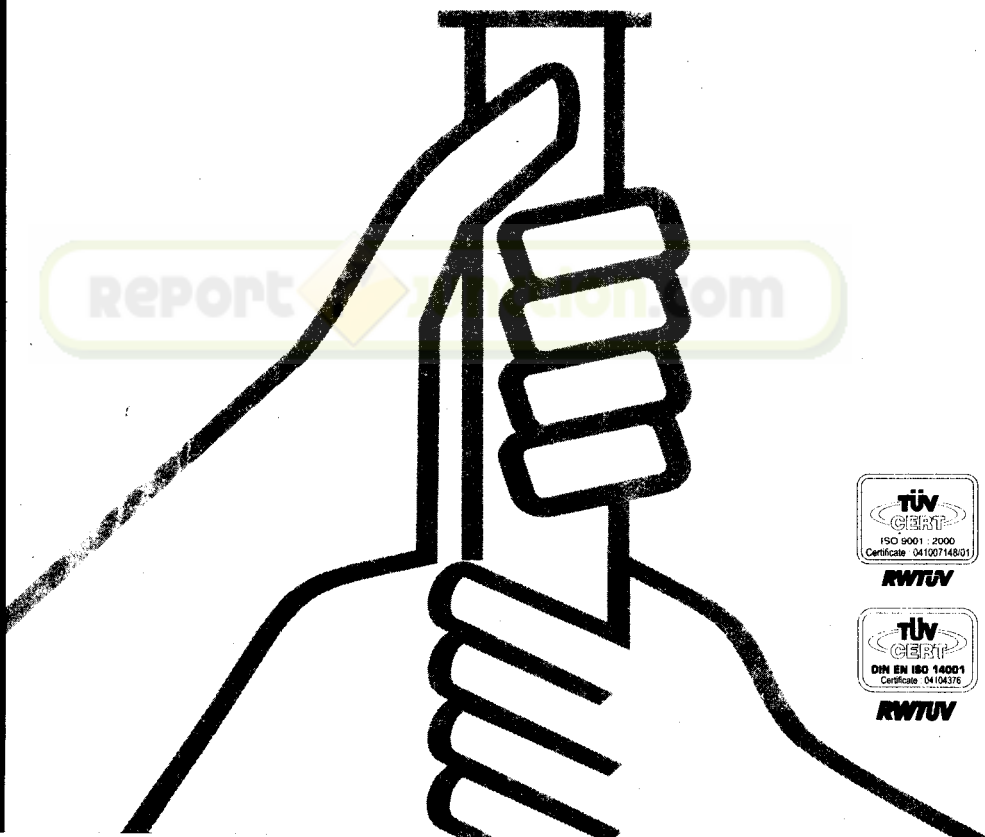




Transpek Industry Limited

37th Annual report

2002  
2003





## 37<sup>th</sup> ANNUAL REPORT 2002-2003 (12 MONTHS)

### Board of Directors

A. C. Shroff  
**Chairman**

A. G. Shroff  
**Managing Director**

R. R. Patel  
D. C. Gami  
M. K. Vadgama (Upto 25.06.2003)  
Dipesh K. Shroff  
Mahendra L. Shah  
Suresh Chatterjee  
(Nominee of IFCl)

**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**  
6th Floor, Marble Arch,  
Race Course,  
Vadodara 390 007.

**Works**  
Village Ekalbara, Ta. Padra,  
Dist. Vadodara.

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Limited (a wholly owned subsidiary company)	

Annual General Meeting on Wednesday, 24th September, 2003 at 4.00 P.M. at the Lecture Hall, The Institution of Engineers (India), Vadodara Local Centre, Near S. T. Depot, Race Course Circle, Vadodara 390 007

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 period ended 31st March, 2003. You may desire to have some clarification or additional information on the said accounts at the ensuing Annual General Meeting. We shall very much appreciate, if you will kindly write to us at least ten days in advance in order to enable us to keep the information ready for you at the Meeting. We solicit your kind co-operation.



### **NOTICE TO THE MEMBERS**

**NOTICE IS HEREBY GIVEN THAT** the **THIRTY SEVENTH** ANNUAL GENERAL MEETING of the Members of **TRANSPEK INDUSTRY LIMITED** will be held on Wednesday, the 24th day of September, 2003 at 4.00 p.m. at the Lecture Hall, The Institution of Engineers (India), Vadodara Local Centre, Near S.T. Depot, Race Course Circle, Vadodara 390 007 to transact the following business :

#### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2003, the Balance Sheet as at that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Shri A. C. Shroff who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri R. R. Patel who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

**By Order of the Board of Directors  
For Transpek Industry Limited**

#### **Regd. Office :**

6<sup>th</sup> Floor, Marble Arch,  
Race Course,  
Vadodara 390 007.

Dated : 25<sup>th</sup> June, 2003

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

#### **NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.  
The instrument appointing a proxy should, however, be deposited at the Regd. Office of the Company not less than 48 hours before the commencement of the meeting.
2. Members who hold shares in dematerialised form are requested to bring their DP ID and client ID Nos. for easy identification of attendance at the meeting.
3. The Register of Members and Share Transfer Books of the Company and the Register of Beneficial Owners maintained by NSDL and CDS in respect of the Company will remain closed from 17th September, 2003 to 24th September, 2003 (both days inclusive).
4. Members are requested to notify promptly any change in their address to the Company.
5. Pursuant to section 205A of the Companies Act, 1956 all unclaimed dividends for and upto the Company's financial year ended March 31, 1995 have been transferred to the General Revenue Account of the Central Government.

## Transpek Industry Limited



Shareholders who have so far not encashed their dividend warrants for the said period are requested to claim the amount by submitting an application in the prescribed form No.11 Rule 6 (1) Part A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to the Registrar of Companies, Gujarat, Gujarat Housing Board Building, Opp. Rupal Park, Near Ankur Char Rasta, Naranpura, Ahmedabad 380 013.

Pursuant to Sections 205A to 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to a fund called Investor Education and Protection Fund set up by the Central Government. Accordingly, the unpaid/unclaimed dividend for the year 1995-96 is due for transfer to that Fund on 12.10.2003 and unpaid/unclaimed dividends for the years 1996-97 onwards will become transferable at the end of seven years respectively to the said Investor Education and Protection Fund and no claims shall lie against the Fund or the Company in respect of individual amounts thereafter. Shareholders are, therefore, requested to check up and send their claims, if any, for the relevant years from 1996-97 onwards before the respective amounts become due for transfer to the said Funds.

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

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

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

**By Order of the Board of Directors  
For Transpek Industry Limited**

**Regd. Office :**  
6<sup>th</sup> Floor, Marble Arch,  
Race Course,  
Vadodara 390 007.  
Dated : 25<sup>th</sup> June, 2003

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

**DIRECTORS' REPORT**

To  
The Members

Your Directors present the **Thirty Seventh** Annual Report together with the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2003.

**FINANCIAL RESULTS**

	<b>2002-2003 ( 12 Months ) Rs. in Lakhs</b>	<b>2001-2002 (9 Months ) Rs. in Lakhs</b>
Net Sales and other Income	<b>4150.41</b>	2086.42
Profit before Interest, Depreciation and Extraordinary Item	<b>512.21</b>	75.92
Interest	<b>426.06</b>	394.54
Cash Profit/(Loss) before Extraordinary Item and Taxes	<b>86.15</b>	(318.62)
Less :		
Depreciation	<b>325.70</b>	246.75
Profit/(Loss) before Extraordinary Item and Tax	<b>(239.55)</b>	(565.37)
Less :		
Extraordinary Item Loss / (Profit) on sale of investment	<b>203.53</b>	(5.00)
Profit / (Loss) before Tax	<b>(443.08)</b>	(560.37)
Provision for Taxation		
Current	<b>0.24</b>	0.26
Deferred Tax Asset	<b>(91.14)</b>	(85.86)
Profit/(Loss) after Tax	<b>(352.18)</b>	(474.77)
a) Excess /(Short) Previous Years' Tax Provision	<b>48.43</b>	—
b) Prior Years' Adjustments	<b>(6.18)</b>	(2.13)
	<b>(309.93)</b>	(476.90)
Balance brought forward from Previous Year	<b>(819.66)</b>	(342.76)
Balance carried to Balance Sheet	<b>(1129.59)</b>	(819.66)

**Note:** Previous period figures have been regrouped / rearranged wherever necessary. Current period figures are not comparable with the previous period since the current financial year consists of twelve months ended on 31<sup>st</sup> March, 2003, whereas the previous financial year consisted of nine months ended on 31<sup>st</sup> March, 2002.

## Transpek Industry Limited

**DIVIDEND**

In view of loss in the current year, the Board of Directors are unable to recommend any Dividend.

**REVIEW OF OPERATIONS**

During the year under review, the total sales including exports and other income of the Company registered a growth of 49% on pro-rata basis compared to the previous year (9 months). Accordingly, the Company registered a net sales turnover together with other income of Rs.4150.41 lacs as against Rs.2086.42 lacs in the 9 months period in the previous year. The Company's export activities were also geared up as a result of which the Company has received orders for some value added products from its overseas clients. The export sales registered a growth of 35% on a pro-rata basis compared to previous year (9 months). The profitability of the Company, however, got affected by the unprecedented hike in the prices of major raw materials such as Chlorine and Sulphur during the second half of the financial year resulting in the Company's input costs going up by about 15%.

The current year of the Company ended with cash profit of Rs.86.15 lacs as against cash loss of Rs.318.62 lacs in the nine month period in the previous financial year. Further, during the current year, after recognising depreciation and amortisation expenses amounting to Rs.395.81 lacs, deferred tax assets amounting to Rs.106.38 lacs, loss on sale of fixed assets amounting to Rs. 36.73 lacs and after accounting for loss on sale of long-term investments amounting to Rs.203.53 lacs in accordance with Accounting Standard (AS-13) "Accounting for Investment" issued by the Institute of Chartered Accountants of India, the Company incurred loss amounting to Rs. 309.93 lacs as compared to the loss of Rs.476.90 lacs in the nine month period in the previous financial year.

Cash profit has been possible due to the steps taken as reported in our last Report and the following during the period under review :

- \* Implementation of energy and cost saving schemes and process optimisation in the manufacturing Units.
- \* Sale of old stocks of certain products, scraps and certain non-moving stores items.
- \* Inflow of funds resulting from certain tax refunds and dis-investment.

**OUTLOOK**

Thionyl Chloride, being the main product, will continue to remain the focus area for improvement in terms of production, technology, marketing and energy savings. The SO<sub>3</sub> / Oleum Plant performed excellently in terms of capacity utilisation and better energy management which resulted in substantial savings. The benefits derived from these efforts will be available in the coming years as well. The Company has been able to launch one new product last year in the domestic market and efforts are in progress to add two or three new molecules for domestic and export markets.



### FINANCE

During the year under review the Working Capital Facilities (fund & non-fund based) were reduced from Rs.12.50 crores to Rs.9.50 crores.

### QUALITY MANAGEMENT SYSTEM CERTIFICATION

During the year 2002-03, the Company achieved a further milestone by obtaining from RWTUV ISO 9001:2000 certificate for its quality system for manufacture and sale of its products.

### ENVIRONMENT AND SAFETY

Surveillance audit for ISO : 14001 : 1996 was carried out by M/s. RWTUV and certification for Environment Management System was obtained for the current year. There is a marked improvement in EHS standards as a result of these activities.

### SUBSIDIARY COMPANY

As required under the provisions of Section 212 of the Companies Act, 1956, the Audited Statement of Accounts together with the Reports of the Board of Directors and of the Auditors thereon for the year ended 31<sup>st</sup> March, 2003 in respect of Transpek Marketing Ltd.; (a wholly owned subsidiary company) is also annexed.

### DIRECTORS

Shri M. K. Vadgama, Director of the Company has resigned from the Board of Directors of the Company effective from 25<sup>th</sup> June, 2003. Your Board wishes to place on record its appreciation of the valuable contributions made and guidance provided by Shri M. K. Vadgama during his association with the Company as a Director.

Shri A. C. Shroff and Shri R. R. Patel, Directors of the Company, retire by rotation and, being eligible, offer themselves for re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirements under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2003 the applicable accounting standards have been followed. In respect of Accounting Standard 13 issued by The Institute of Chartered Accountants of India relating to "Accounting for Investments", your Directors are of the opinion that no provision for diminution in value of long term investments is necessary since the said decline in value in the said long term investments is on account of temporary factors;
- b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

## Transpek Industry Limited



- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2003 on a going concern basis.

**CORPORATE GOVERNANCE**

Your Company has been practising the principles of good Corporate Governance over the years and the Board of Directors lays strong emphasis on transparency, accountability and integrity.

A separate statement on Corporate Governance is included as a part of this Annual Report along with the Auditors' certificate on its compliance.

**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 212 deposits aggregating to Rs.20.47 lacs which were due for repayment and remained unclaimed as on 31<sup>st</sup> March, 2003 of which 103 deposits amounting to Rs.9.78 lacs have since been repaid or renewed.

**AUDITORS**

M/s. S. V. Ghatalia & Associates, Chartered Accountants, Mumbai will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have, pursuant to the provisions of section 224 (1B) of the Companies Act, 1956, furnished a certificate regarding their eligibility for re-appointment as the Auditors of the Company. The shareholders may consider their re-appointment and fix their remuneration.

**AUDITORS' REPORT**

In regard to the Auditors' observations at item (d) of their report, as mentioned in note no. 4 in Schedule "T" to the Accounts, the Board is of the view that the diminution in value of the concerned investments is of a temporary nature and hence not provided for.

**TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

In terms of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 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**

Since none of the employees employed throughout the year was in receipt of remuneration aggregating to not less than Rs.24 lacs p.a. and if employed for part of the year, was in





receipt of remuneration aggregating to not less than Rs.2 lacs p.m. the above Rules are not applicable and hence no statement has been included in this regard in this Report.

### ACKNOWLEDGEMENTS

Your Directors wish to acknowledge the co-operation and assistance extended to the Company by IFCI Ltd., Industrial Development Bank of India, Company's Bankers, State Government Agencies etc. Your Directors also wish to place on record their appreciation of the contribution made by employees at all levels towards the growth 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  
Dated : 25<sup>th</sup> June, 2003

**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 31.03.2003.**

#### I. ENERGY CONSERVATION

- \* In addition to the savings last year in terms of reduction in contract demand and improvement in power factor, the Company has achieved further energy savings.
- \* As a result of energy audit conducted last year the targetted savings for the year 2002-03 have been achieved. Efforts are in progress to effect further energy saving.
- \* Additional generation of steam from SO3 plant has reduced the fuel consumption.
- \* Operation of plants at optimum capacity has significantly reduced the power consumption per unit of products.

#### FORM 'A'

	<b>Current year (2002-2003) 12 months</b>	<b>Previous period (2001-2002) 9 months</b>
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. Electricity		
a. Purchased Units	<b>7997885</b>	<b>5392915</b>
Total Amount (Rs. In lakhs)	<b>414.25</b>	<b>289.62</b>
Rate/Unit	<b>5.18</b>	<b>5.37</b>

## Transpek Industry Limited



	Current year (2002-2003) 12 months	Previous period (2001-2002) 9 months
<b>b. Own Generation</b>		
I. Through Diesel Generator (Units)	<b>37985</b>	391217
Units generated per litre of diesel oil	<b>2.09</b>	2.85
Total Cost/Unit	<b>5.90</b>	5.27
II. Through Steam turbine/ generator (Units)	<b>Not</b>	<b>Not</b>
Units per litre of fuel oil/gas/cost/unit	<b>Applicable</b>	<b>Applicable</b>
2. Coal	<b>Not</b>	<b>Not</b>
Quantity (Tonnes) Total Cost/ Average Rate	<b>Applicable</b>	<b>Applicable</b>
3. Furnace oil quantity (litre)	<b>2241421</b>	1587210
Total Amount (Rs. in lakhs)	<b>243.29</b>	136.20
Average Rate/Ltr.	<b>Rs.10.85</b>	Rs.8.58
4. Others		
Gas Quantity (Cu.M)	—	—
Total Amount (Rs. in lacs)	—	—
Average Rate/Cu. M.	—	—
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>	<b><u>CONS/MT</u></b>	<b><u>CONS/MT</u></b>
For all Products (with Unit Details)		
Electricity (Units)	<b>185.58</b>	207.43
Furnace Oil (Litre)	<b>52.01</b>	64.18
Coal (Specify quality)	<b>Not</b>	<b>Not</b>
	<b>Applicable</b>	<b>Applicable</b>
Gas (Cu. M)	—	—

**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:

- On line improvement in Thionyl Chloride Process was carried out in a short time which has resulted in improvement in the quality and quantity of the output of the main product.
- The Company is working on developing new molecules against specific enquiries from potential overseas customers.