



## JUBILANT INDUSTRIES LIMITED

Bhartiagram, Gajraula, District Jyotiba Phoolay Nagar – 244 223, Uttar Pradesh, India

### POSTAL BALLOT FORM

(Kindly refer to the instructions specified overleaf before filling the form)

Postal Ballot No.:

1. Name and Registered Address of Sole/First Named Shareholder :
2. Name(s) of Joint Shareholder(s) :
3. Registered Folio No./ DPID No.\*/ Client ID No.\* :  
(\*applicable to investors holding shares in dematerialised form)
4. No. of equity shares held :
5. I/ We hereby exercise my/ our vote in respect of the following resolutions to be passed through Postal Ballot for the business stated in the Notice of the Company by according my/ our assent or dissent to the resolutions by placing tick (✓) mark in the appropriate box below:

Item Nos.	Description	No. of equity shares	I/ We assent to the Resolution (FOR)	I/ We dissent to the Resolution (AGAINST)
1.	Ordinary Resolution pursuant to the provisions of Section 293(1) (a) of the Companies Act, 1956 for approving the sale, transfer, assignment or disposal of the Company's undertaking engaged in the manufacture and sale of Vinyl-Pyridine Latex and Solid Poly Vinyl Acetate along with all the assets and liabilities including employees, contracts, licenses, permits, consents and approvals relating to such undertaking to its wholly owned subsidiary, Jubilant Agri and Consumer Products Limited.			
2.	Special Resolution pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 for Issue of Stock Options to Employees of the Company			
3.	Special Resolution pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 for Issue of Stock Options to Employees of Subsidiaries and/or Holding Company(ies)			

Place :  
Date :

Signature of the shareholder

- NOTES:**
1. Last date for receipt of Postal Ballot form by Scrutinizer is February 28, 2013.
  2. Please read the instructions carefully before completing this form.

## INSTRUCTIONS :

1. A member desiring to exercise his/her vote by postal ballot may complete this postal ballot form and send it to the Scrutinizer in the attached self-addressed business reply envelope before the close of working hours (6:00 pm) on or before February 28, 2013. The postage will be borne and paid by the Company.
2. A member is required to convey his or her assent / dissent in this postal ballot form by putting the tick mark ( ✓ ) in the column provided. The assent or dissent received in any other form shall not be considered valid.
3. The self-addressed business reply envelope is addressed to the Scrutinizer appointed by the Board.
4. The members of the Company are requested to exercise their voting rights by using the attached postal ballot form only. No other form or photocopy of the form is permitted. A member may request for a duplicate postal ballot form, if so required. However, the duly filled in duplicate postal ballot form should reach the Scrutinizer not later than the date specified in paragraph 1 above.
5. This postal ballot form should be completed and signed by the member. In case of joint holding, this form should be completed and signed (as per the specimen signature registered with the Company/ Depository Participant) by the first named member and in his absence, by the next named member. The postal ballot shall not be exercised by a proxy.
6. Incomplete, unsigned, mutilated or incorrect postal ballot forms will be rejected. The Scrutinizer's decision on the validity of the postal ballot shall be final and binding.
7. In case the shares are held by any institutional shareholders (i.e. other than individuals, HUF, NRI etc.), trust or any other body corporate that is a member, the duly completed postal ballot form should be accompanied by a certified true copy of the Board Resolution/ Authorization together with the attested specimen signature of the authorised signatories.
8. Members of the Company are requested not to send any other paper (other than Board Resolution/Authority as mentioned in the item no. 7 above) along with the postal ballot form in the enclosed self-addressed business reply envelope addressed to the Scrutinizer and any extraneous paper found in such envelope would be ignored by the Scrutinizer.
9. A member may request for duplicate postal ballot form if so required. However the dully filled in and signed duplicate postal ballot should reach the Scrutinizer before the close of working hours (6:00 pm) on or before February 28, 2013.
10. The result of the postal ballot shall be published in the newspaper for the information of all members.



## JUBILANT INDUSTRIES LIMITED

Bhartiagram, Gajraula, District Jyotiba Phoolay Nagar – 244 223, Uttar Pradesh, India

### NOTICE PURSUANT TO SECTION 192A OF THE COMPANIES ACT, 1956

Dear Member(s),

Notice is hereby given pursuant to Section 192A of the Companies Act, 1956 ("Act") read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 (including any statutory modification or re-enactment thereof for the time being in force) ("Rules") that the Resolutions appended below are proposed to be passed by the members by way of Postal Ballot by giving their assent/ dissent in the postal ballot form annexed to this notice. The explanatory statement pertaining to the said resolutions setting out the material facts and the reasons thereof are annexed hereto alongwith the postal ballot form.

Pursuant to the provisions of Section 293(1)(a) of the Act, the sale of whole or substantially the whole of an undertaking of a public company requires the consent of the members of the company by way of an Ordinary Resolution. Further, Section 192A of the Act read with the Rules, requires that the consent of the members for the sale of an undertaking by a listed company be obtained by way of a postal ballot (the "Postal Ballot").

The Board of Directors of the Company (the "Board") at its meeting held on January 21, 2013 has, subject to the approval of members and other necessary regulatory approvals, approved the transfer and / or sale and / or disposal of and / or vesting of the Company's undertaking engaged in the manufacture and sale of Vinyl-Pyridine Latex ("VP Latex") and Solid Poly Vinyl Acetate ("Solid PVA") along with all the assets and liabilities including employees, contracts, licenses, permits, consents and approvals relating to such undertaking (collectively the "Business Undertaking") to/with its wholly owned subsidiary, Jubilant Agri and Consumer Products Limited (the "Buyer") as a going concern, with effect from April 1, 2012 by means of a 'slump sale' (as defined under Section 2(42C) of the Income-tax Act, 1961) for a lump sum consideration of ₹97,48,00,000 (Rupees Ninety Seven Crores Forty Eight Lakhs), to be discharged by the Buyer in a manner and on such terms and conditions as may be mutually agreed upon between the Company and the Buyer.

Further, in order to attract, retain, reward and motivate the employees for high levels of individual performance, it is proposed to implement Stock Option Scheme, namely, JIL Employees Stock Option Scheme 2013 ("Scheme 2013"). The Board and the Compensation Committee at their meetings held on January 21, 2013 have, subject to the approval of the members and other necessary regulatory approvals, approved the Scheme 2013 pursuant to which upto 5,90,000 number of stock options are proposed to be given to employees of the Company, its subsidiaries and its holding company, each option entitling to 1 (One) equity share of ₹10 at the market price in compliance with applicable laws including guidelines issued by the Securities and Exchange Board of India in this regard.

In terms of SEBI Guidelines, No Employee Stock Option Scheme (ESOS) can be offered to employees of a company unless the members of the company approve Employee Stock Option Scheme (ESOS) by passing a Special Resolution in the general meeting.

In terms of Section 192A of Companies Act, 1956 read with Companies (Passing of the resolution by postal ballot) Rules, 2011, a listed company may obtain the approval of the members for any business by way of postal ballot, including those mentioned in the Companies (Passing of the resolution by postal ballot) Rules, 2011.

Therefore, approval for Scheme 2013 and matters connected therewith is also being obtained from members by way of this postal ballot process.

The Board has appointed Mr. Sanjay Grover, a Practising Company Secretary, as the Scrutinizer ("Scrutinizer") for concluding the Postal Ballot process in a fair and transparent manner.

The results of the voting by postal ballot will be announced on March 1, 2013 at 11:00 am at the corporate office of the Company at 1-A, Sector 16-A, Noida - 201 301, UP, India.

The said results will thereafter be intimated to BSE Limited and National Stock Exchange of India Limited, as well as published in the newspapers and will also be displayed on the website of the Company, [www.jubilantindustries.com](http://www.jubilantindustries.com).

The draft resolutions proposed to be passed by way of Postal Ballot and the Explanatory Statement pursuant to Section 173(2) of the Act are appended below for your consideration.

#### Item 1: Sale of Business Undertaking

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956 ("Act"), the Memorandum and Articles of Association of the Company and other applicable provisions, if any, of the Act, consent of the Company be and is hereby accorded to the Board to sell, transfer, assign or otherwise dispose of the Company's undertaking engaged in the manufacture and sale of Vinyl-Pyridine Latex ("VP Latex") and Solid Poly Vinyl Acetate ("Solid PVA") along with all the assets and liabilities

including employees, contracts, licenses, permits, consents and approvals relating to such undertaking (collectively the "Business Undertaking") to / with its wholly owned subsidiary, Jubilant Agri and Consumer Products Limited (the "Buyer"), on a going concern basis, with effect from April 1, 2012, by means of a 'slump sale' (as defined in Section 2 (42C) of the Income Tax Act, 1961) for a lump sum consideration of ₹97,48,00,000 (Rupees Ninety Seven Crores Forty Eight Lakhs), to be discharged by the Buyer in a manner and on such terms and conditions, as may be mutually agreed between the Company and the Buyer.

**RESOLVED FURTHER THAT** for giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to sale of business undertaking and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions or sanctions which may be necessary or desirable, as they may deem fit."

#### **Item 2: Approve JIL Employees Stock Options Scheme 2013**

**To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof from time to time and for the time being in force ("Act") and in accordance with the Articles of Association of the Company, the Listing Agreement executed by the Company with Stock Exchanges, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time ("SEBI Guidelines"), the Foreign Exchange Management Act, 1999 and rules regulations made thereunder ("FEMA") together with guidelines and clarifications issued by the Reserve Bank of India ("RBI") under FEMA and any other statutory/regulatory authorities, and subject to such other approvals, consents, permissions and sanctions, as may be applicable, including such conditions and modifications as may be prescribed while granting such approvals, consents, permissions and sanctions, if any, which may be agreed to by the Board of Directors of the Company (the "Board", which term shall be deemed to include any Committee including Compensation Committee of the Board, the "Committee"), consent of the Company be and is hereby accorded to the Board for adoption and implementation of 'JIL Employees Stock Options Scheme 2013' ("Scheme 2013"), and to create, issue, offer and grant/allot at any time such number of equity shares of the Company, not exceeding 590,000 (Five Hundred and Ninety Thousand Only), for granting Options to or for the benefit of eligible employees pursuant to Scheme 2013, each Option entitling to 1 (one) fully paid equity share of ₹10 ("Share") of the Company, at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with Scheme 2013.

**RESOLVED FURTHER THAT** the Shares to be offered to the eligible employees (the Option holders) on exercise of the Options would be by way of either (a) subscription to Shares of the Company by such employees; or (b) transfer of Shares to such employees by a private trust as may be constituted by the Board in this regard (the "Trust"), which shall subscribe to and/or acquire shares of the Company as permitted under the SEBI Guidelines.

**RESOLVED FURTHER THAT** in case in any corporate action(s) such as rights issue, bonus issue, merger, sale of division etc. by the Company, if any additional Options/Shares are required to be granted/issued by the Company/Trust to the Eligible Employees, then for the purpose of making a fair and reasonable adjustment to the Options granted to the Eligible Employees earlier, the above ceiling of 590,000 (Five Hundred and Ninety Thousand Only) Options/ Shares shall be deemed to be increased to the extent of such additional Options/Shares required to be issued and/or acquired.

**RESOLVED FURTHER THAT** the grant of Options shall be in accordance with the terms and conditions as regards price, payment, application, allotment, etc. as decided by the Compensation Committee from time to time in accordance with the SEBI Guidelines, *inter alia*, including the following which are also mentioned in the explanatory statement annexed hereto:-

#### **(a) The total number of Options to be granted**

A maximum of 590,000 (Five Hundred and Ninety Thousand Only) Options convertible into 590,000 (Five Hundred and Ninety Thousand Only) Shares of the face value of ₹10/- each of the Company, which will be granted to the eligible employees as may be decided by the Compensation Committee from time to time on such terms and conditions as may be determined by it in accordance with the Scheme 2013 and the SEBI Guidelines.

#### **(b) Identification of classes of Employees entitled to participate in the Scheme**

The following persons shall be eligible for participating in Scheme 2013 ("Eligible Employees"):

- (i) Permanent employees of the Company in the grade of Deputy General Manager (Level 12A) or above, whether working in India or out of India or such other category of Employees as may be decided by the Committee from time to time;
- (ii) A Director of the Company including Whole-time Director(s), Managing Director(s) of the Company, as the case may be, but excluding independent director(s) or the nominee director(s) of the Company;
- (iii) Employees / persons as enumerated in sub clauses (i) and / or (ii) above, of the Group, in India or outside India;
- (iv) Such other persons, as may from time to time be allowed under the SEBI Guidelines and Applicable Laws and as may be approved by the Compensation Committee.

However a person who is a Promoter or belongs to the Promoter Group or a director who either by himself or through his relatives or through any body corporate, directly or indirectly, holds more than 10% of the outstanding Shares of the Company, shall not be eligible to participate in Scheme 2013.

#### **(c) Requirements of Vesting and period of Vesting**

(1) Subject to the terms and conditions laid out in Scheme 2013 and as may be decided by the Compensation Committee at its absolute discretion, the Options shall vest with the Eligible Employees in the following tranches:

- (i) First 20% of the total Options shall vest on the first anniversary of the Grant date;

- (ii) Subsequent 30% of the total Options shall vest on the second anniversary of the Grant date; and
  - (iii) Balance 50% of the total Options shall vest on the third anniversary of the Grant date.
- (2) The Vesting of Options would be a function of achievement of performance criteria or any other criteria as specified by the Compensation Committee and communicated to the Grantee in the grant letter. The Compensation Committee may or may not vest any of the Options already granted or vest such lesser number of Options already granted, in the event it is found that the Eligible Employee has not met the performance criteria specified in the Grant Letter or if there is any Cause in relation to that Participant in terms of the Scheme 2013.
  - (3) In the event of death of an Eligible Employee while in the employment of the Company or the Group, all the Options granted to such deceased Eligible Employee till the date of demise of such Eligible Employee and lying unvested shall vest in the Beneficiary of the deceased Eligible Employee on that day. All the Vested Options shall be permitted to be exercised by the Beneficiary within 1 (one) year from the date of death of the Eligible Employee or before the expiry of the Exercise Period, whichever is earlier. The Compensation Committee may in its absolute discretion permit the exercise of the Options beyond the said period. The provisions of the Scheme 2013 shall apply *mutatis mutandis* to exercise of Options by the Beneficiary and allotment and/or transfer of Shares to the Beneficiary. Any Vested Option not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period.
  - (4) In the event of the termination of a Eligible Employee's employment with the Company or the Group, as a result of a Permanent Incapacity, all the Options granted to him till the date of occurrence of Permanent Incapacity of the Eligible Employee and lying unvested, shall vest in such Eligible Employee on that day. All the Vested Options shall be permitted to be exercised by the Eligible Employee within 1 (one) year from the Termination Date or before the expiry of the Exercise Period, whichever is earlier. The Compensation Committee may in its absolute discretion permit the exercise of the Options beyond the said period. Any Vested Option not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period.
  - (5) After 1 (one) year from Grant Date, in case service of an Eligible Employee with the Company or the Group, is terminated due to retirement on attaining superannuation age or where an extension in retirement date is granted, on completion of such extension period, then such number of Unvested Options granted to such Eligible Employee shall vest in such Eligible Employee as may be determined by the Compensation Committee. However, the Compensation Committee, at their absolute discretion, may enhance the vesting of the Options upto 100% (one hundred percent) of the total Options granted to such Eligible Employee. Further, in such cases, all Vested Options should be exercised within 1 (one) year from the Termination Date or before the expiry of the Exercise Period, whichever is earlier. The Compensation Committee may in its absolute discretion permit the exercise of the Options beyond the said period. Subject to above, all Unvested Options, which are vested in terms of the Scheme 2013, shall immediately stand cancelled and forfeited. Any Vested Option not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period.
  - (6) In case the termination of employment of an Eligible Employee with the Company or the Group is with cause, the Options of such Eligible Employee whether Vested Options and Unvested Options shall stand forfeited at the Termination Date.
  - (7) In case the service of the Eligible Employee with the Company or the Group is terminated for reasons (including by way of resignation by the Eligible Employee) other than those specified above, all the Vested Options as on the Termination Date shall be permitted to be exercised within 90 (ninety) calendar days from the Termination Date or before the expiry of the Exercise Period, whichever is earlier. All the Unvested Options on the Termination Date shall stand cancelled and forfeited. Any Vested Option not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period. The Compensation Committee shall have power to accelerate vesting of the Unvested Options and also to extend the period within which Vested Options may be exercised.
  - (8) If an Eligible Employee is suspended from the services of the Company or the Group; or to whom a show cause notice has been issued or against whom an enquiry is being or has been initiated for any reason whatsoever including but not limited to any cause, all Options granted to such Eligible Employee, including the Vested Options which have not been exercised, may be suspended or kept in abeyance or cancelled at the absolute discretion of the Compensation Committee. In case the Options which have been suspended or kept in abeyance, the same may be Vested with such Eligible Employee on such additional terms and conditions, as may be imposed by the Compensation Committee in its absolute discretion.
- (d) **Maximum period within which the Options shall be vested**  
The Options granted under the Scheme 2013 will vest not earlier than 1 (one) year from the date of grant of such Options. The maximum time within which the Options shall be vested in the Eligible Employees is 3 (three) years in the manner mentioned in the vesting schedule hereinabove from the date of grant of the Options. Further, the Vesting period may be varied at the discretion of the Compensation Committee.
- (e) **Exercise price or pricing formula**  
The exercise price of the Option shall be the market price of the Shares on the date of grant as defined in the SEBI Guidelines. The full exercise price alongwith applicable taxes, if any, shall be paid to the Company/Trust upon exercise of the Options in terms of the Scheme 2013.
- (f) **Exercise period and process of exercise**  
Exercise period shall be 8 (Eight) years from the date of grant within which the Vested Options can be exercised. The Eligible Employees can exercise all or part of the Vested Options. Upon exercise, the Eligible Employees shall make full payment of the exercise price alongwith applicable taxes, if any to the Company / Trust; and the Company / Trust shall allot/ transfer him the requisite number of Shares of the Company in terms of the Scheme 2013. Further, the Exercise Period may be varied at the discretion of the Compensation Committee.

**(g) The appraisal process for determining the eligibility of Employees to the Plan**

The Eligible Employees of the Company/Group in the grade of Deputy General Manager (Level 12A) and above shall be eligible to participate in the Scheme 2013. The Compensation Committee, based on parameters evolved/decided by it from time to time in its absolute discretion and in terms of the Scheme 2013, will decide which Eligible Employees should be granted Options under the Scheme 2013.

**(h) Maximum number of Options to be granted per Employee and in aggregate**

The maximum number of Options in aggregate that may be granted under Scheme 2013 shall not exceed 590,000 (Five Hundred and Ninety Thousand Only). The maximum number of Options that may be granted to an Eligible Employee under the Scheme shall not exceed 50,000 (Fifty Thousand Only) during any financial year and 100,000 (One Hundred Thousand Only) in aggregate.

**(i) Accounting policies**

The Company confirms that it shall conform to the accounting policies specified in the SEBI Guidelines.

**(j) Method of valuation of Options**

The method which the Company shall use to value its Options shall be intrinsic value and as per the SEBI Guidelines.

**(k) Statement in Directors' report**

In case the Company calculates the employee compensation cost using the intrinsic value of the Options, the difference between the Employee compensation cost so computed and the Employee compensation cost that shall have been recognized if it had used the fair value of the Options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' report.

**RESOLVED FURTHER THAT** the Shares to be issued and allotted by the Company under Scheme 2013, shall in all respects rank *pari-passu* with the then existing Shares of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps, if required, for listing of the Shares allotted under Scheme 2013 on the stock exchanges where the Shares of the Company are listed in compliance of the Applicable Laws.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to vary, modify or alter any of the terms and conditions of the Scheme 2013, including those for the grant of Options, exercise price for the purpose of the grant, vesting period, exercise period and issue of Shares on exercise of Options, in compliance of provisions of the Articles of Association of the Company, SEBI Guidelines, Act, FEMA and other Applicable Laws.

**RESOLVED FURTHER THAT** for giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the grant of Options, allotment of Shares on exercise of Options etc. and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions or sanctions which may be necessary or desirable, as they may deem fit.

**RESOLVED FURTHER THAT** the Board be and is hereby further authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any Committee of directors including the Compensation Committee or any other officer or officers of the Company."

**Item No. 3: Approve the grant of Stock Options to the Employees of Subsidiary Companies and/or its Holding Companies under JIL Employees Stock Option Scheme 2013**

**To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provision of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof from time to time and for the time being in force ("Act") and in accordance with the Articles of Association of the Company, the Listing Agreement executed by the Company with Stock Exchanges, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time ("SEBI Guidelines"), the Foreign Exchange Management Act, 1999 and rules regulations made thereunder ("FEMA") together with guidelines and clarifications issued by the Reserve Bank of India ("RBI") under FEMA and any other statutory/regulatory authorities, and subject to such other approvals, consents, permissions and sanctions, as may be applicable, including such conditions and modifications as may be prescribed while granting such approvals, consents, permissions and sanctions, if any, which may be agreed to by the Board of Directors of the Company (the "Board", which term shall be deemed to include any Committee including Compensation Committee of the Board, the "Committee"), consent of the Company be and is hereby accorded to the Board for adoption and implementation of 'JIL Employees Stock Option Scheme 2013' ("Scheme 2013"), and to create, issue, offer and grant/allot at any time or from time to time, directly or through the Trust, to the employees of Subsidiary Company(ies) and/or Holding Company(ies) (including any future Holding and Subsidiary Companies) of the Company, such number of equity shares not exceeding 590,000 (Five Hundred and Ninety Thousand Only) for granting Options to or for the benefit of the eligible employees of such Holding Company and the Subsidiary Company(ies) in terms of Scheme 2013, each Option entitling to one fully-paid up equity share of the Company having a face value of ₹10 ("Share"), at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with the Scheme 2013, subject to the condition that the total number of equity shares to be issued under the Scheme 2013, including the equity shares to be issued to the eligible employees of Holding Company(ies) and the Subsidiary Company(ies) in terms of the Scheme 2013 shall not exceed 590,000 (Five Hundred and Ninety Thousand Only).

**RESOLVED FURTHER THAT** the Shares to be offered to the eligible employees of the Holding Company(ies) and the Subsidiary

Compan(ies) of the Company (the "Option Holders") on exercise of the Options would be by way of either (a) issuance/subscription of / to Shares of the Company to/by such employees; or (b) transfer of Shares to such Option Holders by a private trust as may be constituted by the Board in this regard (the "Trust"), which shall subscribe to and/or acquire shares of the Company as permitted under the SEBI Guidelines.

**RESOLVED FURTHER THAT** in case in any corporate action(s) such as rights issue, bonus issue, merger, sale of division etc. by the Company, if any additional Options/Shares are required to be granted/issued by the Company/Trust to Option Holders, then for the purpose of making a fair and reasonable adjustment to the Options granted to the Option Holders earlier, the above ceiling of 590,000 (Five Hundred and Ninety Thousand Only) Options/ Shares shall be deemed to be increased to the extent of such additional Options/Shares required to be issued and/or acquired.

**RESOLVED FURTHER THAT** the Shares to be issued and allotted by the Company under Scheme 2013, shall in all respects rank *pari-passu* with the then existing Shares of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps, if required, for listing of the Shares allotted under Scheme 2013 on the stock exchanges where the Shares of the Company are listed in compliance of the Applicable Laws.

**RESOLVED FURTHER THAT** for giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the grant of Options, allotment of Shares on exercise of Options etc. and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions or sanctions which may be necessary or desirable, as they may deem fit."

By order of the Board  
For **Jubilant Industries Limited**

**Amit Khurana**  
Company Secretary

Dated: January 21, 2013  
Place: Noida

#### NOTES:

- (a) The Explanatory Statement, pursuant to section 173(2) of the Companies Act, 1956, with regard to the special business mentioned above is annexed.
- (b) The Board vide its Resolution passed on January 21, 2013 has appointed Mr. Sanjay Grover, Practising Company Secretary, as the Scrutinizer ("**Scrutinizer**") for conducting the Postal Ballot voting process in accordance with the law and in a fair and transparent manner. The Postal Ballot Form together with the self-addressed business reply envelope is enclosed for the use of the member.
- (c) Voting shall be only through postal ballot.
- (d) The Notice is being sent to all the members of the Company whose names appear in the Register of Members / Record of Depositories as on January 21, 2013. Voting rights shall be reckoned on the paid up value of the shares registered in the name of the shareholders of the Company as on that date.
- (e) You are requested to carefully read the instructions printed on the postal ballot form before exercising your vote and return the form duly completed and signed in the enclosed self-addressed business reply envelope, so as to reach the Scrutinizer before the close of working hours (6:00 pm) on or before February 28, 2013. The envelope may also be deposited personally at the address given thereon. Consent or otherwise received thereafter shall be treated as if the reply from the member has not been received. Also no other form or photocopy thereof is permitted.
- (f) The Scrutinizer will submit his Report after completion of the scrutiny, to the Chairman, who will, or in his absence any other person so authorized by him will, announce the result of voting by postal ballot on March 1, 2013 at 11:00 am at the corporate office of the Company at 1-A, Sector 16-A, Noida - 201 301, UP, India. The resolution will be taken as passed effectively on the date of announcement of the result, if the results of the postal ballots indicate that the requisite majority of the members of the Company had assented to the resolution. The Scrutinizer's decision on the validity of the postal ballot shall be final.
- (g) Members who wish to be present at the venue at the time of declaration of the result are welcome. The result of the postal ballot will also be announced through a newspaper advertisement and posted on the website of the Company, [www.jubilantindustries.com](http://www.jubilantindustries.com).

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 FORMING PART OF POSTAL BALLOT NOTICE**

##### **Item No. 1**

The Company is proposing to transfer as a "going concern", with effect from April 1, 2012, by way of a slump sale (as defined under Section 2(42C) of the Income-tax Act, 1961) its undertaking engaged in the manufacture and sale of Vinyl-Pyridine Latex ("**VP Latex**") and Solid Poly Vinyl Acetate ("**Solid PVA**") along with all the assets and liabilities including employees, contracts, licenses, permits, consents and approvals relating to such undertaking (collectively the "**Business Undertaking**") to its wholly owned subsidiary, Jubilant Agri and Consumer Products Limited ("**Buyer**").

The vesting of the Undertaking with the Buyer would achieve efficiency in procurement of raw material for the manufacture of Solid

PVA as Vinyl Acetate Monomer, a raw material for the Solid PVA business of the Company, is the same as used by the Buyer in the manufacture of certain consumer products by the Buyer as part of its consumer products business. The vesting of the Business Undertaking with the Buyer would enable increased purchasing power with vendors in the hands of the Buyer, better inventory management and logistic convenience for operating the business of manufacturing and sale of the Solid PVA. Further, the Business Undertaking proposes to expand the product portfolio of its Solid PVA business by diversifying the said business into manufacture of other food ingredients. The vesting of the Undertaking with the Buyer would enable use of the existing consumer products distribution channel of the Buyer for the marketing of the food ingredients. The Business Undertaking also proposes to launch through its VP Latex business certain new products such as hot melt adhesive and certain other industrial adhesives which can be marketed through the existing consumer products distribution channel of the Buyer. The manufacturing plant of the Seller, located at Samalaya (Gujarat), which is currently manufacturing VP Latex would also be used for manufacturing of styrene butadiene rubber ("SBR"). SBR is an essential raw material for manufacture of bubble gum and is demanded by customers of Solid PVA. The Buyer proposes to engage in the business of manufacture and sale of SBR and is possessed with the requisite skills, knowledge and existing consumer products distribution channel for the manufacture and sale of SBR. The vesting of the Business Undertaking with the Buyer will facilitate the manufacture and sale of SBR and the said consumer products through collaboration of infrastructure and use of the existing consumer products distribution channel of the Buyer.

The Company, through its Undertaking, is also engaged in contract manufacturing of the Buyer's wood finish products which activity is performed at the manufacturing facility of the Company located at Gajraula, Uttar Pradesh. The vesting of the Undertaking with the Buyer would enable integration of the said manufacturing facility with the existing wood finish product division of the consumer products business of the Buyer and result in savings.

Additionally, the vesting of the Business Undertaking with the Buyer would result in better servicing of loans and an increase in the asset base of the Buyer, thereby providing better asset coverage to bankers and improving debt servicing capability of the Buyer. The vesting of the Business Undertaking with the Buyer from April 1, 2012 would also allow the Buyer to demonstrate to banks or other lenders/investors a sound financial track record for financial year 2012 -13, which in turn would result in an improvement in credit rating, reduction in borrowing costs of the Buyer and facilitate obtaining of further loans by the Buyer, or renewal of existing loans, on favourable terms and conditions.

For the purposes of effecting the sale / transfer of the Business Undertaking, the Company proposes to execute a business transfer agreement with the Buyer ("**Business Transfer Agreement**") and other related agreements such as assignment deeds, applications to governmental authorities etc.

Pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956 read with Section 192A of the Act and Rules, sale of an undertaking by a public company requires the approval of the members of the Company by way of an Ordinary Resolution to be passed by postal ballot process. The Ordinary Resolution is accordingly being recommended for members approval to be accorded by way of postal ballot.

The Board recommends the passing of the resolution as an Ordinary Resolution.

Mr. Priyavrat Bhartia, Mr. Shamit Bhartia, Mr. R. Bupathy, Directors and Mr. Videh Kumar Jaipurari, Whole-time Director of the Company are also Directors on the Board of Jubilant Agri and Consumer Products Limited. They have no financial interest in the transaction as Jubilant Agri and Consumer Products Limited is a wholly owned subsidiary of Jubilant Industries Limited. No other Director is interested or concerned in the resolution.

#### **Item Nos. 2 and 3**

In order to attract, retain, reward and motivate the employees (of the Company and its Subsidiary Company(ies) and the Holding Company(ies)) for high levels of individual performance, it is proposed to implement Stock Option Scheme, namely, JIL Employees Stock Scheme 2013 ("**Scheme 2013**").

It is contemplated that a private trust may be constituted by the Board for the purpose of the Scheme 2013, which shall subscribe to and/or acquire equity shares of the Company as permitted under the SEBI Guidelines, upto maximum of 5,90,000 (Five Hundred and Ninety Thousand Only) equity shares of the Company. Hence, it is envisaged to grant upto 590,000 (Five Hundred and Ninety Thousand Only) Options under Scheme 2013, each Option giving right to acquire 1 (One) Share of the Company of ₹10. It is proposed that the Trust will be empowered to transfer the Shares of the Company held by it to the Eligible Employees in terms of the Scheme 2013.

The Compensation Committee (the "**Committee**") has been mandated with the task of overall supervision and ongoing administration of Scheme 2013.

SPA Capital Advisors Limited have been appointed as Merchant Bankers for implementation of the Scheme 2013.

#### **Information pursuant to Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999**

##### **(a) The total number of Options to be granted**

A maximum of 590,000 (Five Hundred and Ninety Thousand Only) Options convertible into 590,000 (Five Hundred and Ninety Thousand Only) Shares of the face value of ₹10/- each of the Company, which will be Granted to the eligible employees as may be decided by the Compensation Committee from time to time on such terms and conditions as may be determined by it in accordance with the Scheme 2013 and the SEBI Guidelines.

##### **(b) Identification of classes of Employees entitled to participate in the Scheme**

The following persons shall be eligible for participating in Scheme 2013 ("**Eligible Employees**"):

- (i) Permanent employees of the Company in the grade of Deputy General Manager (Level 12A) or above, whether working in India or out of India or such other category of Employees as may be decided by the Committee from time to time;



- (ii) A Director of the Company including Whole-time Director(s), Managing Director(s) of the Company, as the case may be, but excluding independent director(s) or the nominee director(s) of the Company;
- (iii) Employees / persons as enumerated in sub clauses (i) and / or (ii) above, of the Group, in India or outside India;
- (iv) Such other persons, as may from time to time be allowed under the SEBI Guidelines and Applicable Laws and as may be approved by the Compensation Committee.

However a person who is a Promoter or belongs to the Promoter Group or a director who either by himself or through his relatives or through any body corporate, directly or indirectly, holds more than 10% of the outstanding Shares of the Company, shall not be eligible to participate in Scheme 2013.

**(c) Requirements of Vesting and period of Vesting**

- (1) Subject to the terms and conditions laid out in Scheme 2013 and as may be decided by the Compensation Committee at its absolute discretion, the Options shall vest with the Eligible Employee in the following tranches:
  - (i) First 20% of the total Options shall vest on the first anniversary of the Grant date;
  - (ii) Subsequent 30% of the total Options shall vest on the second anniversary of the Grant date; and
  - (iii) Balance 50% of the total Options shall vest on the third anniversary of the Grant date.
- (2) The Vesting of Options would be a function of achievement of performance criteria or any other criteria as specified by the Compensation Committee and communicated to the Grantee in the grant letter. The Compensation Committee may or may not vest any of the Options already granted or vest such lesser number of Options already granted, in the event it is found that the Eligible Employee has not met the performance criteria specified in the Grant Letter or if there is any Cause in relation to that Participant in terms of the Scheme 2013.
- (3) In the event of death of an Eligible Employee while in the employment of the Company or the Group, all the Options granted to such deceased Eligible Employee till the date of demise of such Eligible Employee and lying unvested shall Vest in the Beneficiary of the deceased Eligible Employee on that day. All the Vested Options shall be permitted to be exercised by the Beneficiary within 1 (one) year from the date of death of the Eligible Employee or before the expiry of the Exercise Period, whichever is earlier. The Compensation Committee may in its absolute discretion permit the exercise of the Options beyond the said period. The provisions of the Scheme 2013 shall apply *mutatis mutandis* to exercise of Options by the Beneficiary and allotment and/or transfer of Shares to the Beneficiary. Any Vested Option not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period.
- (4) In the event of the termination of a Eligible Employee's employment with the Company or the Group, as a result of a Permanent Incapacity, all the Options granted to him till the date of occurrence of Permanent Incapacity of the Eligible Employee and lying unvested, shall vest in such Eligible Employee on that day. All the Vested Options shall be permitted to be exercised by the Eligible Employee within 1 (one) year from the Termination Date or before the expiry of the Exercise Period, whichever is earlier. The Compensation Committee may in its absolute discretion permit the exercise of the Options beyond the said period. Any Vested Option not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period.
- (5) After 1 (one) year from Grant Date, in case service of an Eligible Employee with the Company or the Group, is terminated due to retirement on attaining superannuation age or where an extension in retirement date is granted, on completion of such extension period, then such number of Unvested Options granted to such Eligible Employee shall vest in such Eligible Employee as may be determined by the Compensation Committee. However, the Compensation Committee, at their absolute discretion, may enhance the vesting of the Options upto 100% (one hundred percent) of the total Options granted to such Eligible Employee. Further, in such cases, all Vested Options should be exercised within 1 (one) year from the Termination Date or before the expiry of the Exercise Period, whichever is earlier. The Compensation Committee may in its absolute discretion permit the exercise of the Options beyond the said period. Subject to above, all Unvested Options, which are vested in terms of the Scheme 2013, shall immediately stand cancelled and forfeited. Any Vested Option not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period.
- (6) In case the termination of employment of an Eligible Employee with the Company or the Group is with cause, the Options of such Eligible Employee whether Vested Options and Unvested Options shall stand forfeited at the Termination Date.
- (7) In case the service of the Eligible Employee with the Company or the Group is terminated for reasons (including by way of resignation by the Eligible Employee) other than those specified above, all the Vested Options as on the Termination Date shall be permitted to be exercised within 90 (ninety) calendar days from the Termination Date or before the expiry of the Exercise Period, whichever is earlier. All the Unvested Options on the Termination Date shall stand cancelled and forfeited. Any Vested Option not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period. The Compensation Committee shall have power to accelerate vesting of the Unvested Options and also to extend the period within which Vested Options may be exercised.
- (8) If an Eligible Employee is suspended from the services of the Company or the Group; or to whom a show cause notice has been issued or against whom an enquiry is being or has been initiated for any reason whatsoever including but not limited to any cause, all Options granted to such Eligible Employee, including the Vested Options which have not been exercised, may be suspended or kept in abeyance or cancelled at the absolute discretion of the Compensation Committee. In case the Options which have been suspended or kept in abeyance, the same may be Vested with such Eligible Employee on such additional terms and conditions, as may be imposed by the Compensation Committee in its absolute discretion.

**(d) Maximum period within which the Options shall be vested**

The Options granted under the Scheme 2013 will vest not earlier than 1 (one) year from the date of grant of such Options. The

maximum time within which the Options shall be vested in the Eligible Employees is 3 (three) years in the manner mentioned in the vesting schedule hereinabove from the date of grant of the Options. Further, the Vesting period may be varied at the discretion of the Compensation Committee.

**(e) Exercise price or pricing formula**

The exercise price of the Option shall be the market price of the Shares on the date of grant as defined in the SEBI Guidelines. The full exercise price alongwith applicable taxes, if any, shall be paid to the Company/Trust upon exercise of the Options in terms of the Scheme 2013.

**(f) Exercise period and process of exercise**

Exercise period shall be 8 (Eight) years from the date of grant within which the Vested Options can be exercised. The Eligible Employees can exercise all or part of the Vested Options. Upon exercise, the Eligible Employees shall make full payment of the exercise price alongwith applicable taxes, if any to the Company/Trust and the Company/Trust shall allot/ transfer him the requisite number of shares of the Company in terms of the Scheme 2013. Further, the Exercise Period may be varied at the discretion of the Compensation Committee.

**(g) The appraisal process for determining the eligibility of Employees to the Plan**

The Eligible Employees of the Company/Group in the grade of Deputy General Manager (Level 12A) and above shall be eligible to participate in the Scheme 2013. The Compensation Committee, based on parameters evolved/decided by it from time to time in its absolute discretion and in terms of the Scheme 2013, will decide which Eligible Employees should be granted Options under the Scheme 2013.

**(h) Maximum number of Options to be granted per Employee and in aggregate**

The maximum number of Options in aggregate that may be granted under Scheme 2013 shall not exceed 590,000 (Five Hundred and Ninety Thousand Only). The maximum number of Options that may be granted to an Eligible Employee under the Scheme 2013 shall not exceed 50,000 (Fifty Thousand Only) during any financial year; and 100,000 (One Hundred Thousand Only) in aggregate.

**(i) Accounting policies**

The Company confirms that it shall conform to the accounting policies specified in the SEBI Guidelines.

**(j) Method of valuation of Options**

The method which the Company shall use to value its Options shall be intrinsic value and as per the SEBI Guidelines.

**(k) Statement in Directors' report**

In case the Company calculates the employee compensation cost using the intrinsic value of the Options, the difference between the Employee compensation cost so computed and the Employee compensation cost that shall have been recognized if it had used the fair value of the Options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' report.

The other terms and conditions for issue of Options will be as per Scheme 2013 and subject to modification/variation by the Board/Committee from time to time.

Further, it is proposed that the issue of shares on exercise may be either by way of issue of fresh shares directly by the Company or by way of transfer by the Trust which will subscribe to and / or acquire the Shares from the Company as permitted by the SEBI Guidelines. Further, the Company may consider to provide loan to the Trust for the purpose of subscribing and / or acquiring shares of the Company.

As per SEBI Guidelines read with section 81(1A) of the Act, the approval of the members by way of special resolution is required for the adoption and implementation of Scheme 2013. Further, the SEBI Guidelines mandate obtaining consent of members by way of special resolution where the grant of Options is proposed to be offered to the employees of Holding Company(ies) and/or Subsidiary Company(ies) of the Company.

The Board recommends the passing of the resolutions as Special Resolution.

Mr. Videh Kumar Jaipurkar, CEO & Whole-time director, being Executive and in whole-time employment of the Company shall be deemed to be concerned or interested in the above resolutions. The Directors, who are eligible to participate in the Scheme 2013, may be deemed to be concerned or interested in these resolutions and no other Director, is in any way concerned or interested in the above resolutions.

**Inspection of Documents**

A copy of JIL Employees Stock Option Scheme 2013 and other documents referred to in the Notice and Explanatory Statement would be available for inspection to the desirous members of the Company on any working day between 11:00 am to 1:00 pm at the corporate office of the Company. The reference of the capitalised terms used herein (which are not defined) have been taken from JIL Employees Stock Option Scheme 2013.

By order of the Board  
For Jubilant Industries Limited

Amit Khurana  
Company Secretary

Dated: January 21, 2013  
Place: Noida