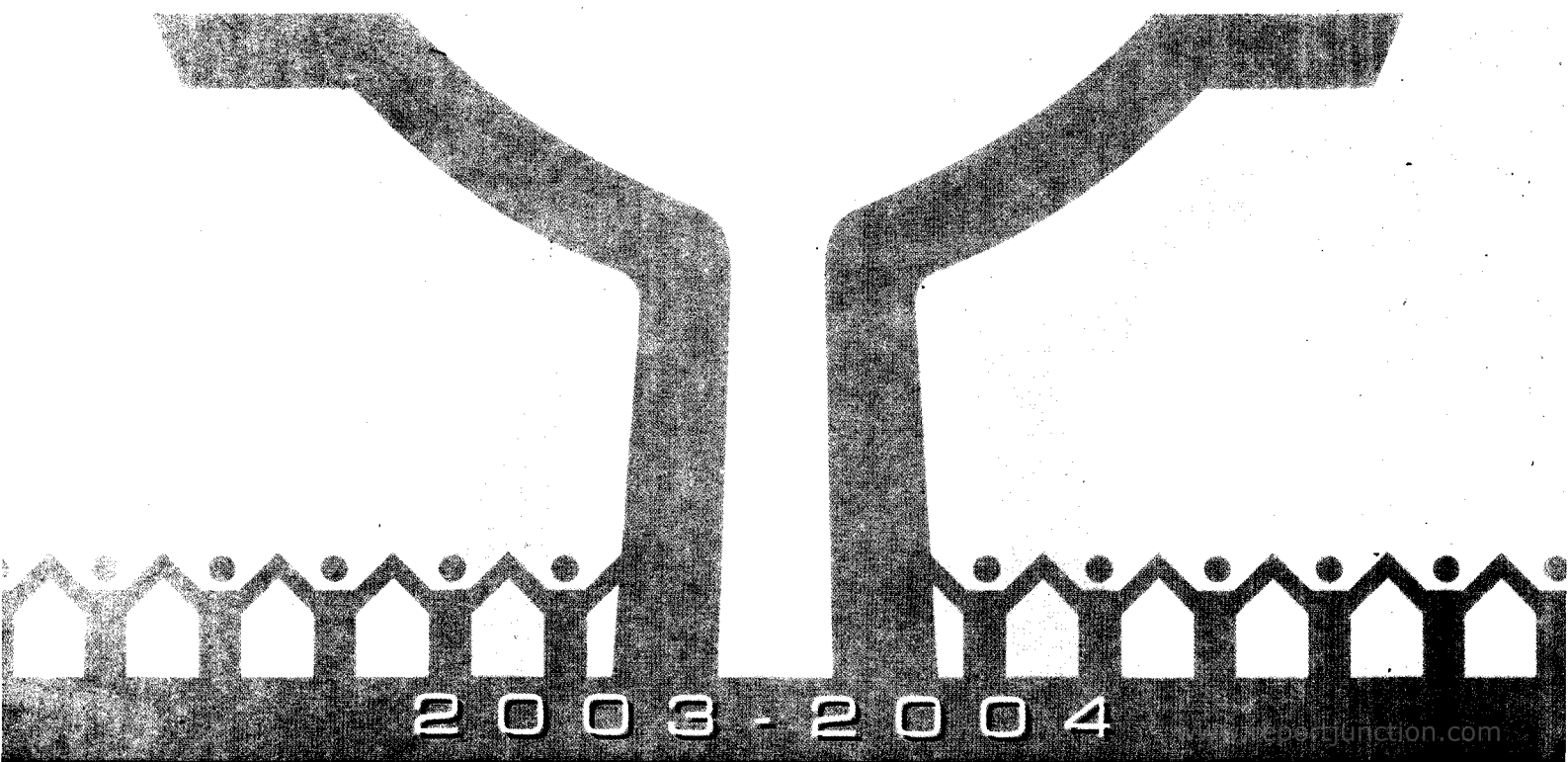




Transpek Industry Limited

38th  
ReportFunction.com  
Annual  
R E P O R T



2003-2004



# Transpek Industry Limited

## 38<sup>th</sup> ANNUAL REPORT 2003-2004

### Board of Directors

A. C. Shroff

#### Chairman

A. G. Shroff

#### Managing Director

R. R. Patel

D. C. Gami

M.K. Vadgama (Upto 25.06.2003)

Dipesh K. Shroff

Mahendra L. Shah

M. D. Patel (w.e.f. 5.05.2004)

A. H. Patel (w.e.f. 5.05.2004)

Suresh Chatterjee  
(Nominee of IFCI)

#### Company Secretary

S. K. Solanki

#### Bankers

State Bank of India

Bank of Baroda

UTI Bank Ltd.

#### Auditors

S. V. Ghatalia & Associates

Chartered Accountants

#### Registered Office

6th Floor, Marble Arch,

Race Course,

Vadodara 390 007.

#### Works

Village Ekalbara, Ta. Padra

Dist. Vadodara

### Contents

Notice to the Members .....	2
Directors' Report .....	10
Corporate Governance Report .....	16
Auditors' Report .....	23
Balance Sheet .....	26
Profit & Loss Account .....	27
Schedules to Balance Sheet - 'A' to 'O' .....	28
Schedules to Profit & Loss Account - 'P' to 'T' .....	35
Schedule 'U' - Notes on Accounts .....	38
Statement relating to Subsidiary Company .....	49
Consolidated Financial Statement .....	50
Annual Accounts of Transpek Marketing Limited .....	70
(a wholly owned subsidiary company)	

Annual General Meeting, on Saturday, 24th July, 2004 at 3.00 P.M. at the Lecture Hall The Institution of Engineers (India), Vadodara Local Centre, Near S. T. Depot, Race Course, Vadodara 390 007

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 31 st March, 2004. 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 MEMBERS**

**NOTICE IS HEREBY GIVEN THAT** the **THIRTY EIGHTH ANNUAL GENERAL MEETING** of the Members of **TRANSPEK INDUSTRY LIMITED** will be held on Saturday, the 24<sup>th</sup> day of July, 2004 at 3.00 p.m. at the Lecture Hall, The Institution of Engineers (India), Vadodara Local Centre, Near S. T. Depot, Race Course Circle, Vadodara 390 007 to transact the following business :

#### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31<sup>st</sup> March, 2004, the Balance Sheet as at that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Shri Mahendra L. Shah who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Dipesh K. Shroff who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors 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 pursuant to the provisions of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri M. D. Patel be and he is hereby elected and appointed as a Director of the Company, liable to retire by rotation".

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

"RESOLVED THAT pursuant to the provisions of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri A. H. Patel be and he is hereby elected and appointed as a Director of the Company, liable to retire by rotation".

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the payment of the revised remuneration to Shri Atul G. Shroff, Managing Director of the Company with effect from 1<sup>st</sup> April, 2004 to 30<sup>th</sup> November, 2006 as set out in the draft Deed of Variation (a copy whereof is placed before this meeting and initialled by the Chairman for the purpose of identification), to be entered into between the Company and Shri Atul G. Shroff, which draft Deed of Variation is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said Deed of Variation in such manner as may be agreed to between the Board of Directors and Shri Atul G. Shroff, but so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any modification(s) thereto or re-enactment thereof."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, during the term of office of Shri Atul G. Shroff, the remuneration payable to him by way of salary, allowances and perquisites shall not, without the approval of the Central Government, if required, exceed the limits prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956 or any modification(s) thereto or re-enactment thereof."

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required to give effect to this Resolution."

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

"RESOLVED THAT 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 ("the Act") and subject further to the approval of the Central Government, if required, a sum not exceeding 1% (one per cent) of the net profits of the Company calculated in accordance with the provisions of the Act for each year during the period of five financial years beginning on 1<sup>st</sup> April, 2004 and ending on 31<sup>st</sup> March, 2009 be determined and distributed as commission among the non-working Directors of the Company or some or any of them (other than Managing / Whole-time Director) in



## Transpek Industry Limited

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."

PROVIDED THAT if in any financial year of the Company or a part thereof during the said period of five years, the Company has neither any Managing Director nor any Whole-time Director nor a Manager, the aforesaid figure of 1% (one per cent) shall be substituted by 3% (three per cent) in relation to that financial year or part thereof as the case may be, all other conditions and stipulations mentioned in the foregoing resolution remaining the same mutatis mutandis.

"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."

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, [including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereafter], the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such approvals, permissions and sanctions as may be necessary and further subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution), consent is hereby accorded to the Board to delist the Company's Equity Shares from the Stock Exchanges viz. VADODARA STOCK EXCHANGE LIMITED and THE STOCK EXCHANGE - AHMEDABAD."

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

" RESOLVED THAT in supersession of all earlier resolutions, pursuant to the provisions of Section 293 (1) (e) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors of the Company for contributing and / or subscribing on behalf of the Company to charitable and other funds not directly relating to the business of the Company or to the welfare of its employees (excluding any contributions made to any political party or to any person for political purposes) of any amount the aggregate of which shall not exceed in any financial year Rs.20,00,000/- (Rupees twenty lacs) or 5% (five per cent) of the average net profits as determined in accordance with the provisions of Sections 349 and 350 of the said Act, during the three financial years immediately preceding the financial year in which the contribution is made, whichever is greater."

By Order of the Board of Directors  
For Transpek Industry Limited

**Regd. Office :**

6<sup>th</sup> Floor, Marble Arch,  
Race Course,  
Vadodara 390 007.  
Dated :5<sup>th</sup> May, 2004

**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 OF THE COMPANY.

The instrument appointing a proxy should, however, be deposited at the Regd. Office of the Company not less than 48 hours before the commencement of the meeting.

2. Members who hold shares in dematerialised form are requested to bring their DP ID and Client ID Nos. for easy identification of attendance at the meeting.
3. The Register of Members and Share Transfer Books of the Company and the Register of Beneficial Owners maintained by NSDL and CDS in respect of the Company will remain closed from 16<sup>th</sup> July, 2004 to 24<sup>th</sup> July, 2004 (both days inclusive).
4. Members are requested to notify promptly any change in their address to the Company.





## Transpek Industry Limited

5. Pursuant to section 205A and 205C of the Companies Act, 1956 all unclaimed dividends for and upto the Company's financial year ended March 31, 1995 have been transferred to the General Revenue Account of the Central Government and for the financial year ended March 31, 1996 has been transferred to the Investor Education and Protection Fund set up by the Central Government respectively.

Shareholders who have so far not encashed their dividend warrants for the said period are requested to claim the amount by submitting an application in the prescribed form No.II Rule 6 (1) Part A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to the Registrar of Companies, Gujarat, Gujarat Housing Board Building, Opp. Rupal Park, Near Ankur Char Rasta, Naranpura, Ahmedabad 380 013.

Pursuant to Sections 205A to 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to a fund called Investor Education and Protection Fund set up by the Central Government. Accordingly, the unpaid/unclaimed dividend for the year 1996-97 is due for transfer to that Fund on 15.10.2004 and unpaid/unclaimed dividends for the years 1997-98 to 1999-2000 will become transferable at the end of seven years respectively to the said Investor Education and Protection Fund and no claims shall lie against the Fund or the Company in respect of individual amounts thereafter. Shareholders are, therefore, requested to check up and send their claims, if any, for the relevant years from 1997-98 to 1999-2000 before the respective amounts become due for transfer to the said Fund.

The unpaid / unclaimed right refund excess application money for the year 1989-90 in full and unpaid/unclaimed right refund excess application money for the year 1992-93 in part has been transferred to the Investor Education and Protection Fund.

6. In accordance with the provisions of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of the shares held by them in physical form. Shareholders desirous of making nomination are advised to send their request in Form No. 2B in duplicate (which will be made available on request to the Company Secretary).

7. Re-appointment of Directors.

At the ensuing Annual General Meeting, S/shri Mahendra L. Shah and Dipesh K. Shroff retire from office by rotation and, being eligible, offer themselves for re-appointment. The details pertaining to these Directors required to be provided under clause 49 of the Listing Agreement are furnished in the statement on Corporate Governance.

### ANNEXURE TO NOTICE

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

##### ITEM NO. 5

Pursuant to Article 111 of the Articles of Association of the Company, the Board of Directors had, at its meeting held on 5<sup>th</sup> May, 2004 appointed Shri M. D. Patel as an Additional Director on the Board of Directors of the Company.

In accordance with the provisions of the said Article and Section 260 of the Companies Act, 1956 Shri M. D. Patel holds office upto the date of this Annual General meeting.

The Company has received a notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of Rs. 500/- from a member signifying his intention to propose the candidature of Shri M. D. Patel for election to the office of Director of the Company, liable to retire by rotation.

Shri M. D. Patel possesses Bachelor's degrees in Chemistry and Chemical Engineering and has undergone training in all areas of business in leading management institutions like IIMA, ASCI, etc. He has wide hands-on experience in several areas of management. He was associated with industry associations such as Indian Chemical Manufacturers' Association, CHEMEXCIL and Indian Association of Material Management. Presently, he is the Managing Director of Transpek Finance Ltd. He is also on the Board of other public and private limited companies.

Your Directors are of the opinion that it would be in the interest of the Company to avail the services of Shri M. D. Patel and that his continuance as a Director will be of benefit to the Company and accordingly commend the resolution for approval.

##### ITEM NO. 6

Pursuant to Article 111 of the Articles of Association of the Company, the Board of Directors had, at its meeting held on 5<sup>th</sup> May, 2004 appointed Shri A. H. Patel as an Additional Director on the Board of Directors of the Company.



## Transpek Industry Limited

In accordance with the provisions of the said Article and Section 260 of the Companies Act, 1956 Shri A. H. Patel holds office upto the date of this Annual General meeting.

The Company has received a notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of Rs. 500/- from a member signifying his intention to propose the candidature of Shri A. H. Patel for election to the office of Director of the Company, liable to retire by rotation.

Born in 1950, Shri Atul H. Patel joined the industry after obtaining a graduate degree in Textile Engineering from VJTI, Mumbai and gained hands-on experience in operations in chemical manufacture, materials, project management and personnel and human resource development functions. Besides being the Chairman of Transpek Finance Ltd. and Managing Director of Tarak Chemicals Pvt. Ltd., a company engaged in the manufacture of oil field and other speciality chemicals, he is on the Boards of Enviro Infrastructure Co. Ltd., Gujarat Automotive Gears Ltd. and Universal Esters Ltd. He is associated with industrial bodies such as Federation of Gujarat Industries of which he was the President in 1991 and 1992, Vadodara Industrial Employers' Union of which he was the President during 1993-95, charitable organisations such as United way of Vadodara, Baroda Citizens Council, and educational institutions such as Gyana Yagna Vidya Mandir and Nar Seva Samaj.

Your Directors are of the opinion that it would be in the interest of the Company to avail the services of Shri A. H. Patel and that his continuance as a Director will be of benefit to the Company and accordingly commend the resolution for approval.

### ITEM NO. 7

The Company had, vide ordinary resolution passed at the 35<sup>th</sup> Annual General Meeting of the Company held on 21<sup>st</sup> December, 2001, approved the re-appointment of Shri Atul G. Shroff as the Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> December, 2001 and also approved the remuneration payable to him with liberty to the Board of Directors to revise or vary the remuneration not exceeding the remuneration as provided in Schedule XIII to the Companies Act, 1956.

In accordance with the provisions of Paragraph 1 (B) of Section II of Part II of Schedule XIII to the Companies Act, 1956, and subject to the approval of the Company in General Meeting, by means of a Special Resolution, the Board of Directors, in pursuance of the approval accorded by the Remuneration Committee, have, at their meeting held on 5<sup>th</sup> May, 2004, revised the remuneration to be paid to Shri Atul G. Shroff, Managing Director of the Company with effect from 1<sup>st</sup> April, 2004 upto 30<sup>th</sup> November, 2006 as specified in the draft Deed of Variation placed before this meeting.

As required under the aforesaid provisions of Schedule XIII, the following information is furnished :

#### 1. General Information:

- |  |   |
|--|---|
| i) Nature of Industry  | : Manufacture of Industrial Chemicals   |
| ii) Date of commencement of commercial production              | : January, 1966   |
| iii) Financial performance based on given indicators           | : The financial year 2003-04 of the Company ended with cash profit of Rs. 702.08 lacs as against cash profit of Rs. 156.26 lacs in the previous financial year. Further, during that year, after recognising depreciation and amortisation expenses amounting to Rs. 421.61 lacs, current tax and deferred tax liabilities amounting to Rs. 12.92 lacs, loss on sale of fixed assets amounting to Rs. 1.02 lacs and after accounting for loss on sale of long-term investments amounting to Rs. 5.63 lacs the Company registered net profit amounting to Rs. 254.96 lacs as compared to the loss of Rs. 309.93 lacs in the previous financial year. |
| iv) Export performance and net foreign exchange collaborations | : The Company's export activities were also geared up as a result of which the Company has received orders for some value added products from its overseas clients. The export sales registered a growth of 69.73 % compared to the previous year.  |
| v) Foreign investments or collaborators, if any                | : There have been no foreign investments or collaborations.   |



## Transpek Industry Limited

### 2. Information about the appointee:

Sr.	Particulars	Atul G. Shroff
1	Background details	<p>Mr. Atul G. Shroff who has been the Managing Director of the Company since 1981, has grown through the ranks of the Company, since its inception in 1965. A people's man, Mr. Shroff is known to be found moving on the shop-floor, and having a direct rapport with most of its workforce which constitutes the Transpek family. His vision envisages the setting up of a global network. His keen sense of understanding the chemical processes has resulted in development of several innovative and appropriate improvements in our various plants.</p> <p>He is committed to develop Transpek into a world class company, where each employee is a proud partner. He strives to harness the most innovative and appropriate technologies for manufacturing chemicals having complex chemistry with due concern to the environment and safety of all employees and the neighbourhood.</p> <p>Mr. Atul Shroff also provides his expertise and services to various public and private limited companies as a Director / Chairman on their Board.</p>
2	Past remuneration	Rs.75,000/- p.m. as salary and equivalent amount of perquisites.
3	Recognition or awards	<p>Under the stewardship of Mr. A. G. Shroff the Company obtaining following recognition /awards.</p> <ul style="list-style-type: none"> <li>* In 1990 , the Company won a turn-key project in Iran against stiff competition from several international players under which it installed and commissioned a chemical plant valued at US Dollars 12.5 million.</li> <li>* In 1992, Financial Express, declared the Copmpany as the Best Organic Chemical Industry for two consecutive years.</li> <li>* Indian Chemical Manufacturers' assocoation gave an award to the Company "Innovative and Purposeful Programmes for Solid Progress."</li> <li>* In 1997, the Company's Quality Management System was awarded ISO 9002 recognition by RWTUV of Germany.</li> <li>* The Company is recognised by the Government of India as an Export House.</li> <li>* The Company's Environment Management System was awarded 14001 recognition by RWTUV of Germany.</li> <li>* In 2002-03, after a Surveillance audit for ISO 14001 : 1996 carried out by RWTUV of Germany, certification for Environment Management System was obtained.</li> <li>* In 2002-03, the Company's R&amp;D Department has been recognised by the Department of Scientific and Industrial Research (DSIR), Govt. of India.</li> <li>* In 2003-04, the Company obtained re-certification from RWTUV for ISO 9001 – 2000 for its qualtiy system for manufacture and sale of its products.</li> </ul>
4	Job profile and his suitability	Responsible for overall management of the Company under the supervision of the Board of Directors. Considering his background and experience, believed to be suitable to perform his duties.



# Transpek Industry Limited

Sr.	Particulars	Atul G. Shroff
5	Remuneration proposed	Given herein below
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The proposed remuneration compares favourably with that being offered to similarly experienced persons from industry and the professions with an entrepreneurial background. The remuneration being proposed is considered to be appropriate, having regard to factors such as past experience, position held, present contribution to the Company, age and merits of the appointee. Comparative figures of similar remuneration from other industries are not readily available.
7	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	The appointee has the pecuniary relationship to the extent of the amount of remuneration being and proposed to be paid to him.

## 3. Other information:

### 1. Reasons of loss or inadequate profits :

In the year 2003-2004 the Company achieved a turn-around and earned cash profit (before extraordinary item and tax) of Rs.702.08 lacs and a net profit of Rs.254.96 lacs as against loss of Rs.239.55 lacs in the previous year.

### 2. Steps taken or proposed to be taken for improvement :

Several steps were taken for improvement and turn around of the Company, including the following:

- \* Increase in volume of sales of Thionyl Chloride by about 1974 MT.
- \* Substantial savings in power and fuel cost.
- \* Reduction in finance charges by about Rs.72 lacs.
- \* Establishment of five new products at R&D level, out of which two products have been commercialized and other two products are in the pipe line to take the shape of commercial production, and
- \* Establishment of multipurpose multi products plant for Acid Chlorides with initial investment of Rs.1 crore out of internal generation to cater to the increased demand of Acid Chloride products in the European market.

### 3. Expected increase in productivity and profits in measurable terms :

In view of the efforts put in we expect good amount of increase in turn over at domestic and international level in the year 2004-2005 and also simultaneously increase in the profitability of the Company.

## 4. Disclosures :

The main terms of revised remuneration package of Shri Atul G. Shroff, Managing Director of the Company as set out in the Deed of Variation dated 5th May, 2004 entered between the Company and Shri Atul G. Shroff are as follows:

### A. Clause 4 of the Agreement dated 26.11.2001 is replaced by the following :

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.

Subject to the aforesaid provisions of the Companies Act, 1956, the Company may pay any remuneration, by way of salary, dearness allowance, perquisites, commission and other allowances, which shall not exceed five per cent of its net profits, if the Company has adequate profits in the said financial year, to the Managing Director. Where in any financial year during the currency of the tenure of Shri Atul G. Shroff, the Company has no profits or its profits are inadequate, he may be paid minimum remuneration not exceeding Rs.3,00,000/- per month in the following manner :

### Remuneration :

**Salary :** In the scale of Rs. 1,10,000 – 20,000 – Rs.1,50,000/- . Effective from 1st April, 2004 the salary will be Rs.1,10,000 per month.





## Transpek Industry Limited

Effective from 1st April of each year commencing from the year 2005, the Board will refix the salary within the aforesaid range by granting one or more increments in the above scale, having regard to merit and the Company's performance.

B. Clause 5 (a) of the Agreement dated 26.11.2001 is replaced by the following:

### 5. Perquisites :

- a) In addition to the salary referred to in Clause 4 above, Shri Atul G. Shroff, Managing Director, shall be also 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 Atul G. Shroff. Such perquisites will be an amount equal to the annual salary provided that the aggregate of salary and perquisites shall not exceed Rs.36,00,000 per annum.

For the purpose of calculating the above ceilings, 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 to be fully maintained by the Company 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.

The other terms and conditions of the Agreement dated 26th November, 2001 entered into by and between the parties shall remain unaltered.

Shri Atul G. Shroff, Managing Director of the Company, is concerned or interested in the said resolution since the same relates to payment of his own remuneration.

The draft Deed of Variation to be entered into by the Company with Shri Atul G. Shroff and the Agreement dated 26th November, 2001 will be available for inspection at the Registered Office of the Company on any working day between 10.00 a.m. and 1.00 p.m.

This may be treated as an abstract of the draft Deed of Variation between the Company and Shri Atul G. Shroff, pursuant to Section 302 of the Companies Act, 1956.

The Directors recommend the resolution set out at Item No. 7 of the notice for the approval of the shareholders.

### ITEM NO. 8

With the continued expansion in the activities of the Company and consequent increase in the Company's business, the work load and responsibility of the Directors have increased considerably. The financial position and working of the Company has also improved substantially during the last two years. It is therefore, considered appropriate that, as provided in the Companies Act, 1956, a commission not exceeding in the aggregate 1% (one per cent) of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 1956, may be paid for each of the five financial years of the Company beginning on 1st April, 2004 and ending on 31st March, 2009 as commission among the Directors of the Company or such of them excluding Managing Director / Whole-time Director, as may be determined by the Chairman of the Board of Directors and in the proportion and manner as the Chairman of the Board may decide from time to time. In case during the aforesaid period of five years there is no Managing / Whole-time Director at any time, it is proposed to pay commission not exceeding in the aggregate 3% (three per cent) of the net profits of the Company instead of 1% (one per cent) as aforesaid in respect of that part of the said period of five years. This commission will be paid in addition to the sitting fees paid / to be paid for attending the Board Meetings / Committee Meetings of the Board of Directors.

If required, permission of the Central Government will also be obtained for the payment of commission as aforesaid.

The Members are requested to approve and pass the Special Resolution set out at Item No. 8 of the notice.

All the Directors of your Company except Shri A. G. Shroff, Managing Director, may be deemed to be interested in the said resolution.

### ITEM NO. 9

Presently the Company's securities are listed at Vadodara Stock Exchange Ltd, ("VSE") at Vadodara, The Stock Exchange - Ahmedabad, ("ASE") at Ahmedabad and The Stock Exchange, Mumbai, ("BSE") at Mumbai.

BSE is having nation wide trading terminals.



## Transpek Industry Limited

With the wide and extensive networking of centres of the BSE and The National Stock Exchange ("NSE"), investors have access to online dealings in the Company's securities across the country. Moreover, the Company's Equity Shares are one of the scrips which Securities and Exchange Board of India ("SEBI") has specified for settlement only in demat form by all investors, effective from 28th August, 2000.

From the written information received from VSE & ASE (hereinafter collectively referred to as "the said Stock Exchanges") regarding volumes of trade on the said Stock Exchanges, it transpires that there has been no trading at all in the Company's equity shares in the said Stock Exchanges during the financial years 2001-02, 2002-03 and 2003-04. In this context, the annual recurring Listing Fees paid to the said Stock Exchanges do not any longer offer commensurate benefits to the Company / its shareholders in the changed scenario of the nationwide trading terminals set up by the BSE and NSE. The continued listing on the said Stock Exchanges is, therefore, not considered necessary. Therefore, the Board of Directors, at its meeting held on 5th May, 2004 has decided to apply for the voluntary delisting of the Company's Equity Shares from the said Stock Exchanges.

The proposed voluntary delisting of the Company's Equity Shares from the said Stock Exchanges will not adversely affect any investors including the Members located in the region where the said Stock Exchanges are situated. Pursuant to the SEBI (Delisting of Securities) Guidelines, 2003, it is now proposed to seek the Members' approval by way of a Special Resolution for the voluntary delisting of the Company's Equity Shares from the said two Stock Exchanges as set out in the resolution at Item No.9. In terms of the said guidelines, as the Company's Equity Shares shall continue to remain listed on BSE, no exit opportunity is required to be offered to the shareholders.

The proposed delisting is in the interest of the Company and the Board commends the resolution for acceptance by the Members. None of the Directors of the Company is concerned or interested in the resolution at Item No.9.

### ITEM NO. 10.

The Company has a tradition of supporting charitable social welfare activities. It is, therefore, proposed to continue such support to charitable and other funds not directly relating to the business of the Company or its employees in excess of the limits prescribed under Section 293 (1) (e) of the Companies Act, 1956. Therefore, approval of the shareholders in General Meeting is necessary. Accordingly, your consent is being sought by Board of Directors of the Company to enable them to make contributions as proposed in the Resolution.

None of the Directors of the Company is concerned or interested in the resolution at Item No. 10.

By Order of the Board of Directors  
For Transpek Industry Limited

### Regd. Office :

6<sup>th</sup> Floor, Marble Arch,  
Race Course,  
Vadodara 390 007.  
Dated :5<sup>th</sup> May, 2004

**SHAILESH K. SOLANKI**  
Dy. General Manager &  
Company Secretary