

2011-12

46th annual report





*Learning and earning for tribal youth at
BPO unit at Chhotaudepur*



*Vocational training for tribal youth
at Chhotaudepur*

Contents

Notice to The Members	02
Directors' Report	04
Report on Corporate Governance	14
Ten-Years Highlights	27
Auditors' Report	28
Balance Sheet	32
Profit & Loss Account	34
Cash Flow Statement	35
Notes Forming Part of the Financial Statements - '1' to '27'	37
Additional Information to the Financial Statements - '28' to '31'	54
Auditors' Report on Consolidated Financial Statements	67
Consolidated Balance Sheet	68
Consolidated Profit & Loss Accounts	69
Consolidated Cash Flow Statement	70
Notes Forming Part of the Consolidated Financial Statements - '1' to '27'	72
Additional Information to the Consolidated Financial Statements - '28' to '31'	92
Financial Information of Subsidiary Companies	101
Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies	102

Annual General Meeting on **Thursday, the 9th day of August, 2012 at 3:30 p.m.** at Hotel Express Tower, "Oaks Room", 8th 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 31st March, 2012. 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

Executive Director

D.K. Shroff

M.D. Patel

A.H. Patel

Dr. Bernd Dill

Ravi A. Shroff

Ninad 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

6th floor, Marble Arch,

Race Course,

Vadodara - 390 007.

Works

Village Ekalbara, Tal. Padra,

Dist. Vadodara - 391 440.

Company's R & T Agent

Link Intime India Pvt. Ltd.

B-102 & 103, Shangrila Complex,

First Floor, Nr. Radhakrishna Char

Rasta, Akota, Vadodara - 390020.

NOTICE TO THE MEMBERS

NOTICE IS HEREBY GIVEN THAT the **FORTY SIXTH ANNUAL GENERAL MEETING** of the Members of **TRANSPEK INDUSTRY LIMITED** will be held on 9th August, 2012 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 Statement of Profit and Loss of the Company for the year ended 31st March, 2012, 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 Dipesh K. Shroff, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Ravi A. Shroff, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Nimish U. Patel, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

Regd. Office:
6th Floor, Marble Arch,
Race Course,
Vadodara – 390007
Dated: 28th May, 2012

**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. 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. 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 31st July, 2012 to 9th August, 2012 (both days inclusive).
4. 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.
5. 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

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
25.08.2011	2010-11	4.00	26.09.2018

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.

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the Forty Sixth Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2012.

FINANCIAL RESULTS

	2011 - 2012 Rs. in Lakhs	2010-2011 Rs. in Lakhs
Net Sales including Trading and Operating Income	15,626.80	18,441.53
Other Income	444.91	140.94
Profit/(Loss) before Interest, Depreciation, Amortization, Taxes and Extraordinary Items	458.11	3,135.62
Interest	1,009.47	744.30
Cash Profit/(Loss) before Extraordinary Items and Taxes	(551.36)	2,391.32
Less:		
Depreciation	677.83	639.92
Amortization	19.12	41.50
Profit/(Loss) before Extraordinary Items and Tax	(1,248.31)	1,709.90
Less:		
Extraordinary Items		
- Assets written off (Net)	-	-
Profit / (Loss) before Tax	(1,248.31)	1,709.90
Provision for Taxation		
Current:		
(i) Current Tax	1.38	331.26
(ii) MAT	-	(45.00)
(iii) Deferred Tax (Asset) / Liability	(217.84)	146.43
Profit/(Loss) after Tax	(1,031.85)	1,277.21

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

DIVIDEND

Having regard to the financial position emerging out of the audited accounts and in the absence of any scope for declaring any dividend out of reserves, the Directors regret their inability to recommend payment of any dividend.

REVIEW OF OPERATIONS

The net sale of the Company for the year under review is Rs. 153.55 crores as compared to Rs.182.30 crores in the previous year, a fall of about 16%. During the financial year 2011-12, the Company incurred net loss of Rs.10.32 Crores as against profit after tax of Rs.12.78 Crores in the previous year.

During the year under review, exports registered Rs. 82.99 Crores (Previous year: Rs. 104.34 crores) a fall of 20%, and domestic sale registered Rs.70.56 Crores (Previous Year: Rs.77.95 Crores) a fall of 10% in comparison to previous year.

DIRECTORS' REPORT

The reasons for loss of turnover and profitability are:

- On the export front, reduction in demand due to negative economic conditions in Europe resulted in substantial reduction in turnover and profitability.
- Temporary ban imposed on production, use and sale of Endosulfan in India adversely affected domestic sale of Thionyl Chloride.
- There has also been reduced demand from Agrochemicals and Dyes sectors in addition to increased production capacities in India.

However, the Company has recovered partly the lost volumes. This positive development was due to consistent efforts to broad base the regional spread and customers.

SUBSIDIARY COMPANIES

(i) Transpek Industry (Europe) Ltd.

During the year under review, the wholly owned subsidiary of the Company - Transpek Industry (Europe) Ltd. has facilitated registration of three (3) products of Excel Industries Ltd. under REACH.

(ii) Sam Fine O Chem Ltd.

As reported earlier, the Company holds 50% of the paid up equity share capital of Sam Fine O Chem Limited (Changed name effective 19.11.2011).

However, that company's net-worth having been eroded, the promoters are considering ways and means to improve it.

Pursuant to a resolution passed by the Board of Directors of the Company in terms of the General Circular dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, the audited financial statements and the Reports of the Boards of Directors and the Auditors of the Company's subsidiaries are not attached to this Annual Report. These documents shall be made available to the members of the Company seeking such documents. The same are available for inspection by members at the Registered Office of the Company and that of the respective subsidiaries and on the Company's website www.transpek.com.

OUTLOOK

We expect improving business conditions in the domestic as well as international market.

Having introduced more products in different segments and regions, we expect good growth in the coming period. Due to efforts being put in extending/expanding regional spread, your Company has been able to balance the business volumes in different regions.

Your Company has built a strong reputation as an environmentally conscious organisation. This provides reliability and sustainability for the customers and hence we see more customers interested to discuss long-term supply arrangements with the Company.

QUALITY, ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT SYSTEMS

Re-certification audit of our existing Integrated Management System of QMS ISO 9001:2008, EMS ISO 14001:2004 and BS OHSAS 18001:2007 was successfully completed in February, 2012. The Company's existing Integrated Management System is in compliance with the requirements of QMS ISO 9001:2008, EMS ISO 14001:2004 and BS OHSAS 18001:2007 Standards.

HEALTH CARE AND WELFARE OF EMPLOYEES

Employees Welfare Schemes like subsidized canteen food, medical facilities, merit awards for the employees' children and Group Insurance continued to be maintained by the Company. Sports and cultural activities were also given priority during the year.

RISK MANAGEMENT

All functional heads periodically review risks facing their areas of responsibility and implement an effective system of internal controls to manage them.

DIRECTORS' REPORT

The Managing Director and the Executive Director give overall directions in controlling / mitigating risks generally.

DIRECTORS

Shri Dipesh K. Shroff, Shri Ravi A. Shroff and Shri Nimish U. Patel, 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, 2012 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 loss 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.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has undertaken or supported several social responsibility initiatives.

One of the NGOs supported by the Company is the Shroffs Foundation Trust (SFT) which has been working essentially in rural and tribal areas in Gujarat in the fields of health, education, agriculture, animal husbandry, watershed management and in skill development for self-help. SFT works mainly with the Government of Gujarat on several projects. SFT has put in place effective governance systems to ensure transparency and accountability. The work done by SFT has recently been recognized by the Times of India Group by bestowing on it the honour of Social Impact Awards – Livelihoods category. SFT strives to create self-help groups aimed at curbing unemployment in tribal youth.

The initiatives taken by the Company for managing the Industrial Training Institute (ITI) at Padra, District Vadodara and the development of ITI, Dashrath in Vadodara District as a centre of excellence in chemical trade under the Public Private Partnership scheme of the Government, as mentioned in our last Report, are continuing.

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS

The report on Management Discussion and Analysis forming part of this Annual Report deals with the Operations, Business Performance, etc.

FIXED DEPOSITS

During the year under review, your Company accepted deposits from Public/Shareholders/ Employees/ Senior Citizens and has complied with the provisions of section 58A of the Companies Act, 1956 and the Rules framed thereunder. There were 117 deposits aggregating to Rs.26 lacs which were due for repayment and remained unclaimed as on 31st March, 2012 of which 35 deposits amounting to Rs. 16.14 lacs have since been repaid or renewed.

AUDITORS

M/s. Contractor, Nayak & Kishnadwala, Chartered Accountants, Vadodara, who have given a letter to the Company certifying that their proposed appointment as Auditors would be in accordance with the limits specified in Section 224

DIRECTORS' REPORT

(1B) of the Companies Act, 1956, are proposed to be re-appointed as the Auditors of the Company.

AUDITORS' REPORT

With regard to the Auditors' qualificatory remarks at item (f) of their report, as mentioned in note no. 30 (d) notes forming part of the financial statements to the accounts, the Board is of the opinion that in view of the significant uncertainties associated with the said contract, whose ultimate outcome depends on future events, the exchange gain or loss, if any, on the strike date would be accounted for in the profit and loss account as and when it crystallizes.

TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In terms of the provisions of Section 217(1)(e) read with 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 this Report.

COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Information required pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is given in Annexure "B" forming part of this Report.

ACKNOWLEDGEMENTS

Your Directors wish to acknowledge the co-operation and assistance extended to the Company by the Company's Bankers and State Government agencies. 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 shareholders, other investors, customers and suppliers for the faith reposed in the Company and its management.

BY ORDER OF THE BOARD

PLACE : Vadodara
DATED : 28th May, 2012

A. C. SHROFF
CHAIRMAN

DIRECTORS' REPORT

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 31.03.2012.

I. ENERGY CONSERVATION

Conservation activities carried out during the year.

Several activities were carried out during the year to achieve energy conservation and consequent savings as listed below:

1. Changeover of oil heating system which resulted in reduction of fuel oil consumption and maintenance. Installation of new cooling tower with higher capacity along with fan controllers which resulted in power saving.
2. Water saving by recovery of condensate water to boiler house as well as recycling of waste water in scrubbers.
3. Installation of different types of LED lamps in various plants and offices.
4. Replacement of regular pumps by energy efficient pumps/motors and replacement of high power consumption old motors by new energy efficient ones with low power consumption.
5. Facilitate common brine system for all the old plants to run the brine system based on process/plant load.

The investment in various energy conservation activities was Rs. 16.60 Lacs and the estimated annual saving works out to Rs. 21.41 Lacs.

FORM 'A'

	Current year (2011-2012) 12 months	Previous year (2010-2011) 12 months
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a. Purchased Units	10310241	12861120
Total Amount (Rs. In lakhs)	670.88	770.58
Rate/Unit	6.51	5.99
b. Own Generation		
I. Through Diesel Generator (Units)	33626	36827
Units generated per liter of diesel oil	2.67	1.89
Total Cost/Unit	19.30	17.17
II. Through steam turbine / generator (Units)	Not	Not
Units per liters of fuel oil / gas / cost / unit	Applicable	Applicable
2. Coal		
Quantity (Tonnes)		
Total Cost / Average Rate	Not	Not
	Applicable	Applicable
3. Furnace oil		
Quantity (liters)	1004359	2021601
Total Amount (Rs. in lakhs)	395.62	548.26
Average Rate/Ltr. (Rs.)	39.39	27.12
4. Others		
Gas Quantity (Cu.M)	-	-
Total Amount (Rs. In lakhs)	-	-
Average Rate/Cu. M.	-	-