

**ABC**

**ABC Bearings Limited**

**53**

**Annual Report  
2013-2014**

# ABC



Manufacturing Lines

<b>BOARD OF DIRECTORS</b>	S. M. Patel - Chairman P. M. Patel - Managing Director T. M. Patel - Executive Director Y. H. Malegam - Upto 16.07.2013 S. K. Diwanji Jal R. Patel Nalin M. Shah - From 16.07.2013
<b>COMPANY SECRETARY</b>	S.B. Desai
<b>AUDITORS</b>	Parikh & Shah Chartered Accountants
<b>COST AUDITORS</b>	B. J. D Nanabhoy & Co. Cost Accountants
<b>SOLICITORS</b>	Desai & Diwanji Advocates & Solicitors
<b>BANKERS</b>	IDBI Bank Ltd. State Bank of India
<b>REGISTERED OFFICE</b>	402-B, Poonam Chambers, Dr. Annie Besant Road, Worli, Mumbai-400 018. Phone: 022-24964500, 24964501, 66608851 Fax : 022-24950527 E-mail: regdoff@abcbearings.com
<b>REGISTRARS &amp; TRANSFER AGENTS</b>	Bigshare Services Pvt. Ltd. E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400 072. Tel.: 022 - 40430200 Fax: 022 - 28475207 E-mail: investor@bigshareonline.com
<b>WORKS</b>	1. GIDC Industrial Estate, Bharuch - 392 015, Gujarat State. Phone: 02642 - 248222/3/4, 246353 Fax : 02642 - 247591 E-mail: mktbrh@abcbearings.com  2. Khasra No.122 MI, Central Hope Town, Village: Selaqui, Tehsil: Vikas Nagar, Dehradun-248197, Uttarakhand.

<b>CONTENTS</b>	<b>PAGE NO.</b>
Notice .....	2
Directors' Report .....	13
10 Years' Highlights .....	17
Corporate Governance Report .....	18
Management Discussion & Analysis .....	28
Independent Auditors' Report .....	30
Balance Sheet .....	34
Statement of Profit and Loss .....	35
Cash Flow Statement .....	36
Notes to Financial Statements .....	37

**ANNUAL GENERAL MEETING**  
Thursday, 17<sup>th</sup> July, 2014 at 4.30 p.m.  
Hall of Culture, Nehru Centre,  
Dr. Annie Besant Road,  
Worli, Mumbai – 400 018.

## NOTICE

NOTICE is hereby given that the Fifty-third Annual General Meeting of the Members of **ABC Bearings Limited** will be held on **Thursday, the 17<sup>th</sup> July, 2014 at 4.30 p.m.** at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. S.M. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Jal Ratanshaw Patel (holding DIN 00065021), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31<sup>st</sup> March, 2019.”
6. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Shishir Kisonlal Diwanji (holding DIN 00087529), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31<sup>st</sup> March, 2019.”
7. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Sections 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the appointment of Mr. S.M. Patel as the Executive Chairman of the Company for a period of three years with effect from 2<sup>nd</sup> May, 2014, on the terms and conditions including remuneration as set out in the Draft Agreement to be entered into between the Company and Mr. S.M. Patel, copy whereof initialled by the Chairman for the purpose of identification placed before this meeting be and is hereby approved.”

“RESOLVED FURTHER THAT subject to the provisions of Section 198 read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, in the event of inadequacy or absence of profits, Mr. S.M. Patel, be paid the remuneration as set out in the Draft Agreement to be entered into between the Company and Mr. S.M. Patel, as the Minimum Remuneration.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps including the power to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board and Mr. S.M. Patel, subject to such approval as may be necessary, proper and expedient and to do any act, deeds, matters and things to give effect to this Resolution.”
8. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Sections 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the appointment of Mr. P.M. Patel as the Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> August, 2014, on the terms and conditions including remuneration as set out in the Draft Agreement to be entered into between the Company and Mr. P.M. Patel, copy whereof initialled by the Chairman for the purpose of identification placed before this meeting be and is hereby approved.”

“RESOLVED FURTHER THAT subject to the provisions of Section 198 read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, in the event of inadequacy or absence of profits, Mr. P. M. Patel, be paid the remuneration as set out in the Draft Agreement to be entered into between the Company and Mr. P. M. Patel, as the Minimum Remuneration.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps including the power to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board and Mr. P. M. Patel, subject to such approval as may be necessary, proper and expedient and to do any act, deeds, matters and things to give effect to this Resolution.”

9. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-

“RESOLVED THAT in supersession of all earlier resolutions passed in this regard and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and in accordance with the applicable provisions of the Companies Act, 1956, if any (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board constituted or to be constituted to exercise its powers including the powers conferred by this resolution) for borrowing any sum or sums of money from time to time from any one or more of the Company’s bankers and/or financial or investment institutions and/or from anyone or more other persons, firms, companies, whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company’s assets and properties whether movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount upto which the moneys may be borrowed by the Board and outstanding at any time shall not exceed the sum of Rs.500 crores (Rupees five Hundred Crores only) exclusive of interest, and the Board are hereby further authorised to execute such deeds of debentures and debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the Board may think fit and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

10. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or enactment thereof, for the time being in force), B. J. D. Nanabhoy & Co., the Cost Auditors appointed by the Board of Directors, to conduct the audit of cost records of the Company for the financial year ending March 31, 2015 be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

#### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The instrument of proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, the 15<sup>th</sup> July, 2014 to Thursday, the 17<sup>th</sup> July, 2014 (both days inclusive), for the purpose of dividend, if declared at the Annual General Meeting.
3. Pursuant to Sections 124 and 125 of the Companies Act, 2013, the dividend which remains unclaimed/unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

The tentative dates for transfer to IEPF of the dividend remaining unclaimed/unpaid since 2006-07 are provided hereunder:

Financial Year	Rate (%)	Date of declaration of Dividend	Tentative dates for transfer to IEPF
2006-07	40%	24.07.2007	29.08.2014
2007-08	40%	16.07.2008	21.08.2015
2008-09	20%	21.07.2009	26.08.2016
2009-10	45%	06.08.2010	11.09.2017
2010-11	60%	29.07.2011	03.09.2018
2011-12	50%	03.08.2012	09.10.2019
2012-13	25%	16.07.2013	16.09.2020

Those members, who have not encashed the dividend warrant/s for the above years, are requested to make their claim forthwith to the Registered Office of the Company/Registrar & Share Transfer Agent. It may be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund as above, no claim shall lie in respect thereof with the Company.

4. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in person at the general meeting.

The instructions for members for voting electronically are as under:-

(A) In case of members receiving e-mail:

- i) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
- ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii) Click on "Shareholders" tab to cast your votes.
- iv) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT".
- v) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID <b>For CDSL: 16 digits beneficiary ID</b>	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio	

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use the default number: AAABC2018P in the PAN field.

# Please enter any one of the details in order to login. In case either of the details are not recorded with the depository, please enter the value 20051966 in the DOB column or the AABBC19665 in the Dividend Bank details field.

- vi) After entering these details appropriately, click on “SUBMIT” tab.
  - vii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ %& \*). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.
  - viii) Click on the relevant EVSN on which you choose to vote.
  - ix) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - x) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
  - xi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
  - xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (B) In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/depository participant(s) or requesting physical copy]:
- (A) Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.
  - (B) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
  - (C) The voting period begins on 9<sup>th</sup> July, 2014 (9.00 a.m) and ends on 11<sup>th</sup> July, 2014 (5.00 p.m). The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
  - (D) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
5. The Company has appointed Mr. S.V. S. Iyer Practicing Company Secretary as the Scrutinizer for conducting the e-voting process in fair and transparent manner.
  6. A copy of this notice has been placed on the website of the Company and the website of CDSL.
  7. As per SEBI’s Notification dated 16<sup>th</sup> February, 2000, the equity shares of the Company have been compulsorily dematerialised and sale/purchase of the same is required to take place in dematerialised form only. You are advised to get your shares dematerialised through NSDL or CDSL. They have allotted ISIN Number INE 779A01011. Members are requested in their interest, to please return the physical certificates through their Depository Participants (DP).
  8. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories/members for depositing dividend or payment through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available, for distribution of dividend.
  9. The Securities and Exchange Board of India vide its Circular No.CIR/MRD/DP/10/2013 dated 21.03.2013, directed that, henceforth, Listed Companies shall mandatorily make all payments to Investors, including Dividend to Shareholders, through RBI approved Electronic mode of payment such as ECS [LECS (Local ECS)/RECS (Regional ECS/NECS (National ECS), NEFT, etc. In view of this, we appeal to all Shareholders of the Company to furnish the Bank Account details to facilitate prompt, safe and correct payment of the Dividend, whenever declared. In case, you do not want Electronic payment of the Dividend, kindly furnish your Bank Account information to the Company.

10. Members seeking any information with regard to Accounts are requested to write to the Company at least 10 days in advance so as to enable the Company to keep the information ready.
11. Members are requested to register their e-mail address with the Share Transfer Agents for sending notice/documents through e-mail.
12. Members are requested to send all future correspondence in respect of their change of address, transfer of shares or any other query, directly to the Share Transfer Agents at the following address: -  

Bigshare Services Pvt. Ltd.	Tel.: 022-40430200
E-2/3, Ansa Industrial Estate,	Fax: 022-28475207
Sakivihar Road, Saki Naka,	E-mail: investor@bigshareonline.com
Andheri (E), Mumbai - 400 072.	Website: www.bigshareonline.com
13. Members are requested to quote their Folio/DP ID Number(s) in all correspondence with the Company's Share Transfer Agents.
14. Members/Proxies should bring the attendance slip duly filled-in for attending the meeting.
15. Members are requested to bring their copy of Annual Report to the Meeting.

By Order of the Board of Directors

**Registered Office:**

402-B, Poonam Chambers,  
Dr. Annie Besant Road,  
Worli, Mumbai – 400 018.  
Date: 9th May, 2014

**S.B. Desai**  
**Company Secretary**



---

---

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF  
THE COMPANIES ACT, 2013.**

**Item No.5:**

Mr. Jal R. Patel is Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 26<sup>th</sup> May, 2004. He is the Chairman of the Audit Committee, a member of Corporate Social Responsibility Committee and Nomination and Remuneration Committee.

Mr. Jal R. Patel, is a Financial & Management Consultant. He is an Associate Member of Institute of Company Secretaries of India and Institute of Chartered Accountants of India. He has held the position of Managing Director of FAG Bearings India Ltd. for 23 years and he retired from the organisation as the Chairman. Mr. Jal R. Patel holds directorships and memberships/chairmanships of the Committees of the Board of Directors of the understated other companies in India:

- Director in Gujarat Gas Company Limited, Shri Dinesh Mills Limited, Styrolution ABS (India) Limited, Elecon Engineering Co. Limited, Munjal Auto Industries Limited and Jewel Consumer Care Private Limited.
- Chairman Audit Committee and member of Shareholders Grievance Committee of Gujarat Gas Company Limited, Chairman Shareholders Grievance Committee and member Audit Committee of Styrolution ABS (India) Limited, Chairman Audit Committee of Elecon Engineering Company Limited and member of Shareholders Grievance Committee of Shri Dinesh Mills Limited.

Mr. Jal R. Patel holds 350 shares in the Company.

Mr. Jal R. Patel is a Director whose period of office is liable to determination by retirement of Director by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Jal R. Patel being eligible and offering himself for appointment is proposed to be appointed as Independent Director for five consecutive years for a term upto 31<sup>st</sup> March, 2019. A notice has been received from a member proposing Mr. Jal R. Patel as a candidate for the office of the Director of the Company.

In the opinion of the Board Mr. Jal R. Patel fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Jal R. Patel as an Independent Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Jal R. Patel as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Jal R. Patel as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Jal R. Patel, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

**Item No.6:**

Mr. Shishir K. Diwanji is Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 23<sup>rd</sup> June, 1988. He is the Chairman of the Nomination and Remuneration Committee and member of Audit Committee.

Mr. Shishir K. Diwanji, is a Solicitor, Advocate and Notary with over 46 years of experience in the legal profession. He is a Senior Partner of Messrs. Desai & Diwanji, an eminent firm of Advocates, Solicitors & Notaries. Mr. Shishir K. Diwanji holds directorships and memberships/chairmanships of the Committees of the Board of Directors of the understated other companies in India:

- Director in HDFC Trustee Company Limited, Hawkins Cookers Limited, Kaira Can Company Limited, Protos Engineering Company Private Limited, Windmere Hospitality (India) Private Limited and Gem Photographic (India) Private Limited.
- Member Audit Committee, Customer Services Committee and Risk Management Committee of HDFC Trustee Company Limited.

Mr. Shishir K. Diwanji holds 7950 shares in the Company.

Mr. Shishir K. Diwanji is a Director whose period of office is liable to determination by retirement of Director by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Shishir K. Diwanji being eligible and offering himself for appointment is proposed to be appointed as Independent Director for five consecutive years for a term upto 31<sup>st</sup> March, 2019. A notice has been received from a member proposing Mr. Shishir K. Diwanji as a candidate for the office of the Director of the Company.

In the opinion of the Board Mr. Shishir K. Diwanji fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Shishir K. Diwanji as an Independent Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Shishir K. Diwanji as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Shishir K. Diwanji as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Shishir K. Diwanji, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

**Item No.7:**

The shareholders at the Annual General Meeting held on 29<sup>th</sup> July, 2011 approved the appointment and payment of remuneration to Mr. S. M. Patel, Executive Chairman from 02.05.2011 to 01.05.2016 subject to the approval of the Central Government. The Central Government approved the remuneration of Mr. S.M. Patel, Executive chairman for the period from 02.05.2011 to 01.05.2014. The Directors have at their meeting held on 9<sup>th</sup> May, 2014 re-appointed Mr. S.M. Patel as Executive Chairman for a further period of 3 years with effect from 2<sup>nd</sup> May, 2014, on the terms and conditions including the remuneration as set out in the draft agreement, which are as under:

**A. Salary**

In the range of ₹ 9,00,000/- – ₹ 11,00,000/- per month as the Board/Committee of Directors may decide from time to time.

**B. Perquisites & Allowances:**

The Executive Chairman shall be entitled to the following perquisites and benefits:

- i) Accommodation (furnished/unfurnished) or House Rent Allowance in lieu thereof;
- ii) Maintenance and upkeep, all monthly outgoings, cost of repairs, furnishings, payment of actual expenses for gas, electricity, water;
- iii) Reimbursement of actual expenditure on medical treatment for self and dependent family members;
- iv) Leave travel for self and dependent family members;
- v) Subscription to Club fees and other expenses incurred at the club;
- vi) Medical/accident insurance;
- vii) Car with Driver maintained and fuelled by the Company for the use of Mr. S. M. Patel and his family;
- viii) Other perquisites subject to overall ceiling of remuneration stipulated in Section 197 of the Companies Act, 2013.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income tax Rules wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost.

**C. Retirement Benefits**

Provident Fund and Gratuity on the fixed monthly salary in accordance to the Company's Rules.

**D. Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained, where, in any financial year during the currency of the tenure of Mr. S.M. Patel, the Company has no profits or its profits are inadequate, the Company will pay to Mr. S.M. Patel, remuneration by way of Salary, Benefits, Perquisites and Allowances as specified above.

**E. Retirement by Rotation:**

Mr. S.M. Patel shall be subject to retirement by rotation.