

SAB INDUSTRIES LIMITED

Regd. Office: SCO 49-50, Sector 26, Madhya Marg, Chandigarh – 160019.

**ABSTRACT AND MEMORANDUM OF CONCERN OR INTEREST UNDER SECTION 302
OF THE COMPANIES ACT, 1956.**

The Board of Directors of the Company at its meeting held on 25th May, 2013 has approved reappointment and increase in remuneration of Shri Avinash Sharma, Executive Director of the Company w.e.f. 01.04.2013 for a period of 5 years.

Shri Avinash Sharma has been appointed Executive Director of the Company since 01.10.2008 and his appointment has been renewed from time to time with last reappointment made on 01.10.2011 for a period of 5 years valid up to 30.09.2016. Shri Avinash Sharma had approached the Company to review his salary structure keeping in view the current trends as also the remuneration being paid by other Companies of our size. It was proposed to increase his remuneration suitably within the limits provided under Schedule XIII of the Companies Act 1956. Shri Avinash Sharma is also a Director on the Board of Malwa Chemtex Udyog Limited, SAB Udyog Limited and Bharatnet Technology Limited.

As required under Section 302 of the Companies Act, 1956, (the Act) an abstract of the main terms and conditions of the appointment of Mr. Avinash Sharma as Executive Director together with the memorandum of concern or interest is as set out below:

- 1) **Period** : From 1st April, 2013 to 31st March, 2018
- 2) **Nature of Duties** : The ED shall devote his time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Chairman and/or the Board from time to time and separately communicated to him and such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interest of the business of the Company and the business of any one or more of its associated companies and/or subsidiaries, including performing duties as assigned by the Board from time to time by serving on the boards of associated companies and/or subsidiaries or any other executive body or any committee of such a company.
- 3) **Remuneration** :
 - I. Basic Salary: Rs 2,35,000/- per month.
 - II. House Rent Allowance: Rent free unfurnished accommodation
 - III. Contribution to the provident Fund @ 12% of the basic salary
 - IV. Re-imbursment of Medical Bills up to one months' basic salary in a year, or upto three months' salary in a period of three years.
 - V. Gratuity not exceeding half months salary for each completed year of service, subject to the maximum as prescribed under the Gratuity Act.
 - VI. Earned leave as per Company rules (Unavailed portion of the Earned Leave accumulated as per Company rules may be encashed at the end of the tenure).
 - VII. Chauffeur Driven Car and Telephone at the residence for official use (the private use of Car and telephone shall be billed by the Company to the appointee).
 - VIII. All payments are subject to TDS as per Income Tax Act, 1961.
 - IX. Commission: 5% of net profit inclusive of remuneration mentioned in (A) above. For the purpose of calculation of said commission of 5% on net profit, Net profit shall exclude the profit generated/to be generated by the sale of Land, by the sale of Investment in shares, dividend of investment in shares and due to any claim received/ to be received for the Cases/ work done before 1st October, 2008 or any other receivable against the work executed by the company before the said date of 1st October, 2008.

The nomenclature of allowances/ reimbursement and corresponding amount thereof can be revised as per the rules of the company invogue.

The above remuneration payable to Mr. Avinash Sharma is subject to the condition that the total remuneration including perquisites shall not exceed 5% of the net profits individually and 10% of the net profits collectively payable to all the directors as calculated in accordance with section 198 and 309 of the Act or any amendment thereto or any other provisions as applicable.

Notwithstanding anything to the contrary herein contained, in the event of losses or inadequate profits in any financial year during the term of office of Sh. Avinash Sharma as Executive Director, the aforesaid remuneration/ perquisites are to be paid to the appointee as minimum remuneration subject to the ceiling laid down in Schedule XIII to the companies Act, 1956, as amended from time to time.

4) Other Terms of appointment :

- I. The ED shall not become interested or otherwise concerned directly or through his spouse and/or children, in any selling agency of the Company.
- II. The appointment of Executive Director shall be subject to such conditions or modifications as may be required or imposed by the Central Government or any other authority with the liberty to the Board of Director to alter and vary the terms and conditions of his appointment within the maximum permissible limits in accordance with Schedule XIII of the Companies Act, 1956 or any amendments thereof as may be made from time to time.
- III. The ED will not be paid any sitting fees for attending the Board and Committee meetings.
- IV. The terms and conditions of appointment of ED also include clauses pertaining to adherence with the company's Code of Conduct, laid down in Corporate Governance.

MEMORANDUM OF CONCERN OR INTEREST:

None of the Directors are in any way concerned or interested in the above appointment except Mr. Avinash Sharma since it relates to his appointment and remuneration payable to him.

By Order of the Board of Directors

Place: Chandigarh
Date; June 6, 2013

H.K.SINGHAL
Director

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