

3RD ANNUAL REPORT 1998 - 1999

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Transpek Industry Limited

33rd ANNUAL REPORT 1998-99

Board of Directors

K. C. Shroff

Chairman - Emeritus

A. G. Shroff

Chairman & Managing Director

Paresh M. Saraiya

Executive Director

A. C. Shroff

R. R. Patel

D. C. Gami

M. K. Vadgama

K. V. Mariwala

D. U. Rao (Upto 28.08.1998)
(IFCI Nominee)

Company Secretary

Shailesh K. Solanki

Bankers

State Bank of India

Bank of Baroda

UTI Bank Ltd.

Auditors

Messrs V. J. Amin & Co.

Chartered Accountants

Registered Office

Kalali Road, Atladra

Vadodara 390 012.

Works

1. Kalali Road, Atladra, Vadodara 390 012.
2. Village Ekalbara, Ta. Padra
Dist. Vadodara

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Annual General Meeting on Tuesday, 20th July, 1999 at 4.00 P.M. at the Auditorium Hall of Federation of Gujarat Industries, Federation Building, R. C. Dutt Road, Vadodara - 390 005.

The practice of distributing copies of the Annual Report at the Annual General Meeting has been discontinued. You are requested to bring your copy of the Annual Report to the Meeting.

A REQUEST

We are sure you have read with interest the accounts for the year ended 31st March, 1999. You may desire to have some clarification or additional information on the said accounts at the ensuing Annual General Meeting. We shall very much appreciate, if you will kindly write to us at least ten days in advance in order to enable us to keep the information ready for you at the Meeting. We solicit your kind co-operation.

**NOTICE TO THE SHAREHOLDERS**

NOTICE IS HEREBY GIVEN THAT the THIRTY THIRD ANNUAL GENERAL MEETING of the Shareholders of **TRANSPEK INDUSTRY LIMITED** will be held on TUESDAY, the 20th day of July, 1999 at 4.00 P.M. at the Auditorium Hall of Federation of Gujarat Industries, Federation Building, R.C. Dutt Road, Vadodara 390 005 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 1999, the Balance Sheet as on that date and the Auditors' and Directors' Reports thereon.
2. To declare Dividend for the year ended 31st March, 1999.
3. To appoint a Director in place of Shri A. C. Shroff who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R. R. Patel who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider, and if thought fit, to pass with or without modification as Special Resolution, the following :

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended, altered and/or substituted in the manner and to the extent as is set out herein below :

- (I) The following heading and Article shall be inserted as Article 3A of the Articles of Association, after the existing Article 3 :

Article 3A**Dematerialisation of securities :**

- (1) Definitions :

For the purpose of this Article :-

"Beneficial owner " means beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

" Depositories Act, 1996" includes any statutory modification or re-enactment thereof for the time being in force.

" Depository " means a depository as defined in clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

"Security" means and includes Share, Debenture and such other security as may be specified by the Securities and Exchange Board of India from time to time.

"Securities and Exchange Board of India" or "SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

" Member " means the duly registered holder from time to time of the shares of the Company and includes subscribers to the Memorandum of Association of the Company and beneficial owner in the records of the depository.

- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

- (3) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

- (4) Notwithstanding anything contained in sub-section (1) of Section 113 of the Act, where the securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

- (5) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153,



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153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

(6) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held by a depository. No certificate shall be issued for the securities held by a depository.

(7) Notwithstanding anything contained in these Articles, in the case of transfer or transmission of securities where the Company has not issued any certificates and where such securities are being held in an electronic and fungible form by a depository, the provisions of the Depositories Act, 1996 shall apply. The Company shall not be required to maintain "Register of Transfers" for entering particulars of transfer and transmission of securities in dematerialised form.

(8) Notwithstanding anything contained in the Act or in these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of securities on behalf of a beneficial owner. Save as otherwise provided hereinabove, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it, and the beneficial owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of its securities held by a depository.

(9) Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the securities in the records of the depository as the absolute owner thereof and accordingly the Company shall not be bound to recognise any benami, trust or equitable, contingent, future, or partial interest in any security or (except only as is by these Articles otherwise expressly provided) any right in respect of a security other than an absolute right thereto, in accordance with these Articles on the part of any other person whether or not it shall have express or implied notice thereof.

(10) Notwithstanding anything contained in the

Act or these Articles, where securities are held by a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs or any such other means.

(11) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of the depository.

(12) Notwithstanding anything contained in the Act or these Articles, the Company can hold investments in the name of a depository when such investments are in the form of securities held by the Company as a beneficial owner.

(13) The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996 shall be deemed to be the Register and Index of the Members for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a Branch Register of Members resident in that state or country.

(II) The following heading and Article shall be inserted as Article 3B of the Articles of Association :

Article 3B

Shares without voting rights :

Notwithstanding anything contained in these Articles, in the event it is permitted by law to issue shares without voting rights attached to them, the Board of Directors may issue such shares upon such terms and conditions and with such rights and privileges annexed thereto as they may deem fit and as may be permitted by the law.

(III) The following heading and Article shall be inserted as Article 3C of the Articles of Association :

Article 3C

Buy back of shares :

Notwithstanding anything contained in



these Articles, but subject to the provisions of the Act and all other applicable provisions of law, as may be in force at any time and from time to time, the Company may acquire, purchase, hold, resell any of its own fully/partly paid or redeemable shares and may make payment out of funds at its disposal for and in respect of such acquisition/purchase on such terms and conditions and at such time or times in one or more installments as the Board may in its discretion decide and deem fit. Such shares which are so bought back by the Company may be reissued as may be permitted under the Act subject to such terms and conditions as may be decided by the Board and subject further to the rules and regulations governing such reissues."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts, deeds, matters and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper to effectively implement this Resolution."

7. To consider, and if thought fit, to pass with or without modification as Special Resolution, the following :

"RESOLVED THAT pursuant to the provisions of Section 309(4) read with Section 310 and subject to the provisions of Section 198 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, if required, a sum not exceeding 1% (one percent) of the net profits of the Company calculated in accordance with the provisions of the Act for each year for a period of five financial years beginning from 1st April, 1999 to 31st March, 2004, be determined and distributed as commission among the non-working Directors of the Company or some or any of them (other than Managing Director/Executive Director) in such amounts or proportions and in such manner and respect, as may be decided and directed by the Chairman of the Board of Directors of the Company."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary, desirable and expedient to give effect to this Resolution."

8. To consider, and if thought fit, to pass with or without modification as Ordinary

Resolution, the following :

"RESOLVED THAT pursuant to resolution no. 6 passed at the Annual General Meeting held on 5th September, 1997 and in accordance with the provisions of Sections 198, 269 read with Schedule XIII, 309 and other applicable provisions, if any, of the Companies Act, 1956 and in partial modification of the Agreement executed on 16th November, 1996 between the Company and Shri A. G. Shroff, approval of the Company be and is hereby accorded to the Deed of Variation executed on 26th May, 1999 and made effective from 21st May, 1999 for modification in the terms of remuneration payable to Shri A.G. Shroff, Managing Director of the Company."

9. To consider, and if thought fit, to pass with or without modification as Ordinary Resolution, the following :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 read with Schedule XIII, and 309 and other applicable provisions, if any, of the Companies Act, 1956, the members of the Company hereby approve the appointment of and payment of remuneration to Shri Paresh M. Saraiya as Whole-time Director designated as Executive Director of the Company for a period of five years from 20.07.1999 to 19.07.2004 upon the terms and conditions set out in the Agreement dated 26th May, 1999 entered into by the Company with him and submitted at this meeting, which agreement is hereby approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement, as may be agreed to between the Board of Directors and Shri Paresh M. Saraiya or as may be varied by the General Meeting, but so as not to exceed the limits, if any, specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, during the term of office of Shri Paresh M. Saraiya, the remuneration payable to him shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956, or any amendments thereto."

10. To consider, and if thought fit, to pass with or without modification as Special Resolution, the following :

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of



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Association of the Company be and are hereby amended by inserting the following as clause 18-A in Article 149 :

18-A To pay and give gratuities, pensions, allowances, medical and other benefits to any person or persons including any Director, Managing Director or Whole-time Director, to their spouse, children or other dependents, that is considered by the Directors as just and appropriate whether any such person, spouse, children or other dependents have or have not a legal claim upon the Company and whether such person is still in the service of the Company or has retired from its service, or in case of his/her suffering permanent disability or in case of his/her demise while in service, and to make contribution to any funds and pay premiums for the purchase of annuities or provision of any such gratuity, pension, allowance or medical and other benefits."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper to effectively implement this Resolution."

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

"RESOLVED THAT sanction be and it is hereby accorded to the payment of retirement benefits to the Managing/Whole-time Directors of the Company on their retirement from the service of the Company or on suffering permanent disablement or on demise while in the service of the Company, which benefits shall be subject to the terms and conditions set out in the Explanatory Statement."

Regd. Office :
Kalali Road, Atladra,
Vadodara 390 012.
Dated : 21st May, 1999

By Order of the Board of Directors
For Transpek Industry Limited
SHAILESH K. SOLANKI
DY. GENERAL MANAGER &
COMPANY SECRETARY

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Explanatory Statements relating to Special Business mentioned at items no. 6 to 11 in the Notice as required under Section 173(2)

of the Companies Act, 1956 are annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 11.07.1999 to 19.07.1999 (both days inclusive) .
4. The dividend that may be declared by the Company will be payable on or before 30th August, 1999 to those Shareholders whose names appear on the Register of Members of the Company on 19th July, 1999 and would not attract any tax in the hands of the Shareholders.
5. Members are requested to :
 - a) notify promptly any change in their address to the Company; and
 - b) encash their dividend warrants promptly.

Please note that the dividend amounts for the years 1995-96 onwards remaining unpaid or unclaimed at the expiry of seven years from their respective date of transfer to the unpaid dividend account of the Company are to be transferred to the Investor Education and Protection Fund established by the Central Government under Section 205C of the Companies Act, 1956 as inserted by the Companies (Amendment) Act, 1999.

However, the dividend amounts remaining unpaid or unclaimed for a period of three years which have been transferred by the Company to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956 (as it stood prior to its amendment) can be claimed by the Shareholders directly from the Registrar of Companies, Gujarat State, Ahmedabad.

ANNEXURE TO NOTICE

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

ITEM NO. 6 :

- (i) Consequent to the enactment of the Depositories Act, 1996 and introduction of the Depository System, the Company may enter into an agreement with a depository as defined under the Depositories Act, 1996 to dematerialise and rematerialise its shares and therefore suitable definitions and provisions are required to be provided in the Articles of Association of the Company, pertaining to issue, holding, transfer, transmission and dealing in shares and other securities as also



issue of relevant certificates or cancellation thereof, in conformity with the Depository System. A new Article pertaining to the aforesaid issues is proposed to be inserted as at Sr.No. (I) of the Special Resolution under this item so as to be in tune with the provisions of the Depositories Act, 1996 read with the Companies Act, 1956.

- (II) At present, the Act does not permit companies to issue share without voting rights. It is proposed to insert a new Article 3B in the Articles of Association as set out at Sr. No. (II) of the Special Resolution under this item to permit the Company to issue shares without voting rights in the event the law is amended to permit companies to issue shares without voting rights.
- (III) The Companies (Amendment) Act, 1999, permits, through insertion of sections 77A, 77AA and 77B in the Companies Act, 1956, companies to purchase their own shares and applying their funds for the purchase of such shares. Such acquisition by the Company of its own shares can be done only if it is authorised by its Articles of Association and is also approved by the Shareholders by a Special Resolution. In the light of the Companies (Amendment) Act, 1999, it is proposed to insert a new Article in the Articles of Association of the Company as mentioned in Sr. No. (III) of the Special Resolution under this item to enable the Company to purchase any of its own shares in accordance with relevant provisions of law.

Your Directors recommend the Resolution for your approval.

No Director of the Company is concerned or interested in the said Resolution.

ITEM NO. 7 :

Pursuant to the Central Government approval, no. 4/102/94/CL. IX dated 14.09.1994 the Company has been paying commission aggregating to 1% of the net profits as worked out under sections 349 and 350 of the Companies Act, 1956 to non-working Directors from 01.04.1994 to 31.03.1999. The Central Government's said approval expired on 31st March, 1999.

The Board of Directors at their meeting held on 21.05.1999 have decided to continue the payment of 1% commission to non-working Directors for a further period of 5 years from 01.04.1999 subject to the approval of the Central Government for which necessary application has already been made.

The Members are requested to approve and pass the Special Resolution set out in item no. 7 of the Notice.

All the Directors of the Company except Shri A. G. Shroff and Shri Paresh M. Saraiya may be deemed to be interested in the resolution as a recipient.

ITEM NO. 8 :

The Board of Directors of the Company at its meeting held on 21st May, 1999 had given approval for execution of Deed of Variation, subject to the approval of the Shareholders in General Meeting, for modification in the terms of remuneration payable to Shri A.G. Shroff, Managing Director of the Company, for the residual period of his current term upto 30th November, 2001. Accordingly, necessary Deed of Variation has been executed between the Company and Shri A.G. Shroff on 26th May, 1999.

The details of the important changes contained in the said Deed of Variation are as under :

A. Clause 4 is replaced by the following :

4. The Managing Director shall be entitled to the following emoluments, benefits and perquisites in consideration of the performance of his duties which shall be within the ceiling limits laid down in Sections 198, 309 and 310 and Schedule XIII to the Companies Act, 1956.

REMUNERATION :

Salary : In the range of Rs.75,000 to 1,50,000. Effective from 21st May, 1999, the salary will be Rs.75,000 per month.

Effective from 1st April of each year commencing from the year 2000, the Board will refix the salary within the aforesaid range having regard to merit and the Company's performance.

B. Clause 5 (a) is replaced by the following :

5. PERQUISITES :

- (a) In addition to salary referred to in Clause 4 above Shri A. G. Shroff, 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 such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for himself and



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his family, club fees, medical insurance etc. in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and Shri A. G. Shroff. Such perquisites will be an amount equal to annual salary or Rs.18,00,000 per annum, whichever is less.

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

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

All other terms and conditions of the Agreement dated 16th November, 1996 remain unaltered.

This explanation is and should be treated as, an abstract under Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Shri A.G. Shroff is concerned or interested in this resolution.

Your Directors recommend the Resolution at item no. 8 for your approval.

The Deed of Variation referred to in the resolution under item no.8 of the Notice will be open for inspection by the members at the Registered Office of the Company on any working day between 11.00 a.m. and 1.00 p.m.

ITEM NO. 9 :

Shri Paresh M. Saraiya was appointed and has been working as Whole-time Director designated as Executive Director of the Company for a period of three years effective from 20.07.1996 to 19.07.1999, in accordance with the terms and conditions contained in the agreement dated 22.07.1996 and subsequently modified by the Deed of Variation executed on 02.07.1997 in terms of Schedule XIII of the Companies Act, 1956. The said appointment of Shri Paresh M. Saraiya expires on 19.07.1999.

The Board of Directors of the Company at its meeting held on 21.05.1999 re-appointed Shri Paresh M. Saraiya as Whole-time Director designated as Executive Director of the Company for a further period of five years, effective from

20.07.1999, subject to the approval of the Shareholders of the Company in General Meeting, pursuant to part III of Schedule XIII of the Companies Act, 1956, on the terms and conditions contained in the agreement dated 26th May, 1999 entered into by the Company and as approved by the Board of Directors at its aforesaid meeting.

The terms and conditions of the said agreement and the remuneration payable to Shri Paresh M. Saraiya are in line with and within the limits prescribed in Schedule XIII of the Companies Act, 1956, and are set out in the agreement dated 26th May, 1999.

The agreement entered into between the Company and Shri Paresh M. Saraiya in respect of his appointment and payment of remuneration as Whole-time Director designated as Executive Director, inter-alia contain the following terms and conditions :

1. TENURE OF AGREEMENT :

Period of Agreement will be five years effective from 20.07.1999 to 19.07.2004.

2. REMUNERATION :

(i) SALARY :

In the range of Rs.60,000 to 1,25,000. Effective from 20th July, 1999, the salary will be Rs.60,000 per month.

Effective from 1st April of each year commencing from the year 2000, the Board will refix the salary within the aforesaid range having regard to merit and the Company's performance.

(ii) PERQUISITES :

a) In addition to salary referred in Clause 2(i) above, Shri Paresh M. Saraiya, Executive 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 such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance etc. in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and Shri Paresh M. Saraiya. Such perquisites will be an amount equal to annual salary or Rs.15,00,000 per annum, whichever is less.



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

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceilings.

- b) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, Gratuity payable as per rules of the Company and encashment of leave at the end of his tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

3. COMMISSION :

In addition to the salary and perquisites as referred to in clause 2 above, the Executive Director shall also be paid Commission on the net profits of the Company as worked out in accordance with the provisions of section 349 of the Companies Act, 1956 every year, as may be determined by the Board of Directors, subject to a maximum limit of 1% of the net profits and also within the overall limits of managerial remuneration as prescribed under Sections 198 and 309 of the Companies Act, 1956.

4. MINIMUM REMUNERATION :

If in any financial year the Company has no profits or its profits are inadequate, remuneration by way of salary and perquisites will be subject to the ceilings set out in Section II of part II of Schedule XIII to the Companies Act, 1956.

5. LEAVE :

On full pay and allowance, as per the Rules of the Company but not exceeding one month's leave for every eleven months of service.

6. Shri Paresh M. Saraiya will be entitled to reimbursement of entertainment expenses actually incurred by him in the course of business of the Company.
7. Shri Paresh M. Saraiya will also be entitled to

receive from the Company travelling, hotel and other expenses incurred in performance of his duties on behalf of the Company.

OTHER TERMS :

8. The terms and conditions of the said appointment and /or agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Shri Paresh M. Saraiya in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard.
9. Shri Paresh M. Saraiya shall not, so long as he functions as Executive Director, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company in future without the prior approval of the Central Government.
10. The appointment may be terminated by the Company or by Shri Paresh M. Saraiya, by not less than three months' prior notice in writing or by mutual consent.
11. The headquarters of the Executive Director shall be at Vadodara.
12. The Executive Director shall, as long as he continues to be an Executive Director of the Company, not be liable to retire by rotation and shall not be reckoned as Director for the purpose of determining the number of Directors liable to retire by rotation.
13. If at any time the Executive Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Executive Director.
14. In the event of dispute or difference arising at any time between Shri Paresh M. Saraiya and the Company in respect of the agreement or the construction thereof, the same will be submitted to and be decided by arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996.

None of the Directors of the Company except Shri Paresh M. Saraiya is concerned or interested in this resolution.

This explanation is and should be treated as, an abstract under Section 302 of the Companies Act, 1956.

Your Directors recommend the Resolution at item no. 9 for your approval.

The Agreement referred to in the resolution under item no. 9 of the Notice will be open for inspection



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by the members at the Registered Office of the Company on any working day between 11.00 a. m. and 1.00 p. m.

ITEMS NO. 10 & 11 :

In order to confer upon the Board of Directors of the Company the specific power to sanction the payment of retirement benefits to the Managing or Whole-time Directors, it is proposed to amend the Articles of Association by inserting clause 18-A to Article 149, as set out in item no.10.

The Board of Directors of the Company at its meeting held on 21st May, 1999, have approved a retirement policy and payment of retirement benefits to the Managing and Whole-time Directors on their retirement from the Company's service or if they suffer permanent disablement or in case of their demise while in service. The outline of the Policy approved by the Board is set out below :

I. Eligibility :

The eligibility criteria for the benefits under this Policy shall be : (a) a minimum of ten years' service in the Company including service rendered in capacities other than that of Managing Director / Whole-time Director ; and (b) the person concerned shall not engage himself, either directly or indirectly, in any business or activity competing/conflicting with the business of the Company after his retirement from the Board or accept Directorship in any Company engaged in a competing business after retirement from the Company without the prior written approval of the Company.

II. Benefits :

1. A one-time ad-hoc ex-gratia payment not exceeding the aggregate of the salary drawn and the monetary value of perquisites during the twelve month period immediately preceding the date of retirement or the date of demise or the date of suffering permanent disablement while in service, at the discretion of the Board.
2. A monthly payment upto the monthly salary drawn immediately preceding the date of retirement or suffering permanent disablement. This benefit shall be payable to the eligible person until his demise and shall be appropriately linked to the cost of living index which is liable to be revised at the discretion of the Board when circumstances, including the financial position of the Company, so warrant.

3. Medical benefits to the eligible persons under this Policy and to their respective spouses on the same scales obtaining immediately prior to the date of their retirement or the date of suffering permanent disablement or the date of their demise while in service, including carry forward of such unclaimed or unutilised benefits. However, such medical benefit shall be restricted to the following :

- a) Medical expenses in the form of medicines, consultation fees, investigation charges and nursing at home etc. shall be at actuals.
- b) Payment by the Company of premium towards Insurance Policy for hospitalization expenses for such amount or where such Insurance Policy cannot be obtained, reimbursement of actual expenses as may be decided by the Board from time to time.

4. Sale of a Company's car at its book value to the eligible person or spouse.
5. In the event of the demise of the eligible person under this Policy while in service, his spouse will be eligible for (a) the one time ad-hoc ex-gratia payment under item II.1 above ;(b) 50% of the monthly payment under item II.2 above for and during her lifetime ; (c) the medical benefit under item II.3 above for and during her lifetime; and (d) the benefit under item II.4 above.
6. In the event of the demise of the eligible person under this policy after his retirement and after having obtained the benefit under item II.1 above, the spouse will be eligible for (a) 50% of the monthly payment under item II.2 above until her demise; and (b) the medical benefit under item II.3 until her demise.

It is considered appropriate as a measure of good corporate practice that the Shareholders' approval be sought to the above Policy.

Shri A.G. Shroff, Chairman & Managing Director and Shri Pares M. Saraiya, Executive Director of the Company, may be deemed to be interested or concerned in these Resolutions.

Your Directors recommend the Resolutions at Items no.10 & 11 for your approval.

Regd. Office :

Kalali Road, Atladra,
Vadodara 390 012.
Dated : 21st May,1999

By Order of the Board of Directors
For Transpek Industry Limited
SHAILESH K. SOLANKI
DY. GENERAL MANAGER &
COMPANY SECRETARY