

JAIPRAKASH ASSOCIATES LIMITED

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



NOTICE

To
The Members,

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

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

As Special Resolutions:

1. Making investment in a Special Purpose Vehicle to be incorporated as a wholly owned subsidiary of the Company for implementation of the Taj Expressway Project.

“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 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, of a new company to be incorporated as a Special Purpose Vehicle, for implementation of the Taj Expressway Project, with the name of **Jaypee Infratech Limited** or such other name as may be made available by the Registrar of Companies, Uttar Pradesh & Uttaranchal, 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 or Directors or any other Officer or Officers of the Company.”

As Ordinary Resolutions:

2. Transfer of the Taj Expressway Project (Project) to a Special Purpose Vehicle to be incorporated as a wholly owned subsidiary of the Company for implementation of the Project.

“RESOLVED THAT pursuant to the provisions of Section 293 (1) (a) and other applicable provisions, if any, of the

Companies Act, 1956 and subject to such approvals and consents as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for transfer of the Taj Expressway Project (**Project**) of the Company along with all the estates, rights, titles, interests, assets, liabilities and obligations of the said Project as a going concern to a new Company to be incorporated as a Special Purpose Vehicle for implementation of the Taj Expressway Project, with the name of **Jaypee Infratech Limited** or such other name as may be made available by the Registrar of Companies, Uttar Pradesh & Uttaranchal, by such mode and terms of transfer as the Board of Directors may deem fit, proper and expedient, for a consideration that may be mutually agreed between the Company and the said new Company, but not lower than the book value of the assets to be transferred, to be satisfied by the later allotting in favour of the Company such number of Equity Shares of **Rs. 10/- each** fully paid-up at par, on such dates, with liberty to the Board of Directors to receive part consideration in cash, within such time, with such interest and on such terms and conditions as may be mutually agreed upon between the two Companies.”

“RESOLVED FURTHER that for the purpose of giving effect to the aforesaid resolution 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 in the best interest of the Company”.

“RESOLVED FURTHER that the Board of Directors be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or Executive Chairman or Whole-time Director or any Director or Directors or any other Officer or Officers of the Company to give effect to the aforesaid Resolution.”

3. Creation of second charge on the fixed assets of the Company in favour of the lenders for working capital facilities

“RESOLVED THAT pursuant to the provisions of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals and consents as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for creation of the second charge on all immovable and movable properties of the Company, wheresoever situate, present and future, in favour of the lenders for working capital facilities being non-fund based limits amounting to Rs. 1025 lacs from Canara Bank, Rs. 600 lacs from Oriental Bank of Commerce and Rs. 28027 lacs from IDBI Limited (Is it not IDBI Bank Limited?), aggregating Rs. 29652 lacs 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 lenders under respective loan agreements entered/ to be entered into by the Company in respect of the aforesaid loans."

"RESOLVED FURTHER that the charge created/ to be created as above shall rank subsequent and subservient to the mortgages/ charges created/ to be created in favour of Banks / Financial Institutions, etc. for various Term Loans, etc. given by them or Debentures allotted to them."

4. Increase in remuneration of Shri Manoj Gaur on his appointment as Executive Chairman :

"RESOLVED that in partial modification of the Resolution passed at the 9th Annual General Meeting of the Company held on October 27, 2006 in respect of the terms of appointment of Shri Manoj Gaur as Managing Director of the Company and in accordance with the provisions of Sections 198, 309, 310 & 311 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 redesignation of Shri Manoj Gaur as Executive Chairman, with substantial powers of management of the affairs of the Company, w.e.f. January 01, 2007 and to the increase in remuneration paid or payable to Shri Manoj Gaur, Executive Chairman of the Company with effect from January 01, 2007 for the balance period of his existing term, 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 the Executive Chairman including relating to remuneration, as it may, at its discretion, deem fit, from time to time, provided however that the increased remuneration 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 revised remuneration, as set out in the annexed Explanatory Statement, be paid as minimum remuneration to Shri Manoj Gaur in the event of loss or inadequacy of profits in any financial year during the residual tenure of his appointment."

5. Increase in remuneration of Shri Sunil Kumar Sharma on his appointment as Executive Vice Chairman :

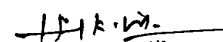
"RESOLVED that in partial modification of the Resolution passed at the 9th Annual General Meeting of the Company held on October 27, 2006 in respect of the terms of appointment of Shri Sunil Kumar Sharma and in accordance with the provisions of Sections 198, 309, 310 & 311 read with Schedule XIII and 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 redesignation of Shri Sunil Kumar Sharma as Executive Vice Chairman of the Company, w.e.f. January 01, 2007 and to the increase in remuneration paid or payable to Shri Sunil Kumar Sharma, Executive Vice Chairman of the Company with effect from January 01, 2007 for the balance

period of his existing term, 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 the Executive Vice Chairman including relating to remuneration, as it may, at its discretion, deem fit from time to time provided however that the increased remuneration 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 revised remuneration, as set out in the annexed Explanatory Statement, be paid as minimum remuneration to Shri Sunil Kumar Sharma in the event of loss or inadequacy of profits in any financial year during the residual tenure of his appointment."

By Order of the Board
For Jaiprakash Associates Limited



(HARISH K. VAID)

President

(Corporate) &

Company Secretary

Place : New Delhi

Dated : January 11, 2007

NOTES:

1. Explanatory Statement and reasons for the proposed special business under serial numbers **1 to 5** above pursuant to Section 173(2) read with Section 192A(2) of the Companies Act, 1956 are given hereunder.
2. The Company has appointed Shri T.V. Narayanaswamy, FCS, Practicing Company Secretary as Scrutinizer and Shri KK Malhotra, FCS, Practicing Company Secretary as Alternate Scrutinizer for the purpose of Postal Ballot exercise.
3. The Notice is being sent under certificate of posting to all the members whose names would appear in the Register of Members as on **Friday, February 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, March 12, 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 Thursday, March 15, 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 time of declaration

of the result may do so at the venue. The result of the Postal Ballot shall also be announced through a newspaper advertisement and the website of the Company www.jalindia.com.

6. A copy of 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. 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 JANUARY 11, 2007 PURSUANT TO SECTION 173(2) READ WITH SECTION 192A(2) OF THE COMPANIES ACT, 1956:

Item No.1 and Item No. 2

As the members are aware, Taj Expressway Project (Project) comprising 160 Kms. long six lane access controlled Expressway with provision for expansion to eight lane in future, with service roads and associated structures as per requirement was awarded by Taj Expressway Industrial Development Authority (TEA) to the Company on Build, Own, Operate and Transfer basis and a Concession Agreement was accordingly executed between TEA and the Company on 7.2.2003.

In terms of the said Concession Agreement, the Project is to be implemented by the Concessionaire at its own cost who would be entitled to levy and collect toll from the users of the Expressway for a period of 36 years from the date of commencement of commercial operation of the Expressway. The Concessionaire is also entitled to develop 25 million sq. meters of land to be made available by TEA at acquisition cost at five or more locations along the Expressway (for what purpose?). The land for Expressway itself shall also be made available by TEA at acquisition cost.

The Concession Agreement provides for transfer of Concessionaire's rights and obligations under the Concession Agreement to a Special Purpose Vehicle (SPV) in case the TEA and the Company consider it necessary.

In terms of the said provision of the Concession Agreement, TEA has vide its letter No. _____ dated _____ advised the Company that necessary action be initiated to form a SPV for Taj Expressway Project. Agreeing to the advice of TEA, the Board of Directors of the Company also feel that it would be better to transfer the Taj Expressway Project to SPV, inter-alia, for the following reasons :

- i) Being an infrastructure project, it would be easier to raise funds for the same at minimum cost if the project is exclusively in a separate company;
- ii) Implementation of the Project through SPV would build distinct identity, visibility and immense potential for higher market capitalisation.
- iii) The Project will need special staff in various categories related to Expressway and Real Estate and therefore it will provide administrative convenience if the project is exclusively implemented through a separate company.
- iv) The Project being an infrastructure project would be entitled to Income Tax benefits under Section 80IA and therefore it will be better to have separate identity and accounts for the same.

Having regard to the aforesaid facts and circumstances, especially the provisions of the Concession Agreement and the advice of TEA, it is proposed to incorporate a new company by the name of Jaypee Infratech Limited (JIL) which shall initially be the wholly owned subsidiary of your Company and to transfer all rights and obligations under the Concession Agreement to the said Company. The Registrar of Companies, UP & Uttaranchal has vide letter No. NM 567 dated 7th December, 2006 has confirmed the availability of said name for the proposed SPV. The transfer of Assets and Liabilities of the Project as on 31st March, 2007 shall be done as a going concern upon receipt of approval of the shareholders. The purchase considerations for the transfer will partly be paid by allotment of shares in the name company for consideration other than cash and the balance will be paid in cash within such period and on such terms as may be mutually agreed upon between the company and JIL.

Your company proposes to make an initial investment of Rs.10 crores in the equity capital of JIL which would attract the 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 share capital of JIL, as aforesaid, notwithstanding the fact the such investment will exceed the percentages prescribed under Section 372A of the Act.

The proposed transfer of the rights and obligations including all assets and liabilities of the Project, as stated above, requires your consent under Section 293(1)(a) of the Companies Act and the proposed acquisition of shares by the Company in JIL thereby making JIL as its subsidiary, requires your approval under Section 372A of the Act.

None of the Directors except those who might be nominated to be the joint subscribers / Directors of JIL, is interested in the resolution. The Directors comment the passing of said resolution.

Item No. 3

To meet its requirement of working capital funds by way of non-fund based limits, such as limits for letter of credit and limits for bank guarantees, the Company has raised/obtained sanction for non-fund based limits amounting to Rs. 1025 lacs from Canara Bank, Rs. 600 lacs from Oriental Bank of Commerce and Rs. 28027 lacs from IDBI Bank Limited, aggregating Rs. 29652 lacs.

Aforesaid facilities are to be secured by way of second charge, ranking *pari passu* with the existing second charge holders, on all immovable and movable properties of the Company, wheresoever situate, present and future.

Such charge created/ to be created shall, however, rank subsequent and subservient to the mortgages/ charges created/ to be created in favour of Banks/ Financial Institutions, etc. for various Term Loans, etc. given by them or Debentures allotted to them.

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

None of the Directors of the Company is in any way concerned or interested in the resolution except Dr. B Samal, Nominee Director of IDBI Limited.

Your Directors commend the resolution for your approval.

Item No. 4 and Item No.5

Members are aware about the following remunerations passed for appointment of Managing and Whole-time Directors and fixation / revision in their remuneration in the past:

- (i) Resolution passed at the 7th Annual General Meeting of the Company held on September 29, 2004 for the appointment and terms of remuneration of Managing Directors and whole-time Directors;
- (ii) Resolution passed through Postal Ballot, results whereof were declared on February 25, 2006, for the re-appointment and terms of remuneration of Shri Manoj Gaur as Managing Director; and
- (iii) Resolution passed at the 9th Annual General Meeting of the Company held on October 27, 2006 for the terms of remuneration of Managing Directors and whole-time Directors.

Shri Jaiprakash Gaur, the founder Chairman of the Company, tendered his resignation from the Board of Directors which was accepted by the Board at its meeting held on December 27, 2006. In the said meeting, the Board of Directors decided, having regard to the long experience and contributions made by Shri Manoj Gaur and Shri Sunil Kumar Sharma to elevate Shri Manoj Gaur as Executive Chairman. It was also decided that he shall continue to be the CEO of the Company. Further, in the said meeting of the Board, Shri Sunil Kumar Sharma was also elevated as Executive Vice-Chairman.

As approved by the above referred Resolutions, the present scales and salary of Shri Manoj Gaur, Executive Chairman & CEO and Shri Sunil Kumar Sharma, Executive Vice Chairman are as under:

Name	Tenure upto	Pay Scale & Basic (Rs.)
Shri Manoj Gaur	31-3-2011	3,00,000-30,000-4,50,000- 40,000-6,50,000 Basic 3,00,000
Shri Sunil Kumar Sharma	17-3-2009	3,00,000-30,000-4,50,000-40,000-6,50,000 Basic 3,00,000

Considering the impressive growth of the Company the major expansion in hand and under contemplation; and keeping in view the position of the Company and the remuneration of comparable positions in the industry, it is proposed to increase the remuneration of Shri Manoj Gaur and Shri Sunil Kumar Sharma as under:

Shri Manoj Gaur Executive Chairman	Rs. 7,50,000-75,000-11,25,000 Basic Rs. 7,50,000 p.m.
Shri Sunil Kumar Sharma Executive Vice Chairman	Rs. 7,00,000-70,000-10,50,000 Basic Rs. 7,00,000 p.m.

Besides the salary, the Executive Chairman and the Executive Vice- Chairman 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., shall be allowed in addition to salary. 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.

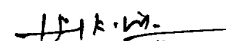
The above remuneration shall also be paid as minimum remuneration in the event of absence or inadequacy of profit in any year during the remaining tenure of these Directors.

The proposed remuneration is within the permissible limits of Section 198 of the Companies Act, 1956.

The said increase in the remuneration of the Executive Chairman and the Executive Vice-Chairman has been duly approved by the Remuneration Committee as well as by the Board of Directors in their meetings held on January 11, 2007. Shri Manoj Gaur, Shri Sunny Gaur and Shri Samir Gaur being brothers are deemed to be interested in the Resolution. Shri Sunil Kumar Sharma is individually interested in this Resolution.

Your Directors commend the resolutions for your approval.

By Order of the Board
For Jaiprakash Associates Limited



(HARISH K. VAID)

President

(Corporate) &

Company Secretary

Place : New Delhi

Dated : January 11, 2007