



# Uttam Sugar Mills Limited



The Desire

To Excel

The Determination

To Deliver



17<sup>th</sup> Annual Report 2011-12

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## CORPORATE INFORMATION

### DIRECTORS

<b>Raj Kumar Adlakha</b>	Managing Director
<b>Ashok Kumar Agarwal</b>	Executive Director (w.e.f. 14.02.2012)
<b>V.S. Tandon</b>	Independent Director
<b>R. Vasudevan</b>	Independent Director
<b>G. S. Matta</b>	Independent Director
<b>Satish Chandra</b>	Nominee Director-IDBI Bank Ltd.
<b>Kamal Prasad</b>	Nominee Director-PNB

### REGISTERED OFFICE

Village Libberheri, Tehsil Roorkee,  
District Haridwar, Uttarakhand – 247667  
Tel. : 01332 - 229445  
Fax : 01332 – 229194

### CORPORATE OFFICE

A-2E, 3<sup>rd</sup> Floor, C.M.A. Tower, Sector – 24,  
Noida – 201 301 (U.P.)  
Tel. : 0120 –4525000  
Fax : 0120 – 4525015  
E-mail : [uttamsugarnoida@gmail.com](mailto:uttamsugarnoida@gmail.com)  
[uttamnoida@gmail.com](mailto:uttamnoida@gmail.com)

### AUDITORS

**B.K. Kapur & Co.**  
Chartered Accountants

### CHIEF – LEGAL AND CORPORATE AFFAIRS & COMPANY SECRETARY

G. Ramarathnam

### BANKERS

Punjab National Bank  
IDBI Bank Ltd.  
Indian Overseas Bank  
State Bank of India  
Oriental Bank of Commerce

### FACTORIES

#### **Unit - 1 :**

Village Libberheri, Tehsil Roorkee,  
District Haridwar, Uttarakhand - 247667

#### **Unit – 2 :**

Village Barkatpur,  
Tehsil Nazibabad  
District Bijnor (U.P.)

#### **Unit – 3 :**

Village Khaikheri,  
Tehsil & District Muzaffarnagar (U.P.)

#### **Unit – 4 :**

Village Shermau  
Tehsil Nakur,  
District Saharanpur (U.P.)

## NOTICE OF 17<sup>TH</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the 17<sup>th</sup> Annual General Meeting of the Members of Company will be held at the Registered Office of the Company at Village Libberheri, Tehsil Roorkee, Distt. Haridwar, Uttarakhand on Friday the 21<sup>st</sup> day of September, 2012 at 12.00 Noon to transact the following business(s):-

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012, Profit & Loss Statement for the financial year ended on that date together with the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vikram Singh Tandon, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Gurbachan Singh Matta, who retires by rotation and is eligible for re-appointment.
4. To appoint M/s B. K. Kapur & Company, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### **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. Ashok Kumar Agarwal, who was appointed under Section 260 of the Companies Act, 1956 as an additional director of the Company w.e.f. 14<sup>th</sup> February, 2012 and who holds office till this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office is liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION(S):-**

**"RESOLVED THAT** pursuant to section 198,269,309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act as amended upto date and subject to the Articles of Association of the Company and subject to the Approval of Central Government, Ministry of Corporate Affairs, the consent of the Company be and is hereby accorded for appointment and payment of Remuneration to Mr. Ashok Kumar Agarwal as a Whole Time Director of the Company for a period of Three Years with effect from 14<sup>th</sup> February, 2012 as recommended by the Remuneration Committee on the terms, conditions and remuneration as detailed below:

(a) He will be designated as **Executive Director**.

(b) **Salary:**

- (i) Salary: Rs. 1,37,500/- p.m. (Rupees One Lac Thirty Seven Thousands Five Hundred Only).
- (ii) Special Allowance: Rs. 39,545/- p.m. (Rupees Thirty Nine Thousands Five Hundred Forty Five Only).
- (iii) Other Allowance: Rs. 1,200/- p.m. (Rupees One Thousand Two Hundred Only).

(c) **Perquisites:** The Executive Director shall be entitled to the following perquisites classified into Categories 'A' & 'B'.

#### **Category - 'A':**

- (i) House Rent Allowance: Rs. 82,500/- p.m. (Rupees Eighty Two Thousands Five Hundred Only).
- (ii) Medical Reimbursement: Medical Expenses incurred for self, spouse and dependent children/parents - Rs.15,000/- per annum (Rupees Fifteen Thousands Only).
- (iii) Leave Travel Allowance: Rs.1,28,700/- per annum (Rupees One Lac Twenty Eight Thousands Seven Hundred Only).
- (iv) Conveyance Allowance: Rs.1,500/- p.m. (Rupees One Thousand Five Hundred Only).
- (v) Car: Free use of Company's car for official purpose.
- (vi) Other benefits/reimbursements: as per the Company's policy.

#### **Category - 'B':**

- (i) Company's contribution to provident fund, as per Rules of the Company.
- (ii) Gratuity as per Rules of the Company.
- (iii) Encashment of Leave, as per Rules of the Company.

(d) **Functions**

He shall exercise duties and functions as may be delegated/ assigned to him by the Board of Directors/Committee of Directors from time to time.

(e) **Sitting Fee**

He shall not be paid any sitting fee for attending the Meeting of Board or Committee thereof.

(f) *His period of office shall be subject to retirement by rotation whilst holding office of Whole Time Director."*

**“RESOLVED FURTHER THAT** the above remuneration will be payable to him as minimum remuneration in case of absence or inadequacy of profits in any financial year as permissible under Section II (B) of Part II of Schedule XIII of the Companies Act, 1956 including such amendment(s), modification(s) and/or revision(s) as may be made by the Central Government in the said limits from time to time”.

7. To consider and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION(S):-**

**“RESOLVED THAT** pursuant to Section 269, 198, 309 & other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act amended up to date and subject to the Articles of Association of the Company and subject to Approval of Central Government, Ministry of Corporate Affairs, the consent of the Company be and is hereby accorded to the re-appointment of and payment of remuneration to Mr. Raj Kumar Adlakha as a Managing Director of the Company for three years from 1<sup>st</sup> September 2012 to 31<sup>st</sup> August 2015 as recommended by the Remuneration Committee of the Directors and approved by the Board of Directors on 11.08.2012 on the terms and conditions including remuneration as minimum remuneration in the case of loss or inadequacy of profits in any financial year as set out in the explanatory statement, which shall be deemed to form part thereof.”

8. 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 94 and all other applicable provisions, if any, of the Companies Act, 1956, and Articles of Association of the Company, the Authorised Share Capital of the Company be increased from Rs. 1,15,00,00,000 (Rupees One hundred Fifteen Crores only) to Rs. 1,60,00,00,000 (Rupees One hundred Sixty Crores only) divided into:

(a) 6,00,00,000 (Six Crores) Equity Shares of Rs. 10/- (Rupees Ten) each; and

(b) 1,00,00,000 (One Crore) Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each,

by creation of 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- each and 25,00,000 (Twenty Five Lacs) Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each.”

**“RESOLVED FURTHER THAT** the existing Clause V of the Memorandum of Association of the Company be substituted by the following clause:-

*‘V. The Authorised Share Capital of the Company is Rs. 1,60,00,00,000/- (Rupees One Hundred Sixty Crores only) divided into 6,00,00,000 (Six Crores) Equity Share of Rs.10/- (Rupees Ten) each and 1,00,00,000 (One Crore) Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each’.*”

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

**“RESOLVED THAT** pursuant to section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force read with the provisions of Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchanges and regulations/rules/guidelines issued by Securities and Exchange Board of India (hereinafter referred to as “SEBI”), Reserve Bank of India, Stock Exchanges and/or such approvals, permissions, sanctions and consent as may be necessary and required under applicable laws, rules, Regulations and contracts, and on such terms, conditions, alterations, modifications, approvals, permissions, sanctions and consents, which may be accepted by the Board of Directors of the Company, as the case may be, the consent of the Company be and is hereby accorded to the Board of Directors (which term shall include any duly constituted and authorized committee thereof) to create, issue/offer, allot and deliver, in parts or in full either in one or more tranches on a private placement and /or preferential basis for cash at part or premium, not exceeding 25,00,000 (Twenty Five Lacs) Redeemable Preference Shares of Rs. 100/- each of an aggregate nominal amount not exceeding Rs.25,00,00,000/- (Rupees Twenty Five Crores) in the aggregate out of the Authorized Capital of the Company, on such terms and conditions and to such persons, whether shareholders of the Company or not, as may be determined by the Board of Directors in its absolute discretion.”

**“FURTHER RESOLVED THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take such steps and to do and perform all such acts, deeds, matters and things and accept any alteration(s) or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to the issue and allotment of the said preference shares, in such manner as may appear to the Board of Directors to be most beneficial to the Company.”

By Order of the Board of Directors of the Company  
**For UTTAM SUGAR MILLS LTD.**

**(G. RAMARATHNAM)**

Chief - Legal and Corporate Affairs & Company Secretary

Place : Noida

Date : 11<sup>th</sup> August, 2012



## NOTES:

1. Explanatory Statement setting out all material facts relating to special businesses contained in item Nos. 5 to 9 as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing a proxy should, however, be deposited at the registered office of the company not less than 48 hours before the commencement of this meeting. A proxy shall not vote except on a poll. A proxy form is appended with the admission slip.
3. Corporate Members intending to send their authorized representatives to attend this General Meeting are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote on their behalf at this Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday the 20<sup>th</sup> day of September 2012 to Friday the 21<sup>st</sup> day of September 2012 (both days inclusive).
5. Members are requested to bring their copies of Annual Report to the Meeting.
6. Any query relating to Accounts must be sent to Company's Corporate Office: A-2E IIIrd Floor, C.M.A. Tower Sector – 24, Noida (U.P.) at least 10 days before the date of the meeting.
7. Members are informed that in the case of joint holders attending the meeting; only such joint holder whose name appears first in the order will be entitled to vote.
8. Members / Proxies are requested to bring the attendance slip sent with Annual Report duly filled in for attending the meeting.
9. The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities Market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Company's RTA.
10. Members who hold shares in physical form in multiple folios in identical name or joint holding in the same order of names are requested to send their share certificates to our RTA, for consolidation into a single folio.
11. Members are requested to always quote their Folio No. / Client ID & DP ID in all correspondence with the Company's Registrars and the Company. Members are also requested to notify any change of address to their Depository Participants. Members are requested to send all communications relating to shares to the Registrar and Share Transfer Agent of the Company at the following address :-

### **Link Intime India Private Limited**

(Formerly Intime Spectrum Registry Limited)

A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area,

Phase – II, New Delhi – 110 028.

Tel.:- 011-41410592-93

## RE-APPOINTMENT / APPOINTMENT OF DIRECTORS (ANNEXURE TO NOTICE)

(A brief resume in respect of the proposed re-appointment/appointment of Directors is given below in terms of Clause 49 of the Listing Agreement)

Particulars	Mr. Vikram Singh Tandon	Mr. Gurbachan Singh Matta	Mr. Ashok Kumar Agarwal	Mr. Raj Kumar Adlakha
DIN	00613079	02612602	05199585	00133256
Date of Birth	01 <sup>st</sup> December, 1953	24 <sup>th</sup> March, 1948	09 <sup>th</sup> March, 1959	22 <sup>nd</sup> January, 1956
Date of Appointment in the Board	04 <sup>th</sup> January, 2006	12 <sup>th</sup> September, 2009	14 <sup>th</sup> February, 2012	28 <sup>th</sup> July, 1998
Qualifications	FCA	B.Sc.(Hons.) & CAIIB	B.Com.(Hons) & ACA	B.E.(Mach.)
Experience	Mr. Tandon has an overall experience of over 28 years in the field of Finance, Accounts and Taxation. His core strengths are financial analysis and management and statutory and internal audit. He has worked on several financial feasibility reports for Sugar Development Fund and Sugar Technology Mission. He was a member of Expert Committee constituted by the Government of India for rehabilitation of sick sugar units of Bihar State co-operative mills in 1997 and a member of the Expert Committee constituted by STM for rehabilitation of Khalilabad Sugar Mill in Uttar Pradesh in 2002. He has visited Fiji in January 2004 as a member of the expert team sent by GOI for revival of sugar industry in that country.	Mr. Matta is an ex-banker with over 41 years of experience. He was associated with Indian Overseas Bank since 1968 till 2005. In August 2005, he joined Punjab and Sind Bank and was promoted as Executive Director of the Bank in March 2006. He has also headed various committees for implementation of Basel II, Core Banking Solutions and Risk Management. He is also a visiting faculty at NIBSCOM (National Institute of Bank Studies and Corporate Management), Noida for lectures on various topics on the Banking Industry like Risk Management, Corporate Governance, Basel II norms, etc.	Mr. Agarwal is having overall 29 years of Techno Commercial Experience in sugar business which includes different areas like commercial, engineering, Process/ Manufacturing, Project Management including Co-Generation Projects, cane supply and development etc. He started his career in the year 1983 with Mawana Sugars Limited and worked till April, 2006 for 23 years and reached to the position of General Manager of Mawana Sugars Limited. After that he joined Birla Group of Sugar Industries and worked till September 2008 and thereafter joined Sir Shadilal Enterprises Limited at the position of Chief Operating Officer cum President till October 2011 and further moved to Empee Sugars and Chemicals Limited and was appointed as Executive Director and worked till December 2011.	Mr. Adlakha is having more than 32 years of industrial experience in managing the operations of industrial undertakings. He started his career in 1979 by joining his family business of manufacturing parts for sugar mill machinery and expanded the business to carry out turnkey sugar mill projects. He was instrumental in setting up of our four sugar manufacturing units. Under his leadership, the Company has made remarkable progress.
Directorship held in other Companies	a. Mukul Computer Services Private Limited	a. Solitaire Capital Trustees Private Limited b. Bhandari Export Industries Ltd	NIL	a. Lipi Boilers Limited. b. Uttam Distilleries Limited. c. Shubham Sugars Ltd. d. Uttam Luxury Hotel & Resorts Limited e. Uttam Energy Tech Ltd. f. Telma Trading Pvt. Ltd. g. Lipi Consultants Pvt. Ltd. h. Uttam Properties Pvt. Ltd. i. Shree Uttam Colonisers Pvt. Ltd. j. Divine Grace Enterprises Pvt. Ltd. k. Uttam Lifestyle Hotels Pvt. Ltd. l. Uttam Elite Hotels Pvt. Ltd. m. Uttam Adlakha & Sons Holdings Pvt. Ltd.

Particulars	Mr. Vikram Singh Tandon	Mr. Gurbachan Singh Matta	Mr. Ashok Kumar Agarwal	Mr. Raj Kumar Adlakha
				n. Uttam Chand Adlakha & Sons IPR Holdings Pvt. Ltd.
Membership / Chairmanships of Committee across other Public Limited Companies	NIL	NIL	NIL	NIL
Number of Shares held in the Company	NIL	NIL	NIL	16,24,610 Equity Shares
Relationship with other Directors	None	None	None	None

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ANNEXED AND FORMING PART OF THE NOTICE**

### **Item No. 5 & 6**

As per the provisions of the Companies Act, 1956 and the provisions of the Articles of Association of the Company, Mr. Ashok Kumar Agarwal was appointed as an Additional cum Whole-Time Director w.e.f. 14.02.2012 for a period of three years. He holds office as an Additional Director till this Annual General Meeting. A notice u/s 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- has been received from a member of the Company proposing the candidature of Mr. Ashok Kumar Agarwal as Director of the Company.

The remuneration as proposed has already been approved by the Remuneration Committee of Board of Directors.

## **INFORMATION PURSUANT TO PROVISIO (iv) TO CLAUSE 1 (B) OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956.**

### **I. GENERAL INFORMATION:**

#### **(1) Nature of industry:-**

Manufacturer of Sugar and other allied products.

#### **(2) Date or expected date of commencement of commercial production:-**

Company commenced commercial production from January 2001.

#### **(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:-**

Not applicable.

#### **(4) Financial performance based on given indicators:-**

(Rs. in Lacs)

Financial Parameter	Years		
	2009-10 (15 months)	2010-11 (12 months)	2011-12 (12 months)
Turnover	51,049.71	70,591.10	70,228.19
Net Profit/(Loss) (before Tax)	(4,264.61)	(739.67)	(9,143.32)

#### **(5) Export performance and net foreign exchange collaborations:-**

Nil

#### **(6) Foreign investments or collaborators, if any:-**

Nil



## II. INFORMATION ABOUT THE APPOINTEE:

### (1) Background details:-

**Mr. Ashok Kumar Agarwal**, aged 53 years, is B. Com. (Hons) & Chartered Accountant. He is having overall 29 years of Techno Commercial Experience in sugar business which includes different areas like commercial, engineering, Process/Manufacturing, Project Management including Co-Generation Projects, cane supply and development etc. He started his career in the year 1983 with Mawana Sugars Limited and worked till April, 2006 for 23 years and reached to the position of General Manager of Mawana Sugars Limited. After that he joined Birla Group of Sugar Industries and worked till September 2008 and thereafter joined Sir Shadilal Enterprises Limited at the position of Chief Operating Officer cum President till October 2011 and further moved to Empee Sugars and Chemicals Limited and was appointed as Executive Director and worked till December 2011.

### (2) Past remuneration/Recognition or Awards:-

Before joining Uttam Sugar Mills Limited, he was working with M/s Empee Sugars and Chemicals Limited and Sir Shadi Lal Enterprises Ltd. During the Financial Year 2010-11 he has drawn Rs. 24,19,758/- as remuneration from his employer. He has not received any award.

### (3) Job profile and his suitability:-

Subject to the superintendence, control and direction of the Board of Directors of the Company the Whole Time Director/Executive Director shall have substantial powers of management including day to day affairs of the Company and shall exercise other duties and functions as may be delegated/assigned to him by the Board of Directors/Committee of Directors from time to time.

### (4) Remuneration proposed:-

As set out in the proposed resolutions and as per the terms and conditions as mentioned in Explanatory Statement of the notice of this annual general meeting.

### (5) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) :-

The proposed remuneration is in line with prevailing industry remuneration structure for the similar position.

### (6) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:-

Apart from remuneration, Mr. Ashok Kumar Agarwal does not have any other pecuniary relationship with the Company. Further, Mr. Agarwal is not related any other managerial personnel of the Company.

## III. OTHER INFORMATION:

### (1) Reasons for loss:-

The Company has incurred losses due to several external factors like (a) Irrational fixation of SAP by the State Government, (b) Inadequate availability of sugarcane resulting into lower capacity utilization, (c) Poor quality of sugarcane resulting in lower sugar recovery and (d) Lower Sugar Price resulting into lower sugar sales realization.

### (2) Steps taken or proposed to be taken for improvement:-

To improve the financial viability of sugar manufacturing units, Company has increased the baggasse based Co-generation Capacity by 40 MW by installation of Power Co-Generation facility at Barkatpur Sugar Factory. The power produced by our cogeneration plants will be utilized for running sugar mills and the surplus power will be exported. Further, the Company has installed a Distillery plant with capacity of 75 KLPD at Barkatpur Unit and trial run has been started.

### (3) Expected increase in productivity and profits in measurable terms:-

There is adequate production capacity and steps are being taken to improve the cost efficiency.

This Explanatory Statement together with the accompanying Notice may be regarded as an abstract of terms of contract or variations and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

The Board of Directors recommends the resolution for approval of Members.

None of the Directors except Mr. Ashok Kumar Agarwal is concerned or interested in the proposed resolution.

## Item No. 7

Being the promoter of the Company, Mr. Raj Kumar Adlakha is associated as Director of the Company w.e.f. 28.07.1998 and has made considerable contribution in the growth of the Company. His efforts, knowledge and experience have been instrumental in the progress of the Company over the years.

The Board of Directors of the Company re-appointed Mr. Raj Kumar Adlakha as Managing Director of the Company under Section 269 of the Companies Act, 1956 for a period of three years w.e.f. 01.09.2009 to 31.08.2012. Now, the Board of Directors of your Company recommend for re-appointment of Mr. Raj Kumar Adlakha as a Managing Director for a further period of three years from 01.09.2012 to 31.08.2015 on payment of remuneration to him as per the terms and conditions detailed below:

### **The terms and conditions of re-appointment of Mr. Raj Kumar Adlakha as Managing Director:-**

#### **1. Period:**

The appointment is effective from 1st September, 2012 for a period of three years i.e. up to 31st August, 2015.

#### **2. Overall Remuneration:**

Subject to the provisions of Section 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to the Managing Director in any financial year shall not exceed 5% (five percent of the net profit of the Company), or such other limits as may be specified under the relevant legislation prevailing from time to time. Within the aforesaid ceiling, the remuneration payable to him shall be as follows:

##### **a. Salary**

Rs. 3,25,000/- (Rupees Three Lacs Twenty Five Thousand Only) per month.

##### **b. Perquisites :** In addition to above remuneration the Managing Director shall also be entitled to perquisites like furnished accommodation, gas, electricity, water and furnishings, medical reimbursement and leave travel assistance for self and family, club fees, medical insurance etc. in accordance with the rules of the Company.

##### **c.** Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund shall 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 provisions of the Income Tax Act.

##### **d. Gratuity:**

One half months salary for each completed year of service in accordance with the rules of the Company.

##### **e.** Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall however be billed by the Company to the Managing Director.

##### **f. Commission:**

Such remuneration by way of commission, in addition to the above salary and perquisites, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956. The commission payable to the Managing Director will be limited to 4% of the net profits of the Company as calculated in terms of the provisions of Section 349 of the Companies Act, 1956 to be determined at the end of each financial year.

#### **3. Minimum Remuneration**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified in Section II of part II of Schedule XIII to the Companies Act, 1956 @ Rs. 4,00,000/- (Four Lacs) per month (including perquisites) which is the present limit or as may be amended from time to time.

#### **4. Functions**

Subject to the superintendence, control and direction of the Board of Directors of the Company the Managing Director shall have substantial powers of management including day to day affairs of the Company and shall exercise other duties and functions as may be delegated/assigned to him by the Board of Directors/Committee of Directors from time to time.