

JAIPRAKASH ASSOCIATES LIMITED

Regd. Office: Sector 128, Noida – 201 304, U.P. (India)
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. Increase in the limit of investment by Foreign Institutional Investors (FIIs) in the Company's Equity Share Capital to 45%.

"RESOLVED that pursuant to the provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and all other applicable Rules, Regulations, Guidelines and laws (including any statutory modifications or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall include a duly authorized Committee of Directors for the time being exercising the powers conferred by the Board of Directors), consent of the Company be and is hereby accorded to the Board of Directors of the Company to permit Foreign Institutional Investors (FIIs) registered with The Securities and Exchange Board of India (SEBI) to acquire and hold on their own account and on behalf of each of their SEBI approved sub-accounts, shares of the Company upto an aggregate limit of 45% (Forty Five per cent) of the paid-up equity share capital for the time being, provided, however, that the equity shareholding of each FII on his own account and on behalf of each of SEBI approved sub-account in the Company shall not exceed 10% (Ten per cent) of the total paid-up equity share capital or such limits as are

or may be prescribed, from time to time, under applicable laws, rules and regulations."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto including delegating all or any of the powers conferred herein to any Committee of Directors or any Director or Officer of the Company."

2. Investment in the Special Purpose Vehicle to be incorporated as a Joint Venture Company with Gujarat Mineral Development Corporation Limited

"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 and such other approvals as may be required, the Board of Directors of the Company be and is hereby authorized to make an initial investment of up to Rs.300 Crores (Rupees Three Hundred Crores only) to acquire up to 30,00,00,000 fully paid equity shares of Rs.10/- each at par, in one or more tranches, of a new company to be incorporated as a Joint Venture Company with Gujarat Mineral Development Corporation Limited, with the name **Gujarat Jaypee Cement and Infrastructure Limited** or such other name as may be made available by the Registrar of Companies, 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."

3. Investment in Special Purpose Vehicle to be incorporated as a wholly owned subsidiary for development of Zirakpur – Parwanoo Bypass Project on BOT basis

“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 and such other approvals as may be required, the Board of Directors of the Company be and is hereby authorized to make an initial investment of up to Rs.10 Crores (Rupees Ten Crores only) to acquire up to 1,00,00,000 fully paid equity shares of Rs.10/- each at par, in one or more tranches, in the Special Purpose Vehicle to be incorporated, initially as a Wholly Owned Subsidiary of the Company, for development of Zirakpur – Parwanoo Bypass Project on BOT basis, 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.”

As Ordinary Resolution:

4. Appointment and remuneration of Shri A K Jain as a Wholetime Director, designated as Joint Managing Director

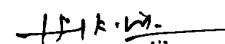
“RESOLVED that in accordance with the provisions of Sections 269, 198 & 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any Statutory amendment or re-enactment thereof, and subject to such other approvals, as may be necessary, approval of the Company be and is hereby accorded to the appointment of Shri A.K. Jain as a wholetime Director, designated as Joint Managing Director, of the Company for a period of five years commencing from March 1, 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 A.K. Jain, 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 A.K. Jain, in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment.”

By Order of the Board
For Jaiprakash Associates Limited



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

Place : New Delhi

Dated : March 1, 2007

NOTES:

1. Explanatory Statement and reasons for the proposed special business under serial numbers **1 to 4** 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, Practising Company Secretary as Scrutinizer and Ms. Sunita Mathur 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, March 2, 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 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 **Monday, April 9, 2007.**
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 Tuesday, April 10, 2007 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 Ballot 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 may do so. 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 all the documents referred to in 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 MARCH 1, 2007 PURSUANT TO SECTION 173(2) READ WITH SECTION 192A(2) OF THE COMPANIES ACT, 1956:

Item No.1

In terms of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Foreign Institutional Investors (FIIs)/SEBI approved sub-account of FIIs can, in aggregate, hold upto 24% of paid-up equity capital. The said Regulations further provide that the limit of 24% may be increased upto the sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body.

The present level of holding of FIIs in the equity capital of the Company is nearing the cap of 24%.

Keeping in view the Foreign Currency Convertible Bonds issued by the Company which are pending conversion, the interest of the FIIs in the shares of your Company and the inherent advantage thereof to the shareholders at large, the Board of Director have, at their meeting held on March 1, 2007, decided to increase the limit of FIIs' holding from 24% to 45%, subject to the requisite approval of the shareholders. Hence the proposed resolution.

The Resolution set out at Item No. 1 of the Notice will also enable the FIIs to acquire shares of the Company through Stock Exchanges within the revised ceiling under the Portfolio Investment Scheme of the Reserve Bank of India.

None of the Directors of the Company are in any way concerned or interested in the Resolution.

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

Item No.2

The Company has entered into an agreement dated January 8, 2007 with Gujarat Mineral Development Corporation Limited (**GMDC**) for formation of a Joint Venture Company (JV Company) with GMDC, with the name **Gujarat Jaypee Cement and Infrastructure Limited** or such other name as may be made available by the Registrar of Companies, for setting up of Cement Manufacturing Plant, Captive Power Plant and Captive Jetty in Kutch District of Gujarat. It also envisages, as going forward, setting up of intergrated mineral based industries and Special Economic Zone (SEZ).

Other salient features of the said agreement are as under:

1. The equity participation of the Company (and its Associates) and GMDC (and its Associates) would be in the ratio of 74:26.
2. The Management control of the JV Company would vest in your Company. Both JAL and GMDC would be entitled to nominate directors to the Board of the JVC in proportion to the equity held by them.
3. GMDC would make available to the JV Company its requirement of limestone, lignite etc. for Cement Plant of 2.4 MTPA capacity on priority basis.

Keeping in view the requirement of funds for the Phase I-2.4 MTPA capacity Cement Project alongwith captive power plant, your Company proposes to make an initial investment of Rs.300 Crores in the equity share capital of the JV Company, in a phased manner out of its resources, which would attract provisions of Section 372A of the Companies Act, 1956 requiring your approval by way of Special Resolution.

Accordingly, the proposal is being placed before you for your approval for the Company making investment/acquiring shares in the equity share capital of the proposed JV Company, as aforesaid, notwithstanding the fact that such investment will exceed the percentages prescribed under Section 372A of the Act.

None of the Directors of the Company, except those who might be nominated to be the joint subscribers/Directors of the proposed JV Company, is in any way concerned or interested in the Resolution.

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

Item No.3

The proposal of your Company for "Design, Engineering, Construction, Development, Finance, Operation & Maintenance of Zirakpur – Parwanoo including Pinjore – Kalaka - Parwanoo Bypass from Km 39.860 to km 67.000 of NH – 22 covering the States of Punjab, Haryana & Himachal Pradesh on BOT basis" has been

accepted by National Highways Authority of India vide Letter of Acceptance (LOA) No. NHA/BOT-II/11019/1/2006/1448 of February 17, 2007, declaring the Company as the "Successful Bidder". The Concession Period is 20 (twenty) years including Construction Period of 30 (thirty) months.

In terms of the LOA, the Company is required to incorporate a Special Purpose Vehicle (SPV), which would initially be the wholly owned subsidiary of your Company, solely for the purpose of domiciling the Project.

Keeping in view the initial requirement of funds for the said Project, your Company proposes to make an initial investment of Rs.10 Crores in the equity share capital of the SPV to be incorporated as a separate company, in a phased manner out of its resources, which would attract provisions of Section 372A of the Companies Act, 1956 requiring your approval by way of Special Resolution.

Accordingly, the proposal is being placed before you for your approval for the Company making investment/acquiring shares in the equity share capital of the proposed SPV, as aforesaid, notwithstanding the fact that such investment will exceed the percentages prescribed under Section 372A of the Act.

None of the Directors of the Company, except those who might be nominated to be the joint subscribers/Directors of the proposed SPV, is in any way concerned or interested in the Resolution.

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

Item No.4

As you are aware, the Company has undertaken expansion of its Cement manufacturing capacity at various locations which include setting up of green field projects. With a view to strength 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 March 1, 2007, have appointed Shri A. K. Jain as a whole-time Director, designated as Joint Managing Director for a period of five years commencing from March 1, 2007, on the following remuneration:

Basic Salary – Rs.3,00,000/- p.m.
(in the Pay Scale of Rs.2,00,000-25,000-3,25,000-30,000-4,75,000/-)

Besides the above salary, Shri Jain 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 Board has authorized the Executive Chairman to fix the inter-se limits of the aforesaid perquisites.

The above remuneration shall also be paid as minimum remuneration in the event of absence or inadequacy of profit in any year during the tenure of Shri A. K. Jain. The proposed remuneration of Shri A. K. Jain has been duly approved by the Remuneration Committee.

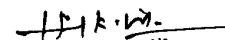
Shri A. K. Jain, aged 59 years, is a B.Tech (Hons.) in Chemical Engineering from IIT, Mumbai. Shri Jain has rich and varied experience of over 37 years in various functions of the Cement Industry. He is a member of the Managing Committee of Cement Manufacturers' Association and was also the Chairman of its Apex Marketing Committee. He had been on the Boards of various Companies including The ACC Limited, Almatiss-ACC Limited, Bulk Cement Corporation (India) Limited, Tarmac(India) Pvt. Ltd., The Cement Marketing Co. (I) Ltd., Damodhar Cement & Slag Ltd., Everest Industries Limited, International Ferrites Ltd. and Bargarh Cement Ltd.

Your Directors feel that his appointment shall be in the interest of the Company.

No Director except Shri A.K. Jain himself is deemed to be interested in the said resolution.

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 : March 1, 2007