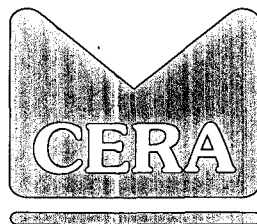


Annual Report 2007-08

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Cera Sanitaryware Limited

SANITARYWARE | TILES | TAPS

MIND OPENERS



**Cera Sanitaryware Limited****Board of Directors**

Shri Vikram Somany	- Chairman-cum-Managing Director
Shri Sajan Kumar Pasari	
Dr. Abraham Koshy	
Dr. K. N. Maiti	
Shri Shree Narayan Mohata	
Shri Vidush Somany	- Executive Director
Shri S. C. Kothari	- Sr. Wholetime Director

Bankers

State Bank of Saurashtra
ICICI Bank Ltd.

Auditors

M/s. H. V. Vasa & Co.,
Chartered Accountants,
B-2, "Usha Kiran", Opp. Khanpur Gate,
Ahmedabad - 380 001.

Registered Office

9, GIDC Industrial Estate, Kadi-382 715,
Dist. Mehsana, Gujarat, India.

Works

- 1) 9, GIDC Industrial Estate, Kadi-382 715, Dist. Mehsana, Gujarat.
- 2) Wind Farms :
 - a) Vill. Lamba & Patelka, Tal. Kalyanpur, Dist. Jamnagar, Gujarat.
 - b) Vill. & Tal. Kalyanpur, Dist. Jamnagar, Gujarat.
 - c) Vill. Kadoli, Tal. Abdasa, Dist. Kutchh, Gujarat.

Corporate Office

"Madhusudan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380 006.

Registrar & Share Transfer Agent

MCS Limited,
101, Shatdal Complex, 1st Floor,
Opp. Bata Show Room, Ashram Road,
Ahmedabad - 380 009.

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**Annual General Meeting at 11.30 a.m. on Friday,
the 12th day of September, 2008 at the Registered Office.**

Annual Report 2007-2008**NOTICE**

Notice is hereby given that the Tenth Annual General Meeting of the Members of **CERA SANITARYWARE LIMITED** will be held at 11.30 a.m. on Friday, the 12th day of September, 2008 at the Registered Office of the Company at 9, GIDC Industrial Estate, Kadi - 382 715, Dist. Mehsana, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt Audited Profit and Loss Account for the year ended 31st March, 2008 and Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare dividend on Equity Shares.
3. To appoint a director in place of Shri Sajan Kumar Pasari, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director in place of Shri S. N. Mohata, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

RESOLVED THAT Dr. Abraham Koshy appointed as an Additional Director of the Company by Board of Directors and who ceased to hold the office at this meeting u/s. 260 of the Companies Act, 1956 and in respect of whom the Company has received notice in writing u/s. 257 of the Companies Act, 1956 proposing his candidature for the office of the director be and is hereby appointed as director of the Company.

7. To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

RESOLVED THAT Dr. K. N. Maiti appointed as an Additional Director of the Company by Board of Directors and who ceased to hold the office at this meeting u/s. 260 of the Companies Act, 1956 and in respect of whom the Company has received notice in writing u/s. 257 of the Companies Act, 1956 proposing his candidature for the office of the director be and is hereby appointed as director of the Company.

8. To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

RESOLVED THAT Shri Santosh Kumar Nema appointed as an Additional Director of the Company by Board of Directors and who ceased to hold the office at this meeting u/s. 260 of the Companies Act, 1956 and in respect of whom the Company has received notice in writing u/s. 257 of the Companies Act, 1956 proposing his candidature for the office of the director be and is hereby appointed as director of the Company.

9. To consider and, if thought fit, to pass with or without modification the following resolution as a special resolution.

RESOLVED THAT approval of the members be and is hereby accorded in terms of Sections 198, 269, 309, 311, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the re-appointment of and for the remuneration payable to Shri Vikram Somany as Chairman-cum-Managing Director of the Company for a period of three years w. e. f. 13.08.2008 in terms of agreement entered into by the Board of Directors of the Company with Shri Vikram Somany.

RESOLVED FURTHER THAT Shri Vikram Somany, Chairman-cum-Managing Director will not be liable to retire by rotation.

RESOLVED FURTHER THAT the Chairman-cum-Managing Director is also entitled to the benefits as per the rules of the Company, which the other employees of the Company are entitled to.

RESOLVED FURTHER THAT total remuneration payable to all the working directors including Shri Vikram Somany shall not exceed 10% of the net profit of the company in any financial year, calculated in accordance with the provisions of Section 198, 309, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year during the tenure of his appointment, total remuneration payable shall not exceed the maximum limit prescribed under Schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time, if and to the extent with necessary approvals.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter and vary the terms and conditions of the said appointment and / or agreement in such a manner in terms of sections 198, 269, 309, 311, 349, 350 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 being in force as may be agreed between the Board of Directors and Chairman-cum-Managing Director.

10. To consider and, if thought fit, to pass with or without modification the following resolution as a special resolution.

RESOLVED THAT approval of the members be and is hereby accorded in terms of Sections 198, 269, 309, 311, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the appointment of and for the remuneration payable to Shri S. K. Nema as Whole Time Director and designated as CEO-cum-Whole Time Director of the Company for a period of three years w. e. f. 1.07.2008 in terms of agreement entered into by the Board of Directors of the Company with Shri S. K. Nema.

RESOLVED FURTHER THAT Shri S. K. Nema, Whole Time Director will be liable to retire by rotation.



Cera Sanitaryware Limited

RESOLVED FURTHER THAT the Whole Time Director is also entitled to the benefits as per the rules of the Company, which the other employees of the Company are entitled to.

RESOLVED FURTHER THAT total remuneration payable to all the working directors including Shri S. K. Nema shall not exceed 10% of the net profit of the company in any financial year, calculated in accordance with the provisions of Section 198, 309, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year during the tenure of his appointment, total remuneration payable shall not exceed the maximum limit prescribed under Schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time, if and to the extent with necessary approvals.

RESOLVED FURTHER THAT Shri S. K. Nema, Whole Time Director appointed herein above be and is hereby appointed as an "Occupier" of the Company as defined under Section 2 of the Factories Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter and vary the terms and conditions of the said appointment and / or agreement in such a manner in terms of sections 198, 269, 309, 311, 349, 350 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 being in force as may be agreed between the Board of Directors and Whole Time Director.

11. To consider and, if thought fit, to pass with or without modification the following resolution as a special resolution.

RESOLVED THAT in supersession of the resolution passed by the members at the Annual General Meeting held on 26.09.2007, approval of the members be and is hereby accorded in terms of Sections 198, 269, 309, 311, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the re-appointment of and for the remuneration payable to Shri Vidush Somany as Executive Director of the Company for a period of three years w. e. f. 1.07.2008 in terms of agreement entered into by the Board of Directors of the Company with Shri Vidush Somany.

RESOLVED FURTHER THAT Shri Vidush Somany, Executive Director will not be liable to retire by rotation.

RESOLVED FURTHER THAT the Executive Director is also entitled to the benefits as per the rules of the Company, which the other employees of the Company are entitled to.

RESOLVED FURTHER THAT total remuneration payable to all the working directors including Shri Vidush Somany shall not exceed 10% of the net profit of the company in any financial year, calculated in accordance with the provisions of Section 198, 309, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year during the tenure of his appointment, total remuneration payable shall not exceed the maximum limit prescribed under Schedule XIII of the

Companies Act, 1956 and any amendment thereof from time to time, if and to the extent with necessary approvals.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter and vary the terms and conditions of the said appointment and / or agreement in such a manner in terms of sections 198, 269, 309, 311, 349, 350 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 being in force as may be agreed between the Board of Directors and Executive Director.

12. To consider and, if thought fit, to pass with or without modification the following resolution as a special resolution.

RESOLVED THAT pursuant to the provisions of Section 309(4) and other applicable provisions, if any of the Companies Act, 1956 a sum not exceeding 1% p.a. of the net profits of the Company calculated in accordance with the provisions of Sections 198, 309, 349 and 350 of the Companies Act, 1956 be paid to and distributed among the directors not in whole time employment of the Company in such manner, as the Board of Directors may from time to time determine and in default equally in each financial year of the company for a period of 5 years, commencing from 1st April, 2008 upto 31st March, 2013.

By Order of the Board of Directors

Kadi - 382 715
10th June, 2008

Narendra N. Patel
G. M. & Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIM SELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Members are requested to notify immediately the change of address, if any, to the Company or M/s. MCS Limited, Registrar and Share Transfer Agent.
3. The Register of Members and Share transfer book of the Company will remain closed from 01.09.2008 to 12.09.2008 (both days inclusive).
4. The Board of Directors has recommended 30% dividend on fully paid Equity Shares of Rs.5/- each for the year ended 31.03.2008.
5. Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
6. Members are requested to send their queries atleast ten days before the date of the meeting so that the information can be made available at the meeting.
7. Explanatory statement u/s. 173(2) of the Companies Act, 1956 is annexed hereto.
8. Shareholders holding shares in Electronic Form may note that their bank account details as furnished by their depositories to the Company will be printed on their dividend warrants as

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per the applicable regulations of the depositories and the Company will not entertain any direct request from such shareholders for deletion of / change in such bank details. Shareholders who wish to change such Bank Account details are, therefore, requested to advise their Depository Participants about such change, with complete details of bank account.

9. All the documents referred to in this notice and explanatory statement are available for inspection of the members at the registered office of the Company on any working day except Saturday, between 11:00 a.m. to 1:00 p.m. up to the conclusion of this meeting.
10. Brief resumes of directors, who are proposed to be appointed / reappointed at this meeting are given below:

Name of Director	Shri S.K. Pasari	Shri S. N. Mohata	Dr. Abraham Koshy
Date of Birth	21.02.1947	3-12-1944	18-10-1953
Date of Appointment	15.06.2004	7-05-2005	31-10-2007
Expertise in Specific Functional Areas	Businessman	Administration/Commercial	Marketing
List of other Directorships	Regent Estates Ltd. Bajrang Factory Ltd. Assam Roofing Ltd. India Automobiles (1960) Ltd. The Chamong Tea Co. Ltd. Merrygold Properties Pvt. Ltd. Kiwi Estates Pvt. Ltd. Parmeshwar Estates Pvt. Ltd. I A Builders Pvt. Ltd. I A Property Developers Pvt. Ltd. Priyanka Overseas Pvt. Ltd.	Madhusudan Industries Ltd. Madhusudan Holdings Ltd.	The Federal Bank Ltd. Malayala Manorama Co. Ltd. Autoline Industries Ltd. Deepak Cements & Chemicals (P) Ltd. Bammo Polymers Ltd. S. B. Press (Private) Ltd.
Chairman / Member of the Committees of the Board of other Companies			Risk Management Committee H R Committee Customer Care Committee
Shareholding in the Company	1,28,570	50	-

Name of Director	Shri S. K. Nema	Shri Vikram Somany	Shri Vidush Somany	Dr. K. N. Maiti
Date of Birth	6.06.1959	26.08.1949	09.03.1981	23.09.1946
Date of Appointment	1.07.2008	27.11.2001	15.06.2004	24.05.2008
Expertise in Specific Functional Areas	Marketing & Commercial	Industrialist	Industrialist	Ceramic Scientist
List of other Directorships	Madhusudan Fiscal Ltd.	Asopalav Plantations Pvt. Ltd. Indian Council of Sanitaryware Manufacturers	-	Decolight Ceramics Ltd.
Chairman / Member of the Committees of the Board of other Companies	-	-	-	-
Shareholding in the Company	-	4,58,264	6,83,260	-



Cera Sanitaryware Limited

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 6

The Board of Directors has appointed Dr. Abraham Koshy as an Additional Director with effect from 31.10.2007 u/s. 260 of the Companies Act, 1956. As per the provisions of the said section he will hold office till this Annual General Meeting. However, being eligible for re-appointment he offers himself for the same. The Company has also received notice from a member of the Company signifying his intention to propose Dr. Abraham Koshy being appointed as director of the Company under the provisions of Section 257 of the companies Act, 1956. It is in the interest of the Company to have the benefit of the services of Dr. Abraham Koshy, as director, who is expert in marketing field.

Your directors commend the resolution as per item no. 6 of the notice for passing by members.

Except, Dr. Abraham Koshy, none of your directors is concerned or interested in the said resolution.

Item No. 7

The Board of Directors has appointed Dr. K. N. Maiti as an Additional Director with effect from 24.05.2008 u/s. 260 of the Companies Act, 1956. As per the provisions of the said section he will hold office till this Annual General Meeting. However, being eligible for re-appointment he offers himself for the same. The Company has also received notice from a member of the Company signifying his intention to propose Dr. K. N. Maiti being appointed as director of the Company under the provisions of Section 257 of the companies Act, 1956. It is in the interest of the Company to have the benefit of the technical services of Dr. K. N. Maiti, as director, who is Ceramic Scientist.

Your directors commend the resolution as per item no. 7 of the notice for passing by members.

Except, Dr. K. N. Maiti, none of your directors is concerned or interested in the said resolution.

Item No. 8

The Board of Directors has appointed Shri S. K. Nema as an Additional Director and whole time director with effect from 1.07.2008 u/s. 260 of the Companies Act, 1956. As per the provisions of the said section he will hold office till this Annual General Meeting. However, being eligible for re-appointment he offers himself for the same. The Company has also received notice from a member of the Company signifying his intention to propose Shri S. K. Nema being appointed as director of the Company under the provisions of Section 257 of the companies Act, 1956. It is in the interest of the Company to have the benefit of the services of Shri S. K. Nema, as director, who is well experienced in marketing and commercial fields.

Your directors commend the resolution as per item no. 8 of the notice for passing by members.

Except, Shri S. K. Nema, none of your directors is concerned or interested in the said resolution.

Item No. 9

Shri Vikram Somany was appointed as Chairman-cum-Managing Director of the Company for period of three years with effect from 13.08.2005, which come to end on 12.08.2008.

Shri Vikram Somany has been re-appointed as Managing Director and designated as Chairman-cum-Managing Director of the Company for a period of three years with effect from 13.08.2008 by the Board of Directors at their meeting held on 24.05.2008, subject to approval

of members of the Company at the General Meeting. Shri Vikram Somany as Chairman-cum-Managing Director shall discharge every duty and function subject to the superintendence, direction and control of the Board of Directors of the Company. The Company has entered into agreement with Shri Vikram Somany for his re-appointment as Chairman-cum-Managing Director.

Shri Vikram Somany, Chairman-cum-Managing Director will not be liable to retire by rotation.

However, Shri Vikram Somany shall not exercise the following powers as Chairman-cum-Managing Director.

- (a) make calls on shareholders in respect of moneys unpaid on the shares of the Company;
- (b) issue debentures, and
- (c) except as may be specifically delegated by the Board under Section 292 of the Companies Act, 1956, invest the funds of the Company or make loans and borrow moneys.

The main terms and conditions for the appointment of Shri Vikram Somany as Chairman-cum-Managing Director are as follows:

1. **Period of Appointment** : 3 years w. e. f. 13.08.2008
2. **Remuneration**

I) **Salary** : In the range of Rs. 3,15,000 — Rs.4,50,000 per month. The next increment of salary will be due w.e.f. 01.04.2009.

II) **Perquisites** :

Category - A

- a) **Accommodation** : Free furnished housing accommodation or house rent allowance as may be mutually agreed by both the parties.
- b) **Facilities of gas, electricity, water and furnishings** : The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per Income-tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the appointee.
- c) **Medical benefit** : Medical reimbursement including Mediclaim for self and family subject to one month's salary in a year or three months' salary over a period of three years.
- d) **Leave Travel Concession** : For self and family once in a year to and fro any place in India in accordance with the Rules of the company.
- e) **Club Fees** : Annual fees of club subject to a maximum of two clubs. This will not include admission and life membership fee.
- f) **Insurance** : Personal Accident Insurance of an amount annual premium of which does not exceed Rs.6,000/-
- g) **Bonus** : As per rules of the Company as applicable to other executives/ employees of the Company.

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- h) Special Allowance: As may be decided by Board of Directors.
- i) Performance Incentive: As may be decided by Board of Directors.

Category - B

Contribution to Provident Fund or Annuity Fund: As per the rules of the Company as applicable to other executive / employees of the Company.

Category - C

- a) Free telephone facility at residence and a mobile telephone. Personal long distance calls on telephone will be billed by the company to the appointee.
- b) Free use of Car with driver for company's work only. The use of car for private purpose shall be billed by the company to the appointee.

Others

- a) The Chairman-cum-Managing Director is also entitled to the benefits as per the rules of the Company, which the other executives / employees of the Company are entitled to.
- b) He will not be entitled to Sitting Fee for attending the meetings of the Board of Directors or Committee(s) thereof.

The Board or Committee thereof, in its absolute discretion will fix within the range stated above the remuneration payable to the chairman-cum-Managing Director depending on the performance of the Chairman-cum-Managing Director, size of operations, profitability and other relevant factors annually.

However, total remuneration payable to all the working directors including Shri Vikram Somany shall not exceed 10% of the net profit of the company in any financial year, calculated in accordance with the provisions of Section 198, 309, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956. In the event of absence or inadequacy of profit in any financial year during the tenure of his appointment, total remuneration payable shall not exceed the maximum limit prescribed under Schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time, if and to the extent with necessary approvals.

3. The terms and conditions of the said appointment and / or agreement may be altered and varied from time to time by the Board as it may, in its discretion deem fit, including the maximum remuneration payable to the Chairman-cum-Managing Director in accordance with section 198, 269, 309, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendments made thereafter in this regard from time to time.
4. If at any time Shri Vikram Somany ceases to be a Director of the Company for any cause whatsoever, he will cease to be the Chairman-cum-Managing Director.
5. This may be treated as an amendment to the abstract of the agreement between the Company and Shri Vikram Somany already sent to the members u/s. 302 of the Companies Act, 1956.

The copy of agreement entered into with Shri Vikram Somany

is open for inspection at the registered office of the Company between 11.00 a.m. to 1.00 p.m. on any working day except Saturday upto the date of ensuing Annual General Meeting.

Appointment and remuneration payable to Shri Vikram Somany is approved by the remuneration committee by resolution at the meeting held on 24.05.2008.

Your directors commend the resolution as per item no. 9 of the notice for passing by the members.

Except, Shri Vikram Somany and Shri Vidush Somany, none of your directors is concerned or interested in the said resolution. Shri Vikram Somany is the father of Shri Vidush Somany, Executive Director of the company.

Item No. 10

Shri S. K. Nema was appointed as Whole Time Director and designated as CEO-cum-Whole Time Director at the meeting of Board of Directors held on 11.04.2008 subject to the approval of the Central Government.

At the meeting of Board of Directors held on 24.05.2008, it was proposed that Shri S.K. Nema be appointed as Whole Time Director as per the provisions of Section 198, 269, 309, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 without making application to the Central Government for prior approval.

It was also proposed that managerial remuneration payable to all the working directors including Shri S.K. Nema shall not exceed 10% of the net profit in any financial year calculated in accordance with the provisions of Sections 198, 309, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

Shri S. K. Nema has been appointed as Whole Time Director and designated as CEO-cum-Whole Time Director of the Company for a period of three years w.e.f. 1.07.2008 by the Board of Directors at their meeting held on 24.05.2008, subject to approval of members of the Company and shall discharge every duty and function subject to the superintendence, direction and control of the Board of Directors of the Company and / or Chairman-cum-Managing Director. The Company has entered into an agreement with Shri S. K. Nema for his appointment as Whole Time Director.

Shri S. K. Nema, Whole Time Director will be liable to retire by rotation.

However, Shri S. K. Nema shall not exercise the following powers as Whole Time Director:

- (a) make calls on shareholders in respect of moneys unpaid on the shares of the Company;
- (b) issue debentures, and
- (c) except as may be specifically delegated by the Board under Section 292 of the Companies Act, 1956, invest the funds of the Company or make loans and borrow moneys.

Shri S. K. Nema, Whole Time Director be appointed as an "Occupier" of the Company, as defined under section 2 of the Factories Act.

The main terms and conditions for the appointment of Shri S. K. Nema as Whole Time Director are as follows:

1. **Period of Appointment:** 3 years w.e.f. 1.07.2008.
2. **Remuneration**
 - 1) **Salary:** In the range of Rs.2,05,000 — Rs.3,20,000 per month, w.e.f. 1.07.2008. The next increment of salary will be due w.e.f. 01.04.2009.



Cera Sanitaryware Limited

II) Perquisites:

Category - A

- a) Accommodation: Free furnished housing accommodation or house rent allowance as may be mutually agreed by both the parties.
- b) Medical benefit: Medical reimbursement including Mediclaim for self and family subject to one month's salary in a year or three months' salary over a period of three years.
- c) Leave Travel Concession: For self and family once in a year to and fro any place in India in accordance with the Rules of the company.
- d) Club Fees: Annual fee of one club. This will not include admission and life membership fee.
- e) Insurance: Personal Accident Insurance of an amount annual premium of which does not exceed Rs.6,000/-
- f) Bonus: As per rules of the Company as applicable to other executives/employees of the Company.
- g) Special Allowance: As may be decided by Board of Director and / or the Chairman -cum-Managing Director.
- h) Performance Incentive: As may be decided by Board of Directors and / or the Chairman -cum-Managing Director.

Category - B

- a) Contribution to Provident Fund or Annuity Fund: As per the rules of the Company as applicable to other executives / employees of the Company.
- b) Gratuity: Gratuity payable in accordance with the company's scheme thereof as applicable to other executives / employees of the company.

Category - C

- a) Free telephone facility at residence and a mobile telephone. Personal long distance calls on telephone will be billed by the company to the appointee.
- b) Free use of Car with driver for company's work only. The use of car for private purpose shall be billed by the company to the appointee.

Others

- a) The Whole Time Director is also entitled to the benefits as per the rules of the Company, which the other executives / employees of the Company are entitled to.
- b) He will not be entitled to Sitting Fee for attending the meetings of the Board of Directors or Committee(s) thereof.

The Board or Committee thereof, in its absolute discretion will fix within the range stated above the remuneration payable to the CEO-cum-Whole Time Director depending on the performance of the CEO-cum-Whole Time Director, size of operations, profitability and other relevant factors annually.

However, total remuneration payable to all the working directors including Shri S.K. Nema shall not exceed 10% of the net profit of the company in any financial year, calculated in accordance with the provisions of Section 198, 309, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956. In the event of absence or inadequacy of profit in any financial year during the tenure of his appointment, total remuneration payable shall not exceed the maximum limit prescribed under Schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time, if and to the extent with necessary approvals.

3. The terms and conditions of the said appointment and / or agreement may be altered and varied from time to time by the Board as it may, in its discretion deem fit, including the maximum remuneration payable to the CEO-cum-Whole Time Director in accordance with section 198, 269, 309, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendments made thereafter in this regard from time to time.
4. If at any time Shri S. K. Nema ceases to be a Director of the Company for any cause whatsoever, he will cease to be the Whole Time Director.
5. If at any time Shri S. K. Nema ceases to be in the employment of the Company for any cause whatsoever, he will cease to be a Director and Whole Time Director of the Company and if at anytime Shri S. K. Nema ceases to be a Whole Time Director for any cause whatsoever, he will cease to be in the employment of the Company.
6. Whole Time Director may resign from the service of the Company by giving three months notice in advance. Similarly, the Company has the right to terminate the service of Whole Time Director at any time by giving three months notice in writing.
7. **This may be treated as an amendment to the abstract of the agreement between the Company and Shri S. K. Nema already sent to the members u/s. 302 of the Companies Act, 1956.**

The copy of agreement entered into with Shri S. K. Nema is open for inspection at the registered office of the Company between 11.00 a.m. to 1.00 p.m. on any working day except Saturday upto the date of ensuing Annual General Meeting.

Appointment and remuneration payable to Shri S. K. Nema is approved by the remuneration committee by resolution at the meeting held on 24.05.2008.

Your directors commend the resolution as per item no. 10 of the notice for passing by the members.

Except, Shri S. K. Nema, none of your directors is concerned or interested in the said resolution.

Item No. 11

Shri Vidush Somany was appointed as Executive Director of the Company for period of three years with effect from 15.06.2007. His appointment and remuneration was fixed as per the provisions of schedule XIII and other applicable provision, if any of the Companies Act, 1956.

The members of the Board felt that remuneration payable to all the working directors including Shri Vidush Somany shall not exceed 10% of net profit in any financial year calculated in accordance with the provisions of section 198, 309, 311, 349, 350, schedule XIII and

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other applicable provisions, if any of the companies act, 1956. Accordingly, Shri Vidush Somany has been re-appointed as Executive Director of the Company for a period of three years with effect from 1.07.2008 by the Board of Directors at their meeting held on 24.05.2008, subject to approval of members of the Company at the General Meeting. Shri Vidush Somany as Executive Director shall discharge every duty and function subject to the superintendence, direction and control of the Board of Directors of the Company and / or Chairman-cum-Managing Director. The Company has entered into agreement with Shri Vidush Somany for his re-appointment as Executive Director.

Shri Vidush Somany, Executive Director will not be liable to retire by rotation.

However, Shri Vidush Somany shall not exercise the following powers as Executive Director.

- (a) make calls on shareholders in respect of moneys unpaid on the shares of the Company;
- (b) issue debentures, and
- (c) except as may be specifically delegated by the Board under Section 292 of the Companies Act, 1956, invest the funds of the Company or make loans and borrow moneys.

The main terms and conditions for the appointment of Shri Vidush Somany as Executive Director are as follows:

1. **Period of Appointment** : 3 years w. e. f. 1.07.2008

2. **Remuneration**

I) **Salary** : In the range of Rs. 1,35,000 — Rs.2,50,000 per month. The next increment of salary will be due w.e.f. 01.04.2009.

II) **Perquisites** :

Category - A

- a) **Accommodation** : Free furnished housing accommodation or house rent allowance as may be mutually agreed by both the parties.
- b) **Facilities of gas, electricity, water and furnishings** : The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per Income-tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the appointee.
- c) **Medical benefit** : Medical reimbursement including Mediclaim for self and family subject to one month's salary in a year or three months' salary over a period of three years.
- d) **Leave Travel Concession** : For self and family once in a year to and fro any place in India in accordance with the Rules of the company.
- e) **Club Fees** : Annual fees of club subject to a maximum of two clubs. This will not include admission and life membership fee.
- f) **Insurance** : Personal Accident Insurance of an amount annual premium of which does not exceed Rs.6,000/-

- g) **Bonus** : As per rules of the Company as applicable to other executives/ employees of the Company.
- h) **Special Allowance**: As may be decided by Board of Directors and / or Chairman-cum-Managing Director.
- i) **Performance Incentive**: As may be decided by Board of Directors and / or Chairman-cum-Managing Director.

Category - B

Contribution to Provident Fund or Annuity Fund: As per the rules of the Company as applicable to other executives / employees of the Company.

Category - C

- a) Free telephone facility at residence and a mobile telephone. Personal long distance calls on telephone will be billed by the company to the appointee.
- b) Free use of Car with driver for company's work only. The use of car for private purpose shall be billed by the company to the appointee.

Others

- a) The Executive Director is also entitled to the benefits as per the rules of the Company, which the other executives / employees of the Company are entitled to.
- b) He will not be entitled to Sitting Fee for attending the meetings of the Board of Directors or Committee(s) thereof.

The Board or Committee thereof, in its absolute discretion will fix within the range stated above the remuneration payable to the Executive Director depending on the performance of the Executive Director, size of operations, profitability and other relevant factors annually.

However, total remuneration payable to all the working directors including Shri Vidush Somany shall not exceed 10% of the net profit of the company in any financial year, calculated in accordance with the provisions of Section 198, 309, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956. In the event of absence or inadequacy of profit in any financial year during the tenure of his appointment, total remuneration payable shall not exceed the maximum limit prescribed under Schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time, if and to the extent with necessary approvals.

3. The terms and conditions of the said appointment and / or agreement may be altered and varied from time to time by the Board as it may, in its discretion deem fit, including the maximum remuneration payable to the Executive Director in accordance with section 198, 269, 309, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendments made thereafter in this regard from time to time.
4. If at any time Shri Vidush Somany ceases to be a Director of the Company for any cause whatsoever, he will cease to be the Executive Director.