Transpek

Creative Chemistry

Transpek Industry Limited

44th annual report 2009-10

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Transpek
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Annual General Meeting on **Friday, the 13th day of August, 2010** at **3:30 p.m.** at Hotel Express Tower, "Oaks Room", 8th Floor, R.C. Dutt Road, Alkapuri, 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 of the year ended 31st March 2010. You may desire to have some clarification or additional information on the said accounts at the ensuring Annual General Meeting. We shall very much appreciate, if you kindly write to us atleast 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.

Board of Directors

A.C. Shroff
Chairman

A.G. Shroff
Managing Director

Bimal V. Mehta (w.e.f. 09.04.2010)
Executive Director

D.C. Gami (Up to 11.11.2009)
D.K. Shroff
M.D. Patel
A.H. Patel
Dr. Bernd Dill
Ravi A. Shroff
Ninand D. Gupte
Nimish U. Patel (w.e.f. 30.01.2010)

S.K. Solanki
Company Secretary

Bankers
State Bank of India
Bank of Baroda
Axis Bank Ltd.

Auditors
S.R. Batliboi & Co;
Chartered Accountants

Registered Office
6th floor, Marble Arch,
Race Course,
Vadodara - 390 007.

Works
Village Ekalbara, Tal. Padra,
Dist. Vadodara

44th annual report
2009-10

NOTICE TO THE MEMBERS

NOTICE IS HEREBY GIVEN THAT the FORTY-FOURTH ANNUAL GENERAL MEETING of the Members of TRANSPEK INDUSTRY LIMITED will be held on Friday, the 13th August, 2010 at 3.30 P.M. at Hotel Express Towers, "Oaks Room", 8th Floor, R. C. Dutt Road, Alkapuri, Vadodara 390 007 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account of the Company for the year ended on 31st March, 2010, the Balance Sheet as at that date and the Reports of the Auditors and Directors thereon.
2. To declare a dividend on the equity shares of the Company.
3. To appoint a Director in place of Shri Ravi A. Shroff who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Bernd Dill who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Ninad D. Gupte who retires by rotation and, being eligible, offers himself for re-appointment.
6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT M/s. Contractor, Nayak & Kishnadwala, Chartered Accountants, be and they are hereby appointed as Auditors of the Company, in place of the retiring Auditors, M/s. S. R. Batliboi & Co., Chartered Accountants, who have given to the Company a notice in writing of their unwillingness to be re-appointed and that M/s. Contractor, Nayak & Kishnadwala, Chartered Accountants shall hold office as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting and that the Board of Directors of the Company be and is hereby authorised to fix the remuneration of the Auditors."

SPECIAL BUSINESS:

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

   "RESOLVED THAT Shri Nimish U. Patel, who was appointed as a Director of the Company by the Board of Directors pursuant to Section 262 of the Companies Act, 1956 and Article 112 of the Articles of Association of the Company to fill up the casual vacancy and who holds office upto the date of this Annual General Meeting and being eligible for re-appointment and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1956, proposing his candidature as a Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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 the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri Bimal V. Mehta be and is hereby elected and appointed as a Director of the Company."

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 the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act') (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the resolutions passed by the Remuneration Committee of Directors of the Company and by the Board of Directors, at their respective meetings both held on 9th April, 2010 and subject to any other approvals, if necessary, consent and approval of the Company be and is hereby accorded to the appointment by the Board of Directors of the Company of and payment of remuneration to Shri Bimal V. Mehta, as Whole-time Director (designated as Executive Director) of the Company with effect from 9th April, 2010 to 8th April, 2013 for a term of three (3) years, on the terms and conditions including remuneration and perquisites as set out in the draft agreement to be executed between the Company and Shri Bimal V. Mehta, placed before this meeting and duly initialled by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of appointment in such manner as may be agreed to between the Board and Shri Bimal V. Mehta, but so as not to exceed the remuneration and perquisites set out in the draft

NOTICE TO THE MEMBERS

agreement and also the limits specified in Schedule XIII to the Act 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 Bimal V. Mehta, the remuneration payable to him by way of salary, allowances and perquisites shall not, unless the approval of the Central Government is obtained, 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."

"RESOLVED FURTHER THAT Shri A. C. Shroff, Chairman and Shri A. G. Shroff, Managing Director of the Company be and are hereby severally authorized to make, do, perform and execute all acts, deeds, matters and things as may be necessary, proper or expedient to give effect to this Resolution including all matters connected herewith or incidental hereto."

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

"RESOLVED THAT in supersession of all earlier resolutions, pursuant to the provisions of section 293 (1) (e) and other applicable provisions 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. 60,00,000/- (Rupees sixty lacs only) 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."

Regd. Office:
6th Floor, Marble Arch,
Race Course,
Vadodara 390 007.

Dated: 31st May, 2010

By Order of the Board of Directors
For Transpek Industry Limited

SHAILESH K. SOLANKI
General Manager & Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

   Instruments appointing proxies should be deposited with the Company at its Registered Office not less than 48 hours before the commencement of the meeting.

2. An Explanatory Statement relating to Items No.6 to 10 as required under section 173 (2) of the Companies Act, 1956, is annexed hereto.

3. Members who hold shares in dematerialized form are requested to bring their DP ID and client ID Nos. for easy identification at the meeting.

4. The Register of Members and Share Transfer Books of the Company and the Register of Beneficial Owners maintained by NSDL and CDSL in respect of the Company will remain closed from Friday, the 6th August, 2010 to Friday, the 13th August, 2010 (both days inclusive).

5. Members are requested to notify promptly any change in their addresses to their respective Depository Participants in respect of their electronic share accounts quoting client ID No. and to Link Intime India Pvt. Ltd., the Company's Registrars and Share Transfer Agents, in respect of their physical shares, quoting their Folio No.

6. Payment of dividend as recommended by the Directors, if declared at the Meeting, will be made on or after 13th August, 2010 to the Members whose names stand on the Company's Register of Members on 13th August, 2010 and to the Beneficiaries (Owner/s) as per the Beneficiary List at the close of business hours on Friday, the 13th August, 2010 provided by the National Securities and Depository Ltd. and Central Depository Services (India) Ltd.

NOTICE TO THE MEMBERS

NOTES: Cont'd...

Payment of dividend will be made through National Electronic Clearing Service (ECS) at the RBI Centres by crediting the dividend amount to the bank account of the shareholders wherever relevant information is made available to the Company. Members holding shares in physical form and covered under the RBI Centres, who have not furnished the requisite information and who wish to avail of ECS facility to receive dividend from the Company, may furnish the information to Link Intime India Pvt. Limited, the Company's Registrars and Share Transfer Agents. Members holding shares in electronic form may furnish the information to their Depository Participants in order to receive dividend through the ECS mechanism.

7. Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the amounts of dividends remaining unclaimed for a period of seven (7) years are to be transferred to the Investor Education and Protection Fund set up by the Central Government.

Details of dividend declared for the year 2004-05 onwards are given below

Date of Declaration	Dividend for the year	Dividend Rs. per share	Due date of the proposed transfer to the Investor Education & Protection Fund
15.09.2005	2004-05	2.00	16.10.2012
24.08.2006	2005-06	2.50	24.09.2013
07.09.2007	2006-07	1.50	08.10.2014
22.08.2008	2007-08	1.50	23.09.2015
07.09.2009	2008-09	2.50	08.09.2016

Members who have not encashed the Dividend Warrants for the above years are requested to write to the Company for revalidation of Dividend Warrants before such unclaimed dividend is transferred to the Investor Education and Protection Fund.

ANNEXURE TO NOTICE:

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

ITEM NO. 6

At the 43rd Annual General Meeting of the Company held on 27th August, 2009, the Members had appointed M/s. S. R. Batliboi & Co., Chartered Accountants, as Auditors of the Company. M/s. S. R. Batliboi & Co., hold office as Auditors of the Company until the conclusion of this Annual General Meeting and have given to the Company a notice in writing of their unwillingness to be re-appointed as Auditors.

It is accordingly proposed that M/s. Contractor, Nayak & Kishnadwala, Chartered Accountants, be appointed as Auditors of the Company. M/s. Contractor, Nayak & Kishnadwala, have informed the Company that their proposed appointment as Auditors will be within the limits specified in Section 224 (1B) of the Companies Act, 1956.

The Board commends the resolution for acceptance by the Members.

Copies of the notice given by M/s. S. R. Batliboi & Co. and the letter given by M/s. Contractor, Nayak & Kishnadwala, referred to above, are open for inspection by the Members at the Registered Office of the Company on every working day between 2:00 p.m. and 4:00 p.m. up to the date of the meeting.

None of the Directors of the Company is, in any way, concerned or interested in this resolution.

ITEM NO. 7

Pursuant to Article 112 of the Articles of Association of the Company and Section 262 of the Companies Act, 1956, the Board of Directors had, at its meeting held on 30th January, 2010 appointed Shri Nimish U. Patel as a Director on the Board of Directors of the Company in the casual vacancy caused due to the sudden demise of Shri D. C. Gami, Director of the Company. The appointment became effective on 30th January, 2010.

ANNEXURE TO NOTICE

In accordance with the provisions of the said Article and Section 262 of the Companies Act, 1956, Shri Nimish U. 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 Nimish U. Patel for appointment to the office of Director of the Company, liable to retire by rotation.

Shri Nimish U. Patel is having good academic background. He has done B.B.A. from City University of New York, U.S.A. and M.B.A. from Wagner College of New York, U.S.A. He has 14 years of experience with the industry in the field of Electro Plating, Textile and Pharma Industries. He is a Managing Director of Shri Dinesh Mills Ltd. and he is also Managing Director of Dinesh Remedies Ltd., a subsidiary of Shri Dinesh Mills Ltd, since 2005. He is also holding the position of Director of Ultramarine & Pigments Ltd. He is also holding membership in Vadodara Employers Union, Vadodara and Gaekwad Baroda Golf Club, Vadodara and is the Managing Trustee of Shri Maganbhai B. Patel's Charity Trust and Trustee of Shri Dinesh Foundation.

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

Except Shri Nimish U. Patel, none of the Directors of the Company is, in any way, concerned or interested in this resolution.

Shri Nimish U. Patel is not holding any share of the Company.

ITEM NO. 8

Pursuant to Article 111 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, the Board of Directors had, at its meeting held on 09.04.2010, appointed Shri Bimal V. Mehta, as an Additional Director on the Board of Directors of the Company. The appointment became effective on 09.04.2010.

In accordance with the provisions of the said Article 111 and Section 260 of the Companies Act, 1956, Shri Bimal V. Mehta holds office up to 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 Bimal V. Mehta for election to the office of Director of the Company.

Shri Bimal V. Mehta, aged 45 years, is a qualified Chartered Accountant by profession. His profile covering his professional competence, achievements and experience is available for inspection throughout the meeting. He has worked with Indian as well as multinational companies at senior level positions. Until recently, Shri Bimal V. Mehta was working as Managing Director of Nibbana Ltd., Mauritius.

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

Except Shri Bimal V. Mehta, none of the other Directors of the Company is, in any way, concerned or interested in this resolution.

Shri Bimal V. Mehta is not holding any share of the Company.

ITEM NO. 9

Pursuant to Article 150 of the Articles of Association of the Company, the Board of Directors had, at its meeting held on 09.04.2010, subject to the approval of shareholders in general meeting, appointed Shri Bimal V. Mehta, as Whole-time Director designated as Executive Director on the Board of Directors of the Company for a term of three years effective from 9th April, 2010 to 8th April, 2013.

ANNEXURE TO NOTICE

Further, the Board of Directors of the Company, in pursuance of the recommendations of the Remuneration Committee to the Board, at its meeting earlier held on 09.04.2010 has recommended the appointment of Shri Bimal V. Mehta as Director designated as Executive Director of the Company for a period of three (3) years commencing from 9th April, 2010 to 8th April, 2013 for approval of the members at the remuneration and on other terms and conditions as determined by the Remuneration Committee and as specified in the draft Agreement placed before this meeting.

The Remuneration Committee has recommended, and the Board of Directors has approved, the remuneration as set out hereunder. Members are aware that Shri Atul G. Shroff, the Managing Director of the Company is also being paid remuneration as earlier approved by the members and by the Central Government. In view of potential inadequacy of profits for payment of remuneration both to Shri Atul G. Shroff (as approved) and Shri Bimal V. Mehta (as proposed) in the current financial year or in any financial year during the term of appointment of Shri Bimal V. Mehta, as a matter of abundant caution in compliance with applicable provisions of the Companies Act, 1956 ("the Companies Act"), the payment of remuneration to Shri Bimal V. Mehta is presently proposed to be regulated by the provisions of Paragraph (B) of Clause (1) of Section II of Part II of Schedule XIII to the Companies Act, based on the 'effective capital' of the Company as on 31st March 2010, being Rs.67.87 crores. Accordingly, a Special Resolution is required for the appointment of Shri Bimal V. Mehta as a Whole-time Director. The Company is not in default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment of Shri Bimal V. Mehta. However, if in any financial year (including the current financial year) during the term of appointment of Shri Bimal V. Mehta, the Company has adequate profits, then Shri Bimal V. Mehta will be paid remuneration for that financial year in accordance with Section I of Part II of Schedule XIII to the Companies Act.

As required under the aforesaid provisions of Schedule XIII to the Companies Act, 1956, 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	:		**2009-2010 (Rs. in Lacs)**
			1. Sales turnover	
			a. Domestic	4974.46
			b. Export	6366.28
			2. Profit Before Tax	606.53
			3. Profit After Tax	454.60
			4. Gross Block	11426.75
			5. Net Block	6902.39
			6. Paid-up Capital	587.20
			7. Reserves & Surplus	4797.22
			8. Net worth	5384.42
			9. EPS (Basic & Diluted)	7.80
			10. Return on Net worth	8.44%
iv)	Export performance and net foreign exchange collaborations	:		**2009-2010 (Rs. in Lacs)**
			Exports	6366.28
			Net Foreign Exchange Earnings	6255.85
v)	Foreign investments or collaborators, if any	:	The Company holds 20 (twenty) ordinary shares of GBP 1 each fully paid-up in Transpek Industry (Europe) Ltd., a wholly owned subsidiary company of Transpek Industry Ltd.	

ANNEXURE TO NOTICE

2. Information about the appointee:

Sr. No.	Particulars	Shri Bimal V. Mehta
1.	Background details	**Qualification :** B.Com, Chartered Accountant **Professional Competencies:** • Business Strategy and growth models including mergers and acquisitions. • Management of manufacturing organizations. • Project and Programme management. • International Business Management, Marketing and Negotiations. • Team Management and Development. • Six Sigma Deployment and Lean Manufacturing. • Financial Planning and Restructuring. • Information Technology specializing in Cyber Crime Prevention and Detection and IT Security Systems. **Experience:** **April 1, 2008 to April 8, 2010** • Employed as the Managing Director of Nibbana Ltd., Mauritius. Nibbana is a joint venture between TML Industries Ltd. (formerly known as Transmetal Limited) of India and State Investment Corporation of the Government of Mauritius. • The company is in the business of providing BPO and Call Center Services to the French customers. • Consultant for Marketing of chemical products in Europe. **7th May, 2004 to 31st March, 2008** • Business Consultant for various companies and NGOs in the areas of growth strategies, business plans, technology issues, mergers and acquisitions, capital restructuring, NGO management etc. **May 28, 1996 to May 6, 2004** • Worked in various director level positions with Lear Corporation, USA. Lear is a Fortune 500 automotive seating and interiors Company. • Manager - Finance – Asia Pacific Operations • Managing Director of Indian and Indonesian Operations. • Programme Director • Director of Operations • Head of Customer Quality for entire GM business for Asia Pacific region. • Six Sigma Project and Deployment Champion. **June, 1995 to May 27, 1996** • Head of Accounting Dept. with TML Industries Limited, Vadodara. **August, 1987 to May, 1995** Practising Chartered Accountant **Areas of Service:** Auditing, Taxation, Corporate Laws, Project Planning and Financing, MIS Development and Business process Re-engineering etc.

ANNEXURE TO NOTICE

Sr. No.	Particulars	Shri Bimal V. Mehta
2.	Past remuneration	Rs.2,80,000 per month as salary plus fully furnished accommodation, maid and car (fuel and maintenance paid by the company) and driver, with Nibbana Ltd., Mauritius.
3.	Recognition or awards / achievements	**Achievements** • Established and operationalised several plans of Lear Corporation (US Fortune 500 multinational) in India and put the business of Lear on a firm footing in India. • Managed successfully the first international interiors programme for Mahindra Scorpio SUV. • Six Sigma savings in business under Management in excess of US $ 2ml per annum. • Developed a team of managers to take care of Asian plants of Lear. • Effective consulting in business strategy, financial planning and restructuring and technology initiatives for many small, medium and large organizations.
4.	Job profile and his suitability	Responsible for overall management of the Company under the supervision of the Board of Directors and Managing Director. Considering his background and experience, believed to be suitable to perform his duties.
5.	Remuneration proposed	Details are given 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 qualified and experienced persons from industry and the professions. The remuneration being proposed is considered to be appropriate, having regard to factors such as past experience, positions held, expected contribution to the Company and merits of the appointee.
7.	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	The appointee has pecuniary relationship only to the extent of the amount of remuneration proposed to be paid to him.
3.	**Other information:**	
1. 2. 3.	Reasons of loss or inadequate profits Steps taken or proposed to be taken for improvement Expected increase in productivity and profits in measurable terms	Though the Company has not made a loss for the financial year ended 31st March, 2010 and does not anticipate any loss during the three financial years 2010-2011 to 2012-2013, inadequacy of profits cannot, however, be ruled out in the ever-changing domestic and international market conditions. Accordingly, profits may not be adequate for payment of remuneration to two managerial persons, though their contribution to the Company is considered most beneficial. Expansion of capacity of certain existing products and introduction of certain new value-added products are being planned. These steps, when implemented, are likely to lead to increase in productivity and consequent increase in profits in measurable terms.

4. Disclosures

The main terms and conditions of the Agreement to be entered into for the appointment of Shri Bimal V. Mehta, Whole-time Director, designated as Executive Director, of the Company are as follows:

I. TENURE

Period of Agreement is three (3) years effective from 9th April, 2010 to 8th April, 2013.

ANNEXURE TO NOTICE

II. REMUNERATION

Remuneration by way of Salary and Perquisites will not exceed the applicable ceiling limit under Schedule XIII to the Companies Act. Within this limit, the Salary and Perquisites will be as stated hereunder.

(a) Salary

Rs.1,40,000/- per month in the scale of Rs.1,40,000 – Rs.10,000/- - Rs.1,60,000/-.

The annual increments will be effective from 9th April, 2011 and 9th April, 2012 and will be decided by the Board as it may deem appropriate.

(b) Perquisites

(i) 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 the Executive Director; such perquisites for each year not to exceed his annual salary.

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 of one Company's car and telephone at residence for official duties shall not be included in the computation of perquisites for the purpose of calculating the said ceilings.

(ii) 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, and gratuity will be payable as per the Rules of the Company and encashment of leave at the end of his tenure as per the Rules of the Company applicable to senior executives and the same shall not be included in the computation of limits for the remuneration aforesaid.

III. COMMISSION

In the event of adequacy of profits in any financial year during his tenure, then in such event, in addition to the salary and perquisites referred to in items (a) and (b) of Paragraph II above, Shri Bimal V. Mehta 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, every year, as may be determined by the Board of Directors, subject to the 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.

IV. MINIMUM REMUNERATION

If, in any financial year, the Company has no profits or its profits are inadequate, then in such event during the term of office of Shri Bimal V. Mehta, the remuneration payable to him shall be governed by Paragraph (B) of Clause 1 of Section II of Part II of Schedule XIII to the Companies Act or any amendment(s) thereto and will be paid by way of Salary and Perquisites as specified in items (a) and (b) of Paragraph II above, as minimum remuneration.

V. OTHER TERMS

1. Shri Bimal V. Mehta will be entitled to one month's earned leave for every eleven months of service, every year, on full pay and allowances, as per the rules of the Company.
2. Shri Bimal V. Mehta shall, in the performance of his duties, be entitled to reimbursement of all actual expenses reasonably incurred by him for the Company's business including those for travelling and entertainment.
3. The terms and conditions of the appointment and/or this 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 Bimal V. Mehta in accordance with the approval accorded by the appropriate authorities.
4. Shri Bimal V. Mehta 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 such prior approval of the Government of India as may be required.