

JAIPRAKASH ASSOCIATES LIMITED

Regd. Office: G, Block, Surajpur Kasna Road, Greater Noida City – 201 306, U.P.
Head Office : 'JA House', 63, Basant Lok, Vasant Vihar, New Delhi - 110 057



NOTICE

To
The Members,

Notice is hereby given that the following Resolutions are circulated herewith for approval of the Members of the Company to be accorded by **Postal Ballot** in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001:

To consider and if thought fit, to **give assent/dissent** to the following Resolutions:

As Special Resolutions:

1. Additions in the 'Other Objects' Clause of Memorandum of Association of the Company

"RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the 'Other Objects' Clause of the Memorandum of Association of the Company be and is hereby altered by adding the following Clauses with Serial Numbers 38 to 42 immediately after the existing Clause no. 37:

38. To carry on the business of purchasing, marketing, selling, importing, exporting, producing, trading, transmitting, distributing, supplying or otherwise dealing in all aspects of Thermal, Hydro, Nuclear, Solar, Wind power and power generated through Non-conventional/Renewable Energy sources including construction, generation, operation & maintenance, renovation & modernization of Power Stations and Projects and also to undertake the business of other allied/ancillary industries including those for utilization/ sale/ supply of steam and ash generated at power stations, and other by-products and install, operate and manage all necessary plants, items of equipment, cables, wires, lines, establishments and works.

39. To carry on the business of exploring, developing, drilling, refining, distilling, purifying, converting, blending, purchasing, receiving, importing, storing, manufacturing, producing, processing, marketing, selling, exporting, distributing, trading, supplying, organising, exploiting, liquefaction, re-gasification, compression, beneficiation and transporting by rail/ road, surface, sea, air petroleum/hydrocarbons/gaseous resources, proving and estimating the reserves thereof and implementing programme for the efficient development of and deal in all kinds of petroleum products/services, hydrocarbons by whatever name called, oil and other related liquid and gaseous substances and all other kinds/natures of fuels including, but not limited to, naphtha, natural gas (NG), compressed natural gas (CNG), liquefied natural gas (LNG), associated gaseous substances, coal-bed methane etc. in all its aspects and in all their

respective branches and also to undertake the business of other allied/ancillary industries including any by-products/co-products from any of the products, which the company is authorized to deal in and to own, acquire by purchase, lease, license, grant or otherwise, to set up, participate in setting up, install, operate and manage all necessary plants/facilities equipment, wells, platforms, derricks, rigs, warehouse, depots, ports, wharves, jetties, quay, terminals, compressors, stations, vessels, ships, railway lines, tankers, trucks, wagons, pipelines, storage and infrastructure facilities, establishments and works in India and abroad including from the sea or ocean bed in national or international waters in relation to any or all of the above areas of business and to acquire and maintain drilling rights, exploration and production rights, rights of ways and other rights/interests of all descriptions.

40. To undertake prospective work of mining of coal/lignite/coke and select suitable coal/lignite/coke blocks/sub blocks for grant of prospective license and mining lease, development of coal/lignite/coke block(s) including drilling, feasibility studies and assessment of mine blocks, mining, survey and preparation of mine plans, to own mines/washeries, to raise stock and despatch coal/lignite/coke, to mine coal/lignite/coke either in open cast process or underground process and to implement, operate, produce, handle including screening and sizing, transporting and supplying coal/lignite/coke from the mine(s) and to install and operate coal beneficiation plant(s) at suitable places and to undertake all other acts related to the activity as such.

41. To purchase, hold, take on lease or on royalty basis or otherwise acquire mines, mining lease, mining licenses, mining rights, mining claims and metalliferous lands or any interest therein and to explore, prospect, search, work, exercise, develop, cut, treat, line, beneficiate and to turn to account, ores, all sorts of major and minor minerals, working deposits of all kinds of minerals and sub-soil minerals viz. coal, lignite, iron ore, bauxite, manganese, silica, copper, tin, feldspar, dolomite, nickel, sulphur, gold, silver, diamond, chromium, rock, phosphates, manganese, quartz, mercury, kyanite, fire clay, calcium, beryllium, zinc, lead, asbestos, mica, platinum, sapphire, ruby, topaz, garnet, emerald and to crush, win, set, quarry, smelt, calcine, refine, dress, preserve, amalgamate, manufacture, manage, manipulate and prepare for market, import, export, buy, sale, store, process, supply, trade in and otherwise deal in ore, metal and mineral substances of all kind and to carry on metallurgical operations in all its branches and to import, export, purchase, sell, repair, assemble, supervise, install, or otherwise deal in all types of mining machines, tools

and implements, smelters, crushing machines, furnaces and other items of equipment.

42. To purchase, sell, trade, manufacture, produce and supply defence equipment, arms & ammunitions of any kind required by Military, Air Force, Navy, Police or any other agency of Central or State Government or any other Body/Person.”

“RESOLVED FURTHER THAT pursuant to Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors for commencing all or any of the business set out in the said clauses 38 to 42 of the ‘Other Objects’ clause of the Memorandum of Association of the Company.”

2. Creation of security / provision of corporate guarantee by the Company in favour of lenders of Jaiprakash Hydro-Power Limited (JHPL)

“RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary from the Financial Institutions and / or Banks, the Board of Directors of the Company be and is hereby authorized to create security by way of pledge of equity shares of Jaiprakash Hydro-Power Limited (JHPL), a subsidiary of the Company, held by the Company and/or providing Corporate Guarantee by the Company in favour of lenders of JHPL as per details contained in the Explanatory Statement annexed to the Notice dated October 30, 2006 seeking approval of the Members notwithstanding the fact that the aggregate of the investments so far made, securities so far provided, loans/guarantees so far given by the Company along with the proposed creation of security and Corporate Guarantee may exceed 60% of the Paid – up Capital and free reserves of the Company or 100% of its free reserves, whichever is more.”

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

3. Provision of guarantee by the Company in favour of the Lenders of the dealers of the Cement produced by the Company

“RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary from the Financial Institutions and/ or Banks, the Board of Directors of the Company be and is hereby authorized to provide First Loss Default Guarantee by the Company in favour of ICICI Bank Limited, Lenders of the dealers of the Cement produced by the Company as per details contained in the Explanatory Statement annexed to the Notice dated October 30, 2006 seeking approval of the Members notwithstanding the fact that the aggregate of the investments so far made, securities so far provided, loans/guarantees so far given by the Company along with the proposed creation of security and Corporate Guarantee may exceed 60% of the Paid – up Capital and free reserves of the Company or 100% of its free reserves, whichever is more.”

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

4. Shifting of Registered Office of the Company within the State of U.P.

“RESOLVED THAT pursuant to the provisions of Section 146(2) of the Companies Act, 1956, the Registered Office of the Company be shifted from G Block, Surajpur Kasna Road, Greater Noida City-201 306 to Plot No. A-10, Sector 62, Noida – 201 307 within the State of Uttar Pradesh.”

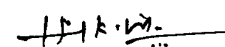
“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary and to settle all questions and difficulties that may arise in the implementation of the foregoing Resolution.”

As Ordinary Resolution:

5. Creation of Security in favour of Bank / Financial Institution

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to mortgage and/ or charge, subject to the existing charges, immovable and movable properties of the Company, wheresoever situate, present and future, in such manner as may be decided in consultation with the Term Lending Banks, to or in favour of UTI Bank Ltd. and Life Insurance Corporation of India to secure (1) Rupee Term Loan from UTI Bank Ltd. of Rs. 440 Crores and (2) 1500 – 9.5% Secured Redeemable Non-Convertible Debentures (NCDs) of the Company of Rs. 10 lacs each aggregating Rs. 150 Crores privately placed with Life Insurance Corporation of India (LIC), together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment, costs, charges, expenses, Trustees remuneration and other monies payable by the Company to UTI Bank Ltd. / LIC under respective Loan Agreements/Debenture Trust Deed entered/ to be entered into by the Company in respect of the aforesaid loans/ NCDs.”

By Order of the Board
For Jaiprakash Associates Limited



(HARISH K. VAID)
President (Corporate) &
Company Secretary

Place : New Delhi

Dated : October 30, 2006

NOTES:

1. Explanatory Statement and reasons for the proposed special business under serial numbers 1 to 5 above pursuant to Section 173(2) read with Section 192A(2) of the Companies Act, 1956 are given hereunder.
2. The Company has appointed Shri T.V. Narayanaswamy, FCS, Practicing Company Secretary as Scrutinizer and Shri V.P. Kapoor, FCS, AICWA, LL.B., Practicing Company Secretary as Alternate Scrutinizer for the purpose of Postal Ballot exercise.

3. The Notice is being sent under certificate of posting to all the members whose names would appear in the Register of Members as on Friday, November 17, 2006.
4. A Member desiring to exercise vote by Postal Ballot may complete the enclosed Postal Ballot Form and send it to the Scrutinizer in the enclosed self-addressed Business Reply Envelope. Postage will be borne and paid by the Company. However, envelopes containing Postal Ballots, if sent by courier or by Registered Post at the expense of the registered member will also be accepted. The envelopes containing the Postal Ballot should reach the Company not later than the close of working hours on Thursday, December 28, 2006.
5. The result of the Postal Ballot shall be announced by the Chairman, or in his absence by any other person, so authorized by the Chairman **on Saturday, December 30, 2006 at 4.00 P.M. at G, Block, Surajpur Kasna Road, Greater Noida City – 201 306, U.P.(India)** and the resolutions will be taken as passed effectively on the date of announcement of the result by the Chairman, if the result of the Postal Ballot indicates that the requisite majority of the Shareholders had assented to the Resolutions. Members who wish to be present at the time of declaration of the result may do so at the venue. The result of the Postal Ballot shall also be announced through a newspaper advertisement and the website of the Company **www.jalindia.com**.
6. A copy of the Memorandum of Association of the Company and other documents referred to in this notice and the 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. up to the date of declaration of the results of Postal Ballots.
7. Members are requested to carefully read the instructions printed on the backside of the Postal Ballot Form before exercising their vote.

EXPLANATORY STATEMENT AND REASONS FOR THE PROPOSED RESOLUTIONS ACCOMPANYING THE NOTICE DATED OCTOBER 30, 2006 PURSUANT TO SECTION 172(2) READ WITH SECTION 192A(2) OF THE COMPANIES ACT, 1956

Item No.1

The Indian Economy is currently growing at a robust rate. It is expected that the pace of growth will get further momentum in the coming years. With India's economic growth gathering pace and increased focus of the Government on investment by Private Sector (a) in Power Sector for generation specially through non-conventional / renewable energy sources, (b) in Hydrocarbon sector for enhancing country's fuel security, (c) in Fossil Fuel and Mineral Sectors to tap the vast sub-soil resources and (d) in production and supply of items required for defence of the Country, the domestic market presents several attractive investment opportunities in these areas by way of diversification of Business. Your Company, with requisite financial strength and proven project execution capabilities, stands in a unique position to seize the opportunities being un-folded in these sectors.

It is proposed to make suitable provisions in the existing Objects Clause of the Memorandum of Association by way of incorporating new clauses or by way of consolidating/ elaborating the provisions of some of the existing clauses to enable the Company to undertake business activities in these areas and their respective branches. Accordingly, five new Clauses, as set out in the Resolution contained in the Notice, are proposed to be added in the 'Other Objects' Clause of the Memorandum of Association.

Section 17 of the Companies Act, 1956 (Act) stipulates that the Object Clause of the Memorandum of Association of a Company can be altered by a Special Resolution passed by the Members of the Company. Further, in view of Section 149 (2A) of the Companies Act, 1956, the commencement of the aforesaid businesses requires shareholders approval by way of a Special Resolution. Section 192A of the Act read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 stipulates that the consent of the Members of the Company for this purpose shall be obtained by the Postal Ballot.

The Directors of the Company may be deemed to be concerned or interested in the Resolution No. 1 as set out in the Notice to the extent of shares held by them in the Company.

Your Directors commend the resolution for your approval as a Special Resolution.

Item No. 2

In terms of the provisions of the Section 372 A of the Companies Act, 1956, provision of security / guarantee by the Company for the assistance provided by the Lenders to other bodies corporates requires prior approval of shareholders by way of Special Resolution. The Company is required to provide corporate guarantee and to create security by way of pledge of Equity Shares held by the Company in respect of following financial facilities viz. Working Capital Loan, Rupee Term Loans and Non Convertible Debentures granted to and availed by Jaiprakash Hydro-Power Limited, a subsidiary of the Company from the following Lenders:-

Name of Institutions/ Banks	Amount sanctioned (Rs. in Crore)	Security Condition with reference to JAL
Punjab National Bank, Shimla	69.00	Pledge of 29.50 Crore equity shares of JHPL held by JAL.
UTI Bank Ltd.	200.00	(i) Corporate guarantee of JAL for principal and interest. (ii) Pledge of 100% of the equity shares of JHPL held by JAL.
ICICI Bank Ltd.	50.00	(i) Pledge of 30% of the issued and paid-up share capital of JHPL as held by JAL. (ii) Execution of Non Disposal and Safety Net Agreement in favour of ICICI Bank in respect of the balance shares held by JAL in JHPL which are already pledged in favour of the participating Institutions/Banks.
ICICI Bank Ltd.	150.00	(i) Pledge of 30% of the issued and paid-up share capital of JHPL as held by JAL. (ii) Execution of Non Disposal and Safety Net Agreement in favour of ICICI Bank in respect of the balance shares held by JAL in JHPL which are already pledged in favour of the participating Institutions / Banks. (iii) Corporate Guarantee of JAL for principal and interest.

Members may kindly approve creation of security by way of pledge of equity shares of Jaiprakash Hydro-Power Limited (JHPL), a subsidiary of the Company, held by the Company and/or provision of corporate guarantee by the Company in favour of lenders of JHPL.

S/Shri Sarat Kumar Jain, Manoj Gaur, Sunil Kumar Sharma, Gopi K Arora, D N Davar, B K Taparia, S D Nailwal being common Directors of JAL & JHPL and Shri M J Subbaiah, being a nominee of ICICI Bank Ltd. on the Board of JAL, are deemed to be interested in the proposed Resolution.

Your Directors commend the resolution for your approval as a Special Resolution.

Item No. 3

ICICI Bank Limited had agreed to extend a 'Revolving tenor based line of credit in the nature of overdraft' to the dealers of Cement Division of the Company upto the limit of Rs. 30 Crores. This facility would be used by the said dealers exclusively for making payments to the Company. The validity of this facility would be 12 months renewable annually secured by (a) personal guarantees of proprietors / partners / directors of the dealers, (b) lien on the security deposit of the said dealers with the Company and (c) post dated cheques from the said dealers.

In addition to the aforesaid security, the Company is required to execute a First Loss Default Guarantee (FLDG) in favour of ICICI Bank to the extent of 25% of the programme limit of Rs. 30 Crores. The aforesaid arrangement would help the dealers to make expeditious payments to the Company for the sale of Company's cement.

In terms of the requirement of Section 372A of the Companies Act, 1956 approval by way of Special Resolution is required from the shareholders of the Company for providing the said guarantee by the Company in favour of ICICI Bank Ltd.

None of the Directors of the Company is concerned or interested in the resolution except Shri M J Subbaiah, being a nominee of ICICI Bank Ltd. on the Board of JAL.

Your Directors commend the resolution for your approval as a Special Resolution.

Item No. 4

As the members are aware the Registered Office of the Company is presently situated at G Block, Surajpur Kasna Road, Greater Noida City-201 306, U.P. Considering the distance involved, it felt that the Greater Noida is not conveniently accessible by the shareholders of the Company who generally come from Delhi and around to attend the Company's general meetings. It is considered expedient, advantageous and economical to shift the Registered Office of the Company to the proposed address in Noida where better physical infrastructure facilities would be available and which is easily accessible to the shareholders. Accordingly, it is proposed to shift the Registered Office of the Company from Greater Noida to Noida within the State of Uttar Pradesh falling

within the Jurisdiction of Registrar of Companies, Uttar Pradesh & Uttaranchal, at Kanpur.

In terms of Section 146(2) of the Companies Act, 1956, shifting of Registered Office outside the local limits of any city, town or village requires approval of the shareholders by way of a Special Resolution. In terms of the provisions of Companies (Passing of the resolutions by Postal Ballot) Rules, 2001, the said resolution is required to be passed by way Postal Ballot. Hence this resolution.

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

Your Directors commend the resolution for your approval as a Special Resolution.

Item No. 5

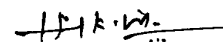
To meet its requirement of funds/financial restructuring, the Company has raised Rupee Term Loans of Rs. 440 Crores from UTI Bank Ltd. and Secured Non Convertible Debentures of Rs. 150 Crores from Life Insurance Corporation of India with UTI Bank Ltd. acting as Debenture Trustee. Aforesaid Loan/ Debentures are to be secured by way of first charge, ranking *pari passu* with the existing charge holders, on such immovable and movable properties of the Company, present & future, as may be decided in consultation with the Term Lending Institutions / Banks.

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

None of the Directors of the Company is in any way concerned or interested in the resolution except Shri S Roy Chowdhury, Nominee Director of LIC.

Your Directors commend the resolution for your approval.

By Order of the Board
For Jaiprakash Associates Limited



(HARISH K. VAID)
President (Corporate) &
Company Secretary

Place : New Delhi
Dated : October 30, 2006