

# JAIPRAKASH ASSOCIATES LIMITED

Registered & Corporate Office : Sector 128, Noida – 201 304, U.P. (India)  
Delhi Office : 'JA House', 63, Basant Lok, Vasant Vihar, New Delhi - 110 057  
Website : [www.jalindia.com](http://www.jalindia.com) ; E-mail : [jal.investor@jalindia.co.in](mailto:jal.investor@jalindia.co.in)



## NOTICE

To  
**The Members,**

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 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. Issue of Warrants to Promoter/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, and 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 12,00,00,000 (Twelve Crores) warrants** entitling the warrant holder to apply for allotment of One Equity Share of Rs. 2/-, at premium 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 :

- 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
- 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 **September 18, 2008**.

"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 which making the proposed issue, offer and allotment of the said Warrants and Equity Shares, including change in the quantity and 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."

#### 2. PLEDGE OF SHARES OF JAIPRAKASH HYDRO-POWER LIMITED (JHPL) HELD BY THE COMPANY IN FAVOUR OF LENDERS OF 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 extend the security created by way of pledge of equity shares of Jaiprakash Hydro-Power Limited (**JHPL**), a subsidiary of the Company, held by the Company in favour of lenders of JHPL, namely, **IDBI Limited and IFCI Limited**, as per details contained in the Explanatory Statement annexed to this Notice 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 extension of security 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. PLEDGE OF SHARES OF JAIPRAKASH POWER VENTURES LIMITED (JPVL) HELD BY THE COMPANY IN FAVOUR OF LENDERS OF JPVL

"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 extend the security created by way of pledge of equity shares of Jaiprakash Power Ventures Limited (**JPVL**), a subsidiary of the Company, held by the Company in favour of lenders of JPVL, namely, **IFCI Limited**, as per details contained in the Explanatory Statement annexed to this Notice 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 extension of security 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. PLEDGE OF SHARES OF JAYPEE INFRATECH LIMITED (JIL) HELD BY THE COMPANY IN FAVOUR OF LENDERS OF JIL

"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 Jaypee Infratech Limited (**JIL**), a subsidiary of the Company, held by the Company in favour of lenders of JIL, namely, **ICICI Bank Limited**, to give guarantee to lenders of JIL in connection with its loans and to fund any cost overrun in respect of the Project of JIL by means of subscription of Equity Shares of JIL/extending debt facilities to JIL, as per the details contained in the Explanatory Statement annexed to this Notice 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 extension of security 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."

**As Ordinary Resolutions :**

**5. CREATION OF SECURITY IN FAVOUR OF LENDERS OF THE COMPANY**

"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 (including any Committee of the Board constituted/ to be constituted to exercise its power) 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 to or in favour of Bank of India, State Bank of Patiala and Axis Bank (as Trustees for NCDs) to secure :-

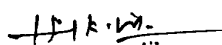
- Corporate Loan of Rs. 500 Crores from Bank of India.
- Corporate Loan of Rs. 200 Crores from State Bank of Patiala.
- 3,000 - 11.80% Redeemable, Non Convertible Debentures (NCDs) of the Company of Rs.10 Lacs each, aggregating Rs.300 Crores, privately placed with Life Insurance Corporation of India (LIC), Axis Bank acting as Trustees for NCDs.

together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment, costs, charges, expenses and other monies payable by the Company to the said Banks and LIC under respective Loan Agreements/ debenture subscription agreement entered/ to be entered into by the Company in respect of the aforesaid loans & NCDs."

**6. CREATION OF CHARGE TO SECURE ADDITIONAL WORKING CAPITAL FACILITIES OF THE COMPANY**

"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 moveable properties of the Company, wheresoever situate, present and future as 1<sup>st</sup> charge on current assets of the Company and 2<sup>nd</sup> charge on the fixed assets of the Company in favour of **Canara Bank**, in such manner as may be decided in consultation with the said Canara Bank to secure additional Working Capital facilities aggregating **Rs. 10 crores** granted by Canara Bank as a leader of consortium together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment, costs, charges, expenses and other monies payable by the Company to the said lender under the agreements entered/ to be entered into by the Company in respect of the aforesaid facility."

By Order of the Board  
For **Jaiprakash Associates Limited**



(**HARISH K. VAID**)  
Sr. President (Corporate Affairs) &  
Company Secretary

New Delhi  
September 5, 2008

**NOTES:**

- 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.
- The Company has appointed **Shri V.P. Kapoor**, FCS, AICWA, LL.B., Practising Company Secretary as Scrutinizer and **Ms. Manisha Gupta**, B.Com. (Hons.), LL.B., ACS, Practising Company Secretary as Alternate Scrutinizer for the purpose of Postal Ballot exercise.
- 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, September 5, 2008**.
- 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 **Friday, October 17, 2008**.
- 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, October 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 results 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**.
- A copy each 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.
- 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 SEPTEMBER 5, 2008 PURSUANT TO SECTION 173(2) READ WITH SECTION 192A (2) OF THE COMPANIES ACT, 1956:-**

**Item No.1**

As the members as 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 further 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 **12,00,00,000 (Twelve Crores) warrants on Preferential Basis to Jaypee Ventures Private Limited, a Promoter Group Company**, as detailed in the resolution. The proposed allotment of Warrants is in addition to the Warrants already issued and allotted to the said Promoter Group Company, in terms of the approval of the shareholders accorded on January 18, 2008.

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 having 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. 2000 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 Company's 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 Company's 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 **September 18, 2008**.

An **upfront payment of 10%** of the Warrants shall be paid by the allottee before the 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 share 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 pro-rata. The warrant holder 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 holder.

The proposed allottee has given a letter 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 allottee has not sold any shares of the Company during the last six months and does not propose to sell any share held by it in the Company, 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 holder would apply for allotment of all shares to which they are entitled, is as under:

SHAREHOLDING PATTERN	As on August 20, 2008		After conversion of 5 Crore warrants into shares issued on preferential basis in Jan'08		After conversion of both 5 Crore & current 12 Crore warrants into shares issued on preferential basis	
	[No. of shares of Rs. 2 each]	[% age]	[No. of shares of Rs. 2 each]	[% age]	[No. of shares of Rs. 2 each]	[% age]
1 Promoters Group	521,722,613	44.45%	571,722,613	46.72%	691,722,613	51.48%
2 Public Shareholding						
(i) Institutions/Mutual Funds	429,564,809	36.60%	429,564,809	35.10%	429,564,809	31.97%
(ii) Others	222,465,196	18.95%	222,465,196	18.18%	222,465,196	16.55%
<b>Total</b>	<b>1,173,752,618</b>	<b>100.00%</b>	<b>1,223,752,618</b>	<b>100.00%</b>	<b>1,343,752,618</b>	<b>100.00%</b>

Assuming that the allottee applies 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	As on August 20, 2008		After conversion of 5 Crore warrants into shares issued on preferential basis in Jan'08		After conversion of both 5 Crore & current 12 Crore warrants into shares issued on preferential basis	
	[No. of shares of Rs. 2 each]	[% age holding]	[No. of shares of Rs. 2 each]	[% age holding]	[No. of shares of Rs. 2 each]	[% age holding]
Jaypee Ventures Pvt. Ltd.	377,888,340	32.19%	427,888,340	34.97%	547,888,340	40.77%

#### Note:

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 apply for and allotment of 68,634,919 equity shares of Rs.2 each. 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 at 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 to be allotted in terms of the resolution 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 from the Statutory Auditors as required under the Guidelines certifying that the proposed issue is in accordance with the said Guidelines will be kept open for inspection and the same 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 under this preferential allotment to JVPL in which S/Shri Jaiprakash Gaur, Sarat Kumar Jain, Manoj Gaur, Sunil Kumar Sharma, Sunny Gaur and Pankaj Gaur may be deemed to be interested as Directors/members.

Your Directors commend the proposed resolution for approval of the members as a Special Resolution.

#### Item No. 2

Jaiprakash Hydro-Power Limited (JHPL), a subsidiary of the Company, has been sanctioned Rupee Term Loan facilities of Rs.100 Crores by IDBI Limited vide their letter No.HO/LCB/JHPL/978 dated 28th November, 2007 and of Rs.50 Crores by IFCI Limited vide their letter No.HO/SAMC/2008 dated 22nd February, 2008, for repaying the high cost Rupee Term Loans earlier availed by JHPL to part finance its 300 ME Hydro-Power Station.

As part of security, IDBI Limited has required that the said additional term loan shall be secured by way of extension of pledge of shares held by the Company in JHPL which is already available to existing loans of IDBI/ other lenders of JHPL.

Similarly, IFCI Limited has required extension of shares held by the Company in JHPL to the extent of 51% of the total paid up capital of JHPL, ranking *pari-passu* with other lenders.

Being the promoter, your Company has already provided security for the existing loans of JHPL.

In terms of the provisions of the Section 372A of the Companies Act, 1956, provision of security/ guarantee by the Company for the assistance provided by the Lenders to other bodies corporate requires prior approval of shareholders by way of Special Resolution.

Members may kindly approve extension of security by way of pledge of said equity shares of JHPL held by the Company in favour of lenders of JHPL.

S/Shri Jaiprakash Gaur, Manoj Gaur, Sunil Kumar Sharma, Sarat Kumar Jain, Gopi K Arora, B K Taparia and S D Nailwal being common Directors of JAL & JHPL may be deemed to be interested in the proposed Resolution.

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

#### Item No. 3

Jaiprakash Power Ventures Limited (JPVL), a subsidiary of the Company, has obtained sanction from IFCI Limited, bearing No.HO/SAMC/2008-763 dated 8.5.2008, for swapping its high cost loan of Rs.156.25 crores from ICICI Bank Limited for its 400 MW Vishnuprayag Hydro Power Station. In terms of the conditions imposed by IFCI Limited, the Company, being a promoter of JPVL, is required to create security

by way of pledge of 24.72 Crores Equity Shares of Rs.10 each of JPVL held by the Company, ranking *pari passu* with other lenders of JPVL. The Company had provided similar security in favour of ICICI Bank Limited in respect of their loan proposed to be prepaid by JPVL.

In terms of the provisions of the Section 372A of the Companies Act, 1956, provision of security/ guarantee by the Company for the assistance provided by the Lenders to other bodies corporate requires prior approval of shareholders by way of Special Resolution.

Members may kindly approve creation of security by way of pledge of said equity shares of JPVL held by the Company in favour of IFCI Limited.

S/Shri Jaiprakash Gaur, Manoj Gaur, Sunil Kumar Sharma, Gopi K Arora, RN Bhardwaj, BK Goswami, MJ Subbaiah and BK Taparia being common Directors of JAL & JPVL may be deemed to be interested in the proposed Resolution.

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

#### Item No. 4

ICICI Bank Limited has vide its LOIs No. CAL 78/W12MUM/10430, CAL /89/W12MUM/11743, 89/W12MUM/11880, CAL 89/W12MUM/11935 and CAL 89/W12MUM/11989 dated March 31, 2008, June 20, 2008, June 26, 2008, June 27, 2008 & June 30, 2008 respectively, sanctioned to Jaypee Infratech Limited (JIL), a subsidiary of the Company, Term Loans aggregating to Rs.3000 Crores to part finance the development of approximately 160 Km 6 lane expressway between Noida and Agra (Yamuna Expressway) alongwith related infrastructure and acquisition of land of approximately 6175 acres by JIL.

The conditions of the financial assistance include the following:-

- Pledge of 30% of Equity Shares representing at all times 30% of the equity Share Capital of JIL held by JAL;
- Non-Disposal Undertaking of JAL for additional 21% shares of the total issued equity shares of the JIL held by JAL,
- Providing guarantee of JAL in connection with the loans to JIL in favour of its lenders; and
- Shortfall Undertaking of JAL including funding any cost overrun in respect of Project of JIL.

The Project Cost, as finalised by JIL with ICICI Bank Limited is as under:-

Project Cost	(Rs.in Crores)
Cost of land for expressway	763.50
Cost of land for structures	136.36
Road construction cost	5700.00
Preliminary and preoperative cost	240.00
Provision for contingencies	229.62
Interest during construction	748.50
Acquisition of land (6175 acres)	1092.02
<b>Total Project Cost</b>	<b>8910.00</b>

The ICICI Bank shall have the right to convert an amount upto Rs.250 Crores out of its Term Loan into fully paid equity shares of JIL at agreed rate.

In terms of the provisions of the Section 372A of the Companies Act, 1956, making loan to any body corporate, giving any guarantee, or providing security, in connection with a loan made by any other person to, or to any other person by, any body corporate and acquiring, by way of subscription, purchase or otherwise the securities of any other body corporate, exceeding sixty percent of its paid up share capital and free reserves, or one hundred percent of its free reserves, whichever is more, inter-alia, requires prior approval of the shareholders of the Company. Accordingly, the approval of the shareholders is sought to the aforesaid proposal to fulfill the conditions imposed by ICICI Bank Limited in its sanction letters to JIL, a subsidiary of the Company. These obligations, including under the shortfall undertaking, if required, shall be met out of Company's own resources.

S/Shri Jaiprakash Gaur, Manoj Gaur and Sunil Kumar Sharma being common Directors of JAL & JIL may be deemed to be interested in the proposed Resolution.

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

#### Item No. 5

To meet the requirement of funds for its ongoing projects, the Company has raised the following:

- Corporate Loan of Rs. 500 Crores from Bank of India.
- Corporate Loan of Rs. 200 Crores from State Bank of Patiala.
- 3,000 - 11.80% Redeemable, Non Convertible Debentures (NCDs) of the Company of Rs.10 Lacs each, aggregating Rs.300 Crores, privately placed with Life Insurance Corporation of India (LIC) with Axis Bank acting as Trustee.

The aforesaid facilities are to be secured by creation of Mortgage and/ charge in favour of the lenders on such immovable and movable properties of the company, present & future, as may be decided in consultation with the term lending Institutions/ Banks/ Debenture Trustee.

**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 Banks/ Institution 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 except Shri A. K. Sahoo, Nominee Director of LIC is in any way concerned or interested in the resolution.

Your Directors commend the resolution for your approval as an Ordinary Resolution.

#### Item No. 6

To meet its requirement of **working capital** (including by way of non-fund based limits, such as limits for letter of credit and limits for bank guarantees), the Company had raised/ obtained sanctions for fund based and non –fund based limits aggregating Rs.2,335 Crores (Rs. 160 Crores fund based & Rs. 2175 Crores non – fund based) from Canara Bank (the Lead Bank) and other consortium member banks. Keeping in view the increased requirements of working capital funds, the Company has obtained further sanction from Canara Bank, the Lead Bank vide letter No. CSB 31 CR 583 2007 KNP dated March 20, 2008 additional fund-based CC limit of Rs.10 Crores to the Cement Division of the Company.

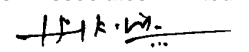
The working capital limits of the Company are secured by way of first charge on current assets of the Company and second charge on the fixed assets of the Company, ranking *pari passu*, on all movable and immovable properties of the Company, wheresoever situate, present or future. Similar security is required to be created in respect of the aforesaid additional working capital facility of Rs.10 Crores sanctioned by Canara Bank.

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 Bank 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 charge.

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

The Board commends the resolution for your approval as an Ordinary Resolution.

By Order of the Board  
For Jaiprakash Associates Limited

  
(HARISH K. VAID)

New Delhi  
September 5, 2008

Sr. President (Corporate Affairs) &  
Company Secretary