

47th
ANNUAL REPORT
2012-13





Shri Bhagwanbhai Padhiyar, Principal
– Primary School of Nana Ekalbara Village,
being felicitated at the conclusion of
Kalrav Programme 2013 by
Shri Atul G. Shroff,
Managing Director of the Company.

Plantation of sapling by children
of surrounding villages
at a Kalrav Programme.



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Annual General Meeting on **Thursday, the 8th day of August, 2013** 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, 2013. 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. Gupta

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 SEVENTH ANNUAL GENERAL MEETING of the Members of TRANSPEK INDUSTRY LIMITED will be held on 8th August, 2013 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, 2013, 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 Dr. Bernd Dill, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Ninad D. Gupte, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Ashwin C. 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 a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 309(4) and all other applicable provisions, if any, of the Companies Act, 1956 as may be re-enacted or modified from time to time ("the Act") and subject to such approvals as may be required, so long as the Company has a Managing Director or a Whole-time Director(s) or Manager, such sum by way of commission not exceeding in the aggregate of 1% (one percent) of the net profits of the Company computed in the manner laid down in Section 198 of the Act for each of the five financial years of the Company commencing from the 1st April, 2014 and ending on 31st March, 2019 be paid to and distributed as commission amongst the non-executive Directors of the Company or some or any of them (i.e. Directors excluding the Managing Director and Whole-time Director) in such amounts or proportions and in such manner, as may be decided and directed from time to time by the Chairman of the Board of Directors of the Company."

"PROVIDED THAT if at any time during the aforesaid period of five years commencing from 1st April, 2014, the Company does not have a Managing Director or a Whole-time Director or a Manager, such sum by way of commission not exceeding in the aggregate 3% of the net profits of the Company, computed in the manner laid down in the said Section 198 be paid to and distributed amongst the non-executive Directors of the company for each of the financial years or part thereof comprised in the then residual unexpired portion of the aforesaid period of five financial years in such proportion and manner as the Board of Directors may from time to time decide."

Regd. Office:

6th Floor, Marble Arch,
Race Course,
Vadodara – 390007

Dated: 30th May, 2013

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

**SHAILESH K. SOLANKI
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.

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 the Special Business at item no. 7, 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 2nd August, 2013 to 8th August, 2013 (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. 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.

Details of dividend declared for the year 2005-06 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.
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.

ANNEXURE TO THE NOTICE

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

Item no. 7

At the 42nd Annual General Meeting of the Company held on 22nd August, 2008, the members of the Company had approved the payment of commission to the non-executive Directors of the Company (i.e. Directors excluding the Managing Director and Whole-time Directors) for a period of five years commencing from 1st April, 2009 as provided for in Section 309(4) of the Companies Act, 1956. The Central Government had accorded its approval to the same pursuant to the provisions of Sections 309(4) and 310 of the Companies Act, 1956.

It is proposed that a commission, not exceeding in the aggregate 1% of the net profits of the Company, computed in the manner laid down in Section 198 of the Companies Act, 1956, may be paid for a further period of five financial years commencing from 1st April, 2014 and be distributed amongst the directors of the Company [excluding the Managing Director and Whole-time Director(s)] in such proportion and manner as the Chairman may, from time to time, decide.

The second part of the resolution relates to a situation where during the aforesaid period of five years, the Company does not have a Managing Director or a Whole-time Director or a Manager. In such a case, it is proposed to pay to the non-executive Directors of the Company, for the then residual unexpired part of the aforesaid period of five financial years, such sum by way of commission not exceeding in the aggregate 3% of the net profits of the Company, computed in the manner laid down in the said Section 198 and to be distributed amongst such non-executive Directors of the Company in such proportion and manner as the Board may, from time to time, decide.

All the Directors of the Company save and except Shri Atul G. Shroff, Managing Director, and Shri Bimal V. Mehta, Whole-time Director designated as Executive Director, are concerned or interested in this resolution.

Regd. Office:

6th Floor, Marble Arch,
Race Course,
Vadodara – 390007

Dated: 30th May, 2013

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

SHAILESH K. SOLANKI
General Manager & Company Secretary

DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting the **Forty Seventh Annual Report** together with the Audited Accounts of the Company for the financial year ended 31st March, 2013.

FINANCIAL RESULTS

	2012 - 2013 Rs. in Lakhs	2011-2012 Rs. in Lakhs
Net Sales including Trading and Operating Income	21,079.70	15,626.79
Other Income	343.91	429.61
Profit/(Loss) before Interest, Depreciation, Amortization, Taxes and Extraordinary Items	2,904.17	442.78
Interest	1,139.79	1,009.47
Cash Profit/(Loss) before Extraordinary Items and Taxes	1,764.38	(566.69)
Less:		
Depreciation	646.41	662.50
Amortization	18.65	19.12
Profit/(Loss) before Extraordinary Items and Tax	1,099.32	(1,248.31)
Less:		
Extraordinary Items		
- Assets written off (Net)	-	-
Profit / (Loss) before Tax	1,099.32	(1,248.31)
Provision for Taxation		
Current:		
(i) Current Tax (MAT)	181.05	1.38
(ii) MAT	(180.00)	-
(iii) Deferred Tax (Asset) / Liability	(74.79)	(217.84)
Profit/(Loss) after Tax	1,023.48	(1,031.85)
Balance brought forward from Previous Year	781.22	1813.07
Amount available for appropriation	1,804.70	781.22
Appropriations to:		
a) Proposed Dividend	176.16	-
b) Tax on Proposed Dividend	29.94	-
c) Transfer to General Reserve	300.00	-
d) Balance Carried to Balance Sheet	1298.60	781.22
TOTAL	1804.70	781.22

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

DIRECTORS' REPORT

DIVIDEND

Your Directors have recommended a dividend of 30% i.e. Rs. 3/- per equity share on the Equity Share Capital of Rs.587.20 lacs for the year ended 31st March, 2013 (Previous year: NIL).

REVIEW OF OPERATIONS

The net sale of the Company for the year under review is Rs.207.02 crores as compared to Rs.153.55 crores in the previous year, an increase of 35%. During the financial year 2012-13, the Company registered net profit of Rs.10.23 Crores as against net loss of Rs. 10.32 Crores in the previous year.

During the year under review, exports registered Rs.130.80 Crores (Previous year: Rs. 82.99 crores) an increase of 58%, and domestic sale registered Rs.76.22 Crores (Previous Year: Rs.70.56 Crores) an increase of 8% in comparison to previous year.

Performance in the year 2012-2013 was better than the previous year, due to focus on the following key points:

- Substantial increase in the sales volumes of Acid Chloride Products.
- Consistent focus on volumes (while maintaining the price) and live interaction with customers has helped in increasing sales volume.
- Favourable foreign exchange rate.
- Strategic shift from Thionyl Chloride to other acid chloride products resulting in sustained sales volume.
- An increase in the sales volume of Acid Chloride Products in the domestic market.
- Improvement in product quality and customer service.

SUBSIDIARY COMPANIES

(i) Transpek Industry (Europe) Ltd.

During the year under review, the wholly owned subsidiary of the company – Transpek Industry (Europe) Limited continued to provide services to the five participant companies under REACH regulations.

(ii) Sam Fine O Chem Ltd.

During the year under report the revenue from operations of the company was Rs. 33.83 crores as against Rs. 28.14 crores in the previous year. The company registered a loss of Rs. 2.87 crores during the year under review as against loss of Rs. 5.53 crores in the previous year. The losses were mainly due to high finance cost, employee related expenses (ERE) and marginal increase in the prices of inputs as a result of overall market situation and due to other administrative expenses.

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 the business conditions to remain stable for your Company expecting a good growth in volumes in the year 2013-2014.

While there are uncertainties in the world markets and volatility in commodity prices, your Company's strong business relationships in various regions and markets are expected to provide positive impetus to the growth of the business.

QUALITY, ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT SYSTEMS

A Surveillance Audit of the Company's existing Integrated Management System of ISO 9001: 2008, EMS ISO 14001:2004 and BS OHSAS 18001: 2007 was successfully completed by TUV NORD, a certification agency in

DIRECTORS' REPORT

February, 2013. The Company's existing Integrated Management System is in compliance with the requirements of the respective QMS.

HEALTH CARE AND WELFARE OF EMPLOYEES

Employees' Welfare Schemes such as subsidized food in the Company's canteen at the factory, medical facilities and the Group Medclaim and Group Accident insurance continued to be maintained by the Company. Sports and cultural activities were also given due importance. Monetary support to employees who acquire higher educational qualifications is also given.

Merit awards are also given to employee's children.

RISK MANAGEMENT

A two-tier system of risk assessment and implementation of measures to mitigate their effect has been in operation. The outcome of these efforts is periodically reviewed by the Managing Director and the Executive Director.

DIRECTORS

Shri Ashwin C. Shroff, Dr. Bernd Dill and Shri Ninad D. Gupte, 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, 2013 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.

CORPORATE SOCIAL RESPONSIBILITY

As mentioned in our last Report, the initiatives for managing and developing the Industrial Training Institute ("ITI") at Padra and developing ITI, Dashrath (Vadodara District) as a centre of excellence in Chemical and other Trades are continuing. It is our objective to improve quality of training to be in line with the requirement of industry. This will improve the careers of trainees and the need of the industry. Additional fulltime course COPA a course in Computer, and other short term courses were introduced. The intake capacity of the ITI Padra has increased from 150 to 600 trainees per year.

We have introduced several steps for imparting of knowledge and training to achieve enhanced qualitative changes, increased interactions with industry. In addition to the trade training, we have trained them for computers also.

During a review meeting on 31st January, 2013, the Director Employment and Training Gujarat, appreciated our initiatives and performance inspite of resource constraints.

As a result of our persuasion, department has provided 2.5 acres free land and have arranged for construction of a building at a cost of Rs.6.00 Crores.

In addition, the Company undertook the following activities at an annual cost of Rs. 15.88 lacs for managing these activities in the year under report:

- Training of young women in tailoring and of young men in agricultural awareness, plumbing and computer courses under our Community Development through Polytechnic Programme – total number of persons trained during the year: 513

DIRECTORS' REPORT

- Medical camps were organized in several villages surrounding the factory of the Company and a total of 1152 patients (including 436 females) were examined and treated with free medicines.
- A sum Rs.3.00 Lacs was contributed to the Jal Swachhta of Ekalbara (the village where the factory of the Company is situated) for providing safe drinking water to its residents. This would benefit a population of 5000 villagers.
- Outstanding students of schools in surrounding villages were encouraged by giving prizes and monetary support was also given to a few students for pursuing higher studies.

In the coming year, in addition to continuing most of the above activities, it is proposed to install audio-visual educational software in surrounding schools for teaching school children for which the cost shall be borne by the Company.

In addition to several employees at various levels devoting their time and energy to CSR activities, two persons are engaged on a full-time basis at an annual cost for managing these activities.

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, and Senior Citizens and has complied with the provisions of section 58A of the Companies Act, 1956 and the Rules framed thereunder. There were 151 deposits aggregating to Rs.35.08 lacs which were due for repayment and remained unclaimed as on 31st March, 2013 of which 61 deposits amounting to Rs. 14.28 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 (1B) of the Companies Act, 1956, are proposed to be re-appointed as the Auditors of the Company.

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.

PLACE: Vadodara
DATED: 30th May, 2013

BY ORDER OF THE BOARD
A. C. SHROFF
CHAIRMAN