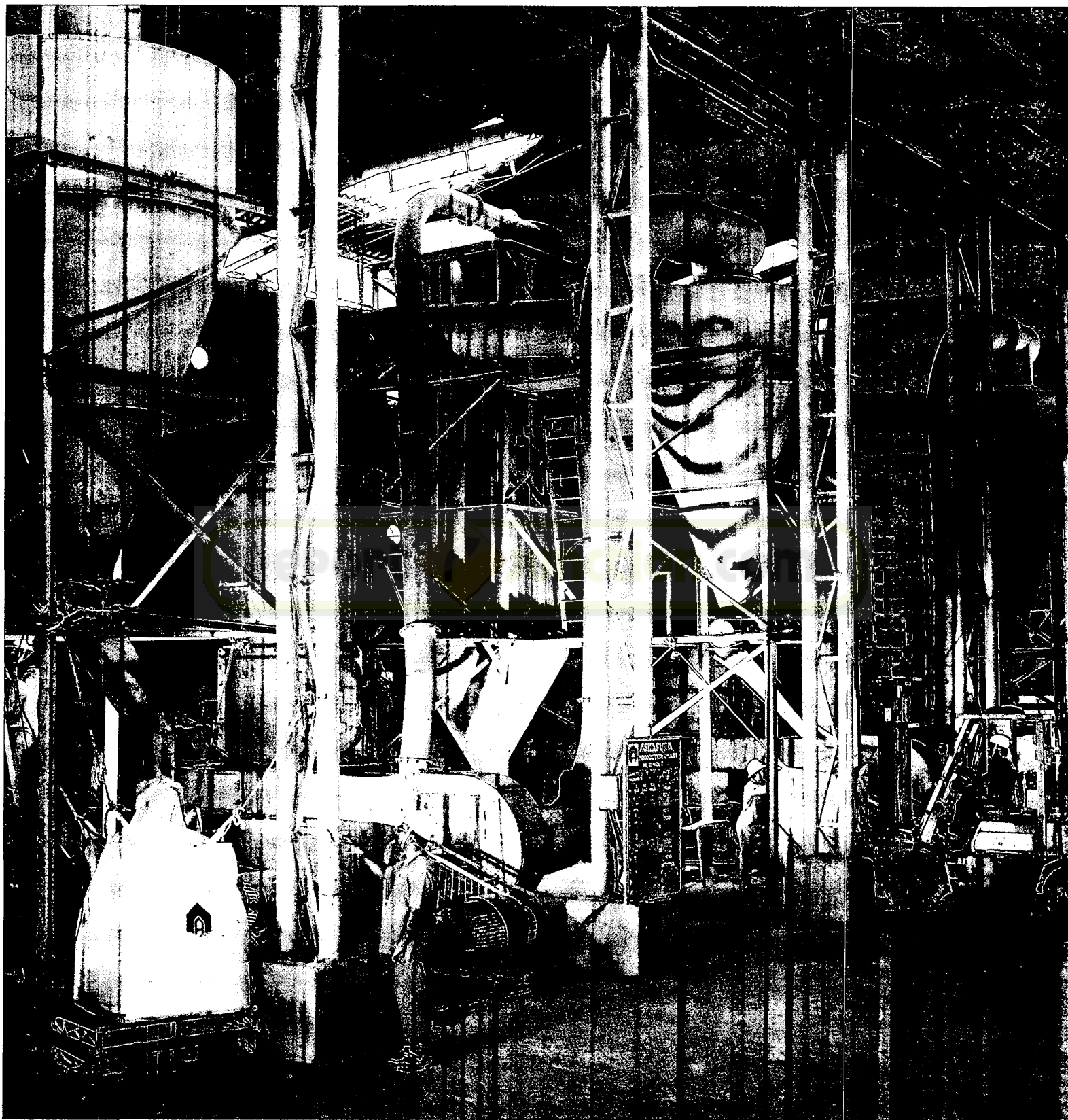




**ANNUAL
REPORT
1996-97**

ASHAPURA MINECHEM LIMITED



State of the Art Technology

ASHAPURA MINECHEM LIMITED

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of Ashapura Minechem Limited will be held on Thursday, the 18th September, 1997, at 11.00 A.M. at Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, IMC LNM Building, IMC Marg, Churchgate, Mumbai - 400 020 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997, Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors of the Company.
2. To declare a dividend on Equity Shares.
3. To appoint a director in place of Shri R. D. Doshi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Shri Piyush Vora, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.
6. To appoint Branch Auditors for Bhuj Branch, Mandvi Branch, Ler Branch and Chennai Branch in consultation with the Company's Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT Shri Bachubhai N. Shah, who was appointed as an Additional Director of the Company by the Board of Directors on 4th August, 1997, with effect from 1st August, 1997 and who, in terms of Section 260 of the Companies Act, 1956, holds office until this Annual General Meeting and in respect of whom the Company has received a Notice from a member under Section 257 of the Companies Act, 1956, proposing his candidature for the Office of a Director, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT pursuant to Sections 198, 269, 309, 311 and 314 read with Schedule XIII for the time being in force and other applicable provisions, if any, of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such approvals, as may be necessary, the Company hereby approves the re-appointment and the terms of remuneration of Shri Navnital R. Shah, who is above 70 years in age, as the Managing Director of the Company for a period of five years with effect from 1st October, 1997, upon the terms and conditions set out in the draft Agreement submitted to this meeting and for identification, initialled by a Director thereon, which Agreement is hereby specifically sanctioned and approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement in such a manner as may be agreed to between the Board of Directors and Shri Navnital R. Shah."

"RESOLVED FURTHER THAT subject to the provisions of sections 198 and 309 of the Companies Act, 1956, the Company having profits in a financial year may pay to Shri Navnital R. Shah any remuneration, by way of salary, dearness allowance, perquisites, commission and/or other allowances, which shall not exceed five per cent of its net profits for one such managerial person, and if there is more than one such managerial person, ten per cent for all of them together."

"RESOLVED FURTHER THAT if the Company has no profits or its profits are inadequate in any financial year, it may pay remuneration to Shri Navnital R. Shah by way of salary, dearness allowance, perquisites and/or any other allowances, not exceeding the ceiling limit of Rs.10,50,000/- per annum or Rs.87,500/- per month and that he shall also be eligible to the perquisites specified in the paragraph 2 of Section II of Part II of the Schedule XIII as may be in force from time to time."

ASHAPURA MINECHEM LIMITED

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution."

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

"RESOLVED THAT pursuant to Sections 198, 269, 309, 311 and 314 read with Schedule XIII for the time being in force and other applicable provisions, if any, of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such approvals as may be necessary, the Company hereby approves the re-appointment and the terms of remuneration of Shri Chetan N. Shah, as the Joint Managing Director of the Company for a period of five years with effect from 1st October, 1997, upon the terms and conditions set out in the draft Agreement submitted to this meeting and for identification initialled by a Director thereon, which Agreement is hereby specifically sanctioned and approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Shri Chetan N. Shah."

"RESOLVED FURTHER THAT subject to the provisions of sections 198 and 309 of the Companies Act, 1956, the Company having profits in a financial year may pay to Shri Chetan N. Shah any remuneration, by way of salary, dearness allowance, perquisites, commission and/or other allowances, which shall not exceed five per cent of its net profits for one such managerial person, and if there is more than one such managerial person, ten per cent for all of them together."

"RESOLVED FURTHER THAT if the Company has no profits or its profits are inadequate in any financial year it may pay remuneration to Shri Chetan N. Shah by way of salary, dearness allowance, perquisites and/or any other allowances, not exceeding the ceiling limit of Rs.10,50,000/- per annum or Rs.87,500/- per month and that he shall also be eligible to the perquisites specified in the paragraph 2 of Section II of Part II of the Schedule XIII as may be in force from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution."

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

"RESOLVED THAT pursuant to Sections 198, 269, 309 and 311 read with Schedule XIII for the time being in force and other applicable provisions, if any, of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such approvals, as may be necessary, the Company hereby approves of the appointment and the terms of remuneration of Shri Bachubhai N. Shah, who is above 70 years in age, as a Whole-time Director (Factories and Mining Operations) of the Company for a period of five years with effect from 1st August, 1997, upon the terms and conditions set out in the draft letter of appointment submitted to this meeting and for identification initialled by the Chairman thereon, which letter of appointment is hereby specifically sanctioned and approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or the letter of appointment in such manner as may be agreed to between the Board of Directors and Shri Bachubhai N. Shah."

"RESOLVED FURTHER THAT subject to the provisions of sections 198 and 309 of the Companies Act, 1956, the Company having profits in a financial year may pay to Shri Bachubhai N. Shah any remuneration, by way of salary, dearness allowance, perquisites, commission and/or other allowances, which shall not exceed five per cent of its net profits for one such managerial person, and if there is more than one such managerial person, ten percent for all of them together."

"RESOLVED FURTHER THAT if the Company has no profits or its profits are inadequate in any financial year, it may pay remuneration to Shri Bachubhai N. Shah by way of salary, dearness allowance, perquisites and/or any other allowances, not exceeding the ceiling limit of Rs.10,50,000/- per annum or Rs.87,500/-

ASHAPURA MINECHEM LIMITED

per month and that he shall also be eligible to the perquisites specified in the paragraph 2 of Section II of Part II of the Schedule XIII as may be in force from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this Resolution."

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

"RESOLVED THAT subject to the approval of the Central Government pursuant to sub-section (3) of Section 294AA and other applicable provisions, if any, of the Companies Act, 1956 and of the Reserve Bank of India, approval of the shareholders be and is hereby accorded to the appointment of M/s. Bentonite Amsterdam B.V., or M/s. Bentoniet Amsterdam B. V., Amsterdam, Netherlands as the Company's Sole Selling Agents and/or Sole Distributors on principal to principal basis for the sale of Company's products namely Bentonite and all its allied products in Netherlands and in such other Countries of Europe as may be decided and agreed upon from time to time by the Board of Directors, initially for a period of two years effective from the date of their appointment, and thereafter to be renewed for a further period of three years, on the terms and conditions as set out in the draft agreement of appointment placed before this meeting and initialled by the Chairman of the Company for the purpose of identification."

"RESOLVED FURTHER THAT the Managing Director/Joint Managing Director or the Secretary of the Company be and are hereby individually authorised to make the necessary application(s) to the Central Government and Reserve Bank of India and also to make any addition(s) or alteration(s) or modification(s) in the terms and conditions of the agreement of the Sole Selling Agency and/or Sole Distributorship as may be agreed between the Parties and/or suggested by the Central Government and/or Reserve Bank of India while granting such approval, and accepted by the Board of Directors, as they think fit and to do all such acts and things as may be necessary in this regard."

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

"RESOLVED THAT in supersession of the special resolution passed at the Extra-Ordinary General Meeting held on 9th April, 1996, in this regard and in accordance with the provisions of section 81 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment(s) thereof for the time being in force and subject to such approvals, permissions and sanctions as may be necessary from the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) or any other appropriate authority or Financial Institutions or Banks and subject to such conditions and modifications as may be considered necessary by the Board of Directors, as may be prescribed in granting such approvals, which may be agreed to by the Board of Directors, consent of the Company be and is hereby accorded to the Board of Directors (which term shall include any Committee of the Board authorised to exercise powers of the Board) of the Company to issue, offer or allot Equity Shares/Preference Shares/Fully Convertible Debentures/Partially Convertible/Non-Convertible Debentures/Bonds or any other instruments (including Global Depository Receipts) as may be decided by the Board of Directors, either in Rupees or in any such appropriate foreign currency as may be permitted by law for an aggregate value not exceeding Rupees 15 Crores with or without attachable or detachable warrants, to the Promoters/Directors, their friends and relatives and Associates/Group Companies, Members, Employees, Non-Resident Indians, Indian public, Overseas Corporate Bodies, International Institutions, Foreign Institutional Investors, Companies, Mutual Funds, Financial Institutions or other entities as may be allowed under applicable rules and regulations and to such persons (whether share holders of the Company or not) by public issue, right issue, private placements, preferential issue, bought out deals, reservations, firm commitments or by any one or more of the above methods or by any other method permitted by law and at such time or times as the Board may think fit on such terms and conditions including the face value, premium amount, premium on conversion, number of conversions, number of tranches, exercise price for warrants/options, rate of interest, redemption period, manner of redemption, amount of premium on redemption/conversion, nature of security, manner of calls and other connected matters with authority to retain such over subscription of the amount as may be permitted by law."

ASHAPURA MINECHEM LIMITED

"RESOLVED FURTHER THAT such of these Equity Shares/Preference Shares/Fully Convertible Debentures/Partly Convertible Debentures/Non-Convertible Debentures/Bonds/Other Instruments as are not subscribed may be disposed by the Board in its absolute discretion in such manner as they may deem fit."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as they may, in their absolute discretion deem necessary or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment of the Equity Shares/Preference Shares/Fully Convertible Debentures/Partly Convertible Debentures/Non-Convertible Debentures/Bonds/Other Instruments."

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

"RESOLVED THAT notwithstanding anything contrary contained in the Companies Act, 1956 or re-enactment thereof or in the Articles of Association of the Company and subject to all applicable provisions of the Articles of Association of the Company and of the Companies Act, 1956, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such condition(s) and modification(s) as may be prescribed or imposed while granting such approvals, permissions and sanctions and which may be agreed to or accepted by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board of Directors to buy back, acquire/purchase any of Company's own shares out of the Company's free reserves, share premium account or the proceeds of a prior issue, if any, made specifically for the purpose of buy back as permitted by law, and/or cancel and/or re-sell/re-issue the same in such manner or mode as may be permitted by law and on such terms and conditions and upto such limits as may be prescribed by law from time to time and that the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or proper to implement this resolution."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered as follows :

After the Article No. 79, add the following article as Article No. 79(A) :

Company
entitled to
dematerialise
its shares

- a. Notwithstanding anything contained in this Articles of Association, the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996, including any statutory modification(s) or re-enactment(s) thereof and to offer for subscription in a dematerialised form. The Company shall further be entitled to maintain a Register of Members with details of members holding shares both in material and dematerialised form(s) in any media as permitted by law including any form of electronic media.

Beneficial Owner
deemed as
absolute owner

- b) A "beneficial owner" means any person or persons whose name(s) is recorded as such with a depository : and the Company shall be entitled to treat the person(s) whose name(s) appears as the beneficial owner of the shares in the records of the Depository defined in the Depositories Act, 1996 as the absolute owner thereof as regard receipt of dividend or bonus or rights and other entitlements or service of notices and all or any other matter connected with the shares and accordingly the Company shall not (except as ordered by a Competent Court of Jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or whatsoever other claim to or interest in such share(s) on the part of any other person whether or not the Company shall have express or implied notice thereof.

ASHAPURA MINECHEM LIMITED

- | | | |
|---|----|--|
| Rights of depositories and beneficial owner | c) | Notwithstanding anything contained in this Articles of Association and in any other law for the time being in force, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of the shares, debentures or other securities on behalf of a beneficial owner. Save as otherwise provided herein above, the depository as a registered owner shall not have any voting rights or any other rights in respect of shares, debentures or any other securities held by it; and the beneficial owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of his shares, debentures or any other securities held by a depository. |
| Beneficial Owner deemed as a Member | d) | Every person holding equity shares of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a Member of the Company. |
| Investments in the name of a depository | e) | The Company can hold investments in the name of a depository when such investments are in the form of securities held by the Company as a beneficial owner. |
| Service of documents on Company | f) | Where the shares or debentures or any other securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or disks. |
| Transfer of Shares and Debentures | g) | The provisions contained in this Articles of Association with regard to transfer or transmission of shares, debentures or any other securities shall not apply to transfer or transmission of shares, debentures or any other securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository. |
| Rectification of Register on Transfer | h) | With regard to the rectification of Register on Transfer, all the provisions of Section 111A of the Companies Act, 1956, as may be in force from time to time shall also apply. |
| Allotment of Shares, Debentures or any other Securities to a depository. | i) | Notwithstanding anything contained in sub-section (1) of Section 113 of the Companies Act, 1956 or any modification(s) or re-enactment(s) thereof, where the shares, debentures or any other securities are dealt with in a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such shares, debentures or any other Securities as far as practicable. |
| Distinctive Number of Shares and Debentures held with a depository not required | j) | Provisions contained in this Articles of Association about recording distinctive numbers of shares or debentures held by each member or debenture holder respectively in the Register of Members or Register of Debenture holders of the Company shall not apply to the shares or debentures or any other securities which are held with a depository. |
| Register and Index of beneficial owners | k) | The Register and Index of Beneficial Owners maintained by a depository under Section 11 of the Depositories Act, 1996, shall also be deemed to be a Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purposes of this Articles of Association and the Companies Act, 1956. |
| Securities in fungible form. | l) | The shares, debentures or any other securities of the Company held by a depository shall be dematerialised and shall be in a fungible form. In case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996, as may be in force from time to time shall apply." |

By Order of the Board of Directors

Mumbai, 4th August, 1997
Registered Office:
Jeevan Udyog Bldg., 3rd Floor,
278, D. N. Road, Fort, Mumbai - 400 001.

D. J. Kapadia
Company Secretary

ASHAPURA MINECHEM LIMITED

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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing Proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting
- (2) An Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business as set out in above Notice is annexed hereto.
- (3) The Register of Members and the share transfer books of the Company will remain closed from Tuesday the 9th September, 1997, to Thursday the 18th September, 1997, (both days inclusive) for the purpose of payment of Dividend, if declared at the above meeting.
- (4) The dividend, as and when sanctioned, will be paid to those members whose names stand validly registered in the Register of Members of the Company as on 18th September, 1997.
- (5) Shareholders are requested to kindly notify the Company, immediately of any change of address with postal Pincode number.
- (6) Unclaimed dividend for the year 1993-94 will be transferred to the General Revenue Account of the Central Government by 29th October, 1997. Members who have not encashed their dividend warrants for the said period, may please write immediately to the Company at its Registered Office.
- (7) All documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
- (8) Members/Proxies should bring the Attendance Slip duly filled in and signed for attending the meeting.
- (9) The Shareholders are requested to intimate the Company immediately of the particulars of Bank Account No. etc. to minimise chances of fraudulent encashment of the dividend warrants.
- (10) Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 7 to 14 of the accompanying Notice dated 4th August, 1997.

ITEM NO. 7

Shri Bachubhai N. Shah was appointed as an Additional Director of the Company with effect from 1st August, 1997. He holds office upto the date of the ensuing Annual General Meeting as per the provisions of section 260 of the Companies Act, 1956. The Company has received a notice in writing from a member along with a deposit of Rs.500/- under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Shri Bachubhai N. Shah as a Director of the Company.

Shri Bachubhai N. Shah, is a graduate in Science and Chemical Engineering having more than 40 years experience in the field. His appointment will be very much helpful to the Company.

Except Shri Bachubhai N. Shah, none of the Directors are directly or indirectly concerned or interested in this resolution.

ASHAPURA MINECHEM LIMITED

ITEM NOS. 8 & 9

Shri Navnitlal R. Shah, whose term as Managing Director comes to an end on 30th September, 1997, has been like a guiding star showing new and varied ways to improve the performance of the Company and has succeeded in taking the Company to new heights under his able guidance and visionary leadership.

Shri Chetan N. Shah has been the Joint Managing Director for a period of five years which expires on 30th September, 1997. His wide ranging experience in many fields and vast knowledge on varied topics has been an asset to the Company.

Your Directors, therefore propose that Shri Navnitlal R. Shah and Shri Chetan N. Shah be re-appointed as the Managing Director and Joint Managing Director respectively, for a further period of five years with effect from 1st October, 1997, on the terms and conditions set out in the respective draft agreements, so that your Company can continue to avail of the benefits of their experience and leadership qualities among many others.

The principal terms of re-appointment for the Managing Director and the Joint Managing Director are as follows :-

1) Period of Agreements :

5 Years with effect from 1st October, 1997.

2) Remuneration :

The Managing Director and the Joint Managing Director each shall be paid as may be agreed between them and the Board of Directors, a remuneration, in respect of any financial year, 5% of the net profits of the Company for that financial year determined in accordance with and subject to the provisions of Section 198 and 309 of the Companies Act, 1956, as may be in force from time to time or any re-enactment(s) thereof. Within this limit the Company shall pay to each of them a minimum such remuneration (including perquisites) as may be fixed from time to time by the Board of Directors, subject to the overall ceiling mentioned herein below in these clauses and also subject to the limit laid down under Schedule XIII of the Companies Act, 1956, as may be in force from time to time.

(i) Salary :

A salary of Rs.75,000/- per month in the salary scale of Rs.75,000/- - Rs.10,000/- - Rs.1,25,000/-

(ii) Perquisites & Allowances :

(i) In addition to the salary and commission payable, the Managing Director and the Joint Managing Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing and repairs, medical reimbursement, club fees and leave travel concession for himself and his family insurance premiums and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Shri Navnitlal R. Shah and Shri Chetan N. Shah, respectively.

(ii) For the purposes of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

(iii) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

ASHAPURA MINECHEM LIMITED

3) Commission :

Such remuneration by way of commission, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956.

4) Minimum Remuneration :

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Managing Director and the Joint Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above subject to the limits specified in Schedule XIII of the Companies Act, 1956, as may be in force.

Shri Navnitlal R. Shah, Shri Chetan N. Shah and Smt. Dina Chetan Shah being relatives of each other are interested in the resolutions set out at item Nos. 8 & 9 of the Notice. None of the other Directors are interested in these resolutions.

ITEM NO.10

Shri Bachubhai N. Shah was appointed as an Additional Director and a Whole-time Director (Factories & Mining Operations) by the Board of Directors in their meeting held on 4th August, 1997, for a period of five years with effect from 1st August, 1997, subject to the approval of the shareholders. Your Directors are of the opinion that the area of Factories and Mining Operations requires able handling and guidance of an experienced person. Shri Bachubhai N. Shah has been employed by the Company since its inception and he with his wide ranging experience of 40 years will be able to effectively look into all aspects of this area of Factories and Mining Operations.

He has been entrusted with the due performance and discharge of all duties, obligations and responsibilities under the Factories Act, 1948, The Mines and Minerals (Regulation and Development) Act, 1957, Gujarat Mines Mineral Act, 1966 and Rules and Guidelines thereunder and other applicable state guidelines in force and issued from time to time and the rules made thereunder and all other existing related statutory provisions, if any, made from time to time.

He will be paid the following remuneration :-

(I) Remuneration :

- (a) Monthly Salary in the scale of 6575-500-7575-750-9075
- (b) Plus Bonus as may be paid to other staff which will be ex-gratia
- (c) Provident fund as may be applicable.
- (d) Perquisites not to exceed Rs.3,850/- per month

(II) Termination of Agreement :

The appointment may be terminated by either of the parties by serving two months written notice to the other party or the payment of two months salary amount to the other party in lieu of the notice.

In the event of loss or inadequacy of profits in a financial year, he shall be paid the above remuneration by way of salary and perquisites as minimum remuneration. The remuneration is within the limits specified in Schedule XIII of the Companies Act, 1956. The Explanatory Statement may be treated as an abstract as required under section 302 of the Companies Act, 1956, of the agreement entered into between the Company and Shri Bachubhai N. Shah.

None of the Directors except Shri Bachubhai N. Shah is interested in the resolution.