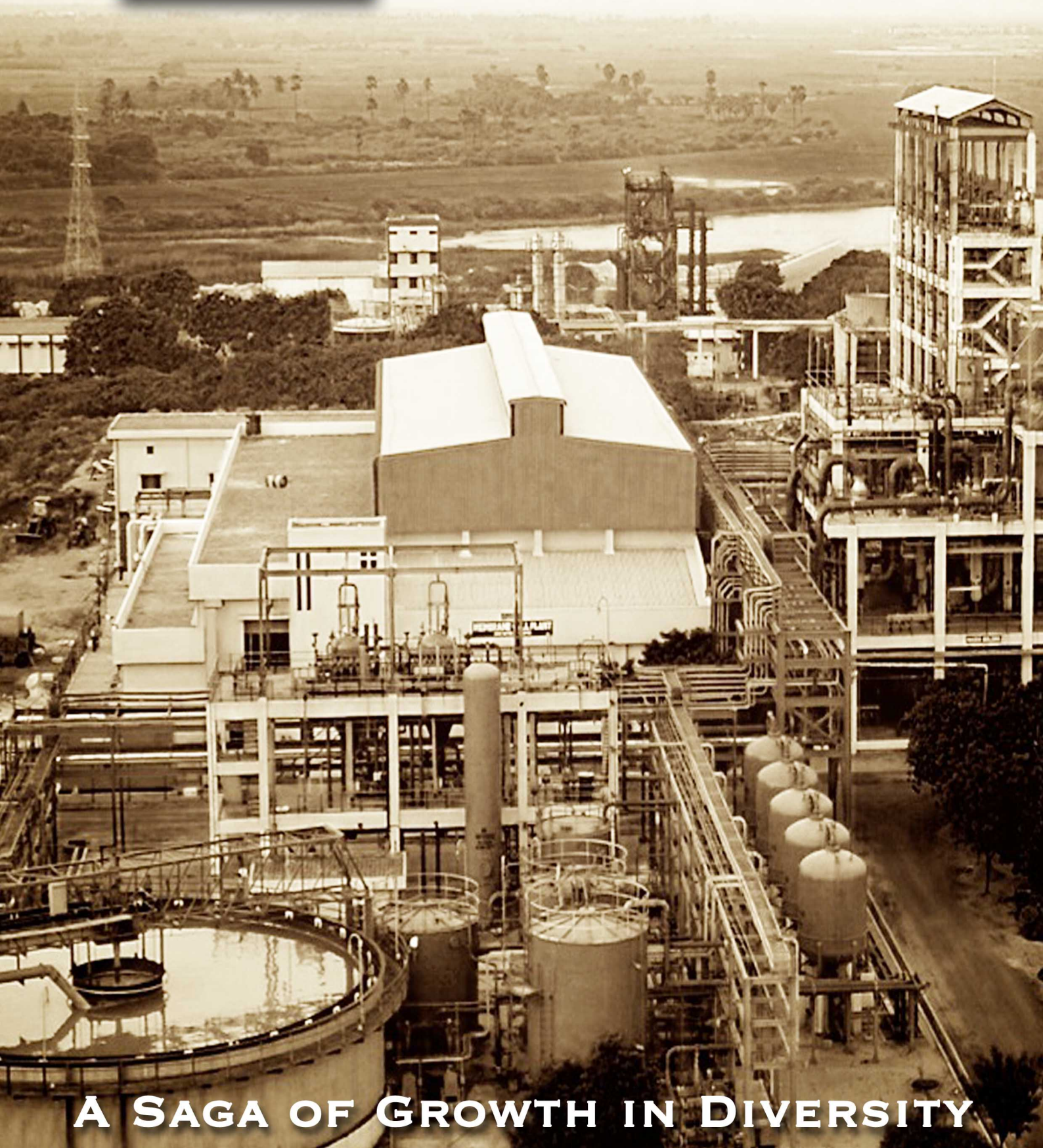




# ANNUAL REPORT 2010 - 2011



**A SAGA OF GROWTH IN DIVERSITY**



## Corporate Directory

### BOARD OF DIRECTORS

Dr. Shashi Chand Jain  
*Chairman and Managing Director*

Shri. Pramod Kumar Jain  
*Managing Director*

Shri. Bakul Jain  
*Managing Director*

Smt. Vandana Jain  
*Executive Director*

Shri. F. H. Tapia

Shri. Sushil Kumar Jalan

Dr. V. H. Joshi

Shri Sodhsal Singh Dev of Dhrangadhra

Shri R. V. Ruia

Shri Berjis Desai \*  
*Additional Director*

### BANKERS

Punjab National Bank  
State Bank of India  
City Union Bank Ltd.  
ING Vysya Bank Ltd.

### AUDITORS

V. Sankar Aiyar & Co.,  
*Chartered Accountants, Mumbai.*

### REGISTERED OFFICE

Dhrangadhra – 363 315, Gujarat.

### HEAD OFFICE

“Nirmal” 3<sup>rd</sup> Floor,  
Nariman Point,  
Mumbai – 400 021.

### BRANCH OFFICE

Indra Palace, 1<sup>st</sup> Floor,  
H-Block, Connaught Circus,  
New Delhi – 110 001.

### WORKS

**Soda Ash Division** : Dhrangadhra – 363 315,  
Gujarat.

**Caustic Soda Division** : Arumuganeri P.O.,  
Sahupuram – 628 202,  
Tamil Nadu.

**PVC Division** : Arumuganeri P.O.,  
Sahupuram – 628 202,  
Tamil Nadu.

**Salt Works** : Kuda, Gujarat.

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72<sup>nd</sup>

**Annual Report**  
**2010 - 2011**

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**Note :** The Balance Sheet, Profit and Loss Account and Key Financial Data are also presented in US \$ on Page Numbers 17, 18 & 19 respectively.

\* Appointed w.e.f. 8th August, 2011



## Notice

### SEVENTYSECOND ANNUAL GENERAL MEETING 2010-2011

NOTICE is hereby given that the 72<sup>nd</sup> Annual General Meeting of the Members of **DCW LIMITED** will be held at 10.00 a.m. on Thursday, 24<sup>th</sup> November, 2011 at the Registered Office of the Company (at Guest House No. 2) at Dhrangadhra - 363 315, Gujarat State, to transact the following business:

#### ORDINARY BUSINESS:

1. To consider and adopt the Audited Accounts for the year ended March 31, 2011 and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend on Equity shares of the Company.
3.
  - a. To appoint a Director in place of Shri Bakul Jain, who retires by rotation and being eligible, offers himself for reappointment.
  - b. To appoint a Director in place of Shri S. K. Jalan, who retires by rotation and being eligible, offers himself for reappointment.
  - c. To appoint a Director in place of Dr. V. H. Joshi, who retires by rotation and being eligible, offers himself for reappointment.
4. **To appoint Auditors and to fix their remuneration and in this connection, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :**  
  
"RESOLVED THAT M/s. V. San-  
kar Aiyar & Co., Chartered Ac-  
countants, Mumbai, the retiring  
Auditors of the Company, be  
and are hereby reappointed as  
Auditors of the Company to hold  
office from the conclusion of this  
Meeting upto the conclusion of  
the next Annual General Meet-

ing, on a remuneration of Rs. 8,00,000/- (Rupees Eight Lakhs only) plus reimbursement of travelling and other out-of-pocket expenses; such remuneration to be exclusive of fees payable for services that may be rendered by them other than as Auditors."

#### SPECIAL BUSINESS :

5. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution: -**  
  
"RESOLVED THAT Mr. Berjis Desai who was appointed as an Additional Director of the Com-  
pany with effect from 8<sup>th</sup> August, 2011 and who, in terms of Sec-  
tion 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Com-  
pany has received a Notice from a member under Section 257 of the Companies Act, 1956, signi-  
fying his intention to propose Mr. Berjis Desai as a candidate for the office of Director, be and is hereby appointed, as a Director of the Company liable to retire by rotation."
6. **To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution :**  
  
"RESOLVED THAT in accordance with the provisions of Section 198, 269 and 309, read with Schedule XIII and other appli-  
cable provisions, if any, of the Companies Act, 1956, the Com-  
pany hereby approves the reap-  
pointment of and the remunera-  
tion payable to Dr. Shashi Chand Jain as Managing Director of the Company for a period of 3 years

with effect from June 15, 2011 on the terms and conditions set out in the draft agreement submitted to this meeting and initiated by the Chairman for the purpose of identification; which agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement in such manner as may be agreed to between the Board of Directors and Dr. Shashi Chand Jain, provided they are within and in accordance with the limits specified in the Schedule XIII to the Companies Act, 1956 or any amendment thereto.

RESOLVED FURTHER THAT if in any financial year during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, Dr. Shashi Chand Jain shall be entitled to receive and be paid as minimum remuneration in that year, Salary, Perquisites and other allowances, not exceeding Rs. 48 lacs per annum or Rs. 4,00,000/- per month, but shall not be entitled to any commission.

AND RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary to give effect to this resolution".

7. **To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution :**  
  
"RESOLVED THAT in accor-  
dance with the provisions of  
Section 198, 269 and 309, read  
with Schedule XIII and other  
applicable provisions, if any, of





the Companies Act, 1956, the Company hereby approves the reappointment of and the remuneration payable to Shri Bakul Jain as Managing Director of the Company for a period of 3 years with effect from July 27, 2011 on the terms and conditions setout in the draft agreement submitted to this meeting and initialed by the Chairman for the purpose of identification; which agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement in such manner as may be agreed to between the Board of Directors and Shri Bakul Jain, provided they are within and in accordance with the limits specified in the Schedule XIII to the Companies Act, 1956 or any amendment thereto.

RESOLVED FURTHER THAT if in any financial year during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, Shri Bakul Jain shall be entitled to receive and be paid as minimum remuneration in that year, Salary, Perquisites and other allowances, not exceeding Rs. 48 lacs per annum or Rs. 4,00,000/- per month, but shall not be entitled to any commission.

AND RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary to give effect to this resolution".

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

"RESOLVED THAT in accordance with the provisions of

Section 198, 269 and 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the reappointment of and the remuneration payable to Smt. Vandana Jain as Whole Time Director designated as Executive Director (hereinafter referred to as 'Executive Director') of the Company for a period of 3 years with effect from August 1, 2011 on the terms and conditions setout in the draft agreement submitted to this meeting and initialed by the Chairman for the purpose of identification; which agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement in such manner as may be agreed to between the Board of Directors and Smt. Vandana Jain, provided they are within and in accordance with the limits specified in the Schedule XIII to the Companies Act, 1956 or any amendment thereto.

RESOLVED FURTHER THAT if in any financial year during the tenure of the Executive Director, the Company has no profits or its profits are inadequate, Smt. Vandana Jain shall be entitled to receive and be paid as minimum remuneration in that year, Salary, Perquisites and other allowances, not exceeding Rs. 48 lacs per annum or Rs. 4,00,000/- per month, but shall not be entitled to any commission.

AND RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps as may be 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 in accordance with the provisions of Section 198, 269 and 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the reappointment of and the remuneration payable to Shri Pramod Kumar Jain as Managing Director of the Company for a period of 3 years with effect from November 1, 2011 on the terms and conditions setout in the draft agreement submitted to this meeting and initialed by the Chairman for the purpose of identification; which agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement in such manner as may be agreed to between the Board of Directors and Shri Pramod Kumar Jain, provided they are within and in accordance with the limits specified in the Schedule XIII to the Companies Act, 1956 or any amendment thereto.

RESOLVED FURTHER THAT if in any financial year during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, Shri Pramod Kumar Jain shall be entitled to receive and be paid as minimum remuneration in that year, Salary, Perquisites and other allowances, not exceeding Rs. 48 lacs per annum or Rs. 4,00,000/- per month, but shall not be entitled to any commission.

AND RESOLVED FURTHER THAT the Board of Directors of



the Company be and are hereby authorised to take such steps as may be 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 an Ordinary Resolution :**

“RESOLVED THAT the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors of the Company to borrow from time to time such sum or sums of money as it may deem requisite for the purpose of business of the Company notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) will 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 provided that the total amount upto which monies may be borrowed by the Board of Directors shall not exceed the sum of Rs. 20,00,00,00,000/- (Rupees Two thousand crores) at any one time.”

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

“RESOLVED THAT pursuant to Section 293(1)(a) of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and / or create charge on all or any of the movable and immovable

properties of the Company, both present and future, for securing loans/facilities obtained or that may be obtained from time to time from financial institutions or banks or person(s) together with interest, costs, charges, expenses and any other monies payable by the Company, within the overall borrowing powers delegated to the Board of Directors from time to time pursuant to Section 293(1)(d) of the Companies Act, 1956.”

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

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, the provisions of Chapter VII of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009, (hereinafter referred to as the “SEBI Regulations”), as also of any other applicable laws, rules, regulations and guidelines (including any amendment thereto or re-enactment thereof) and the enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the stock exchanges where the equity shares of the Company are listed, and subject to all such approvals, consents, permissions and/or sanctions as may be required from appropriate authorities, including the Securities and Exchange Board of India (SEBI), Government of India, Reserve Bank of India, financial institutions, banks and stock exchanges (hereinafter singly or collectively referred to as “the Appropriate Authorities)

and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting any such consents, permissions, approvals and/or sanctions (hereinafter singly or collectively referred to as “the requisite approvals”) which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee(s), which the Board may have constituted or hereafter constitute in this behalf to exercise the powers conferred on the Board by this resolution), the Board be and is hereby authorized in its absolute discretion, to create, offer, issue and allot in one or more tranches, upto 1,50,00,000/- warrants (hereinafter referred to as the “Warrants”), convertible into equity shares of Rs. 2 each of the company (“Equity Shares”) on a preferential basis, without offering the same to any other person, at a price of Rs.11/- (including premium of Rs.9/- per equity share) such price being not less than the minimum price determined as per the provisions of Chapter VII of the “SEBI Regulations” to the following shareholders in the Promoter Group.



1.	Shri Vivek Jain & Smt. Meeta Jain	upto 12,63,200 equity shares of Rs. 2 each
2.	Shri Saatvik Jain & Shri Vivek Jain	upto 12,63,200 equity shares of Rs. 2 each
3.	Smt. Usha P. Jain	upto 17,36,800 equity shares of Rs. 2 each
4.	Shri Bakul Jain & Smt. Paulomi Jain & Smt. Durgavati Jain	upto 17,36,800 equity shares of Rs. 2 each
5.	Shri Mudit Jain	upto 10,00,000 equity shares of Rs. 2 each
6.	Smt. Vandana Jain	upto 10,00,000 equity shares of Rs. 2 each
7.	Sahu Brothers Pvt.Ltd.	upto 70,00,000 equity shares of Rs. 2 each

**RESOLVED FURTHER THAT**

- i. the Relevant Date for the purpose of determination of the price of the Equity Shares issued and allotted upon conversion/exercise of right attached to the Warrants, in accordance with the provisions of Chapter VII of the SEBI Regulations shall be the date thirty (30) days prior to the date of this Annual General Meeting i.e. 25<sup>th</sup> October, 2011
- ii. The Warrants to be created, offered and allotted and the Equity Shares arising upon conversion of the Warrants shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
- iii. The Board be and is hereby authorized to issue and allot such number of Equity Shares as may required to be allotted upon conversion / exercise of right attached to the Warrants issued in terms of this resolution, all such Shares ranking pari passu inter-se and with the then existing Equity Shares of the Company in all respects, including entitlement of dividend;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds,

matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the Equity Shares with the stock exchanges, without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Committee of Directors or any Director or Directors or any Officers of the Company to give effect to this resolution."

13.

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the present Article 157 of the Articles of Association of the Company be and is hereby substituted by the following new Article:

157. The Common Seal shall be affixed to every deed or other Instrument to which

it is required to be so affixed, in the presence of any two of the Authorised Persons being Company's Directors, Company Secretary, Dy. Company Secretary, Presidents, Vice Presidents and General Managers of the Company as may be authorised by the Board and the said two Authorised Signatories shall sign the deed or instrument to which the seal has been affixed as witnesses for affixing the Common Seal. "

By Order of the Board

**Chital Shah**  
Dy. Company Secretary

Mumbai, 20<sup>th</sup> October, 2011

**Registered Office :**  
Dhrangadhra - 363 315  
Gujarat.

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER. The Proxy Form should be lodged with the Company at the Registered Office at least 48 hours before the time of the Meeting.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed



from Tuesday, November 15, 2011 to Thursday, November 24, 2011, both days inclusive.

4. Shareholders are requested to promptly notify any changes in their address to the Company's Registrar & Share Transfer Agents, Bigshare Services Pvt. Ltd., (Unit: DCW Limited), E/2&3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072.

5. **In pursuance of the Green initiative taken by Ministry of Corporate Affairs regarding sending of Annual Report to the members of the Company as required under section 219 of the Companies Act, 1956 through electronic mode, members of the Company are requested to register their email addresses and changes therein from time to time with the Company or with the Depository.** However, if any member insists on physical copy of the Annual report, the same will be sent to them physically.

6. The unclaimed dividends upto the Company's financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have so far not claimed their dividend warrants for the said years are requested to claim the amount by submitting an application in prescribed Form No. II to the Registrar of Companies, Gujarat Housing Board Building, Opp. Rupal Park, Near Ankur Char Raste, Navrangpura, Ahmedabad 360 013.

Pursuant to Sections 205A and 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer shall be transferred by the Company to a fund called

'Investor Education and Protection Fund' (the Fund) set up by the Central Government.

Accordingly, the Company has transferred all the unclaimed dividends to the said Fund and no claim is lying against the fund or the Company in respect of the any Dividends.

The dividend for the year ended 31<sup>st</sup> March, 2011 as recommended by the Board, if sanctioned at the meeting, will be paid on or before November 29, 2011 to those members whose names appear in the Company's Register of Members as on November 14, 2011. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.

Members who have not encashed their dividend warrants within the validity period may write to the Company's Registrar and Share Transfer Agents, Bigshare Services Pvt. Ltd., E/2&3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072 for obtaining payment in lieu of such warrants.

7. Payment of Dividend through ECS:

- (a) Members holding shares in physical form are advised to submit particulars of their Bank Account viz. Name and address of the branch of the Bank, 9 digit MICR Code of the Branch, type of account and account number latest by November 14, 2011 to the Company's Registrar and Share Transfer Agents, Bigshare Services Pvt. Ltd., E/2&3, Ansa Industrial Estate, Sakivihar Road,

Saki Naka, Andheri (East), Mumbai 400 072.

- (b) Members holding shares in demat form are advised to inform their particulars to their respective Depository Participant.

8. Members are requested to bring their copy of Annual Report to the Meeting.

9. Members desirous of obtaining any information concerning accounts of the Company are requested to address their questions to the Company Secretary, so as to reach at least 7 days before the date of meeting, to enable the information required to be made available at the Meeting, to the extent possible.

10. **Re-appointment of Directors:**

At the ensuing Annual General Meeting, Shri Bakul Jain, Shri Sushil Kumar Jalan and Dr. V. H. Joshi, Directors, retire by rotation and being eligible, offer themselves for reappointment.

Pursuant to Clause 49 of the Listing Agreement relating to the Code of Corporate Governance, the particulars of Directors retiring by rotation / appointment of new Director in the ensuing Annual General Meeting are given below: -

#### **Profile of the Directors retiring by rotation / proposed new director**

##### **SHRI BAKUL JAIN :-**

Shri Bakul Jain, holds a Masters degree in Management from IMD, Lausanne, Switzerland. Shri Bakul Jain is having good knowledge and experience in the manufacturing industry. He was appointed on the Board in the year 1996, prior to which he was president of the Company. Shri Bakul Jain is a Director of Sahu Brothers Pvt. Ltd., B.



J. Holdings Pvt. Ltd., Canvas Shoe Co. (Goa) Pvt. Ltd. J. K. Tyres and Industries Ltd., D. P. B. Holdings Pvt. Ltd., Lifestyle Tradelinks (India) Pvt. Ltd., Jain Sahu Brothers Investments Pvt. Ltd, DCW Pigments Ltd. and Cashco Holdings Pvt. Ltd. He is a member of the Managing Committee of Bombay Hospital.

**SHRI SUSHIL KUMAR JALAN: -**

Shri S. K. Jalan has vast knowledge and experience in the manufacturing Industry. Shri S. K. Jalan is a Director of Acrastyle Switchgear Ltd. England, Acrastyle Ltd. England, Acrastyle Power (India) Ltd., Boistur Commercial Ltd., Bombay Gas Co. Ltd., Hamilton & Co. Ltd., The Indian Merchants Chamber, RPIL Signalling Systems Ltd. and The United Provinces Sugar Co, Ltd. Shri S. K. Jalan is not holding any shares in the Company and he is not related to any other of the Directors of the Company.

**Dr. V. H. JOSHI**

Dr. V. H. Joshi is the Director of the Company since 1990. He is Ph.D. (Economics) from the University of Baroda and has also done Post Graduate Diploma in Economic Planning from International Institute of Social Studies, the Hague (Netherlands). He has got many scholarships, fellowships and prizes and has participated in international conferences/seminars and has also published many books. He is a member of many Professional Organisations and has a vast knowledge about the industry. He is not holding the office of Director in any other Company. Dr. V. H. Joshi is not holding any shares in the Company and he is not related to any other of the Directors of the Company.

**Mr. BERJIS DESAI**

Mr. Berjis Desai, is a Solicitor and Senior Partner of well known Law Firm, M/s. J. Sagar Associates, Mumbai.

He is Director of Adani Power Limited, Sterlite Industries (India) Limited, The Great Eastern Shipping Company Limited, NOCIL Limited, Praj Industries Limited, Edelweiss Capital Limited, Deepak Nitrate Limited, Himatsingka Seide Limited, Greatship (India) Limited, Emcure Pharmaceuticals Limited, Centrum Fiscal Private Limited, Capricorn Studfarm Pvt. Ltd., Capricorn Agrifarms & Developers Pvt. Ltd., Sabre Capital Investment Advisors Pvt. Ltd., Equine Bloodstock Private Limited, Spring Healthcare Advisors Pvt. Ltd., Eden Realtors Pvt. Ltd., JSA Law Ltd., (Dubai), JSA Lex Holdings Limited (Mauritius), Divatex Home Fashions Inc., (New York, USA). Mr. Berjis Desai is not holding any shares in the Company and he is not related to any other of the Directors of the Company.





## Annexure to the Notice

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

#### Item No. 5

Mr. Berjis Desai was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 8<sup>th</sup> August, 2011. As per the provisions of Section 260 of the Companies Act, 1956, Mr. Berjis Desai holds office upto the date of this Annual General Meeting. Mr. Berjis Desai is a solicitor and Senior partner of the well known Law Firm, M/s. J. Sagar Associates, Mumbai and it will be in the interest of the Company to appoint him as a Director of the Company.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Berjis Desai as Director at the forthcoming Annual General Meeting.

Mr. Berjis Desai is concerned or interested in the resolution since it pertains to his appointment. None of the other Directors are in anyway concerned or interested in the resolution.

#### Item No. 6

Dr. Shashi Chand Jain was appointed as Managing Director of the Company for a period of five years with effect from June 15, 2006. At the Board Meeting held on May 16, 2011, the Board reappointed Dr. Shashi Chand Jain as Managing Director for a further period of three years with effect from June 15, 2011 subject to the approval of shareholders of the Company. The Remuneration Committee of the Board at their meeting held on May 16, 2011 has approved payment of remuneration to Dr. S. C. Jain by passing a resolution.

The terms and conditions of his reappointment as Managing Director are as follows:

#### 1. Period

3 years with effect from June 15, 2011.

#### 2. Remuneration

a. **Salary** : Rs. 3,00,000 per month

#### b. Perquisites :

In addition to Salary, the Managing Director shall also be

entitled to perquisites like Accommodation (Furnished or otherwise) or House Rent Allowance in lieu thereof; House Maintenance Allowance together with utilities thereof such as gas, electricity, water, furnishings and repairs; Medical Reimbursement and Leave Travel Concession for himself and family; Club Fees, Medical Insurance etc. in accordance with the Rules of the Company or as may be agreed to between the Board and the Managing Director; the amount of such perquisites to be restricted to Rs. 12,00,000 per annum.

The Company shall provide the Managing Director, a Car with a driver and Telephone facility at his residence. Provision of Car for use on Company's business and Telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of the Car for private purpose shall be billed by the Company to the Managing Director.

Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, will not be included in the computation of the ceiling on perquisites to the extent these either singly or put 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 ceiling on perquisites.

#### c. Commission :

Commission shall be paid in addition to the above Salary and Perquisites and shall be calculated with reference to the net profits of the Company in the relevant Financial Year as determined on approval of the accounts subsequent to the year ending. The amount of such Commission shall be subject to the overall ceilings stipulated in Sections 198 and 309 of the Act and shall be twenty five percent

of the difference between ten percent of the net profits in that Financial Year and the aggregate of the salary and perquisites and benefits paid to the Managing Directors and the Whole-time Directors in that year.

3. If in any Financial Year during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, he shall be entitled to receive and be paid as Minimum Remuneration in that year; Salary and Perquisites not exceeding Rs. 48.00 lacs per annum; or Rs. 4,00,000 per month, but shall not be entitled to any Commission.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of any such Rules, Perquisites shall be evaluated at actual cost.

4. The terms and conditions of appointment of Dr. S. C. Jain may be altered and varied from time to time during his tenure of appointment in such manner as may be agreed to between the Board of Directors and Dr. Shashi Chand Jain provided such terms are within and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto.
5. The Managing Director shall not be entitled to supplement his earnings under the Agreement with any buying or selling commission. He shall also not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company, without the prior permission of the Central Government.
6. The Managing Director shall not be entitled to any Sitting Fee for attending the Meetings of the Board or any Committee thereof.

Dr. S C Jain holds a Doctorate in Economics and has 45 years experience in the Industry. His contribution to the



Company is very valuable. Having regard to his knowledge and experience in the Industry and the responsibilities shouldered by him, remuneration proposed to be paid to him are fair and reasonable. The Board, therefore recommends his re-appointment and payment of remuneration as mentioned above.

The Draft of the Agreement between the Company and Dr. S C Jain is open for inspection at the Registered Office of the Company during office hours on all working days except Saturday between 11.00 a.m. and 1.00 p.m.

The above may also be treated as an abstract under Section 302 of the Companies Act, 1956.

Dr. S C Jain is concerned or interested in the Resolution since it relates to his re-appointment and payment of remuneration.

Shri Pramod Kumar Jain, Shri Bakul Jain and Smt. Vandana Jain, Directors of the Company and related to Dr. S C Jain are deemed to be concerned or interested in the said Resolution.

None of the other Directors is in any way concerned or interested in the Resolution.

#### Item No. 7

Shri Bakul Jain was appointed as Managing Director of the Company for a period of five years with effect from July 27, 2006. At the Board Meeting held on May 16, 2011, the Board reappointed Shri Bakul Jain as Managing Director for a further period of three years with effect from July 27, 2011 subject to the approval of shareholders of the Company. The Remuneration Committee of the Board at their meeting held on May 16, 2011 has approved payment of remuneration to Shri Bakul Jain by passing a resolution.

The terms and conditions of his reappointment as Managing Director are as follows:

1. **Period**  
3 years with effect from July 27, 2011
2. **Remuneration**
  - a. **Salary** : Rs. 3,00,000 per month

#### b. **Perquisites :**

In addition to Salary, the Managing Director shall also be entitled to perquisites like Accommodation (Furnished or otherwise) or House Rent Allowance in lieu thereof; House Maintenance Allowance together with utilities thereof such as gas, electricity, water, furnishings and repairs; Medical Reimbursement and Leave Travel Concession for himself and family; Club Fees, Medical Insurance etc. in accordance with the Rules of the Company or as may be agreed to between the Board and the Managing Director; the amount of such perquisites to be restricted to Rs. 12,00,000 per annum.

The Company shall provide the Managing Director, a Car with a driver and Telephone facility at his residence. Provision of Car for use on Company's business and Telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of the Car for private purpose shall be billed by the Company to the Managing Director.

Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, will not be included in the computation of the ceiling on perquisites to the extent these either singly or put 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 ceiling on perquisites.

#### c. **Commission :**

Commission shall be paid in addition to the above Salary and Perquisites and shall be calculated with reference to the net profits of the Company in the relevant Financial Year as determined on approval of the accounts subsequent to the year ending. The amount of such Commission shall be subject

to the overall ceilings stipulated in Sections 198 and 309 of the Act and shall be twenty five percent of the difference between ten percent of the net profits in that Financial Year and the aggregate of the salary and perquisites and benefits paid to the Managing Directors and the Whole- time Directors in that year.

3. If in any Financial Year during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, he shall be entitled to receive and be paid as Minimum Remuneration in that year; Salary and Perquisites not exceeding Rs. 48.00 lacs per annum; or Rs. 4,00,000 per month, but shall not be entitled to any Commission.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of any such Rules, Perquisites shall be evaluated at actual cost.

4. The terms and conditions of appointment of Shri Bakul Jain may be altered and varied from time to time during his tenure of appointment in such manner as may be agreed to between the Board of Directors and Shri Bakul Jain provided such terms are within and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto.
5. The Managing Director shall not be entitled to supplement his earnings under the Agreement with any buying or selling commission. He shall also not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company, without the prior permission of the Central Government.
6. The Managing Director shall not be entitled to any Sitting Fee for attending the Meetings of the Board or any Committee thereof.