



Annual Report
2006-07



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BOARD OF DIRECTORS

A.C. Shroff
Chairman

A.G. Shroff
Managing Director

R.R. Patel (up to 29.03.2007)

D.C. Gami

D.K. Shroff

M.L. Shah

M.D. Patel

A.H. Patel

Directors

Dr. Bernd Dill (w.e.f. 22.06.2007)
Additional Director

S.K. Solanki
Company Secretary

Bankers

State Bank of India
Bank of Baorda
UTI Bank Ltd.

Auditors

S.V. Ghatalia & Associates
Chartered Accountants

Registered Office

6th floor, Marble Arch,
Race Course,
Vadodara - 300 007.

Works

Village Ekalbara, Tal. Padra
Dist. Vadodara



Annual Report
2006-07

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Annual General Meeting on 7th September, 2007 at 3.30 p.m.
at Auditorium Hall, The Institution of Engineers (India)
Vadodara Local Centre, Near Trident Complex, 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.

AREQUEST:

We are sure you have read with interest the accounts of the
year ended 31st March 2007. 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 kindly write to us atleast ten days in advance
in order to enable us to keep the information ready for you at
the meeting. We solicit your kind co-operation.

NOTICE TO THE MEMBERS

NOTICE IS HEREBY GIVEN THAT the FORTY-FIRST ANNUAL GENERAL MEETING of the Members of **TRANSPEK INDUSTRY LIMITED** will be held on Friday, the 7th September, 2007 at 3.30 P.M. at the Auditorium Hall, The Institution of Engineers (India), Vadodara Local Centre, Near Trident Complex, 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, 2007, the Balance Sheet as at that date and the Reports of the Auditors and Directors thereon.
2. To declare a dividend on the equity shares of the Company.
3. To appoint a Director in place of Shri A. 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 a Director in place of Shri D. K. Shroff, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Dr. Bernd Dill be and he is hereby elected and appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT, in supersession of the Special Resolution passed by the members of the Company at their 40th Annual General Meeting held on 24th August, 2006 and in accordance with the approval accorded by the Central Government vide its letter No.12/210/2006 – CL.VII dated 8th February, 2007, notwithstanding the limits laid down in sub-Section (3) of Section 309 and sub-Section (1) of Section 198 of the Companies Act, 1956 and the over all limit of 11% of the net profits as laid down in the Act, the members of the Company do hereby approve the re-appointment of and payment of remuneration to Shri Atul G. Shroff as Managing Director of the Company w.e.f. 01.12.2006 for a period of five (5) years commencing from 01.12.2006 and ending on 30.11.2011, on the terms and conditions as set out in the said approval accorded by the Central Government and incorporated in the draft agreement to be entered into by the Company with Shri Atul G. Shroff and submitted to this meeting, initialed by the Chairman for the purpose of identification."

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

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

Dated: 22nd June, 2007

SHAILESH K. SOLANKI
Dy. General Manager & Company Secretary



NOTICE TO THE MEMBERS

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.

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

2. Members who hold shares in dematerialized form are requested to bring their DP ID and client ID Nos. for easy identification of attendance at the meeting.
3. An Explanatory Statement relating to the Special Business under Items No. 7 and 8 as required under Section 173 (2) of the Companies Act, 1956 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company and the Register of Beneficial Owners maintained by NSDL and CDSL in respect of the Company will remain closed from 30th August, 2007 to 7th September, 2007 (both days inclusive).
5. Members are requested to notify promptly any change in their addresses to their respective Depository Participants in respect of their electronic share accounts quoting client ID No. and to Intime Spectrum Registry Ltd., the Company's Registrars and Share Transfer Agent in respect of their physical shares, quoting their Folio No.
6. Payment of dividend as recommended by the Directors, if declared at the Meeting, will be made on or after 7th September, 2007 to the Members whose names stand on the Company's Register of Members on 7th September, 2007 and to the Beneficiary Holders as per the Beneficiary List provided by the National Securities and Depository Ltd. and Central Depository Services (India) Ltd. at the close of business hours on 7th September, 2007.
7. Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the amounts of dividends remaining unclaimed for a period of seven (7) years are to be transferred to the Investor Education and Protection Fund set up by the Central Government.

Unpaid/unclaimed dividends for the year 1999-2000 are accordingly due for transfer to the Fund on 09.11.2007.

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

Date of Declaration	Dividend for the year	Dividend Rs. per share	Due date of the proposed transfer to the Investor Education & Protection Fund.
15.09.2005	2004-05	2.00	16.10.2012
24.08.2006	2005-06	2.50	24.09.2013

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

8. 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).

NOTICE TO THE MEMBERS

ANNEXURE TO NOTICE:

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

Item no. 7

Pursuant to Article 111 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, the Board of Directors had, at its meeting held on 22nd June, 2007 appointed Dr. Bernd Dill as an Additional Director on the Board of Directors of the Company. The appointment became effective on 22nd June, 2007.

In accordance with the provisions of the said Article and Section 260 of the Companies Act, 1956 Dr. Bernd Dill holds office upto the date of this Annual General Meeting.

The Company has received a notice under Section 257 of the Companies Act, 1956 along with the requisite deposit of Rs.500/- from a member signifying his intention to propose the candidature of Dr. Bernd Dill for election to the office of Director of the Company, liable to retire by rotation.

Dr. Bernd Dill, a German national, has had his school and university education with emphasis on mathematics and natural sciences, Doctoral Thesis Summa Cum laude at Frankfurt University. At present he is holding position as Executive Vice President Technology of LURGI AG in Frankfurt, Germany and is also a Director on the Board of Sasol / Lurgi, South Africa w.e.f. 03.11.2006. He is having solid technical background, extensive experience in managing people from culturally very different environments, identification and recognition of talented and outstanding people, strong business and customer orientation, negotiating skills and experience and initiative, drive and result orientation. He holds membership of several professional organizations, some of which are National Technology and Environment Council of the German Chemical Industry Association, British Chemical Industry Association, American Chemical Society, Optical Society of America etc. He is also a member of the Publishers' Board for Roempp's Chemical encyclopedia.

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

Except Dr. Bernd Dill, none of the Directors of the Company is, in any way concerned or interested in this resolution.

Item no. 8

In pursuance of the recommendations of the Remuneration Committee and the Board of Directors, but subject to the approval of the Central Government the members of the Company had, at their 40th Annual General Meeting held on 24th August, 2006, passed a Special Resolution approving the re-appointment of Shri Atul G. Shroff, as Managing Director of the Company for a further period of five (5) years commencing from 01.12.2006 to 30.09.2011 on the remuneration and other terms and conditions as determined by the Remuneration Committee.

The Company has received the requisite approval from the Central Government vide the then Ministry of Company Affairs letter No.12/210/2006-CL.VII dated 8th February, 2007 approving the re-appointment of Shri A. G. Shroff, as Managing Director of the Company for a period not exceeding five (5) years w.e.f. 01.12.2006 on remuneration payable to him from the date of his appointment, which shall not exceed the following:

Year	Total Remuneration Rs.
1st Year	64,62,000
2nd Year	75,21,000
3rd Year	87,57,000
4th Year	99,91,500
5th Year	1,13,88,000



NOTICE TO THE MEMBERS

ANNEXURE TO NOTICE : Cont'd...

The above remuneration is (a) notwithstanding the limits of 5% and 10% of the net profits as the case may be as laid down in sub-Section (3) of Section 309 of the Companies Act, 1956, and the overall limit of 11% of the net profits as laid down in sub-Section (1) of Section 198 of the Companies Act, 1956 and (b) subject to the approval of the Company in General Meeting and subject further to such reduction as the Company in General Meeting may like to make unless the same has already been approved by the Company in General Meeting.

Modifications, where necessary, have been carried out in the draft Agreement to be entered into by the Company with Shri Atul G. Shroff submitted at the 40th Annual General Meeting.

This explanation may also be treated as an abstract under Section 302 of the Companies Act, 1956.

The Directors recommend the Special Resolution as set out at Item No. 8 of the Notice for the approval of the members.

None of the Directors except Shri A. G. Shroff is, in any way, concerned or interested in this resolution.

The Central Government's letter dated 8th February, 2007 and the draft Agreement referred to in the Resolution will be open for inspection by the members at the Regd. Office of the Company on any working day between 11.00 A. M. and 1.00 P. M.

Regd. Office:

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

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

Dated: 22nd June, 2007

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

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DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the **FORTY-FIRST** Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March 2007.

FINANCIAL RESULTS

	2006 - 2007 Rs. in Lakhs	2005 - 2006 Rs. in Lakhs
Net Sales and other Income	8223.15	7828.24
Profit before Interest, Depreciation, Amortisation, Taxes and Extraordinary Items	1523.50	1544.45
Interest	331.15	308.63
Cash Profit before Extraordinary Items and Taxes	1192.35	1235.82
Less:		
Depreciation	396.14	331.41
Amortisation	89.36	95.26
Profit/(Loss) before Extraordinary Items and Tax	706.85	809.15
Less:		
Extraordinary Items		
- Loss / (Profit) on sale of investment	(130.72)	-
- Provision for Diminution in value of Investment.	94.01	-
Profit/ (Loss) before Tax	743.56	809.15
Provision for Taxation		
Current	161.00	69.00
Deferred Tax (Asset)/ Liability	94.12	208.30
Fringe Benefit Tax	18.50	26.74
Profit/(Loss) after Tax	469.94	505.11
a) Excess /(Short) Previous Year's Tax Provision	-	(0.61)
b) Prior Year's Adjustments	(5.27)	(2.56)
	464.67	501.94
Balance brought forward from Previous year	661.03	358.71
Amount available for appropriation	1125.70	860.65
Appropriations to:		
a) Proposed Dividend	76.10	126.83
b) Tax on Proposed Dividend	12.93	17.79
c) Transfer to General Reserve	50.00	55.00
d) Balance Carried to Balance Sheet	986.67	661.03
Totoal	1125.70	860.65

Note: Previous year's figures have been regrouped / rearranged wherever necessary.



DIRECTORS' REPORT

DIVIDEND

Your Directors have recommended a dividend of 15% i.e. Rs.1.50 per equity share (Previous year 25% i.e. Rs.2.50 per equity share) on the Equity Share Capital of Rs.507.30 lacs for the year ended 31st March 2007.

REVIEW OF OPERATIONS

The net sales of the Company for the year under review increased to Rs.80.31 crores from Rs.77.26 crores in the previous year, registering a nominal growth of 4%. In the first six months the performance of the Company was excellent as compared to the corresponding six months in the previous year which was mainly due to increased exports, major savings in raw-material cost particularly in Chlorine and change in product-mix. The Acid Chloride products have continued to take lead in the beginning of the current year. However, due to substantial fall in the volume and value of sales in the subsequent six months, the top line growth for the year under review was restricted to merely 4% over previous year and profit was marginally lower as compared to previous year.

During the year under review the Company established closer contact with overseas customers, identified and developed new products, increased capacity in certain plants by additions to fixed assets.

Export sales have been receiving focussed attention as a result of which it registered a growth of fifty four per cent (54%) from Rs.17.50 crores to Rs.26.87 crores constituting 33% of the total sales turnover of the Company.

Stiff competition both in the domestic and export markets, addition of newer customers to its customer base, efforts to introduce newer molecules, strengthening of export packaging including addition to the fleet of ISO tanks have been the highlights of the year under review.

NEW PROJECTS / EXPANSIONS / IMPROVEMENTS

During the year under review, the installed capacity of Thionyl Chloride plant increased to 23% per annum. Continuous process improvements resulted in reduction in costs and in effluent and by-products generation. De-bottle-necking of the SO₃ plant resulted in an increase in its capacity to 12% per annum. Certain by-products causing disposal problems were used for producing new marketable products in pilot plant which will be commercialized in the near future.

By strengthening R&D activities, three new products were added to the product slate of the Company during the year.

OUTLOOK

The Company is gearing up for higher production to match its market expansion activities in the current year.

QUALITY MANAGEMENT SYSTEM CERTIFICATION

Quality of our products has been accepted by more and more customers in domestic as well as in international markets.

Recertification audit of our QMS was carried out on 1st & 2nd June - 2006 by M/s TUV and certification was renewed for further 3 years.

There has been continuous up-gradation of product specifications. In our product categories, we have benchmarked with the best in the world. Our internal specifications are uniformly more stringent than those given by customers.

ENVIRONMENT

The Environment Management System was upgraded as per the revised version of ISO 14001 : 2004 and was maintained throughout the year.

Your Company has contributed to the conservation of natural resources by rain water harvesting, process water recycling and by addition of bio-filter methods for using toilet and canteen waste.

Seven thousand trees have been planted during the year and a garden has been developed all along the boundary wall of the factory premises. An in-house nursery has also been developed.

DIRECTORS' REPORT

HEALTH AND SAFETY

The Company has well-equipped Health Centre with a full time Doctor. Medical check-up of all the employees is regularly conducted. During the year, camps were organized for eye check-up for the employees and for general check-up of residents of nearby villages.

The Company has initiated activities of Occupational Health & Safety Assessment Series and will be going for certification next year.

DIRECTORS

During the year, Shri R. R. Patel, Director of the Company requested to be relieved of his Directorship due to his advancing age and ill health. The request was reluctantly accepted by the Board at its meeting held on 29th March, 2007 and had placed on record its deep sense of appreciation of the valuable contributions made by Shri R. R. Patel during his long association with the Company spanning over 27 years and had conveyed good wishes for his long life and good health.

Further, the Board of Directors of the Company at its meeting held on 22nd June, 2007 has appointed Dr. Bernd Dill as an additional Director. He holds office as Director up to the date of the ensuing Annual General Meeting. A notice in writing has been received from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose Dr. Bernd Dill as a candidate for the office of Director of the Company. The Directors commend his appointment as a rotational Director.

Shri A. C. Shroff, Shri D. C. Gami and Shri Dipesh K. Shroff, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Directors commend their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of the accounts for the financial year ended 31st March 2007 the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) they had selected such accounting policies and applied them consistently and made judgments 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 profit of the Company for the year under review;
- c) they 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) they have prepared the annual accounts on a going concern basis.

HUMAN RESOURCE AND TALENT DEVELOPMENT PROGRAMME

The Company has a formal system of assessing the training needs of employees at all levels. Employee development is one of the core value systems of Company and receives the highest priority. As a part of the process for creating a learning organization, we are developing entrepreneurial skills in employees.

The 'no-barrier', easy to approach executive management style makes the internal operations transparent, which in turn leads to motivation of individuals.

The Company's HR policy is guided by participatory work environment, sense of ownership, concern for safety, commitment to community activities and development of multiple skills with required flexibility.

"Small Improvements" have become a way of life across the Company with enthusiastic participation from all. Problems are sorted out not only on the drawing board but in the Gemba (work-place) by involving everybody.

Three batches of workers have already undergone supervisory development programme. Senior Managers are undergoing holistic training through "Vipassana".

Second line of leadership is under development and is showing results. Heads of Department meet to discuss, plan and execute monthly and quarterly business plans. Empowerment of second line is enabling the top