IN DEPOSITORIES TO BE IN FUNGIBLE FORM**
All the securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 187B, 187C and 372/372 A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
 - RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS**
 - Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
 - Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
 - Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
 - SERVICE OF DOCUMENTS**
Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the record of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
 - TRANSFER OF SECURITIES**
Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
 - ALLOTMENT OF SECURITIES DEALT WITH IN A DEPOSITORY**
Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
 - DISTINCTIVE NUMBERS OF SECURITIES HELD IN A DEPOSITORY**
Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
 - REGISTER AND INDEX OF BENEFICIAL OWNERS**
The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be Register and Index of Members and Security holders for the purposes of these Articles.
 - Insert the following in the margin in the existing Articles of Association and add a new Article as Article 62A after Article 62.

NOMINATION
Notwithstanding anything contained in the Articles of Association or in any other law for the time being in force, where a nomination has been made in the manner prescribed in Section 109A of the Act, purporting to confer on any person the right to vest the shares in, or debentures of the Company, the nominee shall, on the death of the shareholder or holder of debentures of the Company or, as the case may be, on the death of the joint holders, become entitled to all the rights in the shares or debentures of the Company or, as the case may be, all the joint holders, in relation to such shares in or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner and the provisions contained in Sections 109A and 109B of the Act, shall be applicable to such cases.
 - Insert the following in the margin in the existing Articles of Association and add a new Article as Article 70A after Article 70.

**BUY-BACK OF SHARES**

Notwithstanding anything contained in these Articles and in pursuance of Section 77A, 77AA and 77B of the Act, the Board of Directors may, when and if thought fit, buy-back such of the Company's own shares or securities as it may consider appropriate subject to such limits, restrictions, terms and conditions, approvals as may be required under the provisions of Companies Act including the amendment(s) thereof.

By Order of the Board
For JAIPRAKASH INDUSTRIES LIMITED

HARISH K. VAID

Sr. Vice President (Corp.) &
Company Secretary

Place : New Delhi
Dated : 29th May, 1999

NOTES

- (i) Relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolutions set out under item Nos. 8 to 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 MEETING.
- (iii) All documents referred to in the Notice and accompanying 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.
- (iv) The Register of Members and Share Transfer Books will remain closed from Tuesday, the 14th September, 1999 to Monday, the 27th September, 1999 (both days inclusive).
- (v) 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.
- (vi) 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.
- (vii) 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.
- (viii) Members can avail of the nomination facility by filing Form 2-B, as prescribed under Companies (Central Government's) General Rules & Forms, 1956, with the Company. Blank Forms will be supplied on request.

EXPLANATORY STATEMENT

Following Explanatory Statements, 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 29th May, 1999

Item No. 8

To meet its long term working capital requirements, the Company has privately placed 16.5% NCDs for an aggregate value of Rs. 57 Crores with The Industrial Finance Corporation of India Limited (IFCI) and Rs. 50 Crores with ICICI Ltd. (ICICI).

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 / Banks.

While the debentures allotted to IFCI are proposed to be redeemed after a moratorium of 3 years in 4 equal instalments of Rs. 14.25 Crores each from 4th to 7th year from the date of subscription and those allotted to ICICI shall be redeemed in 3 equal instalments.

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 of 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 except for Shri B.M. Agarwal, Nominee Director of IFCI and Shri Sandeep Bakhshi, Nominee Director of ICICI.

Your Directors commend the resolution for approval.

Item No. 9 & 10

The present term of office of Dr. Jaiprakash Gaur, Chairman and Shri S.K. Jain, Vice-Chairman expired on 31st March, 1999. The Board of Directors have in their meeting held on 29th January, 1999, re-appointed the aforesaid Directors for a period of 5 years from 1st April, 1999 to 31st March, 2004 on the following remuneration, which is in accordance with the provisions of Schedule XIII to the Companies Act, 1956 read with Notification No GSR 48(E) dated 1st February, 1994 issued by the Central Government, Department of Company Affairs.

Remuneration**1. Salary**

| Name & Designation | Salary | (Pay Scale) |
|-------------------------------|--------------|------------------------|
| Dr. Jaiprakash Gaur, Chairman | Rs. 40,000/- | (Fixed) |
| Shri S.K. Jain, Vice-Chairman | Rs. 31,000/- | (Rs. 25000-1000-35000) |

2. Perquisites

Perquisites shall be allowed in addition to salary. Perquisites shall be restricted to an amount equal to annual salary or Rs. 4,50,000 per annum, whichever is less. Perquisites are classified into 3 categories A, B, & C as under:

Category-A**(i) Housing**

- (a) The expenditure by the Company on hiring furnished accommodation for the appointee will be subject to the following ceilings :
60% of salary over and above 10% payable by the appointee;
- (b) In case the accommodation is owned by the Company, 10% of the salary of the appointee shall be deducted by the Company; and

- (c) In case no accommodation is provided by the Company, the appointee shall be entitled to house rent allowance subject to the ceiling laid down in (a) above.

Explanation :

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962 subject to a ceiling of 10% of the salary of the appointee.

(ii) Medical Reimbursement

Expenses incurred for the appointee and the family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

(iii) Leave Travel Concession

For the appointee and his family, once in a year incurred in accordance with the rules specified by the company.

(iv) Club Fees

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.

(v) Personal Accident Insurance

Premium not to exceed Rs. 4,000 per annum.

Explanation :

For the purpose of Category 'A', 'family' means the spouse, the dependent children and dependent parents of the appointee.

Category-B

1. Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity payable shall not exceed half a month's salary for each completed year of service.
2. Earned leave with full pay and allowances as per the rules of the Company but not exceeding one month's leave for every 11 months of service. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category-C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the individual appointee concerned.

Notwithstanding anything stated herein above, where in any financial year, during the currency of tenure of the appointee, the Company has no profits or its profits are inadequate, it may pay to the concerned appointee remuneration by way of salary and perquisites not exceeding the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956.

The terms as set out for re-appointments may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion, deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), or any amendments made thereto.

The above may also be treated as an abstract of the terms of the appointment of Dr. Jaiprakash Gaur, Chairman and Shri S.K. Jain, Vice-Chairman, pursuant to Section 302 of the Companies Act, 1956.

None of the Directors other than the appointees themselves are interested in the said resolutions except Sh. Manoj Gaur, who is related to Dr. Jaiprakash Gaur and Sh. P.K. Jain, who is related to Sh. S.K. Jain.

Your Directors commend the resolutions for your approval.

Item No. 11

The shareholders in their Annual General Meeting, held on 27th December, 1994, had authorised the Board of Directors, in terms of Section 293(1)(d) of the Companies Act, 1956 to borrow from time to time upto Rs 2000 Crores. Keeping in view the expanding and diversified business activities of the Company and its future requirements, it is considered expedient to have the said limits increased to Rs. 3000 Crores for which the approval of the shareholders is sought for.

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

Your Directors commend the resolution for your approval.

Item No. 12

(A) & (B) With the enactment of the Depositories Act, 1996 and introduction of the Depository System, some of the provisions of the Act, relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The depository system of holding securities in an electronic form is fairly safer and more convenient method for holding and trading in the securities of a Company. The Company proposes to join the Depository System and it is, therefore, proposed that the Company's Articles of Association be suitably altered to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the securities in such a system.

(C) An amendment has been made in the Companies Act, 1956 through the Companies (Amendment) Act, 1999, to permit the holder of Shares or Debentures of the Company, to nominate in the prescribed manner, a person to whom his shares in or debentures of the Company shall vest in the event of his death. In order to bring the Articles of Association of the Company in conformity with the provisions of the amendment made in the Companies Act, a new Article 62A is proposed to be added, subject to the approval of the Shareholders in this Annual General Meeting.

(D) The Companies Act has been amended vide Amendment Act of 1999 by inserting new Sections 77A, 77AA and 77B whereby the Company can purchase its own securities subject to such restrictions, conditions as have been imposed in the aforesaid provisions. At present, the Articles of Association of the Company do not permit the Company to purchase its own shares or securities. Therefore, the Articles of Association of the Company are proposed to be altered by inserting a new Article 70A, as set out in resolution No. 12 to enable the Company to purchase its own shares and/or securities.

None of the Directors is concerned or interested in the passing of the said Special Resolution. Your Directors commend the resolution for your approval.

DIRECTORS' REPORT

To, The Members,

Your Directors present the 16th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1999.

Working Results

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

| | (Rs. in lacs) | |
|--|--------------------------|-------------------------|
| | 31.3.1999 (12 months) | 31.3.1998 (9 months) |
| Gross Revenue & Other Income | 10,04,79 | 6,45,13 |
| Profit before depreciation & taxation | 82,57 | 59,64 |
| Less : | | |
| - Depreciation | 46,03 | 39,29 |
| Profit before taxation | 36,54 | 20,35 |
| Less : | | |
| - Provision for taxation | 3,87 | 3,94 |
| Profit after taxation | 32,67 | 16,41 |
| Add : | | |
| - Profit brought forward | 3,23,81 | 3,15,09 |
| - Investment allowance | | |
| Reserve written back | — | 18,05 |
| - Foreign Project reserve written back | — | 3,33,14 |
| Profit available for appropriation | 3,56,48 | 3,49,55 |
| Less : | | |
| Transferred to : | | |
| - Debenture Redemption Reserve | 45,74 | 25,74 |
| Balance Carried to Balance Sheet | 3,10,74 | 3,23,81 |

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 6,29,301 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. New Contracts

- During the year under report, your Company secured Contracts for prestigious works in its specialised field of Hydro-electric Power Projects. The Contract for civil & hydro-mechanical works of 450 MW Baglihar Hydro-electric Project near Batote in J & K State has been awarded by the J & K State Power Development Corporation to your Company at a Contract Price of Rs. 1623 Crores and the Contract Agreement was signed on 10.4.1999. The work is to be completed in five years from the effective date of the Contract to be advised by the Owner on fulfilling certain obligations.
- Your Company secured Contracts for Package No. C2 pertaining to the construction of Head Race Tunnel from RD 6,000 m to

RD 11,130 m, and Package No. C5 for construction of Surge Shaft, Pressure Shafts, Power House Complex and Tail Race Tunnel of the 1,020 MW Tala Hydro-electric Project in Bhutan in September, 1998 and November, 1998 respectively. This Project is being financed by the Government of India and is being set up by Tala Hydro-electric Power Authority established jointly by the Government of India and the Royal Government of Bhutan with senior officials from the two Governments constituting the Regulatory Board. The Contract price for the aforesaid two works is Rs. 96.75 Crores and Rs. 327.86 Crores, and the completion period is 66 months and 72 months respectively. The works have been commenced by your Company at site.

- The work of construction of Chute and Shaft Spillway of Tehri Hydro-electric Project in Uttar Pradesh was awarded to your Company in December, 1998 at a Contract price of Rs.474.81 Crores. With this award, the aggregate value of the works being performed at Tehri Dam site by your Company has risen to Rs. 1373.26 Crores. Since the Company was already performing the work of 260.5 m high Tehri Rock fill Dam at this site, the work of the new Contract was commenced within a fortnight of signing of the Contract.

2. Works in Progress :

- Your Company has already completed 85% work of construction of Pressure Shafts and underground Power House Complex of Nathpa Jhakri Hydro-electric Project in Himachal Pradesh. The work is expected to be completed by December, 2000. Your Company's work has earned high appreciation from the World Bank and the Panel of Experts appointed by the Government of India.
- The works of concrete gravity Dam and Power House of Indira Sagar (Narmada) Hydro-electric Project in Madhya Pradesh are progressing as per the programme approved by the Client M/s Narmada Valley Development Authority.
- The work of Sardar Sarovar (Narmada) Project did not progress much over the past four years due to the orders of Hon'ble Supreme Court.
- The construction of civil works of 390 MW Dul Hasti Hydro-electric Project entrusted to the Joint Venture of Jaiprakash Industries Ltd. with M/s. Statkraft Aniegg AS of Norway at an aggregate Contract price of Rs. 758 Crores (Your Company is the Leader of the JV with 98% participation) is progressing satisfactorily. About 33% of the work has been completed.
- The progress at the 300 MW Baspa II Hydro-electric Project in Himachal Pradesh, has been excellent ever since the commissioning of a new bridge in June, 1998, which restored access to the site through NH 22 disrupted in August, 1997. The work of the Project is progressing as per the planned time schedule. The Project is scheduled to be completed by January, 2002.
- The work on the 400 MW Vishnuprayag Hydro-electric Project which has been entrusted to your Company at a Contract Price of Rs. 664 Crores, is expected to commence shortly. The infrastructural works, which were taken up during the last working season are in progress.
- Your Company is following up with the appropriate authorities of the Government of India for settlement of its dues from Iraq.

b) CEMENT DIVISION

The Production and Sales from Jaypee Rewa Cement during April, 1998 to March, 1999 are as under:

| | |
|--------------|--------------|
| Clinker | 17,82,788 MT |
| Cement | 18,79,980 MT |
| Cement Sales | 18,64,583 MT |

The capacity utilisation during the period April, 1998 to March, 1999 was 75% as compared to 72% during the previous year (9months). Lower capacity utilisation is due to continuing depressed cement scenario in the whole market mainly in the States of UP / MP and



Bihar which forms the natural marketing zone of the Company. The Cement market remained sluggish during the year except for the last quarter when the cement sales showed improvement. It is expected that the thrust given by the Central Government on the housing and infrastructure sector would boost the cement industry in the near future.

c) HOTEL DIVISION

The holiday resort - The Residency Manor - at Mussoorie is being managed by Jaypee Hotels Limited under the new arrangement.

d) HYDRO-POWER DIVISION

Karcham Wangtoo Hydro-electric Project (1000 MW) - In terms of Memorandum of Understanding (MOU) signed with the Government of Himachal Pradesh (GOHP), a Detailed Project Report (DPR) for this Project was submitted to the Government of Himachal Pradesh and Central Electricity Authority (CEA) in February, 1996. On the basis of this report, an In-Principle clearance to the Project had been obtained from CEA on 30th March, 1996. The DPR is under examination and detailed scrutiny by GOHP and CEA is in progress. The matter is being pursued with GOHP to conclude a Project Implementation Agreement at an early date.

Out-look

The Company is currently executing Contracts worth about Rs. 6500 Crores on the order book of its Engineering Division, besides new works in the pipe line. With the expected improvement in the Cement Industry, the future performance of the Company is expected to show marked improvement in the coming years.

Directorate

During the year under report, Shri R.C.Shah resigned from the Office of Director of the Company from 12th October, 1998. The Board places on record their appreciation for the valuable contribution of Shri R. C. Shah during his tenure as Director of the Company.

Shri Sandeep Bakhshi has been nominated as Director on the Board of your Company by ICICI Limited w.e.f. 30th October, 1998.

Dr. Jaiprakash Gaur, Shri S. K. Jain, Shri Suresh Kumar, Dr. R. C. Vaish and Shri Sunil Kumar Sharma retire by rotation at the 16th Annual General Meeting and being eligible offer themselves for re-appointment.

Dr. Jaiprakash Gaur and Shri S.K.Jain were appointed as Chairman-cum-Managing Director and Vice Chairman-cum-Managing Director respectively with the approval of the shareholders for a period of five years from 1st April, 1994 to 31st March, 1999. As reported earlier, Dr.Jaiprakash Gaur was designated as Chairman and Shri S.K.Jain as Vice Chairman on their existing terms with substantial powers of the management of affairs of the Company continuing to vest with Dr. Jaiprakash Gaur as Wholetime Chairman.

The present term of Office of both Dr.Jaiprakash Gaur and Sh. S.K.Jain expired on 31st March, 1999. The Board of Directors have re-appointed them for another term of five years from 1st April, 1999 on the terms and conditions as given in the resolution proposed for your approval in the Annual General Meeting.

Subsidiary Company

The statement as required under Section 212 of the Companies Act, 1956 in respect of Jaiprakash Hydro-Power Limited, Bela Cement Limited and Jaiprakash Power Ventures Limited, which are wholly owned subsidiaries of your Company, is attached alongwith audited Balance Sheets of the said Companies as at 31st March, 1999.

Deposits

The Fixed Deposits collected from the shareholders and the public as on 31st March, 1999 aggregate Rs.4,20,15,000. The deposits of Rs.94,000 due for repayment at the close of the Financial Year remained unclaimed

by the Depositors as on 31st March, 1999.

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, as amended vide Notification No. 2/29/98-CL V dated 12.3.1999 is annexed and forms an integral part of this Report.

Particulars of Energy Conservation etc.

Particulars with respect to conservation of energy as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1999 are annexed to this Report.

Industrial Relations

The industrial relations continued to be cordial throughout the year. Your Directors wish to place on record their sincere appreciation for the excellent team work with which the workers and officers of the Company at all levels contributed to the satisfactory performance at all work sites / plants of the Company.

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 this Annual General Meeting and being eligible, offer themselves for re-appointment.

Listing

Your Company is listed with the Stock Exchanges at Ahmedabad, Bombay, Calcutta, Delhi and Kanpur and annual listing fee for the Financial year 1999-2000 has been paid to them.

Status of Y2K Compliance

The Company has achieved a significant progress in implementing the comprehensive action plan drawn by it to address Y2K problem. While most of the systems including the systems relating to Share Transfer work, have become Y2K compliant, the remaining Systems are expected to become Y2K compliant by September, 1999. The estimated cost for making the systems Y2K complaint is Rs.150 lacs. The Company has also made stand-by arrangements as part of contingency plan.

Appreciation

Your Directors wish to place on record their gratitude to the Departments and Undertakings of the Central and State Governments, All India Financial Institutions, namely, The Industrial Finance Corporation of India Ltd., Industrial Development Bank of India, ICICI Ltd., Industrial Investment Bank of India Ltd., Export-Import Bank of India, Tourism Finance Corporation of India Ltd., Unit Trust of India, LIC, GIC & its subsidiaries, and Consortium of 14 Banks lead by Canara Bank, for their valuable cooperation and assistance.

Your Directors also wish to place on record their appreciation of the wholehearted and continued support extended by the Shareholders & Investors, which had always been a source of strength for the Company.

On behalf of the Board

Place : New Delhi
Dated: May 29, 1999

Dr. JAIPRAKASH GAUR
Chairman



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.6,00,000/- or more

- * Dr.Jaiprakash Gaur, Chairman, Rs.8,52,189, Diploma in Civil Engineering, Roorkee, 68, 48, 01.01.1986, Jaiprakash Associates Pvt. Ltd.
- * Shri Sarat Kumar Jain, Vice Chairman, Rs.6,79,800, B.Sc., 62,41,01.01.1986, Jaiprakash Associates Pvt. Ltd.
- * Shri Sunil Kumar Sharma, Managing Director, Rs.6,25,733, B.Sc., 39, 21, 01.01.1986, Jaiprakash Associates Pvt. Ltd.
- * Shri Manoj Gaur, Managing Director, Rs.6,32,027, B.E. (Civil)(Hons), 35,14,01.11.1985, First Employment
- * Shri P.K.Jain, Director, Rs.6,14,935, M.A., 51,29, 01.01.1986, Jaiprakash Associates Pvt Ltd.
- * Shri Rajinder Singh, Adviser, Rs.6,29,770, Self Acquired Experience in heavy machinery, 63, 51,01.01.1986, Jaiprakash Associates Pvt. Ltd.

B) Employed for part of the year and in receipt of remuneration aggregating Rs.50,000/- or more per month

NIL

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 statement 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 All appointments are in terms of respective letters of appointment and company's applicable rules and regulations except in the cases marked(*) who are whole-time Directors.
- 4 None of the employees mentioned in the list is a relative of any Director of the Company except S/Shri Manoj Gaur, Sunil Kumar Sharma, who are relatives of Dr.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 BOARD OF DIRECTORS) RULES, 1988

(A) CONSERVATION OF ENERGY

1. Recommendations of the plant operational audit conducted by M/s Holtec Consulting Pvt. Ltd., are being implemented for reduction in power consumption per tonne of cement produced.
2. The energy conservation committee meets every week to discuss the steps to be taken to save the energy.
3. Steps are taken on regular basis to reduce / plug false air in circuit to save energy.
4. Preventing idle running of equipments by providing proper interlocking arrangement and optimisation of each production unit.
5. Use of dry fly ash (instead of wet fly ash as per past practice) for producing Pozzolana Portland Cement to save electrical energy.

(B) TECHNOLOGY ABSORPTION

1. For raw meal transportation in Unit-I and Unit-II, Bucket Belt Elevators have been commissioned and made operative to save electrical energy.
2. A similar Bucket Belt Elevator is under installation for Kiln feed transportation system at Unit-II for saving energy.
3. For a better pollution control, a new ESP is under installation at Unit-I, which will replace existing multiclones, and will be commissioned by June, 1999.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars of Foreign Exchange earnings and outgo are given in Schedule Q Notes to the Accounts - under Note No. 18.

FORM A

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

A: POWER & FUEL CONSUMPTION

| CURRENT YEAR | PREVIOUS YEAR |
|--------------|---------------|
| 31.03.99 | 31.03.98 |
| | (9 MONTHS) |

I ELECTRICITY

(A) PURCHASED

| | | |
|---------------------|--------------|--------------|
| UNITS (KWH) | 12,04,26,631 | 11,24,52,694 |
| TOTAL AMOUNT (RS.) | 48,45,77,367 | 43,48,16,218 |
| RATE PER UNIT (RS.) | 4.02 | 3.87 |

(B) OWN GENERATION

THROUGH DIESEL GENERATION

| | | |
|---|-------------|-------------|
| UNITS (KWH) | 9,48,66,220 | 5,32,39,260 |
| UNITS PER LITRE OF - DIESEL & FURNACE OIL (KWH) | 3.60 | 3.74 |
| COST PER UNIT (RS.) | 4.50 | 4.25 |

II COAL

QUALITY

GRADE SLACK-

GRADE SLACK-

"C" & "D"

"C" & "D"

WHERE USED

-CALCINISING

-CALCINISING

of RAW MEAL

of RAW MEAL

QUANTITY USED (M.T.)

295448.00

235280.00

TOTAL COST

47,57,88,542

35,08,09,812

AVERAGE RATE PER M.T./RS.

1,610.40

1,491.03

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)

108.45

123.03

FURNACE OIL

N/A

N/A

COAL PER M.T. OF CLINKER

0.166

0.195

COAL QUALITY

-AVERAGE ASH CONTENTS (%)

32.71

34.22

-AVERAGE CALORIFIC VALUE (Kcal/Kg)

4,222

4,002

-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 31st March, 1999 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;
 - (d) 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 on captive generation amounting to Rs.6,59,34,565/-;
 - ii) Note No.1(f), regarding disputed Sales Tax demand on packing material amounting to Rs.51,74,326/-;
 - iii) Note No.1(g), regarding disputed Excise demand amounting to Rs.3,57,25,778/-; and
 - iv) Note No.1(h), regarding disputed U.P. Trade Tax demands for the Assessment Year 1992-93 amounting to Rs.2,10,76,970/- of Schedule "Q" 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:
 - (e) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1999 and
 - (f) in the case of Profit & Loss Account, of the Profit of the Company for the year ended 31st March, 1999
 - (e) In our opinion, the Balance Sheet and Profit & Loss Account referred to in this report, comply with the accounting standards referred to in Sub-section (3c) of Section 211 of the Companies Act, 1956.

For M.P. SINGH & ASSOCIATES
Chartered Accountants

Place : New Delhi
Dated : 29th May, 1999

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 31st March, 1999, 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 keep 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 31st March, 1999 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) The Company has not taken any loan, secured or unsecured, from Companies as listed in the register maintained under Section 301 of the Companies Act, 1956. 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 loans 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 loans to its Subsidiary Companies, namely, Bela Cement Limited and Jaiprakash Power Ventures 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/arrangements 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 determination of unserviceable or damaged stores, raw materials, packing materials 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 58A 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 scraps. The Company has no by-products.
- (15) The Company has an internal audit system commensurate with its 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 prima-facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records.
- (17) Provident Fund and ESI 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, as at 31st March, 1999, 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 (c) of 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 at proper levels at each work site with necessary control on the issue of stores and allocation of stores and labour to each contract, at each worksite. 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 : 29th May, 1999

M.P. SINGH
Partner


BALANCE SHEET
AS AT 31ST MARCH, 1999

| | SCHEDULE | | 1998-99 Rs. IN LAKHS | 1997-98 Rs. IN LAKHS |
|---|----------|-----------------|-------------------------|-------------------------|
| SOURCES OF FUNDS | | | | |
| SHAREHOLDERS FUNDS | | | | |
| Share Capital | A | 1,58,24 | | 1,57,61 |
| Reserves and Surplus | B | <u>7,32,71</u> | 8,90,95 | <u>7,00,67</u> |
| | | | | 8,58,28 |
| LOAN FUNDS | | | | |
| Secured Loans | C | 10,73,37 | | 11,08,96 |
| Unsecured Loans | D | <u>1,25,34</u> | 11,98,71 | <u>1,18,59</u> |
| | | | | 12,27,55 |
| TOTAL FUNDS EMPLOYED | | | 20,89,66 | 20,85,83 |
| APPLICATION OF FUNDS | | | | |
| FIXED ASSETS | | | | |
| Gross Block | E | 11,71,69 | | 11,27,43 |
| Less: Depreciation | | <u>3,97,77</u> | | <u>3,59,84</u> |
| | | | | |
| NET BLOCK | | 7,73,92 | | 7,67,59 |
| Capital Work-in-Progress | | <u>28,17</u> | 8,02,09 | <u>22,07</u> |
| | | | | 7,89,66 |
| INVESTMENTS | F | | 3,40,45 | 3,42,47 |
| CURRENT ASSETS, LOANS & ADVANCES | | | | |
| Inventories | G | 2,02,28 | | 1,93,47 |
| Sundry Debtors | | 4,83,61 | | 4,80,84 |
| Cash and Bank Balances | | 99,98 | | 1,97,73 |
| Other Current Assets | | 97,15 | | 80,62 |
| Loans & Advances | | <u>5,14,46</u> | | <u>4,57,91</u> |
| | | <u>13,97,48</u> | | <u>14,10,57</u> |
| LESS: CURRENT LIABILITIES & PROVISIONS | | | | |
| Current Liabilities | H | 4,42,46 | | 4,51,69 |
| Provisions | | <u>8,05</u> | | <u>9,45</u> |
| | | <u>4,50,51</u> | | <u>4,61,14</u> |
| NET CURRENT ASSETS | | | 9,46,97 | 9,49,43 |
| MISCELLANEOUS EXPENDITURE | I | | 15 | 4,27 |
| TOTAL APPLICATION OF FUNDS | | | 20,89,66 | 20,85,83 |
| Accounting Policies and Notes to the Accounts | Q | | | |

As per our report of even date
attached to the Balance Sheet

For M.P. SINGH & ASSOCIATES
Chartered Accountants

M.P. SINGH
Partner

Place : New Delhi
Dated : 29th May, 1999

I.N. DUBE
Sr. Vice-President
(Accounts & Taxation)

S.K. JAIN
Vice-Chairman

SUNIL KUMAR SHARMA
Managing Director

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

For and on behalf of the Board

JAIPRAKASH GAUR
Chairman

MANOJ GAUR
Managing Director

S.D. NAILWAL
Director