

ANNUAL REPORT 2000-2001

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**Board of Directors**

Jaiprakash Gaur (Chairman)
 S.K. Jain (Vice-Chairman)
 Manoj Gaur (Managing Director)
 Sunil Kumar Sharma (Managing Director)
 B.M. Agarwal (IFCI Nominee)
 B.K. Taparia (IDBI Nominee)
 Sandeep Bakhshi (ICICI Nominee)
 Gopi K. Arora
 B.K. Goswami
 Suresh Kumar
 Rakesh Sharma
 Sunny Gaur
 M.S. Srivastava
 R.L. Gupta
 S.D. Nailwal
 Har Prasad

Company Secretary

Ravi Rajagopal

Auditors

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

Bankers

American Express Bank Ltd.
 Canara Bank
 Central Bank of India
 ICICI Bank Ltd.
 Indian Overseas Bank
 Jammu & Kashmir Bank Ltd.
 Oriental Bank of Commerce
 Punjab National Bank
 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

Registered Office

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

Head Office

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

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NOTICE

NOTICE is hereby given that the **18th Annual General Meeting** of the Members of Jaiprakash Industries Limited will be held on **Monday, the 27th August, 2001 at 11.00 A.M. at Hotel Taj Residency, Gomti Nagar, Lucknow 226001 (U.P.)** to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited **Balance Sheet as at 31st March, 2001**, the Profit & Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of **Shri Suresh Kumar**, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of **Shri S D Nailwal**, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Shri M S Srivastava**, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of **Shri Har Prasad**, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of **Shri B K Goswami**, who retires by rotation and being eligible, offers himself for re-appointment.
7. 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 Resolution

8. "RESOLVED THAT pursuant to sections 269, 309, 198 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, if any, as may be required, the consent and approval of the Company be and is hereby accorded to the appointment of **Shri Rakesh Sharma** as whole-time Director of the Company for a period of 5 years w.e.f. 1st February, 2001 on the remuneration and terms & conditions mentioned in the Explanatory Statement annexed hereto."
- "RESOLVED FURTHER that pursuant to section 198 and all other applicable provisions of the Companies Act, 1956, the remuneration as set out in the enclosed Explanatory Statement be paid as minimum remuneration to **Shri Rakesh Sharma** notwithstanding that in any financial year of the Company during his tenure as whole-time Director, the Company has made no profit or profits are inadequate."
- "RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to alter or vary the terms of appointment of the appointee including relating to remuneration, as it may at its discretion, deem fit from time to time so as not to exceed the limits specified in Schedule XIII of the Companies Act 1956, (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto."
9. "RESOLVED THAT in terms of provisions of Section 372A of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to invest from time to time in one or more tranches, an aggregate amount not exceeding Rs.138 Crores in the fully paid-up Equity Shares of Rs. 10/- each for cash at par, in the share capital of its Subsidiary Company, Jaiprakash Hydro-Power Limited, notwithstanding the fact that the aggregate of the investments so far made, securities provided, loans/guarantees so far given by the Company alongwith proposed investments exceed 60% of the paid-up capital and free reserves or 100% of free reserves whichever is more."
- "RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be expedient and necessary to give effect to this resolution."

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

Place : New Delhi
Dated : 12th June, 2001

Ravi Rajagopal
Company Secretary

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 & 9 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 Thursday the 16th August, 2001 to Monday the 27th August, 2001 (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) **Shareholders who are still holding physical share certificates are advised to dematerialise their shareholding to avail benefits of dematerialisation which includes, easy liquidity since trading is permitted in dematerialised form, electronic transfer, savings in stamp duty and prevention of forgery.**

ix) Members can avail of the nomination facility by filing Form 2-B, as prescribed under Companies (Central Governments) General Rules & Forms, 1956, with the Company. Blank Forms will be supplied on request.

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 12th June, 2001.

Item 8

The Board of Directors have at their meeting held on 29th January, 2001, appointed **Shri Rakesh Sharma** as Director w.e.f 1st February, 2001 in the casual vacancy caused due to the resignation of **Shri P K Jain**. Further **Shri Rakesh Sharma** was appointed as whole-time Director of the Company for a period of five years from 1st February, 2001 on the following remuneration, which is in accordance with the provisions of Schedule XIII of the Companies Act, 1956, as revised vide notification No. GSR 215(E) dated 2nd March, 2000 issued by the Central Government, Department of Company Affairs:-

Salary:

Rs. 50000/- per month

Pay Scale

Rs. 50000-5000-75000

Perquisites:

Perquisites which may include accommodation/HRA, reimbursement of expenses for gas, electricity, water and furnishings, medical reimbursement, LTC, personal accident, insurance, use of car and telephone, contribution to Provident Fund, superannuation fund or annuity fund and leave encashment etc. shall be allowed in addition to salary. Perquisites shall be restricted to an amount equal to the annual salary or the amount of entitlement in accordance with Schedule XIII of the Companies Act, 1956, as amended from time to time which ever is less.

The Board has further authorised **Shri Jaiprakash Gaur**, Chairman to fix ceiling/limits of various perquisites to be given to the appointee.

Notwithstanding anything stated herein above, where in any financial year, during the currency of the tenure of the appointee, the Company has no profit 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 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 of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), or any amendments made thereto.

Shri Rakesh Sharma, 41 years, is Bachelor of Engineering (Civil) from University of Roorkee having experience of 21 years.

The above may also be treated as an abstract of the terms of the appointment of **Shri Rakesh Sharma** pursuant to Section 302 of the Companies Act, 1956.

None of the Directors other than the appointee himself is interested in the said resolution.

The Board of Directors commend the resolution for your approval.

Item 9

The 300 MW Baspa-II Hydro Electric Project is being put up on build-own-and-operate basis by Jaiprakash Hydro-Power Limited (JHPL), a subsidiary of the Company. The Project cost is estimated at Rs.1620 Crores out of which Rs. 486 Crores shall be funded through equity and balance Rs.1134 Crores through loans. The Company is required to bring in Rs.351 Crores as its equity contribution in JHPL and balance Rs.135 Crores would be infused by ICICI Limited. The Company has so far invested Rs.213 Crores in the equity capital of JHPL and has further paid Rs.7 Crores as share application money, against which the allotment is yet to be made. Similarly, ICICI Limited has already invested Rs.75 Crores in the Capital of JHPL. The Company is required to subscribe the balance of Rs.131 Crores towards its equity contribution.

JHPL was a wholly owned subsidiary of the Company and the provisions of Section 372A were not applicable for investments made by the Company in it. However consequent to the equity participation of ICICI Limited in JHPL, it ceased to be a wholly owned subsidiary of the Company and the provisions of 372A are now applicable to the Company. As the proposed investment would be in excess of the limits prescribed under Section 372A of the Companies Act, 1956, approval of the shareholders is being sought.

None of the Directors of the Company except **S/Shri Jaiprakash Gaur**, Chairman, **S.K. Jain**, Vice Chairman, **Sunil Kumar Sharma**, **Gopi K. Arora**, **S.D. Nailwal**, being common Directors of your Company and JHPL and **Shri Manoj Gaur** and **Shri Sunny Gaur** being relatives of **Shri Jaiprakash Gaur** is interested or concerned in the resolution.

The Board of Directors commend the resolution for your approval.



DIRECTORS' REPORT

To, The Members,

Your Directors present the 18th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2001.

Working Results

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

	(Rs. in lakhs)	
	31.3.2001	31.3.2000
Gross Revenue & Other Income	17,19,57	13,67,93
Profit before depreciation & taxation	1,77,87	1,03,87
Less:		
- Depreciation	69,87	57,87
Profit before taxation	1,08,00	46,00
Less:		
- Provision for taxation	9,25	5,41
Profit after taxation	98,75	40,59
Add:		
- Profit brought forward	3,80,22	3,10,74
- Debenture redemption reserve written back	19,22	77,06
- Capital reserve no longer required written back	15	---
- Investment allowance reserve written back	34	4,45
Profit available for appropriation	4,98,68	4,32,84
Less:		
Transferred to:		
- Debenture redemption reserve	51,50	52,62
Balance Carried to Balance Sheet	4,47,18	3,80,22

Dividend

Keeping in view the need to conserve the Company's resources and to meet the Company's requirement of funds in the wake of Projects in hand, your Directors are constrained not to recommend any dividend for the year under report.

OPERATIONS

ENGINEERING DIVISION

1. New Contracts

During the year under report, your Company secured contracts for:-

- construction of civil works for Coffor Dams, Concrete Dam, Intakes, Desilting Chambers and part Head Race Tunnel including Adit -1 (LOT TT-2)
- construction of civil works for Power House, Surge Shaft, Pressure Shafts and part Head Race Tunnel including Adit-5 (LOT TT-4) of 520 MW Teesta (Stage-V) Hydro-electric Project in Sikkim, National Hydro-electric Power Corporation Ltd. (NHPC), the Owner of this Project, awarded these contracts to your Company on 09.03.2001 for a value of Rs.395 crore & Rs. 207 crore respectively. The Contract Agreement was signed on 21.03.2001. Mobilisation is in progress.

2. Works in Progress

- The construction of Pressure Shafts and underground Power House Complex of prestigious 1,500 MW Hydro-electric Project of Nathpa Jhakri Hydro-electric Project in Himachal Pradesh was nearing completion when an unprecedented flash flood occurred in the river Satluj in the night of 31st July, 2000 resulting in stoppage of work which could be resumed only in January, 2001, after normalcy was restored. Your Company's performance on this Project has earned high praise from the World Bank and the Panel of Experts appointed by the Government of India. Only the work related to the erection of power generating equipment by other agencies remains to be completed.
- The execution of the two prestigious contracts for construction of Tehri Dam (Rs. 898 crore) and Chute and Shaft Spillways (Rs. 475 Crore) is in progress as per construction schedule given by the client and implemented to the extent of 58% and 33% respectively. During the year under report your Company created an all India record in placement of 54,100 cum of fill in a single day and 8,03,926 cum in a single month.

- The works of concrete gravity Dam and powerhouse of Indira Sagar (Narmada) Hydro-electric Project in Madhya Pradesh are progressing satisfactorily as per the programme given by the Client, Narmada Hydroelectric Development Corporation Limited from time to time.
- The works of 300 MW Baspa II Hydro-electric Project in Himachal Pradesh were also affected due to flash flood of 31st July, 2000 as the access to project site was completely cut off. Several bridges on the National Highway-22 were washed away and had to be rebuilt. The work on the Project was resumed in January, 2001. The Project is now scheduled to be completed by March, 2003.
- Your Company, successfully faced the challenge from a major fault zone encountered in the Head Race Tunnel of the 390 MW Dul Hasti Hydro-electric Project and has achieved completion of 58% of project works.
- The work of Sardar Sarovar (Narmada) Hydro-electric Project, resumed after the Supreme Court's Judgement and is progressing satisfactorily as per requirement of the client.
- The works of the two contracts of 1,020 MW Tala Hydro-electric Project in Bhutan are progressing satisfactorily in spite of the delay in handing over of approach roads by the Client, Tala Hydro-electric Project Authority, the adverse rock conditions encountered and the unprecedented rains (over 6700mm) during monsoon season of 2000.
- The work on the 400 MW Vishnuprayag Hydro-electric project is progressing satisfactorily.
- Turnkey construction of 300 MW Chamara (Stage-II) Hydro-electric Project is progressing six months ahead of schedule. About fifteen kilometers length of tunnels out of a total of 21 kilometers has been excavated. The Client, National Hydro-electric Power Corporation Ltd. (NHPC) has commended the performance of your Company.
- Turnkey construction of 450 MW Baglihar Hydro-electric Project was entrusted to your Company at a contract value of Rs 1,623 crore. A large part of the infrastructural works including roads, bridges and civil works of stationary plants have been completed.
- Your Company is following up with the appropriate authorities of the Government of India for settlement of its dues from Iraq.

CEMENT DIVISION

The Production and Sales from Jaypee Rewa Cement from April, 2000 to March, 2001 were as under:

Clinker Production	1977774 MT
Cement Production	2185932 MT
Clinker Sale	229998 MT
Cement Sales	2204977 MT

The capacity utilisation during the period April, 2000 to March, 2001 was 87.44% as compared to 86.76% during the previous year.

Pursuant to the Scheme of arrangement sanctioned by Hon'ble High Court of Judicature at Allahabad vide Orders dated 27.02.2001, the Cement Division has been nived off to Jaypee Rewa Cement Limited (formerly Bela Cement Limited), the wholly owned subsidiary of the Company w.e.f. 1st April, 2001. The Order of the Hon'ble High Court has been taken on record by the Registrar of Companies, Kanpur and all formalities relating to the hive off have been completed. An appeal has been filed against the Scheme by one of the shareholders, which is pending.

HOTEL DIVISION

The holiday resort - The Residency Manor - at Mussoorie is being managed by Jaypee Hotels Limited and is running satisfactorily.

HYDRO-POWER DIVISION

Karcham Wangtoo Hydro-electric Project (1000MW)

In terms of Memorandum of Understanding signed with the Government of Himachal Pradesh, a Detailed Project Report of the Project was submitted to the Government of Himachal Pradesh and Central Electricity Authority (CEA) and on the basis of this report, an In-Principle clearance to the Project had been obtained from CEA.

The Project Implementation Agreement was signed by the Company with Government of Himachal Pradesh on 18.11.1999. The Project would be implemented on build, own and operate basis. However due to an unprecedented flash flood in river Satluj on the night of July 31, 2000, severe damages were caused to the roads and bridges disrupting the access to the project site and causing hindrance to site surveys and consequently to various clearances, approvals and financial closures etc. Upon request made by the Company, the Government of Himachal Pradesh, has kindly agreed to enhance the time period for obtaining statutory clearances, tying up the

transmission system and achieving financial closure from 36 months to 48 months. The necessary addendum to the implementation agreement has been signed between the Government of Himachal Pradesh and the Company on 28th May, 2001.

Out-look

The Company is currently executing Contracts worth over Rs. 7000 crores on the order book of its Engineering Division, besides new works in the pipeline. With the increasing focus of the Government on infrastructure Projects, the Company expects to secure more contracts and achieve higher performance.

Directorate

The Board of Directors have delegated substantial powers of day to day management of affairs of the Company to Shri Manoj Gaur and Shri Sunil Kumar Sharma, Managing Directors w.e.f. 1st February, 2001. Shri Jaiprakash Gaur continues as Chairman of the Company. The Board places on record its highest appreciation for the unparalleled, dynamic leadership, vision, commitment and unique management style of Shri Jaiprakash Gaur through which he developed and nurtured a distinct corporate philosophy bringing the Company to its present day size & stature. His immensely successful and multifaceted experience would continue to be available to the Company.

Shri P K Jain resigned from the office of Director w.e.f. 31st January, 2001. The Board places on record their appreciation for the valuable contribution of Shri P K Jain during his tenure.

Shri Rakesh Sharma was appointed as Director w.e.f. 1st February, 2001 in the casual vacancy caused by the resignation of Shri P K Jain. Shri Rakesh Sharma has also been appointed as whole time Director for a period of 5 years w.e.f. 1st February, 2001 on the terms and conditions mentioned in the resolution placed for your approval.

Shri B K Talaria has been nominated by Industrial Development Bank of India on the Board of the Company w.e.f. 4th April, 2001 in place of Shri M M Haque.

Shri M J Subbaiah has been nominated by ICICI Limited on the Board of the Company with effect from the day after the date of this report in place of Shri Sandeep Bakhshi.

The Board places on record their appreciation for the valuable contribution of Shri M M Haque and Shri Sandeep Bakhshi during their tenure as Directors of the Company.

S/Shri Suresh Kumar, S D Nailwal, M S Srivastava, Har Prasad and B K Goswami retire by rotation at the 18th Annual General Meeting and being eligible, offer themselves for re-appointment.

Subsidiary Company

The statement as required under Section 212 of the Companies Act, 1956 in respect of Jaiprakash Hydro-Power Limited, Jaiprakash Power Ventures Limited and Jaypee Rewa Cement Limited, which are subsidiaries of your Company, is attached alongwith audited Balance Sheets of Jaiprakash Hydro-Power Limited and Jaiprakash Power Ventures Limited as at 31st March, 2001 and that of Jaypee Rewa Cement Ltd. as at 30th September, 2000.

Deposits

The Fixed Deposits received from the shareholders and the public as on 31st March, 2001 aggregate to Rs. 7,85,39,000. The deposits of Rs. 2,86,000 due for repayment at the close of the Financial Year remained unclaimed by the Depositors as on 31st March, 2001.

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. GSR 839 (E) dated 25.10.2000 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 31st March, 2001 are annexed to this Report.

Notes on Accounts

The observations of Auditors and notes on accounts are self-explanatory.

Auditors

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

Dematerialisation of Shares

Shares of the Company had been notified in the compulsory dematerialisation segment w.e.f. 29th November, 1999. Shareholders holding approximately 61.67% of the equity share capital have dematerialised their shareholding. Your Company has also made arrangements for simultaneous transfer and dematerialisation of shares.

Corporate Governance

The requirements of Corporate Governance as provided for in the listing agreement are being implemented. Your Directors are committed to meet the requirements fully within the stipulated implementation schedule applicable to the Company i.e. by 31st March, 2002.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm the following in respect of the audited annual accounts for the year ended 31st March, 2001.

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- that the directors have selected such accounting policies and applied them consistently except in respect of the treatment of security/retention money as stated in Note No.12 of Notes on Accounts attached to the Balance sheet and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended 31st March, 2001 and the profit or loss of the Company for that period.
- that the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the directors had prepared the annual accounts on a going concern basis.

Listing

Your Company is listed with the Stock Exchanges at Ahmedabad, Mumbai, Kolkatta, Delhi and Kanpur and annual listing fee for the financial year 2001-2002 has been paid to them.

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.

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, ICICI Ltd., IFCI Limited, Industrial Development Bank of India, 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 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 : 12th June, 2001

JAIPRAKASH GAUR
Chairman

With deep sorrow we regret to record the sudden demise of Shri Ranvir Singh, Director on June 21, 2001 at the age of 41 years. Shri Singh was associated with the Company in various capacities for the last over 20 years and had made valuable contribution to the Company's progress. The Company shall always cherish fond memories of his valuable contribution.

JAIPRAKASH GAUR



ANNEXURE TO THE DIRECTORS'S 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.12,00,000/- or more

Shri Sarat Kumar Jain, Vice Chairman, Rs.22,88,774, B.Sc., 64, 43, 01.01.1986, Jaiprakash Associates Pvt. Ltd.
 Shri Sunil Kumar Sharma, Managing Director, Rs.21,55,223, B.Sc., 41, 23, 01.01.1986, Jaiprakash Associates Pvt. Ltd.
 Shri Manoj Gaur, Managing Director, Rs.21,72,665, B.E. (Civil)(Hons), 37, 16.01.11.1985, First Employment

(B) Employed for part of the year and in receipt of remuneration aggregating Rs.1,00,000/- or more per month

Shri Jaiprakash Gaur, Chairman, Rs.32,15,603, Diploma in Civil Engineering, Roorkee 70, 50, 01.01.1986, Jaiprakash Associates Pvt. Ltd.

Notes:

- 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.
- Gross remuneration includes salary, house rent and other perks like medical reimbursement, leave travel assistance, company's contribution towards provident fund etc.
- The nature of employment of the employees mentioned in the list is contractual.
- 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 Shri Jaiprakash Gaur.

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

(A) CONSERVATION OF ENERGY

- In Unit-I cooler multiclones replaced by ESP for reducing pressure drop across it and for lowering static emission.
- U-I high efficiency fan with variable speed drive installed in place of inefficient cooler I D fan.
- For cooler fan no.6 in Unit-II, V/F speed control installed for saving power.
- In Unit-II cooler fan no.2 impeller changed by a high efficiency impeller and cooler fan no. 3 speed increased by 5% to achieve higher undergrate pressure for thermal energy saving.
- In Unit II Kiln feed system, Belt Bucket Elevator installed replacing air lift for energy saving and increased production.
- Belt Bucket Elevator installed for cement mill 2 & 3 replacing airlift for energy saving.
- In unit-I raw mill and Coal mill new-machined gravel gates were installed to minimise false air entry.
- Regular Steps are taken to identify and arrest false air entry in the system.
- Monthly review of power consumption is done under Energy Monitoring Cell.

(B) Own generation

Through diesel generation		
Units (KWH)	11,38,98,320	12,59,11,540
Units per litre of		
-diesel & furnace		
oil (KWH)	3.79	3.87
Cost per unit (Rs.)	4.21	4.23

II. Coal

Quality	Grade Slack "C" & "D"	Grade Slack "C" & "D"
Where used	Calcinising of Raw meal	Calcinising of Raw meal
Quantity used (M.T.)	3,01,057.00	3,24,216.00
Total cost	47,54,12,292	51,24,60,553
Average rate per M.T./Rs.	1579.14	1580.61

(B) TECHNOLOGY ABSORPTION

- New Kiln Feed System in Unit-II is fully understood and absorbed.
- Advanced microprocessor based ESP Controller of BHA were introduced in the system. The technology is understood and absorbed.

III. Furnace Oil

N/A N/A

IV. Others / internal generation

N/A N/A

(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.21.

FORM A

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

A. POWER & FUEL CONSUMPTION

	Current Year 31.03.2001	Previous year 31.03.2000
I. Electricity		
(A) Purchased		
Units (KWH)	11,94,70,400	13,75,25,200
Total amount (Rs.)	53,14,14,172	61,12,96,345
Rate per unit (Rs.)	4.45	4.44

B. Consumption per unit of production

Product	Cement	Cement
Unit	M.T.	M.T.
Electricity (KWH)	98.60	103.72
Furnace oil	N/A	N/A
Coal per M.T. of Clinker	0.152	0.152
Coal Quality		
- Average ash contents (%)	30.33	29.99
- Average calorific value (Kcal/Kg.)	4,531	4,600
- 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, 2001 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(4-A) 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, 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.
 - (e) In our opinion, clause (f) of sub-section (3) of Section 227 of the Companies Act, 1956, is not applicable for the year under report.
 - (f) 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. 3,44,95,010/-;
 - ii) Note No. 1 (f), regarding disputed Sales Tax demand on packing material amounting to Rs. 1,70,64,985/-;
 - iii) Note No. 1 (g), regarding disputed Excise demand amounting to Rs. 3,56,55,778/-;
 - iv) Note No. 1 (h), regarding disputed U.P. Trade Tax demand amounting to Rs. 59,20,968/-;
 - v) Note No. 1(i), regarding disputed cess on mineral rights amounting to Rs. 6,19,08,840/-;
 - vi) Note No. 1(j), regarding disputed Trade Tax rebate on sale of fly ash based cement amounting to Rs. 10,05,49,512/-;
 - vii) Note No. 1(k), regarding disputed demand on account of change in conversion factor for calculation of Royalty on limestone amounting to Rs. 5,83,64,425/-; and
 - viii) Note No. 12, regarding change in the accounting policy for recognition of retention money as revenue in the year in which the same is released as per contractual obligations amounting to Rs. 41.39 crores. Had this accounting policy not been changed, the gross revenue and profit for the year under report would have been more by Rs. 41.39 crores,

For M.P. SINGH & ASSOCIATES
Chartered Accountants

Place : New Delhi
Dated : 12th June, 2001

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 on 31st March, 2001, 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 requirement 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, 2001 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, Jaypee Rewa 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, and where such payments are not received, reasonable steps have been taken for the recovery thereof.
- (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 contracts for civil works, design engineering, 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, except Royalty payable amounting to Rs. 3,81,84,640 (paid in April 2001) 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, 2001, 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 practices.
- (20) The Company is not a sick industrial company within the meaning of clause (o) 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 work site. Each work site maintains its set of books to suit the size and nature of its business.

For M.P. SINGH & ASSOCIATES
Chartered Accountants

Place : New Delhi
Dated : 12th June, 2001

M.P. SINGH
Partner

**BALANCE SHEET**

AS AT 31ST MARCH, 2001

	SCHEDULE		2000-2001 Rs. IN LAKHS	1999-2000 Rs. IN LAKHS
SOURCES OF FUNDS				
SHAREHOLDERS FUNDS				
Share Capital	A	1,58,24		1,58,24
Reserves and Surplus	B	<u>8,72,05</u>	10,30,29	<u>7,73,30</u> 9,31,54
LOAN FUNDS				
Secured Loans	C	12,72,20		11,36,74
Unsecured Loans	D	<u>1,26,90</u>	13,99,10	<u>1,28,02</u> 12,64,76
TOTAL FUNDS EMPLOYED			24,29,39	21,96,30
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	E	15,70,96		13,72,67
Less: Depreciation		<u>5,14,52</u>		<u>4,50,73</u>
NET BLOCK		10,56,44		9,21,94
Capital Work-in-Progress		<u>38,66</u>	10,95,10	<u>44,99</u> 9,66,93
INVESTMENTS	F		8,34,49	5,39,07
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	G	3,31,28		2,97,81
Sundry Debtors		5,25,74		5,15,55
Cash and Bank Balances		2,61,24		1,56,75
Other Current Assets		97,06		96,73
Loans & Advances		<u>6,66,10</u>		<u>7,87,83</u>
		18,81,42		18,54,67
LESS: CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	H	13,65,11		11,53,26
Provisions		<u>16,53</u>		<u>11,14</u>
		13,81,64		11,64,40
NET CURRENT ASSETS			4,99,78	6,90,27
MISCELLANEOUS EXPENDITURE	I		2	3
TOTAL APPLICATION OF FUNDS			24,29,39	21,96,30
Accounting Policies and Notes to the Accounts	Q			

As per our report of even date
attached to the Balance SheetFor M.P. SINGH & ASSOCIATES
Chartered Accountants**M.P. SINGH**
PartnerPlace : New Delhi
Dated : 12th June, 2001**I.N. DUBE**
Sr. Vice-President
(Accounts & Taxation)**RAVI RAJAGOPAL**
Company Secretary

For and on behalf of the Board

JAIPRAKASH GAUR
Chairman**MANOJ GAUR**
Managing Director**SUNIL KUMAR SHARMA**
Managing Director**S.D. NAILWAL**
Director

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2001

	SCHEDULE	2000-2001 Rs. IN LAKHS	1999-2000 Rs. IN LAKHS
INCOME			
Gross Revenue	J	17,31,93	13,49,53
Increase/(Decrease) in Stocks	K	(12,36)	18,40
		17,19,57	13,67,93
EXPENDITURE			
Construction & Manufacturing Expenses	L	10,19,06	7,96,95
Excise Duty		80,66	84,96
Personnel	M	72,65	57,33
Selling & Distribution Expenses	N	85,65	87,75
Other Expenses	O	1,14,64	99,04
Interest	P	1,69,04	1,38,03
Depreciation		69,87	57,87
		16,11,57	13,21,93
Profit before Taxation		1,08,00	46,00
Provision for Taxation		9,25	5,41
Profit after Taxation		98,75	40,59
Profit brought forward		3,80,22	3,10,74
Debenture Redemption Reserve Written Back on Redemption		19,22	77,06
Capital Reserve No Longer Required Written Back		15	—
Investment Allowance Reserve Written Back on Completion of Statutory Period		34	4,45
Profit available for appropriation		4,98,68	4,32,84
Less: Transferred to Debenture Redemption Reserve		51,50	52,62
Balance carried to Balance Sheet		4,47,18	3,80,22
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 : 12th June, 2001

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

RAVI RAJAGOPAL
Company Secretary

For and on behalf of the Board

JAIPRAKASH GAUR
Chairman

MANOJ GAUR
Managing Director

SUNIL KUMAR SHARMA
Managing Director

S.D. NAILWAL
Director