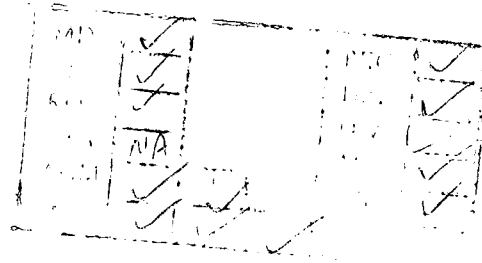


31st ANNUAL REPORT



Report  junction.com



**Transpek
Industry
Limited**



CERTIFICATE

The TÜV CERT Certification Body
of Rheinisch-Westfälischer TÜV e.V.

hereby certifies in accordance with TÜV CERT
procedure that

TRANSPEK INDUSTRY LIMITED

Sites at: Atladra & Ekalbara
Kalali Road, Atladra, Vadodara 390 012
India

has established and applies a quality system for

Sodium hydro sulphite, sodium formaldehyde
sulphoxylate (safolite), zinc formaldehyde sulphoxylate
(safolin), thionyl chloride, sulphur di-oxide,
oleum/sulphur trioxide, chloro-acetyl chloride,
sulphur di-chloride

An audit was performed, Report No. **2.9.1-411/97**

Proof has been furnished that the requirements according to

ISO 9002 / EN ISO 9002 / IS ISO 9002

are fulfilled. The certificate is valid until **March 2000**

Certificate Registration No. **041007148**



Essen, 14.05.1997

RWTV

A handwritten signature in black ink, likely belonging to a representative of TÜV CERT.

TÜV CERT Certification Body
of Rheinisch-Westfälischer TÜV e. V.



31st ANNUAL REPORT 1996-97

Board of Directors

K. C. Shroff

Chairman - Emeritus

A. G. Shroff

Chairman & Managing Director

Paresh M. Saraiya

Executive Director (w.e.f. 20.7.96)

A. C. Shroff

R. R. Patel

D. C. Gami

Praful M. Saraiya (Upto 20.7.96)

M. D. Patel

A. H. Patel

D. D. Patel (Upto 27.6.97)

M. H. Patel

H. C. Patel

D. U. Rao

(IFCI Nominee)

Company Secretary

Shailesh K. Solanki

Bankers

State Bank of India

The Sakura Bank Limited

Bank of Baroda

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

Contents

Notice to the Shareholders	2
Directors' Report	5
Auditors' Report	10
Balance Sheet	12
Profit & Loss Account	14
Schedules to Balance Sheet - 'A' to 'L'	16
Schedules to Profit & Loss Account - 'M' to 'Q'	23
Schedule 'R' - Statement on Accounting Policies	27
Schedule 'S' - Notes on Accounts	28
Statement relating to Subsidiary Company	37
Cash Flow Statement	38
Financial Highlights	40
Annual Accounts of the Subsidiary Company Transpek Marketing Limited	41

Annual General Meeting on Friday 5th September, 1997 at 4.00 P.M. at the Registered Office of the Company Kalali Road, Atladra, Vadodara - 390 012.

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, 1997. 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 FIRST ANNUAL GENERAL MEETING of the Shareholders of **TRANSPERK INDUSTRY LIMITED** will be held at the Registered Office of the Company, Kalali Road, Atladra, Vadodara 390 012 on FRIDAY the 5TH SEPTEMBER, 1997 at 4.00 P.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive consider and adopt Audited Profit & Loss Account for the year ended on 31st March, 1997, Balance Sheet as on that date and the Auditors' and Directors' Reports thereon.
2. To declare Dividend for the year ended 31st March, 1997.
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 an Ordinary Resolution the following :

" RESOLVED THAT pursuant to the provisions of Sections 198, 269, read with Schedule XIII, 309 and other applicable provisions, if any, of the Companies Act, 1956, the members of the Company hereby approves the re-appointment of and payment of remuneration to SHRI A. G. SHROFF, as Managing Director of the Com-

pany for a further period of five years from 1st December, 1996 to 30th November, 2001 upon the terms and conditions as set out in the Agreement dated 16th November, 1996 entered into by the Company with him, submitted to the meeting, which Agreement is hereby approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or Agreement, as may be agreed to between the Board of Directors and SHRI A. G. SHROFF or as may be varied by the General Meeting, but so as not to exceed the limit, 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 A. G. SHROFF, the remuneration payable to him shall be governed by Section II of Part II of the Schedule XIII of the Companies Act, 1956, or any amendments thereto ".

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

" RESOLVED THAT pursuant to resolution no. 9 passed at the Annual General Meeting held on 29th August, 1996 and in accordance with the provisions of Section 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 22nd July, 1996 between the Company and SHRI PARESH M. SARAIYA, the approval of the Company be and is hereby accorded to the Deed of Variation executed on 2nd July, 1997 and made effective from 1st April, 1997 for change in the structure of Managerial Remuneration payable to SHRI PARESH M. SARAIYA, Executive Director of the Company. "

Regd. Office :

Kalali Road, Atladra,
Vadodara 390 012.

DATED : 27TH JUNE, 1997

By Order of the Board of Directors
For Transpek Industry Limited
SHAILESH SOLANKI
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. The Explanatory Statement relating to Special Business mentioned at Item No. 6 & 7 in the Notice as required under Section 173 (2) of the Companies Act, 1956 are attached herewith.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 28TH AUGUST, 1997 to 4TH SEPTEMBER, 1997 (both days inclusive).
4. The dividend that may be declared by the Company will be payable on or before 17TH OCTOBER, 1997 to those Shareholders whose names appear on the Register of Members of the Company on

4TH SEPTEMBER, 1997 and would not attract any tax in the hands of the Shareholders as in the past.

5. Members are requested to :

- a. Notify promptly any change in their address to the Company.
- b. Encash their dividend warrants promptly as dividend amount remaining unpaid at the expiry of three years are to be transferred by the Company to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956, and thereafter, will have to be claimed by the Shareholders directly from the Registrar of Companies, Ahmedabad, Gujarat State.

**ANNEXURE TO NOTICE**

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

ITEM NO. 6

SHRI A. G. SHROFF have been re-appointed and working as the Managing Director of the Company effective from 1.12.1991, as per the terms and conditions contained in the Agreement dated 4.12.1991 in terms of Schedule XIII of the Companies Act, 1956. The said re-appointment of SHRI A.G. SHROFF, Managing Director expired on 1st December, 1996.

SHRI A.G. SHROFF has been re-appointed as Managing Director for a further period of 5 years, effective from 1.12.1996 on terms and conditions contained in the Agreement dated 16.11.1996 entered into by the Company and as approved by the Board of Directors at its meeting held on 6.11.1996.

Further as required under Section 302 of the Companies Act, 1956, an abstract of the terms and conditions of re-appointment of SHRI A.G. SHROFF and the Memorandum of Interest of the Director(s) in the said re-appointment was circulated to all the Members within the prescribed time.

The terms and conditions of the said Agreement and the remuneration payable to SHRI A. G. SHROFF is in line with and within the limits prescribed in Schedule XIII of the Companies Act, 1956.

A gist of such terms and conditions of the aforesaid Agreement is given below :

1. SALARY :

RS. 50000/- per month in the grade of Rs. 50000 - 5000 - 70000.

The annual increments will be effective from 1st April each year which will be decided by the Board each year and will be merit based and taking into account the Company's performance.

2. PERQUISITES :

- a. In addition to salary referred in Clause 1 above SHRI A. 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 A. G. SHROFF. Such perquisites will be an amount equal to annual salary or Rs. 8,40,000 per annum, whichever is less.

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

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 in clause 2(a) & (b) above, the Managing Director shall also be paid the 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 the Managerial remuneration as prescribed under Section 198 and 309 of the Act.

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 of 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 A. G. SHROFF will be entitled to reimbursement of entertainment expenses actually incurred by him in the course of business of the Company.

7. SHRI A. G. SHROFF 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 re-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 Managing Director in accordance with Schedule XIII to the Companies (Amendment) Act, 1988 or any amendments made hereafter in this regard.
9. SHRI A. G. SHROFF shall not so long as he functions as Managing 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 either party giving to the other party ninety days' notice in writing.
11. In the event of dispute or difference arising at any time between SHRI A. G. SHROFF 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 Act, 1940.
12. The headquarter of the Managing Director shall be at Vadodara.
13. The Managing Director shall as long as he continues to be a Managing Director of the Company, shall 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.



14. If at any time the Managing Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director. None of the Directors of the Company except SHRI A.G. SHROFF is concerned or interested in this resolution.

Therefore the Resolution at item no. 6 is recommended for approval.

The Agreement referred to in the resolution under item no. 6 of the Notice will be open for inspection by the Members at the Registered Office of the Company on any working days between 11.00 A.M. to 1.00 P.M.

ITEM NO. 7

SHRI A. G. SHROFF, Chairman & Managing Director and SHRI PARESH M. SARAIYA, Whole-time Director designated as Executive Director of the Company are looking after the day-to-day affairs of the Company under the Superintendence, Direction and Control of Board of Directors of the Company.

In order to bring the structure of managerial remuneration of SHRI PARESH M. SARAIYA similar to that of SHRI A. G. SHROFF, the Board of Directors at its meeting held on 27.06.1997 had given approval for execution of Deed of Variation, subject to the approval of the Shareholders in the General Meeting. Accordingly, necessary Deed of Variation has been executed between the Company and SHRI PARESH M. SARAIYA on 2ND JULY, 1997.

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

- A. Clause 4 sub-clause (i) and (ii) be replaced as follows :

4 (i) REMUNERATION :

Salary : Rs. 40000/- per month in the grade of Rs. 40000-5000-50000.

The annual increments will be effective from 1st April each year and will be decided by the Board each year and will be merit based and taking into account the Company's performance.

4 (ii) PERQUISITES :

- a. In addition to salary referred in clause 4 (i) above SHRI PARESH M. SARAIYA, Executive Director, shall also be entitled to perquisites like accomodation (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. 600000/- 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 perqui-

sites 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.

- B The following sub-clauses (iv), (v), (vi) and (vii) be inserted after sub-clause (iii) of clause 4 :

4 (iv) 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 of the Companies Act, 1956.

4 (v) 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.

4 (vi) SHRI PARESH M. SARAIYA will be entitled to reimbursement of entertainment expenses actually incurred by him in the course of business of the Company.

4 (vii) SHRI PARESH M. SARAIYA will also be entitled to receive from the Company travelling, hotel, and other expenses incurred in performance of duties on behalf of the Company.

- C. The following sub-clauses (vi) and (vii) be inserted after sub-clause (v) of clause 5 :

5 (vi) 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 Central Government.

5 (vii) 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 Act, 1940.

All other terms and conditions of the Agreement dated 22nd July, 1996 remains unaltered.

None of the Directors of the Company except SHRI PARESH M. SARAIYA is concerned or interested in this resolution.

Therefore the Resolution at item no. 7 is recommended for approval.

The Deed of Variation referred to in the Resolution under item no. 7 of the Notice will be open for inspection by the Members at the Registered Office of the Company on any working days between 11.00 A.M. to 1.00 P.M.

Regd. Office :

Kalali Road, Atladra,
Vadodara 390 012.

DATED : 27TH JUNE, 1997

By Order of the Board of Directors
For Transpek Industry Limited

SHAILESH SOLANKI
Company Secretary



DIRECTORS' REPORT

To,
The Members,

Your Directors take pleasure in presenting the THIRTY FIRST ANNUAL REPORT together with the Audited Accounts of the Company for the Year ended 31st March, 1997.

FINANCIAL RESULTS

	1996-97 (Rs. in Lacs)	1995-96 (Rs. in Lacs)
1. Sales and Other Income	13402.42	13607.45
2. Profits (Before Interest and Depreciation)	1810.72	1359.08
3. Less		
(a) Interest	756.63	636.38
(b) Depreciation	334.92	292.93
(c) Foreign Taxes	8.20	9.54
	1099.75	938.85
4. Profit before Tax	710.97	420.23
5. Less /(Add)		
(a) Provision for Taxation	92.75	1.75
(b) (Excess) Provision of Taxes of Earlier years	(92.51)	Nil
	0.24	1.75
6. Profit after Tax	710.73	418.48
7. Add :		
Balance Brought forward from the Previous year	144.34	216.00
8. Amount available for Appropriations	855.07	634.48
9. Appropriations to :		
(a) Debenture Redemption Reserve	40.00	40.00
(b) Overseas Project Reserve	Nil	23.31
(c) General Reserve	500.00	300.00
(d) Proposed Dividend	177.56	126.83
(e) Tax on Proposed Dividend @ 10%	17.76	Nil
(f) Balance Carried to Balance Sheet	119.75	144.34
TOTAL	855.07	634.48

DIVIDEND

Your Directors recommend for consideration the payment of Dividend of Rs. 3.50 per Equity Share aggregating Rs. 177.56 lacs on total Paid-up Capital of Rs. 507.30 lacs. This will be paid out of the Provision for Proposed Dividend. The Dividend would not attract any tax in the hands of the Shareholders as in the past. However, the Company would be subject to tax on Dividend amount.

REVIEW OF OPERATIONS

Your Company has achieved a Turnover of Rs. 13402 lacs which includes, exports of manufactured goods worth of Rs. 2214 lacs, overseas project income of Rs.391 lacs and other income of Rs.340 lacs against the previous year's turnover of Rs. 13607 lacs. In spite of difficult year for chemical industry segment at large, on account of liberalisation, your Company has been able to retain and consolidate its market share in domestic as well as in overseas markets.

The key developments which took place during the year under review are as under :

- ⑤ The change in product mix along with increased price realisation in case of Sulphoxylates and Chlorinated Compounds, in Comparison to the previous year, resulted in higher value addition during the year.
- ⑤ The increased input cost especially of Zinc metal was almost compensated by decreased input costs of Sulphur, Caustic Soda and Chlorine.
- ⑤ Full capacity utilisation was achieved in CAC Plant.
- ⑤ To cater to the growing market demand your Company has doubled the production capacity of one of the Chlorinated Compounds. Your Company was sanctioned a term-loan of Rs. 617 lacs by IFCI for this; out of which Rs. 600 lacs were availed of during the year.
- ⑤ Your Company also converted one of its sulphoxylate Plants into a multipurpose plant in order to satisfy customers' increased requirements. Towards the sanctioned Term Loan of Rs. 700 lacs by IFCI for Modernisation & Expansion Scheme, your Company has received disbursements amounting to Rs. 520 lacs during the year under review.
- ⑤ On account of local climatic conditions prevailing in Iran, the Iran project could not be completed within the first half of the year, as envisaged. However, despite these constraints, your Directors are pleased to inform that the plant has been certified by NPC as mechanically complete and trial runs have been established with satisfactory levels of quality and quantity norms. The Technical team is now ready to demonstrate performance run to achieve and fulfill the guarantees given in the contract, barring unforeseen circumstances.
- ⑤ As approved during the last Extra Ordinary General Meeting held on 6th of June, 1996 and subsequent approval of the Central Government, your Company has entered into a strategic alliance with MTZ (India) Ltd. and Metadust (India) Ltd. and also contributed Rs. 95 lacs towards 50% Equity of the Joint Venture Company viz. Transpek Metals and Oxides Ltd. The said Joint Venture Company has



taken over the manufacturing facilities of co-partners, situated at Bhiwandi and Daman, engaged in manufacturing of Zinc Oxide and Zinc Dust respectively with effect from 01.04.97. This will strengthen the overall business interests of your Company.

- The Research and Development Department of your Company continued to respond to the needs and preferences of the customers by developing innovative processes and products.

Your Directors are happy to inform that the Company has recently been granted **ISO 9002** Certification /Accreditation for establishing and applying Quality system in the fields of manufacturing and related activities, separately for both the sites.

- Your Company has been conferred the "**Special Export Award**" by **CAPEXIL** (Chemicals and Allied Products Export Promotion Council) for its outstanding export performance in respect of Zinc Oxide for the year 1995-96.
- Your Company encourages and continues its endeavours towards preparing people for their future responsibilities, by providing various learning opportunities and relevant inputs. Improvements in HRD practices is a conscious endeavour and commitment of your Company.
- Your Company accords utmost importance to Safety and firmly believes that all accidents are preventable and all situations prone to accidents can be altogether eliminated. As a reaffirmation of your Company's commitment towards safety, several activities were undertaken for upgrading and upscaling the existing infrastructures during the year, which gave a fresh fillip to the activities directed towards achieving safer and healthier work environment. Preparation of comprehensive safety manual, HAZOP studies and on-site/off-site emergency plans were completed this year.
- Your Company endeavours and incessantly strives to harmonise the co-existence of a pollution free environment with production activities. Evolution of innovative techniques for reducing the effluent at source, recovery of by-products, recycling of waste water, wherever possible and development of eco-friendly production processes is an ongoing activity.
- The Company has adopted the technique of Bio-Remediation as a cost effective and useful process for the treatment of various waste disposals.

FUTURE OUTLOOK

Your Directors foresee that the Products/Turnover mix in future will show an increasing shift towards more value added products. The Company has undertaken expansion of its capacities for manufacture of sulphonylates, Chloro Compounds and Accelerators. Your Company proposes to go in for the following :

- Cyano Derivatives
- Products based on Chloro Compounds
- Products based on high pressure technology

These products are expected to add significantly to the Export Turnover and Profitability of the Company. Additional Capital outlay of about Rs. 2500 lacs is expected towards setting up the manufacturing facilities in this regard.

Barring unforeseen circumstances, your Directors are quite optimistic about growth in the years to come.

SOCIAL RESPONSIBILITY

Shroff Foundation Trust (SFT), a Voluntary Service Organisation, is our hand for reaching out to villages near and around our factory premises and in the backward/tribal areas of Baroda District.

Through this, we extend our philosophy for caring and growing people and improving the quality of their life by an all-round development of individuals, young and old, man, woman and child.

SFT has been awarded an award for "**Excellence in Rural Development**" by the Federation of Gujarat Industries, Baroda.

The Company continues to support various other Voluntary Organisations in taking up relevant social activities.

SUBSIDIARY COMPANY

As required under the provisions of Section 212 of the Companies Act, 1956, the Audited Statement of Accounts along with the Report of the Board of Directors, the Report of Auditors' thereon for the year ended 31st March, 1997 in respect of Transpek Marketing Ltd. (A wholly owned subsidiary Company) is annexed.

DIRECTORS

SHRI PARESH M. SARAIYA was appointed by the Board of Directors of the Company at its meeting held on 20th July, 1996 as Whole-Time Director, designated as Executive Director, in the casual vacancy caused by the resignation of SHRI PRAFUL M. SARAIYA.

During the year, SHRI MUKESH D. PATEL, SHRI ATUL H. PATEL, SHRI D. D. PATEL, SHRI M. H. PATEL and SHRI H. C. PATEL, stepped down from the Board of Directors of the Company effective 27.06.1997. The resignations followed an inter-se transfer of Equity Shares of the Company, in an amicable manner, amongst the Promoters viz. 'SHROFF' and 'PATEL' Groups. The resignations were duly considered and accepted by the Board of Directors of your Company at its meeting held on 27.06.1997.

SHRI MUKESH D. PATEL and SHRI ATUL H. PATEL were former Joint Managing Directors of the Company for 13 and 9 years respectively. The Board of Directors takes this opportunity to place on record their appreciation to SHRI MUKESH D. PATEL and SHRI ATUL H. PATEL for



Transpek Industry Limited

their dynamic approach and entrepreneurial skill, which have significantly contributed to the growth and success of the Company.

The Board of Directors also takes the opportunity to place on record their appreciation to SHRI D. D. PATEL, SHRI M. H. PATEL and SHRI H. C. PATEL for their valuable guidance and services rendered to the Company during their tenure as Directors of the Company.

SHRI R. R. PATEL and SHRI A. C. SHROFF, Directors of the Company, retire by rotation; and being eligible offer themselves for re-appointment.

FIXED DEPOSITS

During the Year under review, the Company accepted deposits from Public/Shareholders and has complied with provisions of Section 58 A of the Companies Act, 1956 and the Rules as amended from time to time. There were 111 Deposits amounting to Rs. 9.82 lacs which were due and remained unclaimed as on 31st March, 1997; of which 41 Deposits amounting to Rs. 3.82 lacs have since been repaid or renewed.

AUDITORS

The Shareholders are requested to appoint Auditors for the Current Year and fix their remuneration. M/s. V. J. Amin & Co., Chartered Accountants, the existing Auditors have furnished Certificate U/s. 224 (1) of the Companies Act, 1956 as to their eligibility for the re-appointment.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

In terms of the above Rules, the Board has pleasure to give particulars as prescribed therein relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo in the Annexure 'A' forming part of the Directors' Report.

PARTICULARS OF EMPLOYEES

Information required pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in Annexure 'B' forming part of the Directors' Report.

ACKNOWLEDGEMENTS

Your Directors wish to acknowledge the co-operation and assistance extended to the Company by IFCI, EXIM, Bankers, State Government Agencies and various Indian and Foreign Government Agencies. Your Directors also wish to place on record their appreciation towards the contribution made by employees at all levels towards the continued growth and prosperity of the Company. Your Directors also acknowledge with gratitude the support of the Customers, Suppliers, Shareholders and Investors for the faith reposed in the Company and its Management.

BY ORDER OF THE BOARD

PLACE : VADODARA
DATE : 27th June, 1997

A. G. SHROFF
Chairman & Managing Director

ANNEXURE 'A'

INFORMATION AS PER SECTION 217 (1) (E) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.1997

I. CONSERVATION OF ENERGY

Energy Conservation Measures taken :

During the Course of the year at both sites the following measures were taken.

Optimisation and changes in operating parameters in specific unit operations in the process were initiated which has resulted in reduction of overall energy consumption.

FORM " A "

	Current Year (1996-97)	Previous Year (1995-96)
--	---------------------------	----------------------------

A. POWER AND FUEL CONSUMPTION

1. Electricity

(a) Purchased Units	16535144	15909753
Total Amount (Rs. in Lacs)	578.92	448.47
Rate/Unit	3.48	2.82

(b) Own Generation

i Through Diesel Generator (Units)	3569550	3192583
Units Generated per litre of diesel Oil	3.32	3.34
Total Cost/Unit	2.81	2.32

ii. Through Steam turbine/Generator Units	Not applicable	Not applicable
---	----------------	----------------

Units per litre of fuel oil/gas/cost/unit

2. Coal Quantity (Tonnes) Total	Not applicable	Not applicable
Cost/Average Rate		

3. Furnace oil Quantity (litre)	2569988	1805297
Total Amount (Rs. in Lacs)	Rs. 164.12	Rs. 95.26
Average Rate/ltr.	Rs. 6.39	Rs. 5.28

4. Others Gas Quantity (Cu.M)	4269453	4111626
Total Amount (Rs. in Lacs)	Rs. 121.46	Rs. 111.48
Average Rate/Cu.M	Rs. 2.84	Rs. 2.71



Transpek Industry Limited

	Current Year (1996-97)	Previous Year (1995-96)
B. CONSUMPTION PER UNIT OF PRODUCTION	CONS./MT	CONS./MT
For All Products (with Unit Details)		
Electricity (Units)	311	328
Furnace Oil (Litre)	40	31
Coal (Specify quality)	Not applicable	Not applicable
Gas (Cu. M)	229	210

II TECHNOLOGY ABSORPTION

Efforts made in the Technology Absorption in Form B are given below :

FORM 'B'**RESEARCH & DEVELOPMENT**

- Specific areas in which in house R & D activities were carried out by the Company :

Alternate process for manufacture of one of the Sulphoxylates is on the verge of going in for commercial production.

Process improvements were developed and implemented to improve the quality and production capacity of Accelerators, using the same facilities.

Process improvements were carried out to establish various quality aspects to cater to the domestic and international customers for Sulphoxylates and Chloro Compounds.

Laboratory scale process for Cyano Derivatives has been established.

- Benefits derived as a result of the above R & D activities :

The Company has been able to put up a commercial plant for one of the Sulphoxylates through an alternate Process of manufacture.

The Company has been able to produce higher tonnage of one of the Accelerators in the same plant.

The Company has been able to produce material in the categories of Sulphoxylates and Chloro Compounds, which can cater wider variety of customers.

The quality of Cyano Derivatives has been accepted by the customers and encouraged by their acceptance, the Company proposes to establish a Pilot Plant to manufacture these products.

- Future Plan of Action

The Company's Research and Development would continue to focus on bringing about process improvements in all products to increase customer acceptance as also to improve process economies.

- Expenditure on R & D

	(Rs. in Lacs)	
	1996-97	1995-96
Capital	26.15	1.91
Recurring	43.35	51.60
Total	69.50	53.51
Total R & D Expenditure as a % of total Turnover	0.52	0.39

Technology Absorption, Adaptation and Innovation.

Not applicable

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- The export turnover of the manufactured product reduced from Rs. 2770 lacs to Rs. 2214 lacs. The net foreign exchange earning of the Company has been Rs. 859 lacs compared to Rs. 2605 lacs for the previous year. The decrease in absolute terms is on account of overseas project income, which is on the verge of completion. This is the sixth consecutive year during which the Company has maintained its status as a "Net Foreign Exchange Earner".

- Foreign Exchange Earnings and Outgo.

	Rs. in Lacs
a. Earned by way of Exports of Goods and Services	2214.41
b. Overseas Project Income (Including Advance received in earlier year recognised as revenue during the year)	378.16
c. Used by way of Imports/Expenses (Capital/Revenue)	1733.34

BY ORDER OF THE BOARD

PLACE : VADODARA
DATE : 27th June, 1997

A. G. SHROFF
Chairman & Managing Director