

Ref: JAL:SEC:2024

20<sup>th</sup> April, 2024

**BSE Limited**

25<sup>th</sup> Floor, New Trading Ring,  
Rotunda Building,  
P J towers, Dalal Street, Fort  
MUMBAI 400 001

The Manager

**National Stock Exchange of India Ltd.**

“Exchange Plaza”, C-1, Block G,  
Bandra-Kurla Complex,  
Bandra (E), Mumbai – 400 051

**SCRIP CODE: 532532**

**NAME OF SCRIP: JPASSOCIAT**

**Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sirs,

Please find enclosed herewith Company’s response to Institutional Investor Advisory Service (IiAS) in respect of Voting Advisory received by the Company from IiAS.

Thanking you,

Yours faithfully,

For JAIPRAKASH ASSOCIATES LIMITED

(SOM NATH GROVER)

Vice President & Company Secretary

FCS-4055

Encl: As above

JAL : SECT:2024-25

20<sup>th</sup> April, 2024

The Institutional Investor Advisory Services India Limited,  
DGP House, Ground Floor,  
88-C, Old Prabhadevi Road, Prabhadevi  
**Mumbai-400 025**

**Subject: Request to reconsider your voting recommendation for Resolution No. 2 of Postal Ballot Notice dt. 5<sup>th</sup> April 2024 of Jaiprakash Associates Limited seeking shareholders' approval to the proposed remuneration of Shri Manoj Gaur, Executive Chairman & CEO, for 1 year from 1 April 2024.**

**Ref. : Your e-mail dated 18<sup>th</sup> April 2024 seeking our comments.**

Dear Sir/Madam,

At the outset, we wish to place on record our sincere appreciation for the good work being done by you in providing your valuable advisory/recommendatory services to the investors which are based on your in-depth analysis and research of facts & material available with you/public domain. We acknowledge your positive recommendations for Resolution Nos. 1 and 3 of our Postal Ballot Notice dated 5<sup>th</sup> April 2024.

In this regard, with a view to put complete facts in perspective, we wish to submit the following facts for better appreciation of the proposal and its background relating to the remuneration proposed for Shri Manoj Gaur, to enable you to consider review of your recommendation in relation to Resolution No.2, in the light thereof. We acknowledge that while supporting his reappointment you have appreciated the fact of his being a promoter of the Company and his continuing on the Board will ensure that he has higher level of commitment and accountability in restructuring the business. The Nomination & Remuneration Committee, the Board of Directors of the Company as well as the Lenders have also been appreciative of these facts while considering his reappointment from time to time.

However, your recommendation against resolution No. 2 relating to the remuneration of Shri Manoj Gaur, Executive Chairman & CEO is based on the following reasons:-

- i. His estimated remuneration for FY 2024-25 shall be Rs. 29.0 mn which is high, as compared to the estimated remuneration of Rs. 5.0 mn for FY 2023-24, given the distress position of the Company.



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- ii. The Board has five promoter directors with three directors in the executive capacity which is excessive.

Our submissions in this regard are as under :

- i. **His estimated remuneration for FY 2024-25 shall be Rs. 29.0 mn which is high, as compared to the estimated remuneration of Rs. 5.0 mn for FY 2023-24, given the distress position of the Company.**

- A. Regarding the 'distress position of the Company' :

As already observed by you, the Company's debt is under restructuring and its proposal for acceleration of repayment is under consideration of the Lenders. It is a matter of record and in public knowledge that the Company's working and growth had been impacted due to adverse economic conditions which prevailed almost for last decade including the pandemic affect on the Company's operations. As reported to the Stock Exchanges, for the quarter ended March, 2024, the total borrowing ( including interest) of the Company is Rs. 29,652 crores, repayable by 2037, against which Rs. 4,561 crores is overdue as on 31<sup>st</sup> March, 2024. Out of the said borrowing of Rs. 29,652 crores, Rs. 18,869 crore will get further reduced on transfer of the proposed Special Purpose Vehicle (SPV) for which the Scheme of Arrangement duly approved by all the stakeholders, is pending sanction of NCLT, Allahabad. The entire loan is in any case under restructuring towards accelerated repayment. The Company has continuously endeavoured to deleverage its balance sheet by enhancing operational efficiency, divestment of assets and is also in the process of Restructuring of existing FCCB's for the overall benefits of stakeholders.

- B. Regarding the Remuneration of Shri Manoj Gaur :

- a. Shri Manoj Gaur, Executive Chairman & CEO, has been at the forefront of the Company to lead the organization in the challenging phase with courage, conviction and credibility while serving the organization in a manner which inspires people to give their best to meet the expectations of lenders and all stakeholders. Moreover, Shri Manoj Gaur along with his associates has consistently displayed creditable working, led from the front, carrying with him dedicated colleagues



with single minded pursuit to retain respectable place for the Company.

- b. Expertise of Shri Manoj Gaur in dealing with diverse range of activities, viz. operations, divestments and legal challenges etc. and his leadership qualities supported by qualifications and experience, need to ensure continuity and the steps taken by the Management of the Company in relation to the divestment of Cement Business and the ongoing debt restructuring under his able leadership has immensely contributed to the Company and provided strength during the challenging phase of the Company.
- c. As regards your observations about the proposed remuneration, you are already aware that Shri Manoj Gaur is one of the promoters of the Company and has been associated with the Company for around last 4 decades and held various managerial positions during this period. Keeping in view the ongoing financial position of the Company, as a responsible leader, Shri Manoj Gaur has voluntarily been taking cuts in his remuneration, not only from now but since financial year 2012-13, as under :
  - i. 25% cut & foregone increment from January, 2012 to February, 2013;
  - ii. 27% cut during May, 2014 to March, 2015;
  - iii. 50% cut during July, 2015 to March, 2016;
  - iv. Reduction in Basic Salary from Rs.41.25 lacs per month to Rs.22.50 lacs per month and corresponding Perks, on his reappointment for 3 year from April, 2019;
  - v. Reduction in Basic Salary to Rs.20 lacs per month on his reappointment for further period from 1<sup>st</sup>April, 2022 to 31<sup>st</sup> March, 2024 with Voluntary Cap on Remuneration of Basic Salary at Re.1 per month.
- d. Even for the current tenure, he has taken the voluntary cut and accepted the basic salary of Rs.20 lacs per month plus perks with a cap of Rs.50 lacs for the tenure of his reappointment for a further period of one year from 1<sup>st</sup> April, 2024.



- e. It is pertinent to point out that as back as in the year 2016, he was reappointed for a period of 3 years w.e.f. 1<sup>st</sup> April, 2016 at a basic salary of Rs. 35,75,000/- in the pay scale of Rs.15,00,000-2,50,000-27,50,000-2,75,000-41,25,000-4,12,500-61,87,500. In case he would have continued in the same scale, his basic salary, even with normal single annual increment, would have by now been at the maximum of the scale, i.e., Rs. 61,87,500/- pm plus perks of equal value, as against the voluntarily accepted reduced basic salary of Rs. 20,00,000/- pm plus perks with cap of Rs.50 lacs for the tenure, which in itself is commendable. Moreover, such voluntary cuts also adversely affect his retiral benefits.
- f. The lenders at their joint lenders meeting held on 27.02.2024 considered the proposal of the Company and approved the following remuneration of Shri Manoj Gaur for 1 year tenure of April 1, 2024 to March 31, 2025 as communicated by ICICI Bank Ltd. vide its letter dated 4<sup>th</sup> March 2024:
- Basic Salary : Rs. 20,00,000 p.m. (fixed) in the pay scale of Rs.15,00,000-2,50,000-27,50,000-2,75,000-41,25,000 -4,12,500-61,87,500 and perquisites and other benefits with a cap of Rs. 50 lacs for the approved tenure.**
- g. As regards your observation of removal of voluntary cap on basic salary, it will kindly be observed from the above facts that the voluntary reduction of basic salary still continues and the perks stand capped at Rs.50 lacs per annum.
- h. It is pertinent to note that the remuneration payable for FY 2024-25, to all the three executive directors aggregating approx Rs.0.07 Bn pales into insignificance when seen in the context of Total Income aggregating Rs.74.6 Bn and corresponding Total Expenditure of Rs.80.55 Bn during the FY 2022-23 and Total Income aggregating Rs.48.27 Bn and Total Expenditure of Rs.54.76 Bn for the nine months ended 31.12.2023.
- i. Accordingly, it will kindly be appreciated that the proposed remuneration is very conservative and not high, as observed in your recommendation, when seen in the context of the diverse business, overall turnover, the challenges faced by the Company, ongoing debt restructuring & accelerated payments plan, and also in comparison with the peers in the Industry, as included in the exhibits of your voting advisory.



- j. Moreover, you will kindly appreciate that your comparison/ observation of the proposed remuneration being higher than that of last year's, is misplaced since the remuneration of both these years is based on voluntary cuts taken by Shri Gaur against his entitlements in the pay scale duly approved by the shareholders as elaborated herein above. In any case any Executive (Promoter/ Non Promoter) is entitled to have secured retiral benefits. Moreover, the proposed remuneration is only for one year from 01.04.2024 to 31.03.2025.

**ii. The Board has five promoter directors with three promoters in the executive capacity which is excessive.**

As regards your concern that the Board has five promoter directors with three promoters in the executive capacity which is excessive, we wish to submit that the Management is quite conscious of composition of Board of the Company and has been taking appropriate steps of its own from time to time, as is evident from the following :

- a. The total strength of the Board is 11 out of which 5 are from Promoter category and remaining 6 are independent directors of eminence, which is well within the prescribed norms.
- b. The Company had been engaging non promoter executive Directors as per its requirement from time to time.
- c. As regards the observation that 3 out of 5 from the Promoter category are in the executive capacity, we may mention that one of them, namely, Shri Naveen Kumar Singh had been associated with the Company in various capacities since 1997, lastly as an Executive President. Keeping in view his experience and contribution to the Company, shareholders had approved his appointment as Director of the Company at the same remuneration as he was already drawing as an executive of the Company before his elevation to the Board w.e.f. 30.09.2023.
- d. Before elevation of Shri Naveen Kumar Singh, Shri Ranvijay Singh, the then Whole Time Director had stepped down from the Board w.e.f. 30.09.2023.



- e. Shri Sunil Kumar Sharma, former Executive Vice Chairman also stepped down from the executive position w.e.f. 18.03.2023 and continues only non executive Vice Chairman of the Company.
- f. As far as the financial impact of promoter directors being in executive capacity is concerned, the voluntary cuts taken by them from time to time and the stepping down of the Promoter Directors from the executive positions, speak for itself.

In view of the aforesaid facts & perspective, your recommendation to vote 'against' resolution no. 2 to some top investors may give confusing signals and infact, we feel, shall not be in the best interest of the Company and its stakeholders and thus requires review.

In view of the facts explained in the foregoing paragraph, we earnestly request you to review your advice/recommendations with respect to voting on resolution no. 2.

In case you need any further information/details in the matter, please do let us know.

Thanking you.

Yours Sincerely,  
For **Jaiprakash Associates Limited**



**Som Nath Grover**  
Vice President & Company Secretary

