

JAIPRAKASH ASSOCIATES LIMITED

Registered & Corporate Office: Sector 128, Noida -201 304, U.P. (India)

Website : www.jalindia.com ; E-mail : 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. PROVIDING SECURITY/UNDERTAKINGS TO LENDERS OF JAIPRAKASH POWER VENTURES LIMITED (JPVL)

“RESOLVED THAT pursuant to **Section 372A** and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Financial Institutions and such other approvals as may be required, the Board of Directors of the Company be and is hereby authorized to create/extend security 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 and to give undertakings to lenders of JPVL or the Security Trustee for the benefit of the Lenders, as per details set out 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 authorised to do all such acts, deeds and things as may be expedient and necessary to give effect to this Resolution.”

2. PROVIDING UNDERTAKINGS TO LENDERS OF JPSK SPORTS PVT. LTD., A SUBSIDIARY OF THE COMPANY

“RESOLVED THAT pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Financial Institutions and such other approvals as may be required, the Board of Directors of the Company be and is hereby authorized to provide Non disposal undertaking of shares of JPSK Sports Pvt. Ltd. (JPSK) and give undertaking to fulfill shortfall, if any, in internal accruals to the tune of Rs.219 Crores, in favour of lenders of JPSK, 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 investment 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 authorised to do all such acts, deeds and things as may be expedient and necessary to give effect to this Resolution.”

3. MAKING INVESTMENT IN FERTILIZER BUSINESS

“RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approvals of Financial Institutions/ Banks and such other approvals as may be required, the Board of Directors of the Company be and is hereby authorized to make investment of upto **Rs.2,500 Crores** (Rupees Two Thousand Five Hundred Crores) only in one or more tranches, in the Equity Share Capital of any company(ies) whether existing or proposed to be incorporated for the purpose of engaging, directly or indirectly, in the business of manufacturing and marketing of **Fertilizers**, or by providing loans, securities or guarantees to/ on behalf of such company(ies), 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 investment 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, matters and things, settle any question, difficulty or doubt that may arise in this regard and give such directions, as it may, in its absolute discretion, deem expedient, desirable and necessary including delegating all or any of the powers herein conferred to any Committee of Directors or Executive Chairman or Whole-time Director or any Director(s) or any other Officer (s) of the Company, to give effect to this Resolution.”

4. INVESTMENT OF SURPLUS FUNDS OF THE COMPANY

“RESOLVED THAT in supersession of the resolution passed by the shareholders of the Company in their Annual General Meeting held on September 29, 2009 and pursuant to **Section 372A** and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approvals of Financial Institutions/Banks and such other approvals as may be required, the Board of Directors of the Company be and is hereby authorized to make investment of Surplus Funds of the Company from time to time in any Mutual Fund Scheme(s), debt instrument(s) or debt based securities of any government, semi-government or listed company(ies) upto an amount not exceeding Rs.2,000 Crores (Rupees Two Thousand Crores only) at any one time, in one or more tranches, not-withstanding 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 investments/loans, may exceed 60% of the paid-up capital and free reserves of the Company or 100% of its free reserves, whichever is more.”

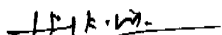
"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be expedient and necessary to give effect to this Resolution."

5. INCREASE IN REMUNERATION OF RELATIVE OF DIRECTOR

"RESOLVED that pursuant to the provisions of **Section 314 (1B)** of the Companies Act, 1956 and subject to the approval of the Central Government, the consent of the Company be and is hereby accorded to **Ms. Neha Goyal, relative of a Director of the Company**, for holding/continuing to hold office or place of profit under the Company at a monthly remuneration, effective from the date, as set out in the Explanatory Statement annexed to this Notice seeking approval of the Members together with the usual allowances and benefits, amenities and facilities including accommodation, medical facilities, leave travel assistance, personal accident insurance, superannuation fund, retiring gratuity and provident fund benefits applicable to other employees occupying similar position within the same salary scale or grade, with authority severally to the Board of Directors or any of its Committees or the Executive Chairman & CEO to sanction at its/his discretion increment within the grade as the Board/Committee/Executive Chairman & CEO may deem fit and proper and to sanction, at its discretion and in due course, promotion to the next higher grade or grades together with the usual allowances and benefits as applicable to such higher grade or grades and to give increments within that grade or grades as the Board/Committee/ Executive Chairman & CEO may deem fit and proper."

"RESOLVED FURTHER that the remuneration payable to the incumbent as aforesaid will be subject to such modification(s) as the Central Government may suggest or require which the Executive Chairman & CEO be and is hereby authorized to accept on behalf of the Company and which may be acceptable to the incumbent."

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



(HARISH K. VAID)

Sr. President (Corporate Affairs) &
Company Secretary

New Delhi
May 30, 2010

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 Sh. V. P. Kapoor, F.C.S., A.I.C.W.A., LL.B., Practising Company Secretary as Scrutinizer and Ms. Sunita Mathur, F.C.S., 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 **July 16, 2010**.
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 may also be

deposited personally at the address given thereon. However the envelopes containing the **Postal Ballot should reach the Company not later than the close of working hours on Monday, August 30, 2010**. If the ballots are received thereafter they shall be deemed to be not received.

5. The result of the Postal Ballot shall be declared by the Chairman, or in his absence the declaration shall be read out by any other person authorized by the Chairman, **on Tuesday, August 31, 2010 at 4 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 declaration of the result by/on behalf of the Chairman. If the results of the Postal Ballots indicate 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 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 MAY 30, 2010 PURSUANT TO SECTION 173(2) READ WITH SECTION 192A (2) OF THE COMPANIES ACT, 1956 :-

Resolution No. 1

As the members are aware, the erstwhile Jaiprakash Power Ventures Limited (JPVL) was amalgamated into Jaypee Hydro Power Limited (JHPL) (both subsidiaries of your Company) and the name of JHPL was changed to Jaiprakash Power Ventures Limited.

The erstwhile JHPL was engaged in generation of hydro power from 300 MW Baspa-II hydro electric plant in Himachal Pradesh.

The erstwhile JPVL was operating a hydro electric plant of 400 MW at Vishnuprayag, Uttarakhand and was also developing new power projects viz. 1320 MW (2 X660 MW) Super Thermal Power Project at Nigrie, Distt. Singrauli, Madhya Pradesh, 450 MW Kynshi-II Hydro-electric project & 270 MW Umngot Hydro-electric project in the State of Meghalaya.

After the said amalgamation, the operational plants as well as the projects under implementation stood vested in the Transferee company, namely, JPVL.

Before the said amalgamation, the shareholders of the Company (JAL) had given approvals from time to time, in terms of the provisions of Section 372A of the Companies Act, 1956, for pledge of shares of erstwhile JPVL & erstwhile JHPL (held by JAL) in favour of their respective lenders.

Consequent to the said amalgamation, the new JPVL has now several set of lenders including:

- (i) Lenders having sanctioned securitization of receivables from Vishnuprayag plant (of erstwhile JPVL)
- (ii) Lenders having sanctioned securitization of receivables from Baspa II plant (of erstwhile JHPL) and

(iii) Lenders of 1320 MW Jaypee Nigrie Super Thermal Power Project (being developed by erstwhile JPVL)

Post amalgamation, new JPVL has represented to the Lenders not to insist for the pledge/Non disposal undertaking (NDU) of 51% of its shares held by JAL because post amalgamation, the subscribed equity share capital of the Transferee Company (erstwhile JHPL, now new JPVL) had increased from Rs.491 Crores to Rs.2095.67 Crores.

Accordingly, the condition of pledge of shares has been negotiated as under:

- a. Pledge of 62.91 Crore shares of Rs.10 each of JPVL, the merged entity, to be shared on pari-passu basis between the lenders of Baspa II, Vishnuprayag and Nigrie project.
- b. Additional pledge of 4.46 crore shares exclusively in favour of existing lenders of Baspa-II viz. Power Finance Corporation Ltd. (PFC) & Industrial Finance Corporation of India Ltd. (IFCI).

In addition, the following undertakings would also be provided by JAL:

- a. The Sponsor (JAL) undertaking that during the currency of the term debts of JPVL, it will not resort to any disinvestment that results in fall of the aggregate shareholding of the sponsor (JAL) in the Borrower company (JPVL) below 51%.
- b. Shortfall undertaking to meet cost overrun, if any, in favour of Lenders of JPVL.
- c. Sponsor Support Undertakings for equity investment of Rs.1800 Crores in 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 in case the same exceeds the prescribed limits.

The Company intends to meet the proposed obligations of meeting the short fall, if any, through its own resources including its internal accruals and raising of further funds from the market.

In the circumstances, Members' approval by way of Special Resolution is sought for providing of the requisite security by way of Pledge of equity shares of JPVL held by the Company and also providing of the aforesaid undertakings in favour of lenders of JPVL.

None of the Directors other than S/Shri Manoj Gaur, Sunil Kumar Sharma, SK Jain, RN Bhardwaj, BK Taparia, SC Bhargava, being common Directors of JAL & JPVL, may be deemed to be concerned or interested in the proposed Resolution.

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

Resolution No. 2

As you are aware JPSK Sports Private Limited (JPSK), a subsidiary of the Company, was incorporated with the object to develop facilities of international standard for Sports and Recreation activities, including Formula One Race Track and to carry out the business of real estate development.

JPSK's is in the process of raising Rupee Term Loans of Rs.900 Crores from Lenders including Yes Bank, Corporation Bank, UCO Bank, Punjab & Sind Bank, Karnataka Bank, State Bank of Hyderabad & State Bank of Indore, to meet further

requirements of funds for its Project. While sanctioning the term loans, inter-alia, the following conditions have been stipulated by the lenders :

- i. Non disposal undertaking (NDU) from Jaiprakash Associates Limited (JAL) for 51% shareholding of JPSK held by it.
- ii. Undertaking by JAL to fulfill shortfall, if any, in internal accruals forming part of the means of financing of JPSK, to the tune of approximately Rs.219 Crores, by way of unsecured sub-ordinated loan(s) to JPSK for the project.

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

The Company intends to meet the proposed obligations of meeting the short fall, if any, through its own resources including its internal accruals and raising of further funds from the market.

Shri Manoj Gaur & Shri Sunil Kumar Sharma, being common Directors of Jaiprakash Associates Limited & JPSK Sports Private Limited are deemed to be interested in the proposed Resolution.

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

Resolution No. 3

In terms of the approval under Section 372A of the Companies Act 1956, accorded by the shareholders of the Company on 12th March 2010, through postal ballots, authorizing the Company to make investment of upto Rs.200 Crores in Fertilizer Business, a new company under the name Jaypee Fertilizers & Industries Ltd., is being incorporated as a wholly owned subsidiary of your Company to make investment, in the structured manner, in the Fertilizer Plant located at Panki Industrial Area, Kanpur (UP) as per the Draft Rehabilitation Scheme submitted to the Board for Industrial & Financial Reconstruction (BIFR).

Keeping in view the potential of fertilizer industry in the country, the Board of Directors of your Company propose to undertake this business on a larger footing and invest **upto Rs.2500 crores**, in more than one tranches, by way of loans/acquisition of business/shares of one or more companies/entities, directly or in a structured manner, out of its own resources, viz. internal accruals/raisings through the market.

In terms of the provisions of the Section 372A of the Companies Act, 1956, investments by way of subscription, purchase or otherwise of the securities of any other body corporate or granting of loans, requires prior approval of shareholders by way of Special Resolution in case the same exceed the prescribed limits. Hence the proposal.

None of the Directors of the Company is deemed to be concerned or interested in the Resolution except the common Directors who might be on the Board (s) of such investee company (ies).

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

Resolution No. 4

During the course of implementation of various Projects, directly or through its subsidiaries, the Company receives equity funds or borrowed funds which are then invested in the said projects on a need based time schedule. In such process of receiving

funds and deploying funds, sometimes there is a time gap when the funds remain idle/ surplus. Similarly the funds generated through operations/ internal accruals also have a time gap before they are reinvested into business. Such surplus funds at present are being invested from time to time in debt based instruments/securities of bodies corporate/Schemes of Mutual Funds in terms of the approval given by the shareholders of the Company on September 29, 2009 upto an amount not exceeding Rs. 500 Crores (Rupees Five Hundred Crores only) at any one time to maximize return on investment.

The Company has almost exhausted the investment limit of Rs.500 Crores approved by the shareholders. Keeping in view the fact that further surplus funds may be generated in near future, the Company proposes to enhance the amount of investment of surplus funds into Mutual Fund Schemes, debt based instruments/securities of any government, semi-government or listed company(ies) to an amount not exceeding Rs. 2,000 Crores (Rupees Two Thousand Crores only) at any one time, in one or more tranches, from existing limit of Rs.500 Crores, to maximize the return thereon.

In terms of the provisions of the Section 372A of the Companies Act, 1956, investing such surplus funds in any other body corporate or acquiring by way of subscription, purchase or otherwise the securities of or providing loans to any other body corporate, requires prior approval of shareholders by way of Special Resolution, in case the loans, guarantees, securities or investments exceeds 60% of its paid-up share capital and free reserves or 100% of its free reserves, whichever is more.

None of the Directors is in any way concerned or interested in the proposed Resolution.

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

Resolution No. 5

The Members may recall that in terms of the Scheme of Amalgamation duly sanctioned by Hon'ble High Court of Judicature at Allahabad on 15th May, 2009, four erstwhile group Companies (viz. Jaypee Hotels Ltd., Jaypee Cement Ltd., Jaiprakash Enterprises Ltd. and Gujarat Anjan Cement Ltd.) stood merged with your Company (JAL) effective from May 27, 2009 (being the Effective Date).

In terms of Clause 14 of the said Scheme of Amalgamation, all

the employees of the said four Transferor Companies in service on the Effective date became the employees of your Company on such date without any break in service and on the same terms and conditions subsisting on the Effective Date.

Accordingly, from the Effective Date, i.e., 27th May, 2009, Ms. Neha Goyal (maiden name Ms. Neha Sharma), MBA, who was appointed as one of the Executives of the erstwhile Jaypee Hotels Limited w.e.f. 1st June, 2005, became an employee of your Company. Considering her qualifications, experience, and performance, it was decided to promote and re-designate her as Executive Additional General Manager w.e.f. 1st April, 2010 in the following pay scale:

Basic Pay : Rs.50,000/-p.m.

Pay Scale : Rs. 50,000-5,000-75,000-7,500-1,25,500/- with annual increment on 1st April each year.

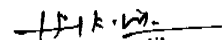
In addition to the salary, she shall be entitled to the usual allowances, perquisites and benefits, which include accommodation/HRA, medical reimbursement, LTC, Personal Accident Insurance, use of car and telephone, contribution to Provident Fund, gratuity etc., as per rules of the Company in vogue, the value whereof shall not exceed the annual salary.

Ms Neha Goyal is the daughter of Shri Sunil Kumar Sharma, Executive Vice Chairman of the Company and her remuneration in new pay scale, entitling her to monthly remuneration of more than Rs. 50,000, would require prior approval of Shareholders and the Central Government, in terms of Section 314(1B) of the Companies Act, 1956. After the consent of the members is so obtained, an application will be made to the Central Government for its approval.

None of the Directors except Shri Sunil Kumar Sharma, being father of the incumbent, is deemed to be interested in the Resolution.

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

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



(HARISH K. VAID)

Sr. President (Corporate Affairs) &
Company Secretary

New Delhi
May 30, 2010