

JAIPRAKASH ASSOCIATES LIMITED

Registered Office : Sector 128, Noida – 201 304, U.P. (India)
Head Office : 'JA House', 63, Basant Lok, Vasant Vihar, New Delhi - 110 057



NOTICE

Notice is hereby given that the following Resolutions are circulated for approval of the Members of the Company to be accorded by **Postal Ballot** in accordance with the provisions of Section 81(1A) and 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 Resolution :

1. Issue of Warrants to Promoters/ Promoter Group Company on Preferential Basis

“RESOLVED that pursuant to the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) including any statutory modification(s) or re-enactment thereof for the time being in force and in accordance with the relevant provisions of the Memorandum and Articles of Association of the company, and applicable subsisting Rules/Regulations/Guidelines, prescribed by the Government of India/ Securities and Exchange Board of India (SEBI) and/or any other regulatory authority, the Listing Agreement entered into by the Company with the Stock Exchanges where the Equity Shares of the company are listed and subject to the approval(s), consents(s), permission(s), and/or sanction(s), if any, of appropriate authorities, institutions or bodies as may be required, and subject to such conditions as may be prescribed by any of them while granting any such approval(s), consents(s), permission(s), and/or sanction(s), the Board of Directors of the Company (hereinafter referred as “the Board”, which term shall include any Committee of the Board constituted/ to be constituted to exercise its power, including the powers conferred by this Resolution) be and is hereby authorized on behalf of the Company to create, offer, issue and allot upto 5,00,00,000 (Five Crore) warrants entitling the warrant holders to apply for allotment of One Equity Share of Rs.2/- on full payment, per warrant, at a price stated herein below, in one or more tranches, within 18 months from the date of allotment of warrants, to Jaypee Ventures Private Limited, a Promoter Group Company, on Preferential basis through offer letter and/or information memorandum and/or private placement memorandum and/or such other documents/ writings, in such form, manner and upon such terms and conditions as may be determined by the Board in its absolute discretion, provided that the Shares will be issued at a price not less than :

- (a) The average of the weekly high and low of the closing prices of the Company's shares quoted on the National Stock Exchange during the six months preceding the **'relevant date'**; or
- (b) The average of the weekly high and low of the closing prices of the Company's shares quoted on the National Stock Exchange during the two weeks preceding the **'relevant date'**;

whichever is higher, **'the relevant date'** for the purpose being **December 18, 2007**.

“RESOLVED FURTHER THAT the resultant Equity shares to be issued and allotted to the Warrant holders on full payment in accordance with the terms of offer(s) shall rank *pari passu* including to dividend with the then existing Equity Shares of the Company in all respects and be listed on the Stock Exchanges where the Equity Shares of the Company are listed;”

“RESOLVED FURTHER THAT for the purpose of giving effect to the issue and allotment of the Warrants, the Executive Chairman, any other Director and/ or the Company Secretary be and are hereby severally authorized, on behalf of the Company, to appoint Advisors and/ or Consultants as may be deemed fit and to take all actions and do all such acts, deeds, matters and things and to execute all such deeds, documents and writings in connection with the issue of the aforesaid Warrants as they may, in their absolute discretion, deem necessary, proper or desirable for such purpose and to accept any modifications in the above proposal as may be stipulated by the authorities involved in such issues and also with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in the proposed issue, offer and allotment of the said Warrants and Equity Shares, including change in the period for exercise of option subject to relevant Guidelines, utilizations of the proceeds, without being required to seek any further consent or approval of members or otherwise, to the end and intent that members shall be deemed to have given their approval thereto expressly by the authority of this resolution;

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any Director(s) or officer(s) of the Company to give effect to this resolution.”

As Ordinary Resolutions:

2. Appointment and remuneration of Shri Ranvijay Singh as a Whole-time Director

“RESOLVED THAT in accordance with the provisions of Sections 269, 198 & 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any Statutory amendment or re-enactment thereof, and subject to such other approvals, as may be necessary, approval of the Company be and is hereby accorded to the appointment of Shri Ranvijay Singh as a Whole-time Director of the Company for a period of five years commencing from 14th December, 2007 on such remuneration, as set out in the annexed Explanatory Statement.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter or vary the terms of appointment of Shri Ranvijay Singh, including relating to remuneration, as it may, at its discretion, deem

fit, from time to time, provided, however, that the remuneration after the alteration/variation shall not exceed the limits specified in Schedule XIII to the Companies Act 1956, or any Statutory amendment or re-enactment thereof."

"RESOLVED FURTHER THAT pursuant to all applicable provisions of the Companies Act, 1956, the remuneration, as set out in the annexed Explanatory Statement, be paid as minimum remuneration to Shri Ranvijay Singh, in the event of absence or inadequacy of profits in any financial year during the tenure of his appointment."

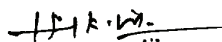
3. Creation of mortgage/ charge in favor of IDBI to Secure Term Loan of Rs. 200 Crores

"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 Institutions/Banks/Debenture Trustees etc. to or in favour of Industrial Development Bank of India (IDBI) to secure **Rupee Term Loan of Rs. 200 crores from IDBI** 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 IDBI in respect of the aforesaid loans."

4. Creation of mortgage/ charge in favor of Axis Bank Ltd. to secure privately placed Redeemable NCDs aggregating Rs. 50 Crores.

"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 Cement Plant being set up in Himachal Pradesh, wheresoever situate, present and future, in such manner as may be decided in consultation with Debenture Trustees to or in favour of Axis Bank Ltd. (as Trustees for NCDs) to secure the following facilities to the Company **500 – 9% (Series JJ) Secured Redeemable Non Convertible Debentures (NCDs) of Rs. 10 lacs each aggregating to Rs. 50 crores privately placed with Axis Bank Ltd.** 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 Axis Bank Ltd. (as Trustees for NCDs) under Debenture Subscription Agreement/ Debenture Trust Deed etc. entered into by the Company in respect of the aforesaid NCDs."

By Order of the Board
For Jaiprakash Associates Limited



(HARISH K. VAID)

President (Corporate) &
Company Secretary

Place : New Delhi

Dated : December 14, 2007

NOTES:

1. Explanatory Statement and reasons for the proposed special businesses pursuant to Section 173(2) read with Section 192A(2) of the Companies Act, 1956 are given hereunder.
2. The Company has appointed **Shri P.V. Narayanaswamy, FCS, Practising Company Secretary as Scrutinizer and Shri D.P. Gupta, FCS, Practising 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 / Record of Depositories as on **Friday, December 07, 2007**.
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 or deposited by 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, January 17, 2008**.
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 Friday, January 18, 2008 at 4.00 P.M.** at the Registered Office of the Company at **Sector 128, Noida – 201304, 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 Ballots indicates that the requisite majority of the Shareholders had assented to the Resolutions. Members who wish to be present at the venue at the time of declaration of the result are welcome to do so. The result of the Postal Ballot shall also be announced through a newspaper advertisement and hosted on the website of the Company **www.jalindia.com**.
6. A copy each of of the documents referred to in the accompanying Explanatory Statement is 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 DECEMBER 14, 2007 PURSUANT TO SECTION 173(2) READ WITH SECTION 192A (2) OF THE COMPANIES ACT, 1956 :-

Item No.1

As the members are aware, the Company is pursuing growth opportunities in the field of infrastructure besides undertaking substantial expansion/diversification of its business including expansion of its Cement Manufacturing Capacity at various locations.

With a view to augment the long term resources of the Company for meeting the fund requirements of growth and diversification plans and for general corporate purposes, including

investments, it is proposed to issue and allot 5,00,00,000 (five crore) warrants on Preferential Basis to Jaypee Ventures Private Limited, a Promoter Group Company, as detailed in the resolution.

The proposed preferential issue is in accordance with the 'Guidelines for Preferential Issues' contained in Chapter XIII of the Securities and Exchange Board of India (Disclosures and Investor Protection) guidelines, 2000 ("The Guidelines"), entitling the warrant holders to apply for equivalent number of fully paid equity shares of the Company have a face value of Rs.2 per share. On completion of the allotment of shares arising out of this issue, the Company shall be able to raise an amount of approx. **Rs.1900 Crores** through this Issue.

The issue of Equity Shares will be at a price not less than the higher of the following :

- The average of the weekly high and low of the closing prices of the related shares quoted on the National Stock Exchange of India Ltd. during the six months preceding the 'relevant date'; or
- The average of the weekly high and low of the closing prices of the related shares quoted on the National Stock Exchange of India Ltd. during the two weeks preceding the 'relevant date',

The 'relevant date' for determining the issue price of the equity shares shall be December 18, 2007.

An upfront payment of 10% of the Warrants shall be paid by the allottee at the time of allotment of the Convertible Warrants and the same will be adjusted against the issue price of the respective equity shares when allotted. The allotment of warrants and the issue of the scrips in respect thereof are proposed to be completed within 15 days of passing of the resolution. If the entitlement against the warrants to apply for the equity shares is not exercised within the specified period of 18 months, such entitlement shall lapse and the amount paid on such warrants shall stand forfeited. The warrant holders shall also be entitled to future bonus/rights issue (s), if any, of equity shares or other securities convertible into equity shares by the Company in the same proportion and manner as any other shareholder of the Company and the Company shall reserve proportion of such entitlement for the warrant holders.

The proposed allottees have given letters of intent to apply for the allotment of warrants when they are issued.

The warrants and the shares issued shall be subject to lock in as set out in the Guidelines. The proposed allottees have not sold any shares of the Company during the last six months and do not propose to sell any share in the next six months. However, the locked-in warrants/equity shares may be transferred to and amongst promoters/promoter group subject to continuation of lock-in in the hands of transferee for the remaining period.

The issue of equity shares as aforesaid will not result in any change in the Management Control of the Company.

Shareholding pattern of the Company before and after the issue

The share holding pattern of the Company before and after the preferential issue assuming that the warrant holders would apply for allotment of all shares to which they are entitled, is as under:

Shareholder	Face value of Pre-allotment holding as on December 7, 2007		Face value of Post-allotment holding	
	Face value of shares held (Rs.)	% age	Face value of shares held (Rs.)	% age
1. Promoters Group:	1043,767,320	45.09%	1143,767,320	47.36%
2. Public shareholding:				
2.1 Institutions/ Mutual Funds	887,061,860	38.32%	887,061,860	36.73%
2.2 Others	384,117,960	16.59%	384,117,960	15.91%
Total	2314,947,140	100.00%	2414,947,140	100.00%

Assuming that the allottees apply for the allotment of equity shares to the extent of their full entitlement, the percentage holding of the proposed allottee in the Company would be as under:

Shareholder	Face value of Pre-allotment holding as on December 7, 2007		Face value of Post-allotment holding	
	Face value of shares held (Rs.)	% age	Face value of shares held (Rs.)	% age
Jaypee Ventures Private Limited	755,375,680	32.63%	855,375,680	35.42%

Notes :

- At present the face value of each equity share of the Company is Rs. 10/-. However, the shareholders have already approved sub-division of each equity share of Rs. 10/- into five equity shares of Rs. 2/- each. The Record Date for the said purpose is December 26, 2007. As such the proposed allotment on conversion of warrants shall be made of the equity shares of Rs. 2/- each and the shareholding pattern herein above has been given based on the paid up capital of the Company.
- The Company has already issued Foreign Currency Convertible Bonds (FCCBs), a part of which is yet to be converted. The holders of outstanding FCCBs, as on date, are entitled to 16,982,796 equity shares. Similarly, the Board of Directors have in their meeting held on December 14, 2007 decided to raise funds upto US\$ 400 millions by issue of Global Depository Receipts (GDRs), in terms of the shareholders' approval accorded in their Annual General Meeting held on August 30, 2007. Since the actual number of shares to be allotted on conversion of the outstanding FCCBs and the proposed issue of GDRs is not certain as on date, the same has not been included in the above shareholding pattern. The Promoters' shareholding will come down correspondingly after the said conversion/ allotment of FCCBs/GDRs.

The equity shares shall rank *pari-passu* in all respects, including to dividend, with the then existing equity shares of the Company and will be listed on the Stock Exchanges where the Equity Shares of the Company are listed.

A certificate as required under the Guidelines certifying that the proposed issue is in accordance with the said Guidelines will be available for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day up to the date of declaration of results of Postal ballot. The said certificate shall also be hosted on the Company's website.

Pursuant to the provisions of Section 81(1A) of Companies Act, 1956, any offer or issue of shares in a Company to persons

other than the holders of the equity shares of a company or to such holders otherwise than in proportion to the capital paid up, requires prior approval of the shareholders in general meeting by a Special Resolution.

In terms of Section 192A of the Act, a listed company may propose any resolution to be passed through Postal Ballot in accordance with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001. Although not mandatory, as a measure of good corporate governance, the Board is seeking members approval through postal ballot instead of convening a general meeting, to facilitate wider participation in the decision making process by them.

None of the Directors of the Company may be deemed to be concerned or interested in the Special Resolution except to the extent of any warrants that are or may be issued to them or their associates under this preferential allotment.

The Board of Directors commends the proposed resolution for approval of the members as a Special Resolution.

Item No.2

As you are aware, the Company has undertaken substantial expansion/diversification of its business including expansion of its Cement manufacturing capacity at various locations which include setting up of green field projects. With a view to strengthening the management team to ensure successful completion of the proposed expansions and to operate them with international standards of efficiency & productivity, the Board of Directors of the Company, at their meeting held on December 14, 2007, has appointed Shri Ranvijay Singh as Director in the casual vacancy caused due to the resignation of Shri Ashok Kumar Jain. At the same meeting, the Board also appointed Shri Singh as a Whole-time Director for a period of five years commencing from 14th December, 2007, on the remuneration to be approved by the Remuneration Committee.

The Remuneration Committee in its meeting held on 14th December, 2007, has fixed the following remuneration for Shri Ranvijay Singh:

Basic Salary – Rs. 1,80,000/- p.m.

(in the Pay Scale of Rs.1,50,000-15,000-2,25,000-20,000-3,25,000/-)

Besides the above salary, Shri Singh shall also be entitled to perquisites, which may include accommodation/ HRA, reimbursement of expenses for gas, electricity, water and furnishings, medical reimbursement, LTC, personal accident insurance, use of car and telephone, contribution to Provident Fund, super-annuation fund or annuity fund, gratuity payable at a rate not exceeding half a month's salary for each completed year of service and leave encashment at the end of the tenure etc. Perquisites shall be restricted to an amount equal to the annual salary or the amount of entitlement in accordance with Schedule XIII to the Companies Act, 1956 as amended from time to time, whichever is less.

The Executive Chairman has been authorized to fix the inter-se limits of the aforesaid perquisites.

The above remuneration shall be paid as minimum remuneration in the event of absence or inadequacy of profits in any year during the tenure of Shri Ranvijay Singh.

Shri Ranvijay Singh, aged 41 years, is B.E. (Civil) having rich and varied experience of over 16 years to his credit in management of Construction Projects. He had been on the Board of the Company from December 1999 to December 2005. Presently Shri Singh is on the Board of Jaypee Cement Limited, Gujarat Anjan Cement Limited, Gujarat Jaypee Cement and Infrastructure Limited and SRMB Dairy Farmings Pvt. Ltd.

Your Directors feel that his appointment as whole-time Director shall be in the interest of the Company.

No Director except Shri Ranvijay Singh himself is deemed to be interested in the said resolution.

The Board of Directors commends the proposed resolution for approval of the members.

Item no. 3 & 4

To meet its requirement of funds, the Company had raised Rupee Term Loans of Rs. 200 crores from IDBI.

In addition to aforesaid facilities, the Company, for the purpose of financing its new Cement Plant being set up in Himachal Pradesh, has raised Rs. 50 crores from Axis Bank Ltd. in the form of privately placed NCDs.

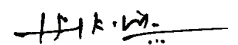
The said facilities are to be secured by creation of mortgage and/or charge in favour of the lenders on such immovable and movable properties of the Company, present & future, as stated in the respective resolutions.

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 the mortgaging and/or charging by the Company of its immovable and movable properties, as aforesaid, in favour of the aforesaid Institution/Bank 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 of the Company except the nominees of the concerned lending Institution, is concerned or interested in the resolutions.

The Board of Directors commends the proposed resolution for approval of the members.

By Order of the Board
For Jaiprakash Associates Limited



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

Place : New Delhi

Dated : December 14, 2007