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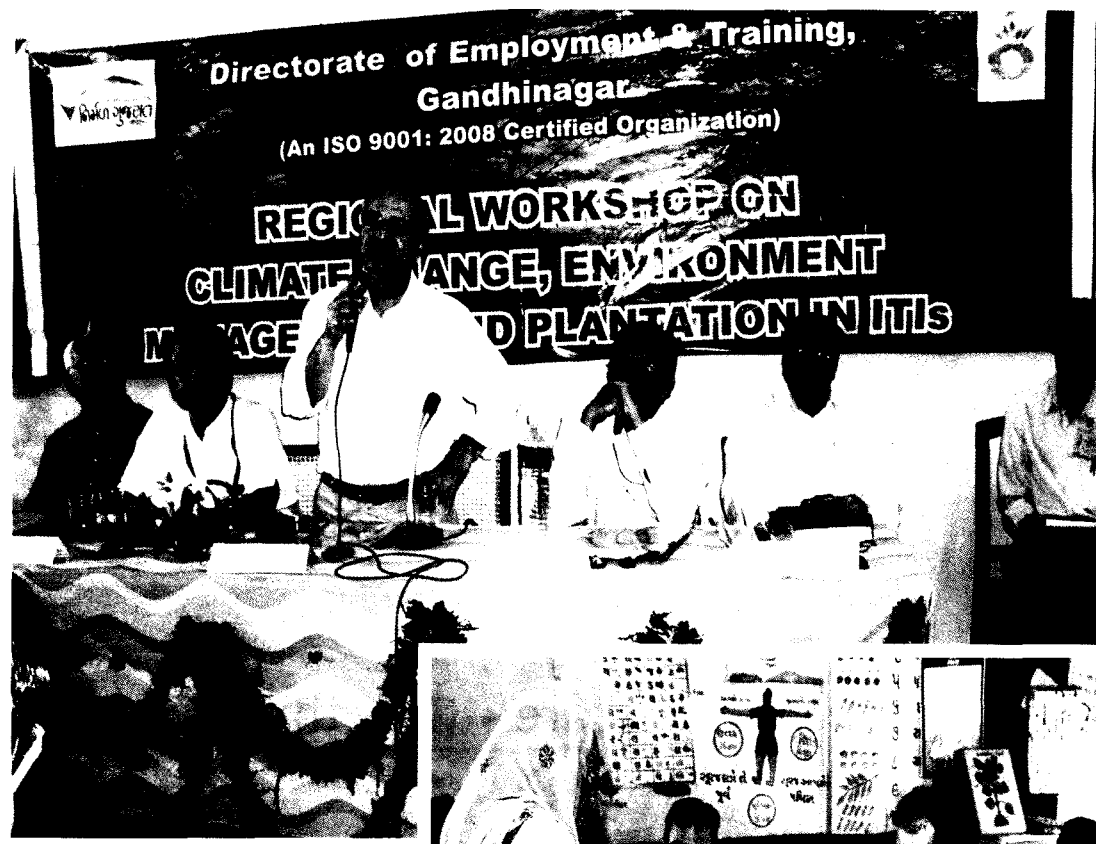


45<sup>th</sup> annual report  
2010-11

Transpek Industry Limited



ITI, Padra - Environment Awareness



Medical Camp at Ekalbara

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Annual General Meeting on **Thursday, the 25<sup>th</sup> day of August, 2011** at **3:30 p.m.** at Hotel Express Tower, "Oaks Room", 8<sup>th</sup> Floor, R.C. Dutt Road, Alkapuri, 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 of the year ended 31<sup>st</sup> March 2011. 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.

## Board of Directors

**A.C. Shroff**  
Chairman

**A.G. Shroff**  
Managing Director

**Bimal V. Mehta** (w.e.f. 09.04.2010)  
Executive Director

**D.K. Shroff**  
**M.D. Patel**  
**A.H. Patel**  
**Dr. Bernd Dill**  
**Ravi A. Shroff**  
**Ninand D. Gupte**  
**Nimish U. Patel**

**S. K. Solanki**  
Company Secretary

**Bankers**  
State Bank of India  
Bank of Baroda  
Axis Bank Ltd.  
IDBI Bank Ltd.

**Auditors**  
Contractor, Nayak & Kishnadwala  
Chartered Accountants

**Registered Office**  
6<sup>th</sup> floor, Marble Arch,  
Race Course,  
Vadodara - 390 007.

**Works**  
Village Ekalbara, Tal. Padra,  
Dist. Vadodara - 391 440.

## NOTICE TO THE MEMBERS

NOTICE IS HEREBY GIVEN THAT the FORTY FIFTH ANNUAL GENERAL MEETING of the Members of TRANSPEK INDUSTRY LIMITED will be held on Thursday, the 25th August, 2011 at 3:30 P.M. at Hotel Express Towers, "Oaks Room", 8th Floor, R. C. Dutt Road, Alkapuri, 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, 2011, 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 A. H. Patel, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri M. D. Patel, 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 a Special Resolution:

"RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 ("the Act") (including any statutory modification(s) or re-enactment thereof for the time being in force) and notwithstanding the limits and conditions specified in sub-Section (3) of Section 309 and Schedule XIII to the Act but subject to the prior approval of the Central Government, and subject to such conditions as the Central Government may impose while granting such approval, 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 1.12.2011 for a period of five (5) years commencing from 1.12.2011 and ending on 30.11.2016, on the terms and conditions as set out in the draft agreement to be entered into by the Company with Shri Atul G. Shroff and submitted to this meeting and initialled by the Chairman for the purpose of identification with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said Agreement in such manner as may be agreed to between the Board and Shri Atul G. Shroff, provided such alterations/variations are in accordance with the approval accorded by the members of the Company and by the Central Government."

"FURTHER RESOLVED THAT, subject to the approval of the Central Government and notwithstanding the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956, if in any financial year during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, Shri Atul G. Shroff, shall be entitled to receive and be paid the same remuneration in that year as set out in the aforesaid agreement."

"FURTHER RESOLVED THAT the Board be and is hereby authorised to do all such acts, deeds and things including acceptance of such conditions as the Central Government may impose while granting its approval as aforesaid and to execute all such documents, instruments and writings as may be required to give effect to this resolution."

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

"RESOLVED THAT, with reference to the Special Resolution passed by the members of the Company at their 44th Annual General Meeting held on 13th August, 2010 and pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the resolutions passed by both the Remuneration Committee and the Board of Directors of the Company, at their respective meetings held on 27th May, 2011 and subject to any other approvals, if necessary, consent and approval of the Company be and is hereby accorded to the Board of Directors of the Company for payment of additional amount of perquisite under the head "Other Miscellaneous Perquisite" amounting to Rs. 2,64,000/- p.a. to Shri Bimal V. Mehta, as Whole-time Director (designated as Executive Director) of the Company with effect from 9th April, 2011, as per the revised terms and conditions of remuneration as set out in the draft Deed of

## NOTICE TO THE MEMBERS

Variation, to be executed between the Company and Shri Bimal V. Mehta, placed before this meeting and duly initialled by the Chairman for the purpose of identification, which is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions in such manner as may be agreed to between the Board and Shri Bimal V. Mehta, but so as not to exceed the limits specified in Schedule XIII to the Act."

"RESOLVED FURTHER THAT Shri A. C. Shroff, Chairman and Shri A. G. Shroff, Managing Director of the Company be and are hereby severally authorized to make, do, perform and execute all acts, deeds, matters and things as may be necessary, proper or expedient to give effect to this Resolution including all matters connected herewith or incidental hereto."

**Regd. Office:**

6<sup>th</sup> Floor, Marble Arch,  
Race Course,  
Vadodara 390 007.  
Dated: 27<sup>th</sup> May, 2011

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

**SHAILESH K. SOLANKI**  
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 be deposited at the Regd. Office of the Company not less than 48 hours before the commencement of the meeting.

2. An Explanatory Statement relating to items no. 7 & 8 as required under Section 173(2) of the Companies Act, 1956, is annexed hereto.
3. 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.
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 18th August, 2011 to 25th August, 2011 (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 Link Intime India Pvt. Ltd., the Company's Registrars and Share Transfer Agents, 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 25th August, 2011 to the Members whose names stand on the Company's Register of Members on 25th August, 2011 and to the Beneficiary (Owner/s) as per the Beneficiary List at the close of business hours on Thursday, the 25th August, 2011 provided by the National Securities and Depository Ltd. and Central Depository Services (India) Ltd.

Payment of dividend will be made through National Electronic Clearing Service (ECS) at the RBI Centres by crediting the dividend amount to the bank account of the shareholders wherever relevant information is made available to the Company. Members holding shares in physical form and covered under the RBI Centres, who have not furnished the requisite information and who wish to avail of ECS facility to receive dividend from the Company, may furnish the information to Link Intime India Pvt. Limited, the Company's Registrars and Share Transfer Agents. Members holding shares in electronic form may furnish the information to their Depository Participants in order to receive dividend through the ECS mechanism.

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.

## NOTICE TO THE MEMBERS

### NOTES: Cont'd...

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
07.09.2007	2006-07	1.50	08.10.2014
22.08.2008	2007-08	1.50	23.09.2015
07.09.2009	2008-09	2.50	08.09.2016
13.08.2010	2009-10	2.50	06.09.2017

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.

## ANNEXURE TO NOTICE

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

#### ITEM NO. 7

The present term of office of Shri Atul G. Shroff as Managing Director of the Company will be expiring on 30th November, 2011.

Subject to the approval of the members and that of the Government of India, the Board of Directors of the Company, in pursuance of the recommendations of the Remuneration Committee of the Board, at their meeting held on 9th April, 2011, have approved the re-appointment of Shri Atul G. Shroff, as Managing Director of the Company for a further period of five (5) years commencing from 1.12.2011 to 30.11.2016 on the remuneration and other terms and conditions as determined by the Remuneration Committee and as specified in the draft Agreement placed before this meeting.

The Remuneration Committee has recommended the remuneration as set out hereunder.

As required under the aforesaid provisions of Schedule XIII to the Companies Act, 1956, the following information is furnished:

#### 1. General Information:

i)	Nature of Industry :	Manufacture of Industrial Chemicals
ii)	Date of commencement of commercial production	: January, 1966
iii)	Financial performance based on given indicators	: The financial year 2010-11 of the Company ended with cash profit before Extraordinary Items and taxes of Rs. 2391.32 lacs as against cash profit of Rs. 1296.48 lacs in the previous financial year. Further, during that year, after recognizing depreciation and amortization expenses amounting to Rs. 681.42 lacs, forex losses of Rs. 267.67 lacs, provision for tax Liabilities amounting to Rs. 286.26 lacs (total current tax liabilities Rs. 331.26 lacs less the MAT credit amounting to Rs. 45 lacs), deferred tax liability amounting to Rs. 146.43 lacs and after accounting for (excess)/short provision for taxation for previous years amounting to Rs. (1.83) lacs, the Company registered Profit After Tax amounting to Rs. 1278.27 lacs as compared to Rs. 454.60 lacs in the previous year.
iv)	Export performance and net foreign exchange collaborations	: The Company's performance during the year 2010-11 in the area of export sales has improved to a great extent and there has been a jump of 64% in the exports, while domestic sales also registered a growth of 57% as compared to the previous year.
v)	Foreign investments or collaborators, if any	: There have been no foreign investments or collaborations.

## ANNEXURE TO NOTICE

### 2. Information about the appointee:

Sr. No.	Particulars	Shri Atul G. Shroff
1.	Background details	<p>Shri Atul G. Shroff, who has been the Managing Director of the Company since 1981, has grown through the ranks of the Company, since its inception in 1965. A people's man, he is known to be found moving on the shop-floor, and having a direct rapport with most of its workforce which constitutes the Transpek family. His vision envisages the setting up of a global network. His keen sense of understanding the chemical processes has resulted in the development of several innovative and appropriate improvements in our various plants.</p> <p>He is committed to develop Transpek into a world class company, where each employee is a proud partner. He strives to harness the most innovative and appropriate technologies for manufacturing chemicals having complex chemistry with due concern to the environment and safety of all employees and the neighbourhoods.</p> <p>During his tenure the Company has made all round progress emerging as a forward – looking organization with zeal to become a world-class organization. After hiving off the Sulphoxylates Business to a Joint Venture Company, Transpek-Silox Industry Ltd., he has steered the Company out of the difficulties into a self-sustaining organization of international standard by providing entrepreneurial inputs and adding products that have new applications and by arranging backward and forward integration synergy – thus improving in-house generation of important raw-materials and increasing in-house consumption of existing products.</p> <p>Shri Atul Shroff also provides his expertise and services to various public and private limited companies as a Director / Chairman on their Boards.</p>
2.	Past remuneration	Rs. 34.00 lacs p.a. as salary and equivalent amount of perquisites and contribution to Provident Fund and other funds (Rs. 10.81 lacs p.a.) and performance incentive at the rate of 1.5% of PBT (Rs. 25.60 lacs) aggregating to Rs. 104.41 lacs p.a.
3.	Recognition or awards	<p>Under the stewardship of Shri A. G. Shroff the Company obtained the following recognitions /awards.</p> <ul style="list-style-type: none"> <li>• In 1990, the Company won a turn-key project in Iran against stiff competition from several international players under which it installed and commissioned a chemical plant valued at US Dollars 12.5 million.</li> <li>• In 1992, Financial Express declared the Company as the "Best Organic Chemical Industry" for two consecutive years.</li> <li>• Indian Chemical Manufacturers' Association gave an award to the Company for "Innovative and Purposeful Programmes for Solid Progress."</li> </ul> <p><u>Quality Management System :</u></p> <ul style="list-style-type: none"> <li>• The Company was awarded QMS ISO 9002:1994 certification by RW TUV, Germany in 1997.</li> <li>• QMS ISO 9002:1994 was recertified by RW TUV Germany in 2000.</li> <li>• In 2003 the Company was re-certified for QMS ISO 9001:2000, expanding the scope of Company for manufacture &amp; sales of its products.</li> </ul>

## ANNEXURE TO NOTICE

Sr. No.	Particulars	Shri Atul G. Shroff
	<ul style="list-style-type: none"> <li>The Company was re-certified for QMS ISO 9001:2000 in 2006 by RW TUV, Germany.</li> </ul>	
	<p><u>Environmental Management System:</u></p> <ul style="list-style-type: none"> <li>Company's Environmental Management System was awarded ISO 14001:1996 in 2000.</li> <li>In 2003, re-certification was awarded by RW TUV, Germany for ISO 14001:1996.</li> <li>In 2005-2006, re-certification for EMS ISO 14001:2004 was awarded by RW TUV Germany.</li> </ul>	
	<p><u>Occupational Health &amp; Safety Assessment Series System:</u></p> <ul style="list-style-type: none"> <li>TIL was certified for BS OHSAS 18001:1999 standard by RW TUV, Germany in year 2007.</li> </ul>	
	<p><u>Integration of QMS, EMS &amp; OHSAS System:</u></p> <ul style="list-style-type: none"> <li>Integrated Management Systems of QMS ISO 9001:2000, EMS ISO 14001:2004 &amp; BS OHSAS 18001:1999 were re-certified by RW TUV, Germany in 2009.</li> <li>Surveillance audit of Company's Integrated Management Systems for QMS ISO 9001:2008, EMS ISO 14001:2004 &amp; BS OHSAS 18001:2007 was successfully completed by TUV Nord, Germany in year 2010.</li> <li>In 2011, the Integrated Management Systems of QMS ISO 9001:2008, EMS ISO 14001:2004 &amp; BS OHSAS 18001:2007 were successfully completed by TUV Nord, Germany.</li> </ul>	
	<p><u>Research &amp; Development:</u></p> <ul style="list-style-type: none"> <li>In 2002-03, the Company's R&amp;D Department was recognized by the Department of Scientific and Industrial Research (DSIR), Govt. of India.</li> <li>In 2005-06 the Company was awarded the status of One Star Export House.</li> <li>Under his stewardship certain process improvements were made for manufacturing Thionyl Chloride ("TC"). These, together with de-bottlenecking of certain equipments enabled the Company to increase the installed capacity of TC by about 18%.</li> <li>During his term the Company could reduce waste product generation by introducing certain modifications at source which have in turn reduced effluent generation.</li> <li>During his term, the Company's R &amp; D Department has developed various acid chlorides and also increased the existing plant capacity. New plants were installed to cope up with the demand of export business.</li> <li>By undertaking various energy conservation activities considerable savings have been effected during the last 3 years.</li> <li>During his tenure commercial manufacture of 4 new products could be established.</li> <li>Continuous efforts are being made towards protecting the environment and conserving natural resources. Shri Atul Shroff's emphasis has remained towards reducing pollution at source by recovery of valuable products from the waste streams, implementing novel methods in process change, thereby reducing waste generation and improving product efficiencies.</li> </ul>	



## ANNEXURE TO NOTICE

Sr. No.	Particulars	Shri Atul G. Shroff
		<ul style="list-style-type: none"> <li>In the area of conservation of natural resources, he has meticulously implemented the concept of rain water harvesting in our company as well as extended to other areas of society which has benefited at large in improving ground water table.</li> <li>His concept and ideas have helped us in developing unique method for treatment of domestic waste water and reusing it for reducing fresh water consumption.</li> <li>Under his stewardship, the Company took a big leap in enhancing the skill of communities in the neighbourhood of its plant site at Ekalbara; also it became the Industry partner for managing ITI, Padra under the Public Private Partnership (PPP) scheme of Government of India and made suggestions for improving infrastructure facilities, providing training to students, helping them gain exposure to contemporary industry practices, creating opportunities for employment in surrounding industries and also opened Extension Centre of ITI Padra at Ekalbara village to bring vocational training to the door step of villagers in its true sense.</li> <li>Under his leadership, self - employment opportunities were provided for the women of the surrounding villages. They have already started receiving commercial orders for their products, thus helping them to become financially independent and migrate to above poverty line.</li> </ul> <p>The Company has organized several medical camps in surrounding villages and has also contributed extensively in providing infrastructure to schools.</p>
4.	Job profile and his suitability	Responsible for overall management of the Company under the supervision of the Board of Directors. Considering his background and experience, believed to be suitable to perform his duties.
5.	Remuneration proposed	Given herein below
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The proposed remuneration compares favourably with that being offered to similarly experienced persons from industry and the professions with an entrepreneurial background. The remuneration being proposed is considered to be appropriate, having regard to factors such as past experience, position held, present contribution to the Company, age and merits of the appointee.
7.	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	The appointee has the pecuniary relationship to the extent of the amount of remuneration being proposed to be paid to him.
3.	<b>Other information:</b>	
1.	Reasons of loss or inadequate profits:	
	<p>There has been no loss during the last three years. The Company has earned significant profit during the last three years. The profit in the year 2007-08 was Rs. 114.83 lacs; in 2008-09: Rs. 789.93 lacs; in 2009-10 : Rs. 454.60 lacs and in 2010-11 : Rs. 1278.27 lacs.</p> <p>Approval of the members of the Company and the Central Government is being sought in the event the amount of remuneration proposed to be paid to Shri A. G. Shroff on his re-appointment for five years exceeds the limits specified in sub-paragraph (C) of paragraph 1 of section II of Part II of Schedule XIII to the Companies Act, 1956. Loss or inadequacy of profits in the coming years is, however, not anticipated.</p>	
2.	Steps taken or proposed to be taken for improvement: N.A.	

## ANNEXURE TO NOTICE

3. Expected increase in productivity and profits in measurable terms:

In view of the efforts put in sales and other income in 2010-2011 represents an increase of about 60 % over the previous year and we expect good amount of increase in turn over at domestic and international level in the year 2011-2012 and also simultaneously increase in the profitability of the Company.

4. **Disclosures:**

The main terms and conditions of the Agreement to be entered into for the re-appointment of Shri Atul G. Shroff, Managing Director of the Company are as follows:

(a) Tenure: Period of Agreement will be five years effective from 01.12.2011 to 30.11.2016.

(b) Salary: In the range of Rs.3,75,000 - Rs.5,25,000.

However, the Board will grant annual increments commencing from 01.12.2012, and re-fix the salary within the aforesaid range by granting one increment of Rs.25,000/- or more in multiple thereof, having regard to merit and the Company's performance.

5. **Perquisites:**

i. In addition to the salary referred to in para 4(b) above, Shri Atul G. Shroff, Managing Director shall be also entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance etc. in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and Shri Atul G. Shroff. Such perquisites will be an amount equal to the annual salary provided that the aggregate value of salary and perquisites shall not exceed Rs.1,26,00,000/- per annum.

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

Provision for use of one car of the Company to be fully maintained by the Company for official duties and mobile telephone and landline at residence (including payment for local calls and long distance official calls) shall not be included in the computation of value of perquisites for the purpose of calculating the total remuneration.

iii. Company's contribution to provident fund and superannuation or annuity fund, gratuity payable as per rules of the Company and encashment of leave at the end of his tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

6. **Performance Incentive:**

In addition to the salary and perquisites as referred to above, Shri A. G. Shroff shall also be entitled to an annual incentive payment which shall be calculated at the rate of 1.5 % (one and half percent) of the Profit Before Tax of the Company in the relevant financial year appearing in the audited accounts of the Company and paid to him after the adoption of the annual accounts at the Annual General Meeting of the Company.

Where Shri A. G. Shroff has been the Managing Director of the Company only for a part of any financial year, the aforesaid incentive payable to him shall be appropriately pro-rated.

7. **Minimum Remuneration:**

Even in the event of the Company having no profits or inadequate profits in any financial year, the remuneration payable to the Managing Director shall remain unchanged.

8. **Other Benefits:**

i. Leave: On full pay and allowance, as per the Rules of the Company but not exceeding one month's leave for every 11 months of service. Leave accumulated and not availed of during his tenure as Managing Director may be allowed to be encashed at the end of his tenure as per Rules of the Company.

ii. Shri A. G. Shroff will be entitled to reimbursement of entertainment expenses actually and properly incurred by him in the course of legitimate business of the Company.