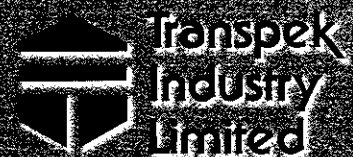


34TH ANNUAL REPORT 1999-2000

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Transpek Industry Limited

34th ANNUAL REPORT 1999-2000

Board of Directors

K. C. Shroff
Chairman - Emeritus

A. C. Shroff
Chairman

A. G. Shroff
Managing Director

Paresh M. Saraiya
Executive Director

R. R. Patel
D. C. Gami
M. K. Vadgama
K. V. Mariwala (Upto 28.06.2000)

Company Secretary

Shailesh K. Solanki

Bankers

State Bank of India
Bank of Baroda
UTI Bank Ltd.

Auditors

Messrs S. V. Ghatalia & Associates
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 Friday, 29th September, 2000 at 4.00 P.M. at the Auditorium Hall of Central Gujarat Chamber of Commerce, Vanijya Bhavan, 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 31st March, 2000. 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 FOURTH ANNUAL GENERAL MEETING of the Shareholders of TRANSPEK INDUSTRY LIMITED will be held on Friday, the 29th day of September, 2000 at 4.00 p.m. at the Auditorium Hall of Central Gujarat Chamber of Commerce, Vanijya Bhavan, Race Course, Vadodara 390 007 to transact the following businesses :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2000, the Balance Sheet as on that date and the Auditors' and Directors' Reports thereon.
2. To declare Dividend for the year ended 31st March, 2000.
3. To appoint a Director in place of Shri M. K. Vadgama 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.

SPECIAL BUSINESS :

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

"RESOLVED THAT M/s. S. V. Ghatalia & Associates, Chartered Accountants, Mumbai, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and is hereby authorised to fix their remuneration and sanction out-of-pocket, travelling and living expenses that may be incurred by them in connection with the audit of Accounts of the Company".

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

" RESOLVED THAT pursuant to the provisions of section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals, permissions, consents and sanctions as may be necessary or applicable being obtained from appropriate authorities including banks and financial institutions, consent of the Company be and it is hereby accorded to the Board of Directors of the Company to sell, lease, transfer, and/or otherwise dispose of the whole of the Company's undertaking situated at Kalali Road, Atladra, Vadodara 390 012 comprising of the land, factory buildings and sheds, office building, canteen building, other buildings and structures, plant and machinery, other immovable properties, furniture and fixtures and

current assets and liabilities and a part of its undertaking situated at Village Ekalbara, Tal. Padra, Dist. Vadodara comprising of the land, factory buildings and sheds, plant and machinery, other immovable properties, furniture and fixtures and current assets and liabilities, forming part of the Sulphoxylates Business as well as the whole or a part of the outstanding borrowings, as a going concern to Transpek Metals and Oxides Limited, a subsidiary of the Company, for such consideration and on such terms and conditions and in such form and manner as the Board of Directors of the Company may decide in the interest of the Company".

" RESOLVED FURTHER THAT the Board of Directors of the Company be and it is hereby authorised to decide and finalise all the terms and conditions relating to the above referred transfer of undertakings".

" RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and it is hereby authorised to do all such acts, deeds and things including finalising and executing agreements, assignments, conveyances, applications and other writings and documents as they may in their absolute discretion deem necessary, proper, expedient or desirable".

By Order of the Board of Directors
For Transpek Industry Limited

Regd. Office :

Kalali Road, Atladra,
Vadodara 390 012.
Dated : 20th July, 2000

SHAILESH K. SOLANKI
DY. GENERAL MANAGER &
COMPANY SECRETARY

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Explanatory Statements relating to Special Business mentioned at items no. 5 and 6 in the Notice as required under section 173(2) of the Companies Act, 1956 are annexed hereto.
3. The Register of Members and Share Transfer Books of the Company and the Register of Beneficial Owners maintained by NSDL and CDS in respect of the Company will remain closed from 25th September, 2000 to 28th September, 2000 (both days inclusive).
4. The dividend that may be declared by the Company will be payable on or before 10th November, 2000 to those Shareholders whose names appear on 28th September, 2000 either in the Register of Members of the Company or the Register of Beneficial Owners maintained by NSDL and CDS in respect of the Company and would not attract any tax in the hands of the Shareholders.
5. The Company has entered into an agreement



Transpek Industry Limited

for seeking connectivity from Depositories viz. NSDL & CDS. The Registration Number granted to the Company by NSDL and CDS is INE687 A01016. Equity shares of the Company are now available for dematerialisation. Trading of Company's shares has been made compulsory in dematerialised form for the Financial Institutions (FIIs, Mutual Fund & Banks) & OCBs, effective from 26th June, 2000 and for retail investors, effective from 28th August, 2000.

6. Members are requested to :

- a. notify promptly any change in their address to the Company ; and
- b. encash their dividend warrants promptly.

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

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

ANNEXURE TO NOTICE

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

ITEM NO. 5 :

M/s. V. J. Amin & Co., Chartered Accountants, Baroda, had been appointed as the Auditors of the Company in the last Annual General Meeting of the Company held on 20th July, 1999, to hold office as such till the conclusion of the next Annual General Meeting of the Company. Due to the sudden demise on 23rd August, 1999 of Shri V. J. Amin, Proprietor of M/s. V. J. Amin & Co., a casual vacancy had been created in the office of the Auditors.

Pursuant to the provisions of Section 224(6) of the Companies Act, 1956, in such casual vacancy in the office of the Auditors, M/s. S. V. Ghatalia & Associates, Chartered Accountants, Mumbai, had been appointed as the Auditors of the Company to hold office as such till the conclusion of the next Annual General Meeting of the Company.

A special notice in terms of Section 190 of the Companies Act, 1956, has been received under Section 225(1) of the Companies Act, 1956, from a member proposing the appointment of M/s. S. V. Ghatalia & Associates, Chartered Accountants,

Mumbai, as Auditors of the Company for the financial year 2000-2001. Also, the Company has received a written certificate dated 16th May, 2000 from M/s. S. V. Ghatalia & Associates, as required under the proviso to Section 224(1) of the Companies Act, 1956, to the effect that their appointment, if made, will be in accordance with the limits specified in sub-section (1B) of Section 224 of the Companies Act, 1956.

Your Directors commend the Resolution for your approval.

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

ITEM NO. 6 :

1. Societe Industrielle Liegeoise des Oxydes, SA (SILOX) is a company incorporated under the laws of Belgium, having its registered office at Rue Joseph Wauters, 144, B-4480 Engis, Belgium. SILOX is a joint venture between Societe Chimique Prayon - Rupel S.A., Belgium (Prayon) and SILAR Group, France.

Prayon is a multi-national corporation with origins dating back to the 19th century. Prayon is a world leader in the chemical phosphate and mineral chemicals speciality industry. Prayon is also a leading producer of Sodium Hydrosulphite (15,000 tonnes per annum) through the Zinc route. Prayon has been manufacturing Sodium Hydrosulphite since the 1950s.

SILOX is principally engaged in the manufacture of Zinc Oxide through the wet process with a dominating market share, having developed special grades of Zinc Oxide for niche markets. SILOX manufactures approximately 10,000 tonnes of Zinc Oxide per annum.

2. Your Company is negotiating a strategic alliance with SILOX. A Memorandum of Understanding (MOU) was signed by your Company, its subsidiary, Transpek Metals and Oxides Limited (TMOL) and SILOX on October 13, 1999 which was amended on May 11, 2000. The salient features of the MOU are as follows :

- (a) Your Company will transfer the Sulphoxylates Business (which includes the whole of the undertaking at Atladra situated at Kalali Road, Atladra, Vadodara 390 012, comprising of the land in aggregate admeasuring 57668 square metres or thereabouts, factory buildings and sheds, office building, canteen building, other buildings and structures, plant and machinery, other immovable properties, furniture and fixtures and current assets and liabilities and a part of the undertaking situated at Village Ekalbara, Taluka Padra, District Vadodara, comprising of the land in the aggregate admeasuring 37279.485 square metres or thereabouts, factory buildings and sheds, plant and machinery, other immovable properties, furniture and fixtures and current assets and liabilities) to a Joint Venture Company (JVC).



- (b) TMOL shall be the JVC.
 - (c) The equity shareholdings of your Company and SILOX in the JVC would be 39 per cent and 61 per cent respectively.
 - (d) SILOX shall subscribe to 61 per cent of the paid-up equity share capital in the JVC for a consideration of Rs.440 million.
 - (e) SILOX would have a call option, to be exercised within a period of five years, to acquire a further 15 per cent of the paid-up equity share capital in the JVC from your Company for a consideration of Rs.100 million plus interest thereon at 12 per cent per annum minus any dividend paid on the shares so acquired.
 - (f) Your Company will conclude agreements with the JVC for the supply of necessary utilities and services to the JVC.
3. The negotiated value of the entire Sulphoxylates Business (i.e. the Sulphoxylates Business proposed to be transferred by your Company and the existing Sulphoxylates Business of TMOL) is Rs.720 million and on this basis, the value of the Sulphoxylates Business of your Company proposed to be transferred to the JVC is estimated at about Rs.480 million. The said consideration will be paid for by the JVC to your Company in cash and/or by allotment of equity shares in the JVC.
 4. Your Company and SILOX are also contemplating the transfer to the JVC of certain outstanding borrowings not exceeding Rs.200 million to the JVC, subject to the approval of the concerned Banks and Financial Institutions. Details are being worked out. Further, pursuant to the MOU, SILOX is in the process of completing the "due diligence" exercise on all aspects of the Sulphoxylates Business including technical, environmental, commercial and legal. The results of these activities will lead to appropriate adjustments in the quantum of consideration indicated at paras 2(d), 2(e) and 3 above.
 5. Several agreements are in the process of negotiation between your Company and SILOX.
 6. Under the current business scenario, your Company's Sulphoxylates Business is critically dependent on its ability to minimise the cost of Zinc used as a catalyst in the manufacturing process. SILOX with its strength in the international market for Zinc Oxide, will be able to help the JVC in achieving better price realisation for Zinc Oxide and thereby minimise the impact of the cost of Zinc and improve the competitiveness of the Sulphoxylates Business. Further, the JVC will also gain substantially from the world wide distribution net work of SILOX and its parent company PRAYON (which is one of the leading manufacturers of Sodium Hydrosulphite through the Zinc route) for the products forming part of the Sulphoxylates Business.
 7. The consideration received by your Company in cash for the transfer of the Sulphoxylates Business will help your Company in reducing the debt burden and consequently the interest cost.
 8. With the transfer of the Sulphoxylates Business to the JVC, your Company will be able to focus on exploiting the business potential in the Chlorinated Products Division and achieve increased profitability. Your Company has already launched certain value added products in this Division and is currently engaged in identifying and developing a few more products.
 9. The total integration of the Sulphoxylates Business in the JVC coupled with access to the marketing strengths of your Company, SILOX and PRAYON will help the JVC in achieving a strategic position both in the domestic and international markets.
 10. Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors shall not, without the consent of the Company in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. Accordingly, approval of the Shareholders is sought for this Resolution.

Your Directors commend the Resolution for adoption.

None of the Directors of the Company is in any way interested or concerned in the Resolution.

By Order of the Board of Directors
For Transpek Industry Limited

Regd. Office :

Kalali Road, Atladra,
Vadodara 390 012.
Dated : 20th July, 2000

SHAILESH K. SOLANKI
DY. GENERAL MANAGER &
COMPANY SECRETARY



Transpek Industry Limited

DIRECTORS' REPORT

To,
The Members.

Your Directors take pleasure in presenting the Thirty Fourth Annual Report together with the Audited Accounts of the Company for the Year ended 31st March, 2000.

FINANCIAL RESULTS

	1999-00	1998-99
	Rs. in Lacs	Rs. in Lacs
Sales and Other Income	18284.26	15642.37
Profit Before Interest and Depreciation	1649.46	1533.47
Interest	1121.64	1072.93
Cash Profit Before Taxes	527.82	460.54
Less :		
Depreciation	434.09	396.20
Net Profit before Tax	93.73	64.34
Provision for Taxation	12.00	7.25
Profit after Tax	81.73	57.09
a) Excess /(Short) Previous Years' Tax Provision	67.18	—
b) Prior Years' Adjustments	(22.43)	—
c) Transferred from Debenture Redemption Reserve	40.00	40.00
	166.48	97.09
Balance brought forward from Previous Year	148.27	136.23
Amount available for appropriation	314.75	233.32
Appropriations to :		
a) Proposed Dividend	40.58	40.58
b) Tax on Proposed Dividend	8.93	4.47
c) Transfer to General Reserve	50.00	40.00
d) Balance Carried to Balance Sheet	215.24	148.27
TOTAL	314.75	233.32

DIVIDEND

Your Directors recommend for consideration payment of dividend @ Re.0.80 per equity share, aggregating to Rs.40.58 lakhs on the paid-up equity capital of Rs.507.30 lakhs. The dividend would not attract any tax in the hands of the Members. However, the Company would be subject to tax on the dividend amount.

REVIEW OF OPERATIONS

In the second half of the year under review, the business operations of the Company were re-organised on Business Unit lines to facilitate conduct of business on profit centre basis. Accordingly, the Company was internally restructured into two Business Units - the Chlorinated Products Group and the Sulphoxylates Products Group with a Corporate Group for common services.

Chlorinated Products Group

Various measures were taken during the year to improve and modify processes, resulting in availability of valuable by-products. Substantial reduction in effluent generation was also effected resulting in sharp reduction in effluent treatment costs. Wastes were identified for recovery of main products using processes specially developed in the Company's R&D Department such as, Chloro Acetyl Chloride recovery from process residue resulting in additional income generation. Import substitution for some raw materials, more efficient materials handling and identification and sourcing of packaging materials from other suppliers resulted in substantial price advantages.

The Sulphuric Acid plant was modified by appropriate line balancing of equipment to achieve consistently high production volumes and raw-material efficiencies for the first time since inception. Efforts are on to identify new products that could be manufactured with the existing infrastructure and to enhance utilisation of existing capacities. Some success has already been achieved in this respect in the value added acid chloride product range. Specific products have been produced as per customer specifications successfully resulting in repeat orders.

To further strengthen the presence of your Company in the overseas market, a part of the existing manufacturing facilities of the Company is in the process of being converted into a 100% Export Oriented Unit.

Sulphoxylates Products Group

Your Company could achieve respectable growth in sales volume in an otherwise adverse market scenario. With realigned focus on new strategies, tailored for optimising performance in a highly competitive environment, your Company could succeed in retaining/ improving its market share to maintain the leadership position in Sulphoxylates Products manufactured and marketed by your Company. Increase in production capacities was achieved without significant capital investment during the year.

However, margins continued to be under pressure due to increase in cost of raw materials, cost of operations attributable to pollution abatement measures, employee related expenses and higher interest costs on working capital. Savings effected in areas such as power, fuel and containers did not improve the margins significantly though they did contribute in reducing the adverse impact.

Measures are being taken to control consumption of raw materials and effect further savings in power and fuel. Energy Conservation Audit by recognized external agencies such as Petroleum Conservation Research Association and National Small Industries Corporation Ltd. Technical Services Centre during 1999-2000 was carried out and their suggestions were implemented.

Your Company witnessed a 6% growth in export turnover and could achieve the highest ever export sales of Safolite and Safolin. The future of the



overseas market looks promising in view of developments in new markets for these products.

OUTLOOK

Keeping in mind the needs of globalization, some of the plant facilities are being examined for toll manufacturing for international customers. The recent introduction of organic plant nutrient products is expected to give substantial additional business for your Company in the foreseeable future. The introduction of improved products in the Sulphoxylates Group is also likely to result in higher margins.

PROPOSED JOINT VENTURE

Your Company is negotiating a strategic alliance with Societe Industrielle Liegeoise des Oxydes, SA (SILOX), a company incorporated under the laws of Belgium. A Memorandum of Understanding (MOU) was signed by your Company, its subsidiary, Transpek Metals and Oxides Limited (TMOL) and SILOX on October 13, 1999 which was amended on May 11, 2000. The salient features of the MOU are as follows :

- (a) Your Company will transfer the Sulphoxylates Business (which includes the whole of the undertaking at Atladra situated at Kalali Road, Atladra, Vadodara 390 012, comprising of the land in aggregate admeasuring 57668 square metres or thereabouts, factory buildings and sheds, office building, canteen building, other buildings and structures, plant and machinery, other immovable properties, furniture and fixtures and current assets and liabilities and a part of the undertaking situated at Village Ekalbara, Taluka Padra, District Vadodara, comprising of the land in the aggregate admeasuring 37279.485 square metres or thereabouts, factory buildings and sheds, plant and machinery, other immovable properties, furniture and fixtures and current assets and liabilities) to a Joint Venture Company (JVC).
- (b) TMOL shall be the JVC.
- (c) The equity shareholdings of your Company and SILOX in the JVC would be 39 per cent and 61 per cent respectively.
- (d) SILOX shall subscribe to 61 per cent of the paid-up equity share capital in the JVC for a consideration of Rs.440 million.
- (e) SILOX would have a call option, to be exercised within a period of five years, to acquire a further 15 per cent of the paid-up equity share capital in the JVC from your Company for a consideration of Rs.100 million plus interest thereon at 12 per cent per annum minus any dividend paid on the shares so acquired.
- (f) Your Company will conclude agreements with the JVC for the supply of necessary utilities and services to the JVC.

The negotiated value of the entire Sulphoxylates Business (i.e. the Sulphoxylates Business proposed to be transferred by your Company and the existing Sulphoxylates Business of TMOL) is Rs.720 million and on this basis, the value of the Sulphoxylates

Business of your Company proposed to be transferred to the JVC is estimated at about Rs.480 million. The said consideration will be paid for by the JVC to your Company in cash and/or by allotment of equity shares in the JVC.

Your Company and SILOX are also contemplating the transfer to the JVC of certain outstanding borrowings not exceeding Rs.200 million to the JVC, subject to the approval of the concerned Banks and Financial Institutions. Details are being worked out. Further, pursuant to the MOU, SILOX is in the process of completing the "due diligence" exercise on all aspects of the Sulphoxylates Business including technical, environmental, commercial and legal. The results of these activities will lead to appropriate adjustments in the quantum of (a) consideration payable by SILOX for subscribing to 61 per cent of the paid-up equity share capital in the JVC and for acquiring from the Company 15 per cent of the paid-up equity share capital in the JVC pursuant to the exercise of call option and (b) the estimated value of the Sulphoxylates Business of your Company to be transferred to the JVC.

The Board of Directors of the JVC shall have seven (7) members, including the Managing Director. Your Company shall have two (2) and SILOX shall have four (4) representatives on the Board of the JVC.

Several agreements are in the process of negotiation between your Company and SILOX.

FINANCE

During the year under review, your Company received sanction of Rs.280 lakhs as term loan from IFCI for meeting the cost of the plant for the manufacture of 15 tonnes per day Sulphur Dioxide at Ekalbara and other capital expenditure for improving the overall efficiencies.

Your Company fully redeemed the "D" series of privately placed, non-convertible debentures of Rs.200 lakhs and necessary satisfaction of charge and other legal formalities were completed.

Your Company could maintain satisfactory cash flow position and has been regular in discharging its repayment obligations towards principal and interest to various financial institutions and banks.

Y2K COMPLIANCE

Your Company managed to roll over to the new millennium in a smooth manner, as adequate preparatory measures had been undertaken during the year to identify areas where this could pose a problem and action initiated to eliminate such problems both in the areas of hardware and software. This was done internally and at no extra cost.

QUALITY SYSTEMS CERTIFICATION

Re-certification of ISO 9002 becomes due upon completion of the three years validity period. Your Company does not foresee any problem in obtaining the re-certification.

Keeping in view the requirements of export markets, the Chlorinated Products Division is in the process of implementing the Environment Management System under ISO 14001.



Transpek Industry Limited

ENVIRONMENT AND SAFETY

Sustained high awareness of environmental issues related to our operations has been instrumental in enabling the Company to comply with the norms/parameters laid down by the statutory authorities. Continuous improvement targets for key parameters are monitored regularly at the manufacturing facilities of your Company and their adherence is ensured. Social commitment to maintain a pollution free and healthy environment is a key objective for your Company and accordingly several effective steps are being taken in this direction.

Recognizing the fact that the employees are the key assets of the Company, all necessary steps are being taken by the Company to see that the work environment for the employees is very good and improved performance and efficiency is achieved at all levels. Continuous training is provided to employees to increase awareness of the safety aspect in operations.

SOCIAL RESPONSIBILITY

Your Company has been fully conscious of its social responsibilities which it discharges by itself and by supporting voluntary service organisation such as the Shroff Foundation Trust in their rural and community development activities.

SUBSIDIARY COMPANIES

During the year under review, your Company made further investment in the equity share capital of Transpek Metals And Oxides Ltd. (TMOL), a company co-promoted by your Company. Your Company now holds more than 51% of the total equity share capital of TMOL, thereby making TMOL a subsidiary of your Company.

As required under the provisions of Section 212 of the Companies Act, 1956, the Audited Statements of Accounts together with the Reports of the Board of Directors and of the Auditors thereon for the year ended 31st March, 2000, in respect of the subsidiaries of your Company viz. Transpek Marketing Ltd. (a wholly owned subsidiary company) and Transpek Metals and Oxides Ltd., are annexed.

DEMATERIALISATION OF SHARES

Consequent upon the Securities and Exchange Board of India (SEBI) making trading in dematerialised form of shares compulsory for Foreign Institutional Investors, Financial Institutions etc. with effect from 26th June, 2000, your Company has entered into an arrangement with the National Securities Depository Ltd. and Central Depository Services (India) Ltd. for dematerialisation of your Company's equity shares in accordance with the provisions of the Depositories Act, 1996.

Your Company has appointed Intime Spectrum Registry Private Limited, Mumbai, as the Registrar for electronic connectivity with the depositories.

Members who are desirous of dematerialising their equity shareholding can do so by complying with the necessary formalities by approaching a SEBI registered Depository Participant. As the depository system offers numerous advantages, members are advised to avail of the facility to dematerialise their shareholding in the Company.

FUNDS TO BE TRANSFERRED TO INVESTOR EDUCATION AND PROTECTION FUND

As the Investor Education and Protection Fund has not yet been established by the Central Government in terms of section 205C of the Companies Act, 1956, as inserted by the Companies (Amendment) Act, 1999, the Company has not been able to transfer the moneys lying in its Rights Refund Account and matured deposits and interest, accrued on them remaining unclaimed and unpaid for a period of seven years from the date they had become due for payment to such a Fund.

DIRECTORS

During the year, Shri A. G. Shroff desired to step down as the Chairman of the Board but continue as the Managing Director of the Company which was accepted by the Board. He had assumed office as Chairman on 7th October, 1988. The Board takes this opportunity to record its deep appreciation and admiration for the services and contributions made by Shri A. G. Shroff during his tenure as Chairman.

Consequent to Shri A. G. Shroff stepping down as the Chairman, Shri A. C. Shroff, Director, was elected as Chairman of the Board. The Company looks forward to benefiting from his leadership which is backed by his rich and varied experience in managing the affairs of Excel Industries Ltd., a large Chemical Company, as its Managing Director for several years and also as President of the Indian Chemical Manufacturers' Association.

Shri K. V. Mariwala who had been associated with the Company as a member of the Board since 1998 resigned from the Board with effect from 28th June, 2000. The Board takes this opportunity to place on record its appreciation for the guidance and advice received from Shri K. V. Mariwala during his tenure as a Director.

Shri M. K. Vadgama 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, your Company accepted deposits from Public/ Shareholders/ Employees and has complied with the provisions of Section 58A of the Companies Act, 1956 and the Rules framed thereunder. There were 249 deposits aggregating to Rs.22.85 lakhs which were due and remained unclaimed as on 31st March, 2000 of which 132 deposits amounting to Rs.12.77 lakhs have since been repaid or renewed.

AUDITORS

During the year, a casual vacancy in the office of the Auditors occurred due to the demise of Shri V. J. Amin, Proprietor of M/s. V. J. Amin & Co., Chartered Accountants, Vadodara, who had been appointed as the Auditors of the Company at the last Annual General Meeting.



Your Directors express their deep sense of grief on the sudden and sad demise of Shri V. J. Amin on 23rd August, 1999 and place on record their appreciation for the valuable guidance and enlightened views given to the management on various issues during his association with the Company as the Auditor from 1985 onwards.

Consequent to this occurrence M/s. S. V. Ghatalia & Associates, Chartered Accountants, Mumbai, were appointed as the Auditors of the Company, to hold office as such till the conclusion of the ensuing Annual General Meeting.

A special notice in terms of Section 190 of the Companies Act, 1956, has been received under Section 225(1) of the Companies Act, 1956, from a member proposing the appointment of M/s. S. V. Ghatalia & Associates, Chartered Accountants, Mumbai, as Auditors of the Company at the ensuing Annual General Meeting. M/s. S. V. Ghatalia & Associates have furnished the required Certificate under Section 224(1B) of the Companies Act, 1956, as to their eligibility for such appointment.

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

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

COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

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.

ACKNOWLEDGMENTS

The Board wishes to place on record its appreciation for the contribution made by all the employees in achieving commendable results under tough conditions.

The Board acknowledges with gratitude the support and contribution that your Company received from various Government and non-Government agencies, IFCI, IDBI, Bankers, Suppliers, Distributors and Consignment Agents, Consumers and all others associated with your Company who are regarded as partners in the progress of your Company.

Last but not the least, the Board places on record the remarkable and appreciable support and confidence reposed in your Company by the large family of members and depositors.

BY ORDER OF THE BOARD

Place : Vadodara
Dated : 20th July, 2000

A. C. SHROFF
Chairman

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 31.03.2000.

I. ENERGY CONSERVATION

Special teams have been formed in both the sites to implement measures for Energy Conservation, which have yielded results as under, in a phased manner, continuing from last year :

- Optimum utilization of installed capacity, leading to reduction in cost of energy per ton of product, leading to a saving of about Rs.55 lakhs in terms of electrical energy/optimization of DG Sets.
- Rationalization of all motors in use to achieve energy efficiency.
- Replacement of magnetic ballast with electronics ballast.
- Disconnection of certain underloaded transformers and transferring loads to other transformer to get optimum loading.
- Proper maintenance of steam traps.
- So3/Oleum plant steam utilization in Hydro-SF plant.
- Installation of thermostat controllers on cooling towers.
- Use of lining in pumps is continued to reduce frictional losses, and achieve energy savings.
- Replacement of conventional metal blades by FRP blades in all cooling towers is completed.
- Proper insulation to conserve energy.
- Replacing 250 W HPMKV lamps street light by 70 W sodium vapour lamps.

FORM 'A'

	Current Year (1999-00)	Previous Year (1998-99)
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased Units	17927248	19617454
Total Amount (Rs. in lakhs)	901.43	877.51
Rate/Unit	5.03	4.47
b) Own Generation		
i. Through Diesel Generator (Units)	4235606	1774672
Units generated per litre of diesel oil	3.15	2.71
Total Cost/Unit	3.00	2.97
ii. Through Steam turbine/generator (Units)	Not Applicable	Not Applicable
Units per litre of fuel oil/gas/cost/unit		
2. Coal		
Quantity (Tonnes)	Not	Not
Total Cost/Average Rate	Applicable	Applicable
3. Furnace oil quantity (litre)	3545640	2983286
Total Amount (Rs. in lakhs)	301.36	176.16
Average Rate/ltr.	Rs. 8.50	Rs. 5.90
4. Others		
Gas Quantity (Cu.M)	4311302	3851004
Total Amount (Rs. in lakhs)	161.65	136.99
Average Rate/Cu. M	Rs. 3.75	Rs. 3.56



Transpek Industry Limited

	Current Year (1999-00)	Previous Year (1998-99)
B. CONSUMPTION PER UNIT OF PRODUCTION	CONS./MT	CONS./MT
For all Products (with Unit Details)		
Electricity (Units)	315	337
Furnace Oil (Litre)	50	47
Coal (Specify quality)	Not	Not
	Applicable	Applicable
Gas (Cu. M)	180	191

II TECHNOLOGY ABSORPTION

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

FORM 'B'

RESEARCH & DEVELOPMENT (CHLORINATED PRODUCTS DIVISION)

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

- T C Based value added products were developed (some of them for the first time in India) and introduced in the market.
- Tailor made products meeting individual customer needs were developed.
- Organic Plant Nutrients were indigenously developed and successful trials were taken in the market, under the name of "Transgreen".

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

- Products have been introduced to global companies, which has enabled your Company make a dent in high value product segment.
- Cost of effluent treatment has been reduced drastically.

Future plan of action :

- Scanning of alternative products to utilise the idle capacity of rubber chemical complex.
- Introduction of new grades of products matching international customer needs e.g. various chlorides of sulphur.
- Improvement in processes and development of new grades of TC derivatives.

Expenditure on R & D :

	Current Year 1999-00 (Rs. in Lakhs)	Previous Year 1998-99 (Rs. in Lakhs)
Capital	5.97	2.91
Recurring	23.22	49.28
Total	29.19	52.19
Total R & D Expenditure as a % of total turnover.	0.16	0.33
Technology Absorption,	Not	Not
Adaptation and Innovation.	Applicable	Applicable

III FOREIGN EXCHANGE EARNINGS AND OUTGO

	Rs. in Lakhs
a) Earned by way of export of goods and claim	2768.61 (2655.12)
b) Overseas Project Income	0.57 (24.55)
c) Used by way of Imports/ Exports (Capital/Revenue)	561.97 (920.67)

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

BY ORDER OF THE BOARD

Place : Vadodara
Dated : 20th July, 2000

A.C.SHROFF
Chairman