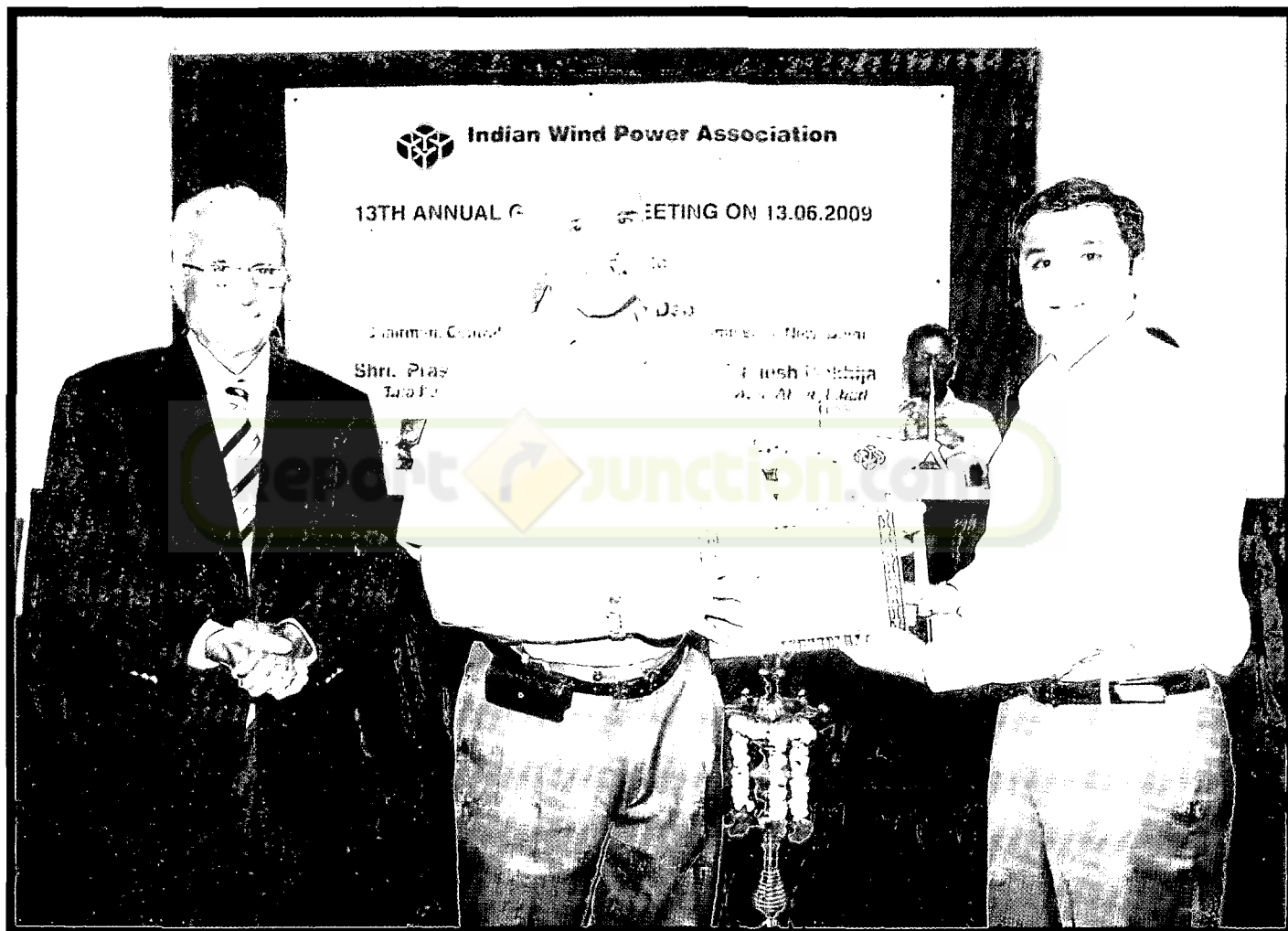




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**SAHYADRI INDUSTRIES LTD.**

**15th ANNUAL REPORT 2008-09**



**Mr. S. V. Patel, Director Commercial receiving  
'Best Performing Windfarm Award' from  
Dr. Pramod Deo, Chairman CERC**



# SAHYADRI INDUSTRIES LIMITED

## Board of Directors

Mr. P. L. Patel	Chairman
Mr. V. L. Patel	Managing Director
Mr. J. P. Patel	Executive Director
Mr. S. V. Patel	Director Commercial
Mr. D. B. Kasad	Director
Mr. S. U. Joshi	Director
Mr. M. P. Kulkarni	Director
Mr. S. U. Koshti	Director
Mr. J. G. Awate	Director
Mr. S. Y. Mestry*	Director

\* Appointed on May 29, 2009

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General Business Profile

## Company Secretary

Abhijit Barje

## Registered Office

39/D, Swastik House  
Gultekadi, J. N. Road,  
Pune - 411037

## Auditors

M/s. Parag Patwa & Associates,  
Chartered Accountants,  
Pune

## Bankers

Cosmos Co-Op Bank Limited  
Oriental Bank of Commerce  
Indian Overseas Bank  
Central Bank of India  
HDFC Bank Limited  
ICICI Bank Limited  
Corporation Bank

## Registrar & Share Transfer Agent

M/S Sharex Dynamic (India) Pvt. Ltd.  
Unit 1, Luthra Industrial Premises,  
Safed Pool, Andheri (E)  
Mumbai - 400 072  
Phone No (022) - 28515606/44  
Fax No (022) 28512885  
www.sharexindia.com

## Factory

### Chinchwad

Plot No. 39, 44, 46 to 49  
Block No. D III,  
MIDC, Chinchwad,  
Pune - 411 019

### Kedgaon

Gat No.322/323,  
Village Kedgaon,  
Taluka: Daund,  
District: Pune.

### Perundurai

Plot No. KK2(N) & KK2(S),  
SIPCOT Industrial Growth  
Centre, Perundurai - 638052  
Erode District, Tamilnadu

## Website

www.silworld.in



# SAHYADRI INDUSTRIES LIMITED

## SAHYADRI INDUSTRIES LIMITED

### ATTENDANCE SLIP

**FIFTEENTH ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON SEPTEMBER 30, 2009**

Name of the Member/Proxy: .....

Registered Folio No. ....

\*DP ID No. & Client ID No. ....

No. of Shares held: .....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the Fifteenth Annual General Meeting of the Company at Plot No.39, D III Block, MIDC, Chinchwad, Pune- 411019 at 3.30 p.m. on Wednesday, September 30, 2009.

.....  
\*\* Member(s)/Proxy signature

\*\* To be signed at the time of handing over the slip.

Note:

- Member/proxy wishing to attend the meeting must complete this Attendance slip and hand it over at the entrance of the meeting hall.
- Members are requested to bring their copy of the Annual Report for the meeting.

## SAHYADRI INDUSTRIES LIMITED

### PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ being member/s of SAHYADRI INDUSTRIES LIMITED, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy in my/our absence to attend and vote for me/ us and on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at 3.30 p.m. on September 30, 2009 and at any adjournment thereof.

Name of the Member : .....

Signature(s): .....

Registered Folio No./ \* DP ID & Client ID No.....

No. of shares held.....

Affix 1 Re.  
Revenue  
stamp

Note: In order to be effective proxy form should be duly stamped, completed and signed & must be deposited at the Registered office of the Company at 'Swastik House' 39/D, J. N. Marg, Gultekadi, Pune 411037 not less than 48 hours before the time of the meeting.

\* Applicable for investors holding Shares in Electronic Form.



# SAHYADRI INDUSTRIES LIMITED

## Notice

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of Sahyadri Industries Limited will be held on Wednesday, 30th September 2009 at 3.30 p.m. at Plot No.39, Block No. D-III, MIDC, Chinchwad, Pune - 411 019, to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March 2009 and the Profit & Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To re-appoint Mr. J. G. Awate as a director, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Mr. S. V. Patel as a Director, who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint Mr. J. P. Patel as a Director, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Mr. D. B. Kasad as a Director, who retires by rotation and being eligible offers himself for re-appointment.
7. To appoint Auditors of the Company.

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** Mr. S. Y. Mestry, who was appointed as an Additional Director of the Company on May 29, 2009 and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

9. 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 198, 269 & 309 and all other applicable provisions, if any, schedule XIII to the Companies Act, 1956, approval of shareholders be and is hereby accorded for the reappointment of Mr. P. L. Patel as a Executive Chairman of the Company for a period 5

years with effect from July 1, 2009 and he be paid the following remuneration:

### Remuneration

a) **Basic Salary :** Rs. 2,00,000/- (Rs. Two lac only) per month.

### b) Allowances:

- 1) House rent : House rent allowance of Rs. 80,000/- (Rs. Eighty thousand only) per month.
- 2) Leave travel allowance : Once in a year for self & family in accordance with Rules of the Company not exceeding one month salary.
- 3) Medical expenses : Actuals

### c) Perquisites :

- i) Payment of Bonus/ex-gratia amount as may be declared by the Company.
- ii) Provident fund and Superannuation fund or Annuity fund in accordance with Rules of the Company.
- iii) Free use of car with driver for business of the Company.
- iv) Free telephone facility at residence for official purpose.
- v) Gratuity in accordance with Rules of the Company.
- vi) Mediciam Insurance coverage for self and family as per Rules of the Company.
- vii) Group Personal Accident Insurance cover as per Rules of the Company.
- viii) Leave encashment in accordance with Rules of the Company.
- ix) Fees of the clubs subject to maximum of two clubs. This will not include admission or life membership fees.

### d) Commission:

Such remuneration by way of commission not exceeding 1%, in addition to the salary, allowances and perquisites payable, calculated with reference to the net profits of the Company in a financial year, as may be determined by the Board of Directors of the Company at the end of each financial year.

The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act be in force.

### e) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of tenure of the Whole Time Director, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites as specified above, after ensuring compliance with the requirements of Section II of



# SAHYADRI INDUSTRIES LIMITED

## Notice

Part II of Schedule XIII appended to the Companies Act, 1956.

**FURTHER RESOLVED THAT** the Board or Managing Director shall have discretion and authority to modify the foregoing terms of remuneration agreeable to Mr. P. L. Patel within, however, the maximum limit prescribed under Schedule XIII of the Companies Act, 1956.

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

10. 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 198, 269 & 309 and all other applicable provisions, if any, schedule XIII to the Companies Act, 1956, approval of shareholders be and is hereby accorded for the reappointment of Mr. V. L. Patel as a Managing Director of the Company for a period 5 years with effect from July 1, 2009 and he be paid the following remuneration:

### Remuneration

- a) **Basic Salary** : Rs. 2,00,000/- (Rs. Two lac only) per month.
- b) **Allowances:**
  - 1) House rent : House rent allowance of Rs. 80, 000/- (Rs. Eighty thousand only) per month.
  - 2) Leave travel allowance: Once in a year for self & family in accordance with Rules of the Company not exceeding one month salary.
  - 3) Medical expenses : Actuals
- c) **Perquisites:**
  - i) Payment of Bonus/ex-gratia amount as may be declared by the Company.
  - ii) Provident fund and Superannuation fund or Annuity fund in accordance with Rules of the Company.
  - iii) Free use of car with driver for business of the Company.
  - iv) Free telephone facility at residence for official purpose.
  - v) Gratuity in accordance with Rules of the Company.
  - vi) Mediclaim Insurance coverage for self and family as per Rules of the Company.
  - vii) Group Personal Accident Insurance cover as per Rules of the Company.
  - viii) Leave encashment in accordance with Rules of the

Company.

- ix) Fees of the clubs subject to maximum of two clubs. This will not include admission or life membership fees.

### d) Commission:

Such remuneration by way of commission not exceeding 1%, in addition to the salary, allowances and perquisites payable, calculated with reference to the net profits of the Company in a financial year, as may be determined by the Board of Directors of the Company at the end of each financial year.

The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act be in force.

### e) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of tenure of the Whole Time Director, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites as specified above, after ensuring compliance with the requirements of Section II of Part II of Schedule XIII appended to the Companies Act, 1956.

**FURTHER RESOLVED THAT** the Board or Managing Director shall have discretion and authority to modify the foregoing terms of remuneration agreeable to Mr. V. L. Patel within, however, the maximum limit prescribed under Schedule XIII of the Companies Act, 1956.

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

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 198, 269 & 309 and all other applicable provisions, if any, schedule XIII to the Companies Act, 1956, approval of shareholders be and is hereby accorded for the reappointment of Mr. J. P. Patel as a Executive Director of the Company for a period 5 years with effect from July 1, 2009 and he be paid the following remuneration:

### Remuneration

- a) **Basic Salary** : Rs. 2,00,000/- (Rs. Two lac only) per month.



# SAHYADRI INDUSTRIES LIMITED

## Notice

### b) Allowances:

- 1) House rent : House rent allowance of Rs. 80,000/- (Rs. Eighty thousand only) per month.
- 2) Leave travel allowance : Once in a year for self & family in accordance with Rules of the Company not exceeding one month salary.
- 3) Medical expenses : Actuals

### c) Perquisites:

- i) Payment of Bonus/ex-gratia amount as may be declared by the Company.
- ii) Provident fund and Superannuation or Annuity fund in accordance with Rules of the Company.
- iii) Free use of car with driver for business of the Company.
- iv) Free telephone facility at residence for official purpose.
- v) Gratuity in accordance with Rules of the Company.
- vi) Mediclaim Insurance coverage for self and family as per Rules of the Company.
- vii) Group Personal Accident Insurance cover as per Rules of the Company.
- viii) Leave encashment in accordance with Rules of the Company.
- ix) Fees of the clubs subject to maximum of two clubs. This will not include admission or life membership fees.

### d) Commission:

Such remuneration by way of commission not exceeding 1%, in addition to the salary, allowances and perquisites payable, calculated with reference to the net profits of the Company in a financial year, as may be determined by the Board of Directors of the Company at the end of each financial year.

The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act be in force.

### e) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of tenure of the Whole Time Director, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites as specified above, after ensuring compliance with the requirements of Section II of Part II of Schedule XIII appended to the Companies Act, 1956.

**FURTHER RESOLVED THAT** the Board or Managing Director shall have discretion and authority to modify the foregoing terms of remuneration agreeable to Mr. J. P. Patel within, however, the maximum limit prescribed under Schedule XIII of the Companies Act, 1956.

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

12. 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 198, 269 & 309 and all other applicable provisions, if any, schedule XIII to the Companies Act, 1956, approval of shareholders be and is hereby accorded for reappointment of Mr. S. V. Patel as a Director Commercial of the Company for a period 5 years with effect from July 1, 2009 and he be paid the following remuneration:

### Remuneration

- a) **Basic Salary** : Rs. 2,00,000/- (Rs. Two lac only) per month.

### b) Allowances:

- 1) House rent : House rent allowance of Rs. 80,000/- (Rs. Eighty thousand only) per month.
- 2) Leave travel allowance : Once in a year for self & family in accordance with Rules of the Company not exceeding one month salary.
- 3) Medical expenses : Actuals

### c) Perquisites:

- i) Payment of Bonus/ex-gratia amount as may be declared by the Company.
- ii) Provident fund and Superannuation fund or Annuity fund in accordance with Rules of the Company.
- iii) Free use of car with driver for business of the Company.
- iv) Free telephone facility at residence for official purpose.
- v) Gratuity in accordance with Rules of the Company.
- vi) Mediclaim Insurance coverage for self and family as per Rules of the Company.
- vii) Group Personal Accident Insurance cover as per Rules of the Company.
- viii) Leave encashment in accordance with Rules of the Company.
- ix) Fees of the clubs subject to maximum of two clubs. This will not include admission or life membership fees.



# SAHYADRI INDUSTRIES LIMITED

## Notice

### d) Commission:

Such remuneration by way of commission not exceeding 1%, in addition to the salary, allowances and perquisites payable, calculated with reference to the net profits of the Company in a financial year, as may be determined by the Board of Directors of the Company at the end of each financial year.

The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act be in force.

### e) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of tenure of the Whole Time Director, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites as specified above, after ensuring compliance with the requirements of Section II of Part II of Schedule XIII appended to the Companies Act, 1956.

**FURTHER RESOLVED THAT** the Board or Managing Director shall have discretion and authority to modify the foregoing terms of remuneration agreeable to Mr. S. V. Patel within, however, the maximum limit prescribed under Schedule XIII of the Companies Act, 1956.

**FURTHER RESOLVED THAT** the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to the 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 section 314(1B) read with Director's Relatives(Office or Place of Profit) Rules, 2003 and other applicable provisions, if any, of the Companies Act, 1956, approval of shareholders be and is hereby accorded to appoint Mr. Chetan Patel as the Manager(Exports) of the Company with effect from July 1, 2009 on the gross salary of Rs. 45,000/- per month with annual increment to the extent of 15% as approved by the Managing Director at appropriate time subject to limit prescribed in the Director's Relatives(Office or Place of Profit) Rules, 2003 and first such increment shall not due on or before June 1, 2010.

**FURTHER RESOLVED THAT** Mr. Chetan Patel shall also be entitled for the reimbursement of actual traveling,

boarding and lodging expenses and other amenities as may be incurred by him from time to time, in connection with the Company's business and any other allowances, benefits and perquisites as are provided to the senior executives of the Company and/or which may become applicable in the future and/or any other allowance, perquisites as the Board may decide from time to time subject to limit prescribed in the Director's Relatives(Office or Place of Profit) Rules, 2003.

**FURTHER RESOLVED THAT** during his tenure, he will be governed by the Rules and Regulations of the Company as may be applicable to the employees of the Company from time to time including change in designation and responsibilities.

**FURTHER RESOLVED THAT** the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to the 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 the section 314(1B) read with Director's Relatives(Office or Place of Profit) Rules, 2003 and other applicable provisions, if any, of the Companies Act, 1956, approval of shareholders be and is hereby accorded to appoint Mr. Vipul Patel as the Manager(Imports) of the Company with effect from July 1, 2009 on the gross salary of Rs. 45,000/- per month with annual increment to the extent of 15% as approved by the Managing Director at appropriate time subject to limit prescribed in the Director's Relatives(Office or Place of Profit) Rules, 2003 and first such increment shall not due on or before June 1, 2010.

**FURTHER RESOLVED THAT** Mr. Vipul Patel shall also be entitled for the reimbursement of actual traveling, boarding and lodging expenses and other amenities as may be incurred by him from time to time, in connection with the Company's business and any other allowances, benefits and perquisites as are provided to the senior executives of the Company and/or which may become applicable in the future and/or any other allowance, perquisites as the Board may decide from time to time subject to limit prescribed in the Director's Relatives(Office or Place of Profit) Rules, 2003.

**FURTHER RESOLVED THAT** during his tenure, he will be governed by the Rules and Regulations of the Company as may be applicable to the employees of the Company from time to time including change in designation and responsibilities.



# SAHYADRI INDUSTRIES LIMITED

## Notice

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

15. 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 section 314(1B) read with Director's Relatives(Office or Place of Profit) Rules, 2003 and other applicable provisions, if any, of the Companies Act, 1956, approval of shareholders be and is hereby accorded to appoint Mr. Jignesh Patel as the Manager(Logistics) of the Company with effect from July 1, 2009 on the gross salary of Rs. 45,000/- per month with annual increment to the extent of 15% as approved by the Managing Director at appropriate time subject to limit prescribed in the Director's Relatives(Office or Place of Profit) Rules, 2003 and first such increment shall not due on or before June 1, 2010.

**FURTHER RESOLVED THAT** Mr. Jignesh Patel shall also be entitled for the reimbursement of actual traveling, boarding and lodging expenses and other amenities as may be incurred by him from time to time, in connection with the Company's business and any other allowances, benefits and perquisites as are provided to the senior executives of the Company and/or which may become applicable in the future and/or any other allowance, perquisites as the Board may decide from time to time subject to limit prescribed in the Director's Relatives(Office or Place of Profit) Rules, 2003.

**FURTHER RESOLVED THAT** during his tenure, he will be governed by the Rules and Regulations of the Company as may be applicable to the employees of the Company from time to time including change in designation and responsibilities.

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

### 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 OF THE COMPANY. The Proxy forms should be lodged with the Company at its registered office at

least 48 hours before the time of commencement of the meeting.

2. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 relating to the items of special business is annexed herewith.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 24th September 2009 to 30th September 2009 (both days inclusive).
4. The Dividend, as recommended by the Board of Directors, if approved at the 15th Annual General Meeting, will be paid on or after 1st October to those members who hold shares:
  - a) In electronic mode, based on the beneficial ownership details received from National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on 23rd September 2009.
  - b) In physical form, if their names appear on the Company's Register of Members as on 30th September 2009.
5. Members are requested to promptly notify any change in their address to the Company's Registrar & Transfer Agent namely, Sharex Dynamic (India) Pvt Ltd, Unit 1, Luthra Industrial Premises, Safed Pool, Andheri (E), Mumbai - 400 072. Shareholders holding shares in dematerialized form shall inform any change in their details to their respective Depository Participant only.
6. Members desiring any information about the Company's working are requested to write to the Company at an early date so as to enable the management to reply at the general meeting.
7. A brief profile of the Directors appointed/reappointed is furnished in the Corporate Governance Report.
8. Members are requested to bring their copy of Annual Report to the meeting.

### On Behalf of the Board of Directors

**P. L. Patel**  
Chairman

**V. L. Patel**  
Managing Director

26th June 2009

Regd. Office:  
39/D, Swastik House,  
J. N. Road, Gultekdi,  
Pune 411037



# SAHYADRI INDUSTRIES LIMITED

## Annexure to Notice

### Explanatory Statement

The following Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, sets out all material facts relating to the items of special business as mentioned in the accompanying Notice.

#### Item No. 8

Mr. S. Y. Mestry was appointed as an Additional Director on the Board of the Company w.e.f. May 29, 2009. Pursuant to Section 260 of the Companies Act, 1956 read with Article 43 of the Articles of Association of the Company, Mr. Mestry holds office upto the date of this fifteenth Annual General Meeting. The Company has received a notice in writing from a member of the Company under section 257 of the Companies Act, 1956, signifying intention to propose the candidature of Mr. S. Y. Mestry for the office of Director of the Company liable to retire by rotation. He has more than 45 years of experience in the manufacturing industry and specializes in sheet metal components. His expertise lies in finance, administration and human resource development.

The Board of Directors recommend passing of the resolution set out in item No. 8 of the accompanying Notice.

None of the Directors other than Mr. S. Y. Mestry is concerned or interested in the resolution.

#### Item No. 9, 10, 11 and 12

The term of Mr. P. L. Patel, Chairman, Mr. V. L. Patel, Managing Director, Mr. J. P. Patel, Executive Director & Mr. S. V. Patel, Director Commercial is ending on February 28, 2010. It is desired to re-appoint these Whole time Directors for further period of five years as well as re-structure their remuneration from July 1, 2009. The remuneration of Mr. P. L. Patel, Chairman, Mr. V. L. Patel, Managing Director, Mr. J. P. Patel, Executive Director & Mr. S. V. Patel, Director Commercial of the Company was fixed on March 1, 2005 at the time of their appointment. In view of their status in the industry, standard and cost of living, time, labour and effort put in by them towards managing affairs of the Company, it is proposed to revise their remuneration with effect from July 1, 2009. The Board discussed the matter in their meeting held on June 26, 2009 and subject to the approval of the shareholders has decided the terms of re-appointment and revision of their remuneration as contained in resolution Nos. 9, 10, 11 & 12.

As per section 1 of Part-II of Schedule XIII to the Companies Act, 1956, if the Company has adequate profits, the Board may fix/revise remuneration within the ceiling as provided in section 198 and 309 of that Act which is 10% of the net profits. As per the audited accounts for the accounting year 2008-09, the Company has earned adequate profit, which is considered sufficient for the purpose of payment of proposed remuneration to the managerial personnel of the Company. In terms of section 310 read with Schedule XIII to the companies Act, 1956, the Board can revise the remuneration subject to approval of the shareholders in general meeting. This Explanatory Statement should be treated as an abstract of terms of

agreement and memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Directors recommend the resolutions set out in item No. 9, 10, 11 and 12 of the accompanying notice for approval of the members of the Company.

None of the Directors other than Mr. P. L. Patel, Mr. V. L. Patel, Mr. J. P. Patel and Mr. S. V. Patel are concerned or interested in their respective resolutions.

#### Item No. 13, 14 and 15

Looking into the expansion of the business activities of the Company, the Board of Directors at their meeting held on June 26, 2009 has considered that the Company need to appoint dynamic officers for discharging the functions of export, import and logistic activities of the Company. The Board proposed the names of Mr. Chetan Patel, son of Mr. P. L. Patel, Chairman, Mr. Vipul Patel & Mr. Jignesh Patel, sons of Mr. V. L. Patel, Managing Director of the Company for the appointment as a Manager(Exports), Manager(Imports) & Manager(Logistics) respectively w.e.f. July 1, 2009.

The Board considers that their educational background, experience and knowledge will strengthen the management in controlling export, import & logistic activities of the Company in a proper manner. The terms of remuneration, as set out in the resolution are considered to be just, fair and reasonable and are in accordance with the remuneration paid to other similar placed executives in the Company.

As per the provisions of section 314(1B) of the Companies Act, 1956 read with Director's Relatives(Office or Place of Profit) Rules, 2003, the appointment of a relative of a director drawing monthly remuneration not exceeding of Rs. 50,000(Rupees fifty thousand only) shall not be made except with the approval of shareholders by a special resolution passed at the general meeting of the Company.

The Directors recommend the resolutions set out in item No. 13, 14 and 15 of the accompanying notice for approval of the members of the Company.

None of the Directors other than Mr. P. L. Patel, Mr. V. L. Patel, Mr. J. P. Patel and Mr. S. V. Patel are concerned or interested in the respective resolutions.

#### On Behalf of the Board of Directors

**P. L. Patel**  
Chairman

**V. L. Patel**  
Managing Director

26th June 2009

Regd. Office:  
39/D, Swastik House,  
J. N. Road, Gultekdi,  
Pune 411037