

MD	<input type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input type="checkbox"/>		DPY	<input type="checkbox"/>
RD	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>

Report  Junction.com

32nd

ANNUAL REPORT

1997-1998



Transpek Industry Limited

www.reportjunction.com





Transpek Industry Limited

L. F. No.	
No. of Shares held	

ATTENDANCE SLIP

I/We hereby record my/our presence at the Thirty Second Annual General Meeting of the Company held at the Registered Office of the Company at Kalali Road, Atladra, Vadodara - 390 012 (Gujarat) on Thursday, 6th August, 1998 at 4.00 P.M.

NAME OF THE SHAREHOLDERS (IN BLOCK LETTERS)	
SIGNATURE OF THE SHAREHOLDERS	
NAME OF THE PROXY (IN BLOCK LETTERS)	
SIGNATURE OF THE PROXY	

Notes :

1. You are requested to sign and hand over this slip at the entrance to the Meeting Venue.
2. If you intend to appoint a proxy to attend the Meeting instead of yourself, the proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

TEAR HERE



Transpek Industry Limited

L. F. No.	
No. of Shares held	

FORM OF PROXY

I/We of in the district of being a member/members of TRANSPEK INDUSTRY LIMITED, hereby appoint of in the district of or failing him of in the district of as my/our proxy to vote for me/us on my/our behalf at the Thirty Second Annual General Meeting of the Company to be held on 6th August, 1998 and at any adjournment thereof.

Signed this day of 1998.

Please
Affix
30p.
Revenue
Stamp

(Please see overleaf)



Transpek Industry Limited

LOCAL CONVEYANCE FACILITY TO ATTEND ANNUAL GENERAL MEETING (AGM)

The Company has made to and from conveyance arrangements to facilitate shareholders who desire to attend the AGM, to be held at the Registered Office of the Company at Kalali Road, Atladra, Vadodara - 390 012, on Thursday, August 6, 1998 at 4.00 p.m.

The conveyance facility will be made available, simultaneously, at 3.00 p.m. at Nyay Mandir (Backside - Car Parking Area), and at Vadodara Railway Station (Car Parking Area - Sayajigunj).

After conclusion of the AGM, the conveyance facility will be available from the Registered Office, to commute to Nyay Mandir and Vadodara Railway Station.

Shareholders who wish to avail of this facility are requested to remain present at the respective venues, on time, alongwith a copy of their attendance slips.

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32nd ANNUAL REPORT 1997-98

Board of Directors

K. C. Shroff
Chairman - Emeritus

A. G. Shroff
Chairman & Managing Director

Paresh M. Saraiya
Executive Director

A. C. Shroff
R. R. Patel
D. C. Gami
M. K. Vadgama (w.e.f. 27-6-98)
K. V. Mariwala (w.e.f. 27-6-98)
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.

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Annual General Meeting on Thursday, 6th August, 1998 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, 1998. 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 SECOND ANNUAL GENERAL MEETING of the Shareholders of **TRANSPEK INDUSTRY LIMITED** will be held at the Registered Office of the Company, at Kalali Road, Atladra, Vadodara 390 012 on THURSDAY the 6TH AUGUST, 1998 at 4.00 P. M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider, and adopt the Audited Profit & Loss Account for the year ended on 31st March, 1998, the Balance Sheet as on that date and the Auditors' and Directors' Reports thereon.
2. To declare Dividend for the year ended 31st March, 1998.
3. To appoint a Director in place of SHRI K. C. SHROFF who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of SHRI D. C. GAMI who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

To consider and if thought fit, to pass with or without modification the following Resolutions.

6. As an Ordinary Resolution
"RESOLVED THAT SHRI M. K. VADGAMA be and he is hereby appointed as a Director of the Company, liable to retire by rotation".
7. As an Ordinary Resolution
"RESOLVED THAT SHRI K. V. MARIWALA be and he is hereby appointed as a Director of the Company, liable to retire by rotation".

Regd. Office : By Order of the Board of Directors
Kalali Road, Atladra, For Transpek Industry Limited
Vadodara 390 012. **SHAILESH SOLANKI**
DATED : 27TH JUNE, 1998 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 JULY, 1998 to 5TH AUGUST, 1998 (both days inclusive).
4. The dividend that may be declared by the Company will be payable on or before 17TH SEPTEMBER, 1998 to those Shareholders whose names appear

ANNEXURE TO NOTICE

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

ITEMS NO. 6 & 7.

SHRI M. K. VADGAMA was appointed by the Board as a Director of the Company on 27th June, 1998 in the vacancy caused by the resignation of SHRI H. C. PATEL. SHRI M. K. VADGAMA is a Chartered Engineer and Fellow of Institution of Engineers - India FIE (Mech). He has held the August Office of Managing Director of Tata Chemicals Ltd.

SHRI K. V. MARIWALA was appointed by the Board as a Director of the Company on 27th June, 1998 in the vacancy caused by the resignation of SHRI D. D. PATEL. SHRI K. V. MARIWALA graduated from the University of Bombay and did M.Sc in Chemical Engineering Practice from M.I.T., USA. He is a Promoter Director of Marico Industries Ltd. and other Companies promoted by the Mariwala Group.

SARVA SHRI M. K. VADGAMA AND K. V. MARIWALA are also presently members of Board of Directors of other Public and Private Limited Companies including EXCEL INDUSTRIES LTD., the FLAGSHIP COMPANY of the SHROFFS GROUP and eminent Industrialists of present times.

SARVA SHRI M. K. VADGAMA and K. V. MARIWALA hold office upto the date of this Annual General Meeting and, being eligible offer themselves for appointment.

Notices under section 257 of the Companies Act, 1956 alongwith requisite deposits have been received from some members signifying their intention to propose the candidature of SARVA SHRI M. K. VADGAMA and K. V. MARIWALA for election to the office of Director of the Company.

Your Directors are of the opinion that their presence on the Board will be in the interest of the Company and commend the resolutions for approval.

None of the Directors except SARVA SHRI M. K. VADGAMA and K. V. MARIWALA is concerned or interested in these resolutions.

Regd. Office : By Order of the Board of Directors
Kalali Road, Atladra, For Transpek Industry Limited
Vadodara 390 012. **SHAILESH SOLANKI**
DATED : 27TH JUNE, 1998 Company Secretary

on the Register of Members of the Company on 5TH AUGUST, 1998 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 205 A of the Companies Act, 1956, and thereafter, will have to be claimed by the Shareholders directly from the Registrar of Companies, Ahmedabad, Gujarat State.



DIRECTORS' REPORT

To,
The Members,

Your Directors take pleasure in presenting the THIRTY SECOND ANNUAL REPORT together with the Audited Accounts of the Company for the Year ended 31st March, 1998.

FINANCIAL RESULTS

	1997-98 (Rs In Lakhs)	1996-97 (Rs in Lakhs)
Sales and other income	13009.66	13403.42
Profits Before Interest and Depreciation	1300.08	1810.72
Interest	899.17	756.63
Cash Profit before Taxes	400.91	1054.09
Less :		
Depreciation	345.97	334.92
Foreign Taxes	—	8.20
Loss in Partnership Firm	(1.34)	—
Net Profit before Tax	53.60	710.97
Provision for Taxation	5.00	92.75
Profit after Tax	48.60	618.22
a. Excess/(Short) Previous Years' Tax Provision	(0.96)	92.51
b. Prior Years' Adjustments	13.48	—
	61.12	710.73
Balance brought forward from Previous Year	119.75	144.34
Amount available for Appropriations	180.87	855.07
Appropriations to :		
a. Debenture Redemption Reserve	—	40.00
b. Overseas Project Reserve	—	—
c. General Reserve	—	500.00
d. Proposed Dividend	40.58	177.56
e. Tax on Proposed Dividend @ 10%	4.06	17.76
f. Balance Carried to Balance Sheet	136.23	119.75
TOTAL	180.87	855.07

DIVIDEND

Your Directors recommend for consideration payment of dividend @ Re.0.80 per Equity Share, aggregating Rs.40.58 Lakhs on the paid-up Equity Capital of Rs. 507.30 Lakhs, 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 the Dividend amount.

REVIEW OF OPERATIONS

A distinctive feature of your Company's operations during 1997-98 has been recessionary trends experienced in some of the key intermediate products made by the Company - which followed similar trends in end-use market segments, mainly agrochemicals. These led to lower capacity utilisation and operating margins coming under pressure. The techno-commercial team of your Company responded by ensuring enhancement of manufacturing efficiencies, and more importantly, quality improvement.

To remain insulated from such adverse trends in the future, your Company has responded by taking effective initiatives for manufacture of value added products, in which the key intermediate products are being used as principal raw materials.

An unusual feature of the year 1997-98, was partial disruption of the Company's operations, following scrutiny by the Hon'ble High Court of Gujarat of the effluent management practices of the chemical industry in Gujarat in general, on the basis of suo moto petitions, that were heard by the Court. In these petitions, some of the pollution control parameters, which had already been made applicable to your Company, by the concerned authorities, were sought to be questioned and revised. In response to the Court's directions, your Company had to marginally cut down production capacities of the sulphonylates and other plants, to comply with the revised and more stringent norms of effluent discharge, with lower output.

A number of simultaneous process and plant modifications, however, enabled your Company to increase the production levels, in a phased manner, while complying with the more stringent effluent discharge norms.

Consistent with the track record of the Company in ensuring adherence to high standards of effluent control norms, your Company took up the matter with the judicial authorities and secured satisfactory relief as well as revalidation of pollution control parameters and practices, by the end of February, 1998.

During this period, Company took initiatives to carry out improvements regarding both operations and effluent treatment processes.

Your Company takes pride in acknowledging the dedicated efforts of its employees and in particular the Management Team, for their exemplary



contribution and personal efforts during the period when the operations were adversely affected.

OUTLOOK

Your Company has been working on several opportunities in the business of value addition to the intermediate products and expects to commercialise newer products based on existing building blocks, in the coming year. In this endeavour, your Company has not only met, but largely surpassed, some of the stiff quality expectations of discerning customers. Your Company has received overwhelming response from some of the sophisticated markets, with which your Company has long-standing relationships.

During 1998-99, additional manufacturing facilities are expected to go on stream, to produce value added products. These facilities are designed for manufacture of a range of products at the multi purpose plant, being set up. This plant will have zero effluent discharge capabilities and to that extent it will be a unique contribution, being made by your Company's in-house R&D Function.

FINANCE

In 1997-98 the Industrial Development Bank of India (IDBI) sanctioned a Corporate Term Loan of Rs. 750 Lakhs to help, enhance long term fund requirements of your Company. In accordance with the payment schedules, the existing term loans aggregating to Rs.392 Lakhs were retired and the loans fully repaid. In addition, your Company redeemed, the 'C' series of privately placed, Non-convertible Debentures of Rs. 175 Lakhs. A sum of Rs. 344 Lakhs was further mobilised, from the sale of investments.

Finance for setting up additional manufacturing facilities at the Company's Ekalbara site, is being tied up by a combination of internal accruals and term loans.

IRAN PROJECT

Your Directors are pleased to inform that the Technical Team has successfully demonstrated the necessary Performance Test Runs and fulfilled the technical pre-requisites, according to the schedule envisaged under the contract with the National Petrochemical Company (NPC). The necessary Performance Test Run Certification has been issued by the NPC, in terms of the contract.

Your Company is therefore, presently engaged in completion/handing over procedures and securing the reversion of financial guarantees.

SOCIAL RESPONSIBILITY

The Shroffs Foundation Trust, which is your Com-

pany's extended arm for rural development in villages around the factory premises and backward / tribal areas of Vadodara district, carried out some outstanding interventions. These include facilitating income generation programmes for 170 women and starting Credit Co-operative Societies for women's groups. Under auspices of these programmes, 100 tribal women were trained for embroidery work.

EFFLUENT MANAGEMENT

Your Company has set up an incineration plant for solid wastes, incorporating single drum pyrolyser followed by post combustion chamber to destroy organic wastes. This process follows latest technology breakthroughs which provide flexibility for treatment and disposal of solid wastes of different types in the same facility.

ISO 9002

As you are aware, your Company received ISO 9002 certification in May, 1997. Your Company, during the year, focused on enhancing quality management systems, by holding regular reviews and periodical meetings to take the processes further. These have not only helped in achieving the pre-set quality objectives, but have also facilitated continued conformity with the ISO standards.

SAFETY

During the year under review, emphasis was placed on further improvement in our track record on safety. The Safety Department rose to the occasion, on cases of incidents / accidents within and outside the Company premises. Regular activities such as Safety Committee Meetings, Emergency Mock Drills, training of employees, safety exhibitions, etc. were arranged from time to time.

Support was provided to development / project related activities by undertaking evaluation of raw materials, products and processes added during the year.

TMOL

Transpek Metals And Oxides Limited (TMOL), the joint venture company, co-promoted by your Company, has made rapid strides by setting up additional manufacturing facilities for Zinc Dust at Silvassa. This facility went on stream in March, 1998 and would be able to cater to the demand of Zinc Dust markets by making available an additional quantity of 8000 MT. TMOL's existing facilities in Bhiwandi and Daman manufacture Zinc Oxide and Zinc Dust, respectively, and have demonstrated outstanding performance during 1997-98.

**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, 1998 in respect of TRANSPEK MARKETING LIMITED (A wholly owned subsidiary Company) is annexed.

DIRECTORS

SHRI K.C. SHROFF and SHRI D.C. GAMI, 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 130 Deposits amounting to Rs. 12.35 Lakhs which were due and remained unclaimed as on 31st March, 1998; of which 48 Deposits amounting to Rs. 4.94 Lakhs 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 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.

BY ORDER OF THE BOARD

PLACE : VADODARA

A. G. SHROFF

DATE : 30th May, 1998

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 31.03.1998

ENERGY CONSERVATION

Energy Conservation Measures taken :

During the course of the year, at both sites, the following measures were taken :

An energy conservation team was constituted to go into the consumption of power and fuel and identify areas where optimisation is possible through technical improvements. As an outcome of this study, the following improvements have been initiated :

- Replacing higher HP motors by optimum HP motors after carrying out a motor audit.
- Replacement of vacuum pumps by water jet ejectors.
- Replacing the conventional tube light fittings by low wattage compact fluorescent lamps and also replacing magnetic chokes by electronic chokes, wherever required.
- Replacing the conventional metal blades of cooling tower fans by FRP blades.
- Improvement in power factor to a level of 0.99 by installation of automatic P.F. regulators.
- Use of fuel additives in boilers for improved fuel efficiency.

FORM 'A'

	Current Year (1997-98)	Previous Year (1996-97)
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
(a) Purchase Units	17319940	16535144
Total Amount (Rs. in Lakhs)	716.81	578.92
Rate/Unit	4.14	3.48
(b) Own Generation		
I. Through Diesel Generator (Units)	2192299	3569550
Units Generated		
per litre of diesel Oil	3.14	3.32
Total Cost/Unit	2.63	2.81
II. Through Steam turbine/Generator	Not Applicable	Not Applicable
Units		
Units per litre of fuel oil/gas/cost/unit		



Transpek Industry Limited

	Current Year (1997-98)	Previous Year (1996-97)
2. Coal		
Quantity (Tonnes) Total	Not	Not
Cost/Average Rate	Applicable	Applicable
3. Furnace oil Quantity (litre)	2798236	2569988
Total Amount (Rs. in Lakhs)	Rs. 177.59	Rs. 164.12
Average Rate/ltr.	Rs. 6.35	Rs. 6.39
4. Others		
Gas Quantity (Cu.M)	3944356	4269453
Total Amount (Rs. in Lakhs)	Rs. 129.05	Rs. 121.46
Average Rate/Cu. M	Rs. 3.27	Rs. 2.84
B. CONSUMPTION PER UNIT OF PRODUCTION	CONS./MT	CONS./MT
For All Products (with Unit Details)		
Electricity (Units)	322	311
Furnace Oil (Litre)	46	40
Coal (Specify quality)	Not Applicable	Not Applicable
Gas (Cu. M)	216	229

II TECHNOLOGY ABSORPTION

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

FORM 'B'

RESEARCH & DEVELOPMENT

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

Processes for manufacture of end-products based on building block molecules, currently being manufactured by the Company. These include: identification, process development, purity enhancement and chemical testing methods. Synthesis procedures were established, to demonstrate to Development and Project Teams for facilitating compilation of engineering data, for the purpose of scale-up.

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

Benefits to your Company include possibility of production efficiencies - through improved yields and more significantly by lower discharge/ emissions of pollutants. In addition, a base for new lines of business by value addition has been created. Moreover, some of the process residues considered as wastes were converted into commercialisable by-products.

- Future Plan of Action :

Your Company's R&D would focus on valuable by-

products from the existing products which can be converted into an opportunity rather than effluents. The identification of the products has been completed and recoveries/ data on marketing are established. For the year 1998-99 and beyond, substantial quantum of value realisation for co-generated by-product's would be achieved.

From renewable agro inputs, your Company is working on development of newer chemical processes for synthesising value added products. These are primarily meant for export markets.

4. Expenditure on R & D :

	(Rs. in Lakhs) 1997-98	(Rs. in Lakhs) 1996-97
Capital	40.49	26.15
Recurring	31.58	43.35
Total	72.07	69.50
Total R & D Expenditure as a % of total Turnover.	0.55	0.52

Technology Absorption, Adaptation and Innovation.

- Not Applicable -

III FOREIGN EXCHANGE EARNINGS AND OUTGO

- The Company's R&D Function has identified value added products which are targetted for export markets. As referred to in Para 2 (OUTLOOK) of the Directors' Report, steps are being made to set up a manufacturing facility, to achieve higher exports.
- Foreign Exchange Earnings and Outgo.

	Rs. in Lakhs
a) Earned by way of Exports of Goods and others	2000.75 (2214.41)
b) Overseas Project Income (including advance received in earlier year recognised as revenue during the year)	40.12 (378.16)
c) Used by way of Imports/ Exports (Capital/Revenue)	2013.42 (1733.34)

Note : Previous year's figures are shown in brackets.

BY ORDER OF THE BOARD

PLACE : VADODARA

DATE : 30th May, 1998

A. G. SHROFF

Chairman & Managing Director