



**JAIPRAKASH**  
ASSOCIATES LIMITED

## ANNUAL REPORT 2008-09



450 MW Baglihar HEP, J&K



Construction  
Power  
Cement  
Hospitality  
Real Estate

— NO DREAM TOO BIG —

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# **“Entrepreneur of the Year Award”**



*“Entrepreneur of the Year Award” was conferred on  
Shri Jaiprakash Gaur, Founder Chairman, Jaypee Group  
for his exceptional contribution in Infrastructure & Construction sector  
by Ernst & Young*

## Other Accolades

- 300 MW Baspa – II Hydro-power project was awarded “Gold Shield” by Hon'ble President of India Smt. Pratibha Devisingh Patil in the prestigious National Awards for Meritorious Performance in Power Sector by the Ministry of Power for 2007-08
- 400 MW Vishnuprayag Hydro-power project of Jaiprakash Power Ventures Ltd (JPVL) was awarded 1<sup>st</sup> Prize in the category "Excellence in Fast Track Power Project Execution - Hydro" by the Indian Electrical and Electronics Manufacturers Association (IEEMA) Power Awards 2008
- National Safety Award for the year 2006 to Jaypee Rewa Plant for longest Accident Free Period
- Jaypee Greens awarded Best Golf Development and Best Apartment by CNBC Asia-Pacific Property Awards 2008
- FLS (F.L. Smidth) Energy Award 2007 for Maximum percentage reduction in Thermal Energy (Kcal) consumption per kg. of Clinker production over year 2005-06 (Jaypee Rewa Plant) & Minimum percentage of Auxiliary power consumption with respect to Thermal Power Generation in M.P., Chattisgarh States in the year 2006-07 (Jaypee Bela Unit, Captive Power Plant, 2006-07)
- Award presented for Overall Performance, 'Use of Explosives & Dust Suppression and Safety Education during Metalliferous Mines Safety Week Celebration (Jabalpur Region) to Naubasta Limestone Mine of Jaiprakash Associates Limited

2009

2008

## Financial Highlights

	2007-08 (Rs. Crore)	2008-09 (Rs. Crore)	% Change
Gross Revenue	4261	6148	44%
Profit Before Tax	843	1251	48%
Net Profit	610	897	47%
Total Assets	17130	25557	49%
Dividend	50%	50%	–





2007



2 MnTPA Dalla Cement Plant, U.P.

2009

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2007



2.5 MnTPA Chunar Cement Plant, U.P.

2009

**Company Secretary**

Harish K. Vaid  
Sr. President (Corporate Affairs) &  
Company Secretary

**Auditors**

M/s. M.P. Singh & Associates  
New Delhi-110057

**Bankers**

Allahabad Bank  
Andhra Bank  
AKA Export Finance Bank  
Axis Bank Limited  
Bank of Baroda  
Bank of Bhutan  
Bank of India  
Bank of Maharashtra  
Canara Bank  
Central Bank of India  
Citi Bank N.A.  
Corporation Bank  
Export Import Bank of India  
HDFC Bank  
HSBC Ltd.  
ICICI Bank Limited  
Indian Bank  
Indian Overseas Bank  
Industrial Bank Ltd.  
Karur Vysya Bank  
Karnataka Bank  
Kotak Mahindra Bank  
Oriental Bank of Commerce  
Punjab National Bank  
Punjab & Sind Bank  
Refidian Bank, Iraq  
Royal Bank of Scotland  
Standard Chartered Bank  
State Bank of India  
State Bank of Hyderabad  
State Bank of Indore  
State Bank of Mysore  
State Bank of Patiala  
State Bank of Sikkim  
State Bank of Travancore  
State Bank of Bikaner & Jaipur  
Syndicate Bank  
The Jammu & Kashmir Bank Limited  
UCO Bank  
Union Bank of India  
United Bank of India  
Yes Bank Limited

**Board of Directors**

Jaiprakash Gaur, Founder Chairman  
Manoj Gaur, Executive Chairman & CEO  
Sunil Kumar Sharma, Executive Vice Chairman  
Sarat Kumar Jain, Vice Chairman  
A.K. Sahoo (LIC Nominee)  
K.P. Rau (IDBI Nominee)  
Gopi K. Arora  
R.N. Bhardwaj  
S.C. Bhargava  
B.K. Goswami  
B.K. Taparua  
S.C. Gupta  
M.S. Srivastava  
Sunny Gaur, Managing Director (Cement)  
Pankaj Gaur, Joint Managing Director (Construction)  
R.K. Singh, Whole-time Director  
Ranvijay Singh, Whole-time Director  
S.D. Nailwal, Director (Finance)

Rahul Kumar, CFO

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**Registered &  
Corporate Office**  
Sector-128, NOIDA-201 304  
Uttar Pradesh

**Delhi Office**  
'JA House', 63, Basant Lok,  
Vasant Vihar, New Delhi – 110 057

**Website**  
[www.jalindia.com](http://www.jalindia.com)

**E-mail ID for Investors**  
[jal.investor@jalindia.co.in](mailto:jal.investor@jalindia.co.in)

## NOTICE

**NOTICE** is hereby given that the **12<sup>th</sup> Annual General Meeting** of the Members of **Jaiprakash Associates Limited** will be held on **Tuesday, September 29, 2009 at 11.00 A.M.** at the Auditorium of Jaypee Institute of Information Technology University, A-10, Sector 62, NOIDA- 201 307, U.P. to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the audited **Balance Sheet** as at **March 31, 2009**, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To confirm interim dividends and declare final **dividend** for the financial year 2008-09.
3. To appoint a Director in place of **Shri Sunny Gaur** who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Shri S.C. Gupta** who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of **Shri Gopi K. Arora** who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a Director in place of **Shri Sarat Kumar Jain** who retires by rotation and, being eligible, offers himself for re-appointment.
7. To appoint a Director in place of **Shri Ranvijay Singh** who retires by rotation and, being eligible, offers himself for re-appointment.
8. To appoint **M/s M.P. Singh & Associates**, Chartered Accountants, as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### Special Business

To consider and, if thought fit, to pass, with or without modification(s), the following resolutions:

#### As Special Resolutions:

##### 9. EMPLOYEES STOCK PURCHASE SCHEME

“RESOLVED THAT approval of the shareholders be and is hereby accorded to Employee Stock Purchase Scheme of the Company, to be known as “Jaypee Employee Stock Purchase Scheme, 2009” (hereinafter referred to as the ‘Scheme’) for offering and allotting upto 1,25,00,000 (ONE CRORE TWENTY FIVE LACS) Equity Shares of Rs. 2/- each of the Company at a price of Rs. 60/- per share, comprising of Rs.2/- towards share capital and balance Rs. 58/- towards Securities premium, to the Trust to be created for administering the Scheme and for the benefit of the employees (including Directors) of the Company, excluding employees who are promoters or belong to the promoter group and Directors, who individually either by themselves or through their relatives or through any body corporate, directly or indirectly hold more than 10% of the equity shares of the Company, on the terms and conditions contained in the Scheme, as set out in the Explanatory Statement annexed hereto, subject to such amendment(s)/ modification(s)/revision(s) as may be considered necessary and approved by the Board of Directors, in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.”

“RESOLVED FURTHER THAT in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the equity shares under the “Jaypee Employee Stock Purchase Scheme, 2009” be also

offered through the said Trust to the employees (including Directors) of the subsidiaries of the Company excluding the employees of the subsidiaries who form part of the promoter group of the respective subsidiaries and Directors of subsidiaries who individually either by themselves or through their relatives or through any body corporate, directly or indirectly hold more than 10% of the equity shares of the respective subsidiaries, on the terms and conditions contained in the Scheme and the authorities and the powers given by the underlying resolutions shall apply mutatis mutandis to the equity shares being offered to the employees of the Company’s subsidiaries as set out herein.”

“RESOLVED FURTHER THAT in accordance with the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and the enabling provisions of the Memorandum and Articles of Association of the Company, and the prevailing statutory guidelines in that behalf and subject to requisite consents, permissions and approvals and/or sanctions as may be required (hereinafter singly or collectively referred to as “the requisite approvals”) and subject to such conditions as may be prescribed or imposed by any one/all authorities while granting the requisite approvals and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of Directors, for the time being, duly authorised by the Board to exercise the powers conferred on the Board by this resolution), consent of the Company be and is hereby accorded to the Board, to issue upto ONE CRORE TWENTY FIVE LACS Equity Shares of the Company at a price as mentioned above, to the said Trust for administering the Scheme including for ultimate transfer to such eligible employees of the Company and its subsidiaries under the Scheme, whether shareholders of the Company or not, on terms and conditions as the Board may in their absolute discretion think fit, in compliance with the guidelines issued by Securities and Exchange Board of India.

“RESOLVED FURTHER THAT the Company shall conform to the accounting policies specified in clause 19.2 of the Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of the shares so issued under the Scheme.”

“RESOLVED FURTHER THAT such shares as are issued by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing fully paid-up shares of the Company including to the dividend.

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing the shares allotted under the Scheme, on the Stock Exchanges where the Company’s shares are listed, as per the terms and conditions of the listing agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred including the power to sub-delegate to any Committee of Directors of the Company to give effect to the aforesaid resolution.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to do all things necessary and to take all such action as may be necessary or expedient to settle all questions, difficulties or doubts that may arise while implementing the Scheme including formulating or amending or altering or adopting any modifications or redefining the proposal or Scheme of Employees Stock Purchase based on the guidelines issued



by the Securities and Exchange Board of India or any other statutory authority from time to time, as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise, with the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

#### **10. INVESTMENT OF SURPLUS FUNDS OF THE COMPANY IN DEBT INSTRUMENTS/SECURITIES**

"RESOLVED THAT 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. 500 Crores (Rupees Five Hundred Crores only) at any one time, in one or more tranches, notwithstanding the fact that the aggregate of the investments so far made, securities so far provided, loans/ guarantees so far given by the Company alongwith the proposed investments/loans, shall 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."

#### **11. ADDITIONAL INVESTMENT OF UPTO RS.200 CRORES THROUGH EQUITY/DEBT/PROVIDING OF SECURITY/GUARANTEE IN BHILAI JAYPEE CEMENT LIMITED & BOKARO JAYPEE CEMENT LIMITED**

"RESOLVED THAT pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of financial institutions and such other approvals as may be required, the Board of Directors of the Company be and is hereby authorised to make additional investment of upto Rs. 200 Crores (Rupees Two Hundred Crores only) in aggregate in two subsidiaries of the Company viz. Bhilai Jaypee Cement Limited & Bokaro Jaypee Cement Limited by way of acquiring upto 20 crores fully paid equity shares of Rs.10/- each at par of the said subsidiaries and/or giving loans or giving guarantees or providing security (including giving Sponsor Support/Shortfall Undertakings) in connection with a loan given by any other person to the said subsidiaries , notwithstanding the fact that the aggregate of the investments so far made, securities so far provided, loans/guarantees so far given by the Company alongwith the proposed investment(s), 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."

#### **As Ordinary Resolution:**

#### **12. CREATION OF SECURITY IN FAVOUR OF LENDERS**

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of **Section 293(1)(a)** and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to **mortgage and/or charge**, subject to the existing charges, immovable and movable properties of the Company, wheresoever situate, present and future, in such manner as may be decided in consultation with the term lending Institutions/ Banks/ Debenture Trustees to or in favour of (i) Punjab National Bank (PNB) as term loan provider and (ii) IDBI Trusteeship Services Limited (as Trustees for NCDs) to secure:-

- a) Rupee Term Loan of Rs. 500 Crores from PNB;
- b) 5000 – 11.75% Non-convertible Debentures (NCDs) of the Company of Rs. 10 lacs each, aggregating Rs.500 Crores privately placed with ICICI Bank Limited, IDBI Trusteeship Services Ltd. acting as Trustees for NCDs; and
- c) 9000 – 11.75% Non-convertible debentures (NCDs) of the Company of Rs.10 lacs each, aggregating Rs.900 Crores privately placed with various parties through Sole Book Runner & Lead Arranger Standard Chartered Bank, IDBI Trusteeship Services Ltd. 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, Trustees' remuneration and other monies payable by the Company to PNB and ICICI Bank Limited under respective loan agreements / debenture subscription agreement entered into by the Company in respect of the aforesaid loans/ NCDs."

By Order of the Board  
**For JAIPRAKASH ASSOCIATES LIMITED**

**HARISH K. VAID**

Place : New Delhi.

Sr. President (Corporate Affairs) &

Date : July 25 , 2009

Company Secretary

#### **NOTES**

- (i) Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolutions set out under **item Nos. 9 to 12** is annexed hereto.
- (ii) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
- (iii) Corporate Members intending to send their respective authorized representatives are requested to send a duly certified copy of the Board/Governing Body resolution authorizing such representatives to attend and vote at the Annual General Meeting.
- (iv) All documents referred to in the Notice and accompanying Explanatory Statement, as well as the Annual Report and Annual Accounts of the subsidiary companies whose Annual Accounts have been consolidated with that of the Company, are open for inspection at the Registered Office of the Company on all working days, except Sunday and other holidays, between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.
- (v) The Register of Members and Share Transfer Books will remain closed from September 24, 2009 to September 29, 2009 (both days inclusive) for payment of final dividend. The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after October 19, 2009 to the Members, or their mandatee, subject to the provisions of Section 206A of the Companies Act, 1956, whose names appear on the Company's Register of Members as at the close of business hours on September 23, 2009. In respect of dematerialized shares, the dividend will be payable to the "Beneficial Owners" of the shares, whose names appear in the Statement of Beneficial Ownership, as at the close of business hours on September 23, 2009, furnished by the National Securities Depository Limited and Central Depository Services (India) Limited.

(vi) Members holding shares in electronic form may please note that: (a) the dividend, when declared, will be credited to their respective Bank Accounts as furnished to the respective Depository Participants, through Electronic Clearing Service (ECS), where this facility is available; (b) in other cases, Bank details as furnished to the respective Depository Participants will be printed on the Dividend Warrants as per the applicable regulations. The Company shall not entertain any direct request from such Members for deletion of / change of such Bank details. Further, it may be noted that instructions, if any, already given by the Members in respect of shares held in physical form will not be automatically applicable to the dividend paid on their holdings in electronic form.

(vii) Members who are holding shares in physical form are requested to notify the change in their respective addresses or Bank details to the Company and always quote their Folio Numbers in all correspondence with the Company. In respect of holding in electronic form, Members are requested to notify any change in addresses or Bank details to their respective Depository Participants.

(viii) Members can avail of the nomination facility in terms of Section 109A of the Companies Act, 1956 by nominating in Form 2B, as prescribed under Companies (Central Government's) General Rules and Forms, 1956, any person to whom their shares shall vest on occurrence of events stated in the said Form. Blank Forms can be supplied on request. The same can also be downloaded from the Company's website [www.jalindia.com](http://www.jalindia.com). Form 2B is to be submitted in duplicate: (a) in case of shares held in physical form, to the Company and (b) in case of shares held in dematerialized form, to the respective Depository Participants.

(ix) Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail of the benefits of dematerialization which include easy liquidity since trading is permitted only in dematerialized form, electronic transfer, savings in stamp duty, prevention of forgery, etc.

(x) Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/ unclaimed for a period of seven years, are required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. After such transfer no claim of the members whatsoever shall subsist on the said amount. Therefore, members are requested to encash their dividend warrants on priority within the validity period.

The Board of Directors in its meetings held on **October 21, 2008** and **April 27, 2009** had declared **two interim dividends @ 15% each** on the paid-up equity share capital of the Company. Members who have not yet encashed the Dividend Warrants may please write to the Company, for revalidating the Warrants.

(xi) The Members may please note that the Ordinary and Special Resolutions sent through notice dated **March 28, 2008 & September 5, 2008** to all Members for voting through Postal Ballot have been passed on **May 26, 2008 & October 18, 2008 respectively** by requisite majority. Relevant details in this regard are covered in the Corporate Governance Report annexed to the Report of the Board of Directors.

(xii) **Members or their respective proxies are requested to:**

- (a) **bring copies of Annual Report sent to the Members as copies of Annual Report shall not be distributed at the Annual General Meeting;**
- (b) **note that no gifts/coupons shall be distributed at the Annual General Meeting; and**

**(c) quote their Folio/Client ID & DP ID No. in all correspondence.**

(xiii) Any query relating to Accounts or any other items of business set out in the Agenda of the Meeting must be sent to the Company's Registered Office at Sector 128, Noida – 201 304 **at least seven days before the date of the Meeting**. The envelope may please be superscribed **"Attention: Shri Harish K. Vaid, Sr. President (Corporate Affairs) & Company Secretary"**.

(xiv) Relevant details, in terms of Clause 49 of the Listing Agreement, in respect of the **Directors retiring by rotation and proposed to be re-appointed** are as under:

#### **Shri Sunny Gaur**

Shri Sunny Gaur, 40, a graduate from Delhi University, is presently the Managing Director (Cement) of the Company and has rich experience of over 19 years in various aspects of the cement business, including setting up of cement plants, operation and maintenance of cement plants, finance, accounts and general administration.

He has been part of the senior leadership, which successfully faced challenges of recession and brings with him an entrepreneur approach to various complex situations.

He is also Managing Director of Madhya Pradesh Jaypee Minerals Ltd. and a Director of Bhilai Jaypee Cement Limited, Jaypee Ganga Infrastructure Corporation Ltd., Bokaro Jaypee Cement Ltd., Bina Power Supply Company Ltd., Jaypee Ventures Private Limited, Sunvin Estates Pvt. Ltd., Indesign Enterprises Pvt. Ltd. and Avni Infra Developers Pvt. Ltd.

Shri Sunny Gaur holds 1,63,250 equity shares in his own name in the Company and no share in the Company is held by him for any other person on a beneficial basis.

Shri Sunny Gaur is son Shri Jaiprakash Gaur, Founder Chairman and brother of Shri Manoj Gaur, Executive Chairman of the Company.

#### **Shri S.C. Gupta**

Shri S.C. Gupta, 72, is B.Sc., B.Arch., PG.DIP. T & CP and a fellow of Institute of Town Planning of India (FITPI). He is an accomplished Planner with over 36 years of experience in the filed of Urban Development Planning.

He retired as Additional Commissioner (Planning) from the Delhi Development Authority (DDA) in 1994. He is also a Professor of Planning at the School of Planning and Architecture, New Delhi. He is a senior advisor to the Association of Metropolitan Development Authorities and the Delhi Urban Arts Commission. As a consultant to the Asian Development Bank (ADB), he gave advice to Government of Uttarakhand on projecting Disaster management needs for Urban Development in the State.

As an independent professional, he has undertaken a number of consultancy projects, most prominently as Urban Planner for the Special Economic Zone (SEZ) in Mundra, Gujarat. He is also director on the board of Preferred Card Marketing Pvt. Ltd., Goodtimes Marketing Pvt. Ltd. and TLC Relationship Management Pvt. Ltd.

Shri S.C. Gupta does not hold any share (either in his name or in the name of any other person on a beneficial basis) in the Company.

#### **Shri Gopi K Arora**

Shri Gopi K Arora 75, is a Post Graduate from Allahabad University and holds a Masters Diploma in Public Administration from Harvard University, Boston, USA. Shri Gopi K. Arora is a retired civil servant and has held prestigious positions in Government of India.

Shri Arora had been the Economic Minister with the Embassy of India, Moscow, Russia (1975-78), Joint Secretary (1983), Additional



Secretary (1984-1987) and Special Secretary (1987) in the Office of the Prime Minister, Government of India. Secretary in the Ministry of Information and Broadcasting, Government of India (1988), Finance Secretary with Ministry of Finance, Government of India (1989-1990) and Executive Director representing India/Bangladesh/Bhutan and Sri Lanka Monetary Fund, Washington (1990-1993).

Shri Arora is Chairman of Roto Pumps Limited, HGS India Ltd, NOIDA Toll Bridge Company Ltd., Television Eighteen India Ltd., IL & FS Transportation Net Works Ltd. and Network 18 Media & Investments Ltd.

He is also a Director on the Boards of Jaiprakash Power Ventures Ltd., Jaiprakash Hydro-Power Ltd., Jaypee Karcham Hydro Corporation Ltd., Bengal Ambuja Housing Development Ltd., Infrastructure Leasing and Financial Services Ltd., Capital18 Acquisition Corp (foreign Co.), ibn18 Broadcast Ltd (Formerly-Global Broadcast News Ltd.), Krishviudhr Services Private Ltd., SARA Fund Trustee Company Private Ltd and SOWAR Private Ltd.

Shri Gopi K. Arora does not hold any share (either in his name or in the name of any other person on a beneficial basis) in the Company.

#### **Shri Sarat Kumar Jain**

Shri Sarat Kumar Jain, 71, is a graduate in Science. He has been responsible for the successful execution of various Hydro-Power projects over last 49 years.

He is Director on the Board of Jaiprakash Hydro-Power Limited, Jaypee Ganga Infrastructure Corporation Ltd., Jaypee Ventures Private Limited and Essjay Enterprises Pvt. Ltd.

Shri Sarat Kumar Jain holds 36,56,880 equity shares in his own name in the Company and no share in the Company is held by him for any other person on a beneficial basis.

#### **Shri Ranvijay Singh**

Shri Ranvijay Singh, 42, is B.E. (Civil) by qualification and has acquired rich experience of 17 years in the fields of civil engineering and management of construction projects. Presently he is also on the Board of Gujarat Jaypee Cement & Infrastructure Ltd.

Shri Ranvijay Singh holds 19,83,810 equity shares in his own name in the Company and no share in the Company is held by him for any other person on a beneficial basis.

#### **EXPLANATORY STATEMENT**

Following Explanatory Statement, pursuant to the provisions of Section 173 (2) of the Companies Act, 1956 sets out the material facts relating to the Special Business mentioned in the accompanying **Notice dated July 25, 2009:**

##### **Item No. 9**

The Schemes to offer company's stock to the employees have been widely acknowledged as an important tool to motivate, retain and reward the employees, who are amongst the most valuable resources. Such schemes directly contribute to the growth and profitability of the Company besides rewarding its employees. With a view to provide an opportunity to the employees of the Company and its subsidiaries to participate in the ownership of the Company so as to appropriately compensate employees who contributed to the all around growth of the Company, the Board of Directors had at their meeting held on April 27, 2009, set up a Compensation Committee comprising of Shri Gopi K. Arora (Independent Director) as Chairman of the Committee, Shri BK Goswami, (Independent Director), Shri K.P. Rau (IDBI Nominee and Independent Director), Shri SD Nailwal (Whole-time Director) and Shri Pankaj Gaur, Jt. Mg. Director (Construction), as members of the Committee.

As authorised by the Board, the Committee had identified the Employee Stock Purchase Scheme as an appropriate scheme for the employees. The Committee had suggested implementation of the Scheme through a Trust to be created for administering the Scheme including for ultimate transfer of shares to the eligible employees (including Directors) of the Company and its subsidiaries. The Committee had also suggested the quantum of equity shares to be offered under the scheme per employee and in the aggregate, pricing of the shares to be so offered, categorisation of the employees and the number of shares to be offered to the eligible employees under each category etc. Based on the recommendations of the Compensation Committee, the Board of Directors of the Company had at their meeting held on June 6, 2009 decided to implement "Jaypee Employee Stock Purchase Scheme, 2009" (hereinafter referred to as the Scheme) through a Trust in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The shareholders' consent is therefore, sought to authorise the Board of Directors to issue the shares in the manner set out in the resolution. The terms and conditions governing the Scheme are set out below:

#### **1. Quantum and Pricing**

The total number of Equity shares proposed to be issued under the Scheme is ONE CRORE TWENTY FIVE LACS. The shares shall be issued at a price of Rs. 60/- per share which is higher than the lowest price of the shares of the Company at The Stock Exchange, Mumbai, during the preceeding 26 weeks from the date of approval of the Scheme by the Board of Directors.

#### **2. Eligibility**

Permanent Employees (including Directors) as on 1st April 2008 of the Company and its subsidiaries, who have completed two years of service as on that date and are continuing in the employment of the Company or its subsidiary, as the case may be, on the date of allotment of shares, shall be eligible for shares under the Scheme.

However, employees of the Company and its subsidiaries who belong to the Promoters' group of the respective company in which the employee is employed and Directors of the Company and its subsidiaries who individually either by themselves or through their relatives or through any body corporate, directly or indirectly hold more than 10% of the equity shares of the Company or its subsidiary in which they are a Director, shall not be eligible for shares under the Scheme.

The minimum and maximum number of shares an employee/Director would be entitled to is 500 and 30,000 Equity shares respectively, depending upon the cadre the individual belongs to.

#### **3. Lock-in**

The shares issued to the employees under the Scheme shall be under lock-in period of 1 (one) year. Such shares cannot be pledged/hypothecated by the employees during the lock-in period.

#### **4. Payment**

Full payment @ Rs. 60/- per share comprising of Rs. 2/- towards share capital & Rs. 58/- towards securities premium would have to be made at the time of applying for Equity Shares.

In terms of the provisions contained in Section 77 of the Companies Act, 1956, the Trust will be entitled to loan from the Company for initial subscription of shares.

#### **5. Government Regulations:**

The Scheme will be subject to all applicable laws & guidelines of Securities and Exchange Board of India, as amended from time to time.

The Company will conform to accounting policies as specified in clause 19.2 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

None of the Directors is concerned or interested in the resolution apart from the Directors of the Company who may be deemed to be interested in this resolution to the extent of their entitlement of shares under the Scheme.

The Board of Directors commend the resolution for your approval as a Special Resolution.

**Item No. 10**

As the members are aware, the Company has set up/is setting up various Projects directly or through its subsidiaries in terms of the approvals of the shareholders obtained from time to time.

During the course of implementation of various Projects, as aforesaid, 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 invested in fixed deposits with the scheduled banks, which offer lower rate of return compared to debt based instruments/ securities of bodies corporate/Schemes of Mutual Funds.

The Company proposes to invest such surplus funds from time to time into Mutual Fund Schemes, debt based instruments/securities of any government, semi-government or listed company(ies) upto an amount not exceeding Rs. 500 Crores (Rupees Five Hundred Crores only) at any one time, in one or more tranches, 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 aggregate loans, guarantees, securities or investments by the Company exceed 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.

**Item No. 11**

As the members are aware, the Company (JAL) is setting up two slag-based Cement Plants in Joint Venture with Steel Authority of India Limited (SAIL), with Equity participation from JAL and SAIL in the ratio of 74:26, as under:

(i) 2.2 MTPA Plant, split-located at Bhilai in the State of Chattisgarh and Babupur, Satna in the State of Madhya Pradesh, being implemented through Bhilai Jaypee Cement Limited (BJCL), a Joint Venture Subsidiary.

(ii) 2.1 MTPA Grinding Plant at Bokaro Steel City, being implemented through Bokaro Jaypee Cement Limited (BoJCL), another Joint Venture Subsidiary.

The Shareholders had accorded their approval through Postal Ballot on February 25, 2006 to make an aggregate investment of upto Rs. 200 crores in the said companies to be incorporated as Joint Venture Companies with SAIL as Special Purpose Vehicles for setting up the slag based Cement Plants.

The Plant under construction by BJCL is in advance stage of completion. Both the units are expected to be commissioned ahead of schedule.

The Company might be required to provide security/ guarantee/ loan/ investment in shares of the said subsidiaries to the tune of additional Rs. 200 Crores in aggregate, for which approval of the shareholders is sought. The Company will meet the proposed obligations through its own resources.

In terms of the provisions of the Section 372A of the Companies Act, 1956, investing in share capital of or giving loan to any other body corporate, giving any guarantee or providing security in connection with a loan made by any other person, by any body corporate requires prior approval of shareholders by way of Special Resolution, in case such investment, loan, guarantee, security exceeds 60% of its paid up share capital and free reserves or 100% of its free reserves, whichever is more. Hence the resolution.

None of the Directors is in any way concerned or interested in the proposed Resolution except (i) Shri Manoj Gaur & Shri Sunny Gaur, being the common Directors of JAL & BJCL and (ii) Shri Sunny Gaur & Shri R K Singh, being the common Directors of JAL & BoJCL.

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

**Item No. 12**

To meet its requirement of funds, the Company had raised Rupee Term Loan of Rs. 500 Crores from Punjab National Bank (PNB), and Privately Placed 11.75% NCDs of Rs. 500 Crores with ICICI Bank Limited & Rs.900 Crores with various parties through Sole Book Runner & Lead Arranger Standard Chartered Bank, IDBI Trusteeship Services Limited acting as Debenture Trustee in both cases of NCDs.

The said facilities are to be secured by creation of mortgage and/ or charge in favour of the lenders on such immovable and movable properties of the Company, present & future, as may be decided in consultation with the lenders/trustees.

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 Bank/Trustee may be regarded as disposal of the Company's properties/undertaking, it is necessary for the Members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 before creation of the said mortgage/ charge.

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

The Board commends the resolution for your approval.

By Order of the Board  
For JAIPRAKASH ASSOCIATES LIMITED

**HARISH K. VAID**

Place : New Delhi  
Date : July 25, 2009

Sr. President (Corporate Affairs) &  
Company Secretary