

Jaypee Infratech Limited Agenda items for Voting - First CoC on 12 Sept 2018



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Notice for First CoC Meeting – Jaypee Infratech Ltd.

Notice for the first meeting of Committee of Creditors (“CoC”) of Jaypee Infratech Limited under Regulation 19(1) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

Notice is hereby given to all the members of the CoC of Jaypee Infratech Limited as constituted by the Interim Resolution Professional (“IRP”) pursuant to Hon’ble Supreme Court order dated 09 August 2018, wherein Supreme Court directed recommencement of CIRP Proceedings against Jaypee Infratech Limited

Name of Corporate Debtor: Jaypee Infratech Limited, Sector – 128, Noida, Uttar Pradesh
Day & Date of CoC meeting: Wednesday, September 12, 2018
Time of CoC meeting: 11:30 am onwards
Venue of CoC meeting: Pullman & Novotel Hotel, Aerocity, New Delhi

List of the matters to be discussed at the meeting

1. Status update by the IRP
2. CIRP timeline and process
3. Summary of claims submitted by all Creditors of JIL
4. Cash flow position- Actual cash flows from May 2018 to August 2018 and budgeted cash flows for the month of September 2018 and October 2018
5. Any other matter that may be raised by the members of CoC

List of the issues to be voted upon at the meeting:

1. Appointment of Mr. Anuj Jain, Interim Resolution Professional (IRP) as a Resolution Professional (RP) or to replace the IRP by another RP and ratification of professional fees and insurance costs.
2. Reimbursement / Ratification of appointment of advisors/consultants and expenses incurred on or by IRP
3. Delegation of Authority by IRP/RP – Section 28 item
4. Approval of related party transactions – Section 28 item
5. Acceptance of resignation of three directors – Section 28 item
6. Shortening of notice period from 5 days to 3 days

Voting by Committee of Creditors (CoC)

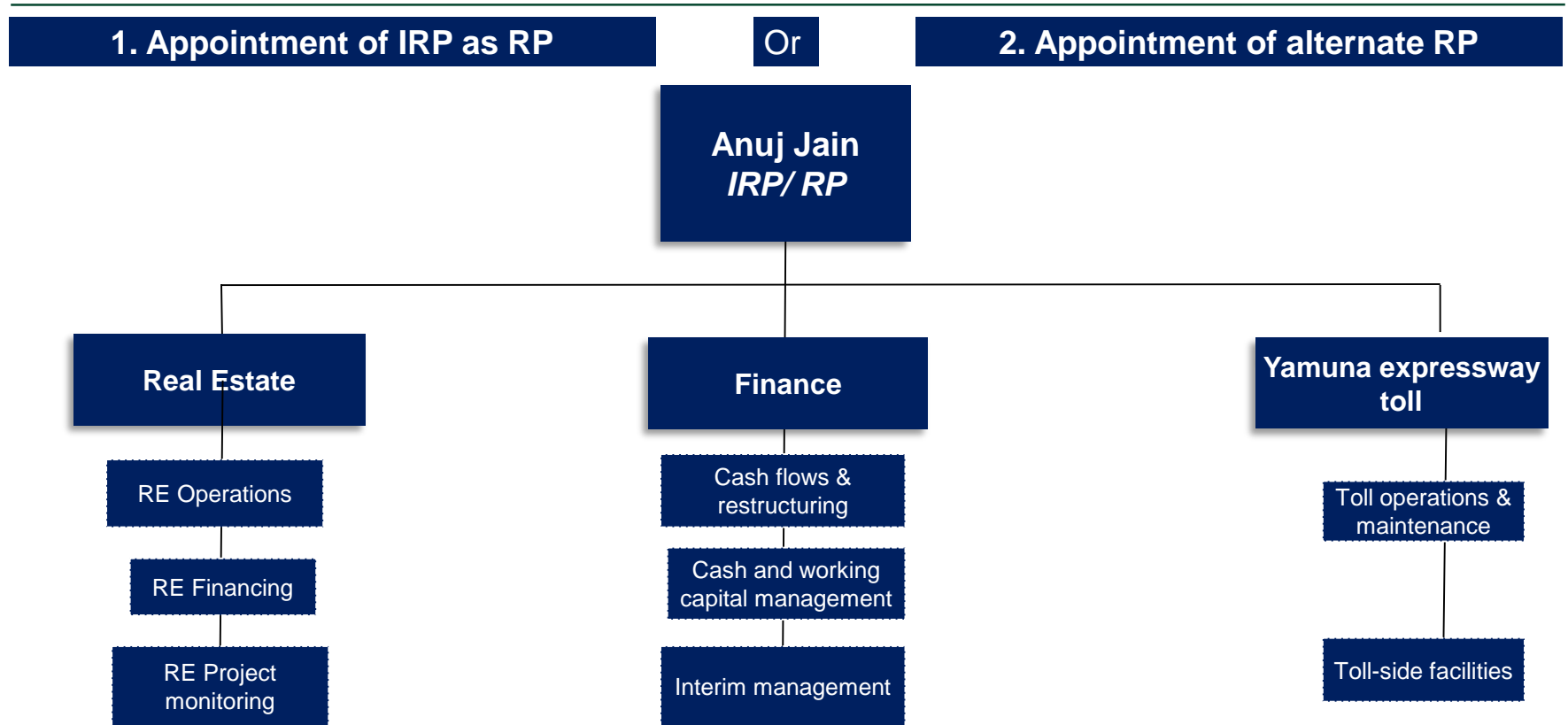
Regulation 25 of the IBC Code 2016 with respect to **Voting by the Committee**, provides the following:

- Where all members are present in a meeting, the resolution professional shall take a vote of the members of the committee on items listed for voting.
- If all members are not present at a meeting, a vote shall not be taken at such meeting and the resolution professional shall-
 - a) circulate the minutes of the meeting by electronic means to all members of the committee within forty eight hours of the conclusion of the meeting; and
 - b) seek a vote on the matters listed for voting in the meeting, by electronic voting system where the voting shall be kept open for twenty four hours from the circulation of the minutes.

Regulation 26 of the IBC Code 2016 with respect to **Voting through Electronic Means**, provides the following:

- The resolution professional shall provide each member of the committee the means to exercise its vote by either electronic means or through electronic voting system.
- Once a vote on a resolution is cast by a member of the committee, such member shall not be allowed to change it subsequently.
- At the end of the voting period, the voting portal shall forthwith be blocked.
- At the conclusion of a vote, the resolution professional shall announce and make a written record of the summary of the decision taken on a relevant agenda item along with the names of the members of the committee who voted for or against the decision, or abstained from voting.
- The resolution professional shall circulate a copy of the record made to all participants by electronic means within twenty four hours of the conclusion of the voting.

Agenda 1: Appointment of Resolution Professional



Core Team deployed at Jaypee Infratech Limited

- Ramkrishna Sharma
- Gaurav Khurana
- Ravi Sethia
- Hitesh Goel
- Deepak Agrawal
- In addition to the core team, additional team from BSRR & Co. of 10-12 resources are supporting the IRP team in the CIRP Process

Agenda 1 (Contd.): Proposed fee of Resolution Professional

Description	Fee
CIRP – Interim Resolution Professional / Resolution Professional	INR 33.35 lacs per month plus OPE and taxes
IRP / RP Insurance Costs during CIRP	Capped at INR 25 lacs

Notes:

1. The aforementioned fee shall be exclusive of all out of pocket expenses (Out of pocket expenses capped at INR 10 lacs per month) and applicable Taxes (such as GST) and other costs such as:
 - a) Valuer fees, legal advisor fee, expert fees etc.
 - b) Professional for doing Management Function is not part of IRP / RP cost. In case there is requirement to appoint an expert for performing management function, the same will be appointed after due discussions with the CoC.
 - c) Costs that the IRP or any subcontractor may incur in complying with any legal, professional or regulatory requirement relating to the Services or in relation to any actions, proceedings or regulatory process concerning the services
2. We require CoC to undertake our fee in full, in case the Company is unable to pay our fee and other charges.
3. The fee quoted above is also based on the following assumption:
 - a) The fee will be billed by IRP (Rs. 3 Lacs per month) and M/s BSRR & Co. (IPE entity supporting IRP) (Rs. 30.35 Lacs per month) – Insolvency Professional Entity (IPE), on behalf of the IRP. M/s BSRR & Co. is an IPE registered with IBBI in which the IRP is a Partner and it will support him in the engagement.
 - b) The employees and management of JIL will support the IRP / RP in day to day operations of the Company. In case, IRP / RP consider it necessary to replace them, it will be discussed with CoC.
 - c) The scope of work includes overseeing the management of affairs of JIL. Any extension of timeline will attract additional fee. Further, the scope of work does not include any work with respect to the subsidiary of JIL.

Agenda 2: Reimbursement / Ratification of expenses incurred

Summary of expense incurred / to be incurred on or by IRP

#	Particulars	Amount
1	Legal advisor to IRP (M/s Kesar Dass B & Associates)*	Monthly fee cap of INR 12.0 Lacs + OPEs + Taxes
2	Project Management Agency for Real Estate Construction (CBRE South Asia Pvt. Ltd.)	Monthly INR 6.5 Lacs + Taxes
3	Expenditure on Public Advertisement	INR 16,12,315
4	Expenditure on e-voting for selection of Authorized Representative	INR 177,000
5	Expenses related to Authorized Representatives to attend CoC Meeting**	Prescribed as per law + OPEs + Taxes
6	Appointment of Independent Registered Valuer by Resolution Professional to determine Fair Value and Liquidation Value	Max. up to INR 25 Lacs per valuer

Note: In addition to the fee, OPE's (Out of Pocket Expenses) will be charged on actuals plus applicable taxes will be levied on the amount billed

**Fee to be billed on actual hours spent subject to the cap. Further, Legal Advisor fee specified herewith does not cover appearances in NCLAT and Hon'ble Supreme Court of India.*

*** In case the creditors in class exceeds more than 1000, the IBBI regulations has provisioned a fee of Rs. 25,000 per CoC meeting to the authorized representative. In addition to the fee to attend CoC meeting, the IRP / RP shall incur expenses to provide means of communication and e-voting from creditors in class to the authorized representatives*

Agenda 3: Ongoing Related party transactions (Section 28 item)

Project development expenses

- Project development expenses pertain to Survey, Investigations, Design, Planning, Sales, Marketing Management, Construction and development of Residential, Commercial, Institutional & recreational Buildings on Land for Development for JIL.
- Jaiprakash Associates Limited (JAL), which is a related party, has entered the contract on “Cost Plus” basis which include all direct cost, indirect cost, overheads and profit. The amount billed by JAL is at a margin of 15% on the cost incurred. In addition to this, 5% material handling charges are levied by JAL on all purchase of raw materials such as steel, cement etc. The arrangement is as per the terms of the construction contract between JIL and JAL.
- An Independent project monitoring agency (CBRE) is evaluating and monitoring the progress of construction and work done by contractor/sub-contractor at sites.
- On an average, monthly payments related to real estate operations are approx. INR 25 crores.
 - Although the master contract is with JAL, the payment for site works is made directly in the account of JAL’s sub-contractors after due verification by Independent Project Monitoring Agency
 - JAL is paid only for GST /Other Taxes and reimbursement of manpower/staff and other costs working for JIL
 - No payment is made to JAL for the margin earned on the construction contract

Agenda 3: Ongoing Related party transactions (Section 28 item)..contd.

Support from JAL

- As the holding company, JAL has been providing need based support to JIL such as communication facilities, office space at Sector-128, Noida, email domain name and ancillary support in material planning and procurement, legal and other strategic issues. No charges has been levied on JIL towards these services.

Support to JAL

- JIL has provided certain parcels of land to JAL for real estate development. We understand that the economic interest has been transferred to JAL in the past, however , the title remains with JIL. As per the terms of the arrangement between JAL and JIL, entire approvals / NOC for the land were to be prepared by JAL in consultation with JIL and all approvals / NOCs are to be obtained by JIL (on behalf of JAL) in its own name, style, being the main lessee of the entire land.
- The approvals / NOCs are to be applied / obtained from the relevant authorities include – (i) Layout approvals, (ii) Building plan approvals, (iii) Approval for completion of layout and (iv) Approval for building completion.
- Further, JIL needs to get the sub-lease registered as a confirming party for registration of SLD's for customers of JAL projects. This is an ongoing activity for JIL.
- It is an agreed understanding that the cost of obtaining such approvals including fee etc. shall be borne by JAL.

The above arrangement is not exclusive to JAL and similar arrangement existed with other builders such as Mahagun, Kalpataru, etc. in the past.

Agenda 4: Acceptance of resignation of three directors (Section 28 item)

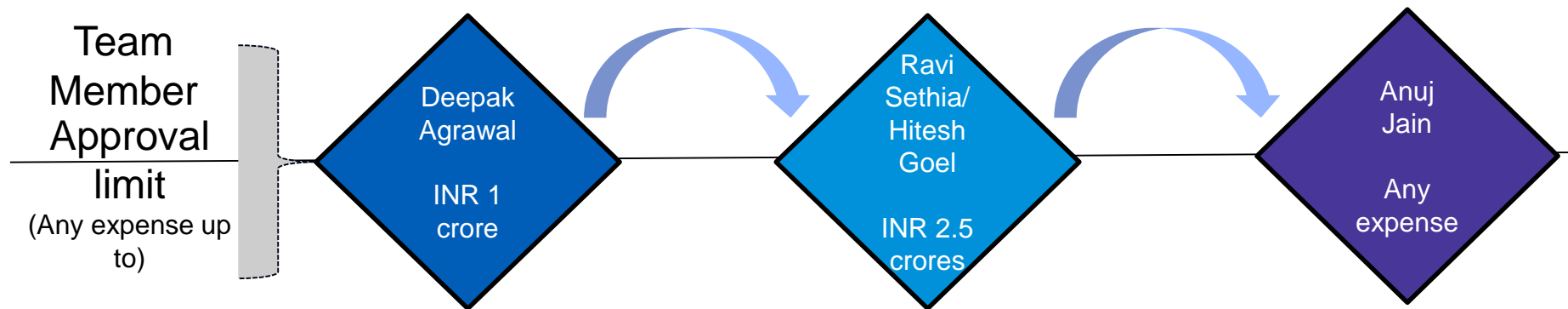
1. Mr. B.B. Tandon, current Independent Director of Jaypee Infratech Limited, resigned from his office effective from 17 August 2018, citing certain personal reasons for the same .
2. Mr. S. Balasubramanian, current Independent Director of Jaypee Infratech Limited, resigned from his office effective from 24 August 2018. As per latest amendments to LODR, a person who 75 years old cannot continue as a director beyond 31 March 2019 unless a special resolution is passed before the date for continuation. Since he is already attained the age of 75 years, such a resolution may have to be passed in the AGM, however, he does not wish to continue.
3. Mr. Shanti Sarup Gupta, current Additional Director (Independent) of Jaypee Infratech Limited, resigned from his office effective 17 August 2018, citing certain personal reasons for the same.

Agenda 5: Delegation of Authority (Section 28 item)

As per the clause (e) of sub-section (1) of Section 28 of Insolvency and Bankruptcy Code, 2016:

“the RP during CIRP shall not take any of the following action without the prior approval of the CoC - Give instructions to financial institutions maintaining accounts of the corporate debtor for a debit transaction from any such accounts in the excess of the amount as may be decided by the CoC in their meeting”

- The CoC is requested to discuss and fix the limit for approval of expenses by the IRP/RP.
- The IRP/RP request the CoC to discuss and approve the approval and authorization matrix for expense to be incurred for running the operations of the corporate debtor, on his behalf by his team members.
- The delegation of signing authority is to ensure the smooth running of operations and to avoid practical challenges in the processing the payments.
- Recommended authorization and approval matrix is presented below:



Agenda 6: Shortening of notice period

- As per Regulation 19 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 :
 - Meeting of committee shall be called by giving not less than 5 days notice in writing to every participant.
 - However, the committee may reduce the notice period from 5 days to such other period of not less than 24 hours as it deems fit
- It is proposed to reduce the notice period for convening the meeting of CoC to 3 days (minimum 2 working days) as per the IBC Regulations.

Thank You !