



43<sup>rd</sup>  
**ANNUAL  
REPORT**  
2008 - 2009

A year of excellence



Handbook of the University of the Philippines



Factory Office

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Annual General Meeting on **27<sup>th</sup> August, 2009** 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.

### A Request

We are sure you have read with interest the accounts of the year ended 31<sup>st</sup> March 2009. 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 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.

## Board of Directors

**A.C. Shroff**  
Chairman

**A.G. Shroff**  
Managing Director

**D.C. Gami**  
**D.K. Shroff**  
**M.D. Patel**

**A.H. Patel**  
**Dr. Bernd Dill**  
**Ravi A. Shroff**  
**Ninand D. Gupte**

**S.K. Solanki**  
Company Secretary

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

**Auditors**  
S.V. Ghatalia & Associates  
Chartered Accountants

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

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

**NOTICE TO THE MEMBERS**

**NOTICE IS HEREBY GIVEN THAT the FORTY-THIRD ANNUAL GENERAL MEETING** of the Members of **TRANSPEK INDUSTRY LIMITED** will be held on Thursday, the 27th August, 2009 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 of the Company for the year ended on 31<sup>st</sup> March, 2009, 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 consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“ RESOLVED THAT M/s. S. R. Batliboi & Co., Chartered Accountants, be and they are hereby appointed as Auditors of the Company, in place of the retiring Auditors, M/s. S. V. Ghatalia & Associates, Chartered Accountants, who have given to the Company a notice in writing of their unwillingness to be re-appointed and that M/s. S. R. Batliboi & Co., Chartered Accountants shall hold office as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting and that the Board of Directors of the Company be and is hereby authorised to fix the remuneration of the Auditors.”

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

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

Dated: 12<sup>th</sup> June, 2009

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

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.  
Instruments appointing proxies should be deposited with the Company at its Registered Office not less than 48 hours before the commencement of the meeting.
2. An Explanatory Statement relating to Item No. 6 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 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 **Thursday, the 20th August, 2009 to Thursday, the 27th August, 2009 (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

## NOTICE TO THE MEMBERS

### Notes Cont'd...

after 27th August, 2009 to the Members whose names stand on the Company's Register of Members on 27th August, 2009 and to the Beneficiary (Owner/s) as per the Beneficiary List at the close of business hours on Thursday, the 27th August, 2009 provided by the National Securities and Depository Ltd. and Central Depository Services (India) Ltd.

- 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 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

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. 6

At the 42<sup>nd</sup> Annual General Meeting of the Company held on 22nd August, 2008, the Member had re-appointed M/s. S. V. Ghatalia & Associates, Chartered Accountants, as Auditors of the Company. M/s. S. V. Ghatalia & Associates hold office as Auditors of the Company until the conclusion of the ensuing Annual General Meeting and have given to the Company a notice in writing of their unwillingness to be re-appointed as Auditors.

It is accordingly proposed that M/s. S. R. Batliboi & Co., Chartered Accountants, be appointed as Auditors of the Company. M/s. S. R. Batliboi & Co. have informed the Company that their proposed appointment as Auditors will be within the limits specified in Section 224 (1B) of the Companies Act, 1956.

The Board commends the resolution for acceptance by the Members.

Copies of the notice given by M/s. S. V. Ghatalia & Associates and the letter given by M/s. S. R. Batliboi & Co., referred to above, are open for inspection by the Members at the Registered Office of the Company on every working day between 2.00 p. m. to 4.00 p. m. up to the date of the meeting.

None of the Directors of the Company is, in any way, concerned or interested in this resolution.

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

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

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

Dated: 12<sup>th</sup> June, 2009

**DIRECTORS' REPORT**

To  
The Members

Your Directors have pleasure in presenting the **Forty Third Annual Report** together with the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS**

	<b>2008 - 2009</b>	2007 - 2008
	<b><u>Rs. in Lakhs</u></b>	<u>Rs. in Lakhs</u>
Net Sales	<b>16661.00</b>	10679.98
Other Income	<b>200.94</b>	338.91
Profit before Interest, Depreciation, Amortisation, Taxes and Extraordinary Items	<b>2434.93</b>	1144.44
Interest	<b>631.31</b>	440.49
Cash Profit before Extraordinary Items and Taxes	<b>1803.62</b>	703.95
Less:		
Depreciation	<b>514.07</b>	455.52
Amortization	<b>43.91</b>	48.75
Profit/(Loss) before Extraordinary Items and Tax	<b>1245.64</b>	199.68
Less:		
Extraordinary Items		
- Loss / (Profit) on sale of investment	-	-
- Provision for Diminution in value of Investment.	-	(5.38)
Profit / (Loss) before Tax	<b>1245.64</b>	205.06
Provision for Taxation		
- Current	<b>361.02</b>	26.00
- Deferred Tax (Asset) / Liability	<b>69.41</b>	46.63
- Fringe Benefit Tax	<b>20.00</b>	20.00
Profit/(Loss) after Tax	<b>795.21</b>	112.43
Add/(Less):		
a) Excess / (Short) Previous Year's Tax Provision	<b>(3.06)</b>	5.12
b) Prior Years' Adjustments	<b>(2.22)</b>	(2.72)
	<b>789.93</b>	114.83
Balance brought forward from Previous Year	<b>998.02</b>	986.67
Amount available for appropriation	<b>1787.95</b>	1101.50
Appropriations to:		
a) Proposed Dividend	<b>139.83</b>	79.90
b) Tax on Proposed Dividend	<b>23.76</b>	13.58
c) Transfer to General Reserve	<b>600.00</b>	10.00
d) Balance Carried to Balance Sheet	<b>1024.36</b>	998.02
<b>TOTAL</b>	<b>1787.95</b>	1101.50

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

## **DIRECTORS' REPORT**

### **DIVIDEND**

Your Directors have recommended a dividend of 25% i.e. Rs.2.50 per equity share (Previous year: 15%, i.e. Rs.1.50 per equity share) on the Equity Share Capital of Rs.559.30 lacs for the year ended 31<sup>st</sup> March, 2009.

### **REVIEW OF OPERATIONS**

The net sales of the Company for the year under review increased to Rs.16661 lacs from Rs.10680 lacs in the previous year registering a growth of 56%. Sales have increased substantially as export sales have been receiving focused attention as a result of which a growth of 80% from Rs.59.55 crores to Rs.107.07 crores was registered constituting 64% of the total sales turnover of the Company. In tune with increased sales, the profit after tax of the Company has gone up from Rs. 112.43 lacs to Rs.795.21 lacs despite loss on account of foreign exchange fluctuation to the extent of Rs.824.56 lacs.

You will be happy to note that the Company registered an overall growth during the year in an otherwise difficult period when global recession set in during the third and fourth quarters.

### **CAPACITY ADDITION / IMPROVEMENTS**

During the year under review production was increased by capacity addition due to de-bottlenecking, efficiency improvement, recovery of products from residue, implementing newer techniques to handle process and adopting new techniques to convert by-products into value added products. These measures have helped in increasing production and effecting saving in consumption of power. We have been able to maintain our market share and withstand the negative effects of global recession.

The Company has obtained environmental clearance from Ministry of Environment and Forests, Govt. of India for expansion of capacity of existing products and for other organic compounds.

Our R & D Division has developed new products to enable us to expand our market in the coming year.

### **PREFERENTIAL ISSUE**

It was reported in our last (42<sup>nd</sup>) Annual Report that in order to meet the requirements for capital expenditure as well as additional general working capital, the Board of Directors of the Company had decided with the approval of the members of the Company to raise funds by offer, issue and allotment of 7,99,000 Equity Share Warrants of Rs.10/- each at a premium of Rs. 55/- per equity share warrant to certain promoters and others on preferential basis entitling the holder thereof to apply for one equity share of the face value of Rs.10/-each at a premium of Rs.55/- per share in terms of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and such conversion to be made in three tranches within a period not exceeding 18 months from the date of allotment of the warrants.

It was also informed that on receipt of 10% of the total value of the warrants towards application money from the promoters and others and also on receipt of requisite in principle approval from the Bombay Stock Exchange ("BSE"), the Company had completed the first tranche conversion of 2,53,651 fully paid up equity shares. These shares have been listed on the BSE.

Subsequently, on receipt of full subscription money on second tranche conversion, 2,66,333 fully paid up equity shares were allotted on 23.03.2009 and on third and final tranche conversion, 2,79,016 fully paid up equity shares were allotted on 25.5.2009 to the promoters and others. The Company has applied to the BSE for listing of 2,66,333 equity shares and also is in process of making application to the BSE for listing of 2,79,016 equity shares.

Funds raised so far from the first, second and the third and final tranche conversions have been utilized for the intended purpose.

### **SUBSIDIARY COMPANY**

The wholly owned subsidiary company viz. Transpek Industry (Europe) Ltd., whose formation under the laws of the United Kingdom was reported in our previous Report, has in its capacity as the "only representative", pre-registered several products of the Company as well as four other Indian participants under the European Union Regulation

## DIRECTORS' REPORT

called Registration, Evaluation, and Authorization of Chemicals ("REACH").

### OUTLOOK

During the year under review, your Company registered the highest export sales. The outlook for 2009-10 is, however, somewhat subdued due to low demand in the European and American markets.

We are planning to launch a few more value added products in 2009-10. We are also trying to increase our overseas customer base for the existing products.

### QUALITY & ENVIRONMENT MANAGEMENT SYSTEM & OHSAS (QMS)

QMS ISO 9001:2008, EMS ISO 14001:2004 & BS OHSAS 18001:2007 systems have been integrated. Audit of the integrated system has been completed in the month of April, 2009.

### OCCUPATIONAL HEALTH

The Company's Health Centre is having a full-time doctor. Services of ambulance and paramedical staff are available round the clock. Routine medical check-up of all the employees and occupation related health checks of employees working in specific areas such as generators, boilers etc. are periodically conducted.

### RISK MANAGEMENT

The Company considers risks concerning manufacturing and handling activities like gas leakage, fire, explosion, storage and handling of gas cylinders etc. through an ISO Audit i.e. OHSAS and also other risks like financial risks (recovery of outstandings, hedging transactions), fire and marine risk, third party public liability risk (domestic) etc.

All functional heads periodically review risks facing their areas of responsibility and implement an effective system of internal controls to manage them. Key functions and divisions are independently responsible to monitor risks associated within their respective areas of operations in the context of the Company's risk appetite, such as production, treasury, insurance, legal and other issues like health, safety and environment and provide for upward communication of any significant issues that could arise.

The Managing Director gives overall directions in controlling / mitigating risks generally.

### DIRECTORS

Shri D. C. Gami, Shri D. K. Shroff and Shri A. C. 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 31<sup>st</sup> March, 2009 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.



## **DIRECTORS' REPORT**

### **HR INITIATIVES**

In continuation of the process started during the past years, the Company has placed emphasis on training and skill enhancement. Training programmes cover the entire spectrum of employees, workers to General Managers. Due to continuous efforts, it has been possible to develop a team of internal trainers.

Owing to earlier HR initiatives, it has been possible to develop an excellent second line of leadership. Our policy of participative and interactive management continues.

Activities like KAIZEN, GEMBA etc. have become a way of life at the Company's factory premises at Ekalbara. During the year around 150 improvement suggestions were received and implemented by our KAIZEN team.

Every employee is encouraged to give suggestions, even for small improvements. As a result, a number of suggestions have been received. The suggestions received are categorized on the basis of contribution, cost-benefit, productivity, quality and on EHS. Awards are given every six months for the best suggestions.

### **SOCIAL RESPONSIBILITY**

Your Company is fully aware of its responsibilities towards employees, communities in and around the site and towards the society in general.

The Company discharges its responsibilities to the society, particularly in the area surrounding our factory premises by studying their needs and takes effective steps to act as a catalyst in helping them solve the problems. The Company also helps them plan for their future.

The Company continues to be active in the areas such as vocational workshops for village children, scholarships for employees' children and awards for meritorious students in the villages in and around Ekalbara. The Company also organized two health awareness camps in the nearby schools.

Your Company has been assigned the responsibility of managing ITI Padra under the Public Private Partnership Scheme of Govt. of India, since December, 2008. The Company has taken up this challenge and considerable input is being given by involving senior experienced personnel of the Company. The Company is confident of enhancing the skill level of students in the Institute so that they are readily employable.

Your Company also got actively engaged with Science, Engineering and Management Institutes of repute in Vadodara and Vallabh Vidyanagar as part of industry-academia interaction. This engagement will help students in putting their academic knowledge into practice and orient them to various other industrial aspects.

The Company is extending help to Schools in the nearby villages by providing computers and also by deputing staff members to give instructions. The Company has conducted medical check-up camps in these Schools. The Company encourages students and parents in their efforts to achieve better standards in studies.

The Company has continued its efforts in water harvesting and has been able to improve levels and quality of sub-soil water.

The Company also continues to support NGOs engaged in social and rural welfare activities.

Additional twelve thousand trees have been planted during the year 2008-2009.

### **WELFARE ACTIVITIES FOR EMPLOYEES**

The Company has always looked towards its work force as an asset and has given them better working conditions and benefits. During the year under review the Company has insured all its employees through a cash-less Medclaim policy. Similarly, the Company has instituted a widow fund for the benefit of widows of those employees who may unfortunately die while in employment.

### **CORPORATE GOVERNANCE**

Good Corporate Governance has been an integral part of the working of your Company with a view to maintain the confidence of investors and other stake holders of the Company.

## DIRECTORS' REPORT

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 155 deposits aggregating to Rs.35.70 lacs which were due for repayment and remained unclaimed as on 31<sup>st</sup> March, 2009 of which 49 deposits amounting to Rs. 9.65 lacs have since been repaid or renewed.

## AUDITORS

M/s. S. V. Ghatalia & Associates, Chartered Accountants, Mumbai, whose term of office as the Auditors of the Company will expire at the conclusion of the ensuing Annual General Meeting of the Company, have given to the Company a notice in writing of their unwillingness to be re-appointed.

Accordingly, M/s. S. R. Batliboi & Co., Chartered Accountants, Mumbai, 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 appointed as the Auditors of the Company.

## AUDITORS' REPORT

With regard to the Auditors' qualificatory remarks at item no.4 (vi) of their report, as mentioned in note no. 17(b) in Schedule 22 to the Accounts, the Board is of the view 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: 12<sup>th</sup> June, 2009

**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 31.03.2009.

#### 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. They included replacing regular equipment by utilizing energy efficient equipment, rationalizing the use of the equipment, installing energy efficient motors and lighting, installing variable speed drives for fan motor of Cooling Water, installing recovery of condensate water and using the same in boiler. The total cost of new equipments installed was about Rs.23 lacs, and the estimated saving there from worked out to about Rs.21.44 lacs on annualized basis.

#### FORM 'A'

	<b>Current year (2008-2009) 12 months</b>	<b>Previous year (2007-2008) 12 months</b>
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. Electricity</b>		
a. Purchased Units	11698820	9336660
Total Amount (Rs. In lakhs)	700.60	485.96
Rate/Unit	5.99	5.20
b. Own Generation		
I. Through Diesel Generator (Units)	154117	47842
Units generated per liter of diesel oil	2.70	2.29
Total Cost/Unit	16.85	13.52
II. Through Steam turbine/ generator (Units)	Not	Not
Units per liters of fuel oil/gas/cost/unit	Applicable	Applicable
<b>2. Coal</b>		
Quantity (Tonnes ) Total Cost/ Average Rate	Not	Not
	Applicable	Applicable
<b>3. Furnace oil quantity (liters)</b>	2299479	1428073
Total Amount (Rs. in lakhs)	549.58	283.47
Average Rate/Ltr. (Rs.)	23.90	19.85
<b>4. Others</b>		
Gas Quantity (Cu.M)	-	-
Total Amount (Rs. In lacs)	-	-
Average Rate/Cu. M.	-	-
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
For all Products		
(with Unit Details)		
Electricity (Units)	148.58	130.53
Furnace Oil (Ltrs)	29.20	19.96
Coal (Specify quality)	Not	Not
	Applicable	Applicable
Gas (Cu. M)	-	-

**DIRECTORS' REPORT****ANNEXURE 'A' : Cont'd****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:**

We are working on new products of acid chlorides and related chemistry. Our major focus is to develop products which are used in pharmaceutical intermediates, dyes and polymer additives.

**Benefits derived as a result of the R & D activities.**

The Company has successfully converted various residues into finished products.

In house process development has led to improvement in efficiency, quality, and time cycle in plants.

**Future Plan of Action**

The Company's future plan is to produce various products of international quality and develop new products based on Acid Chlorides, Friedel-craft reactions and intermediates for pharmaceuticals, dyes and polymers.

**Expenditure on R & D:**

	<b>Current year (2008-2009)</b>	<b>Previous year (2007-2008)</b>
Capital	<b>20.05</b>	27.36
Recurring	<b>74.47</b>	65.48
<b>Total</b>	<b>94.52</b>	92.84
Total R & D Expenditure as a % of total turnover	<b>0.57</b>	0.87
Technology Absorption, Adaptation and Innovation	<b>Not Applicable</b>	Not Applicable

**(Rs. in Lakhs)****III. FOREIGN EXCHANGE EARNINGS AND OUTGO**

	<b>Current year (2008-2009)</b>	<b>Previous year (2007-2008)</b>
a) Earned by way of export of goods and claim	<b>10487.10</b>	5854.85
b) Used by way of Imports (Capital/ Revenue)	<b>1769.43</b>	1295.40

**Rs. In Lakhs****BY ORDER OF THE BOARD**

Place: Vadodara  
Dated: 12<sup>th</sup> June, 2009

**A. C. SHROFF**  
**CHAIRMAN**

## DIRECTORS' REPORT

### ANNEXURE 'B'

#### PARTICULARS OF EMPLOYEES

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2009.

#### EMPLOYED THROUGHOUT THE YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING NOT LESS THAN RUPEES 24,00,000/- PER ANNUM.

Name of the Employee	Age (Yrs)	Designation / Nature of Duties	Qualification	Total Experience (Yrs)	Remuneration received (Rs in lacs.)	Date of commencement of employment	Last employment
Atul G. Shroff	61	Managing Director	S.S.C.	41	85.54	01.12.1981	Excel Industries Ltd.

#### NOTES:

- 1) The nature of employment of the Managing Director is contractual for a period of five years.
- 2) Remuneration mentioned above includes salary, commission, taxable value of perquisites, Company's contribution to Provident Fund and Superannuation Fund and contribution to Gratuity Fund under Annuity Policy with LIC.
- 3) The employee is not a relative of any of the Directors of the Company.
- 4) The Managing Director holds more than 2% of the equity of the Company.

BY ORDER OF THE BOARD

Place: Vadodara  
Dated: 12<sup>th</sup> June, 2009

A. C. SHROFF  
CHAIRMAN

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This report includes discussion on the following matters within the limits set by the Company's competitive position:

##### Industry structure and developments

In the year 2008-09, while the performance of the industrial sector in general and the agro chemicals business in particular was good in the first two quarters, the third and fourth quarters were adversely affected by global recession. The Company could not escape these trends though it could mitigate the ill effects to some extent.

##### Opportunities and threats

###### Opportunities

The downturn in the European economy is likely to open up business opportunity for new products in the coming year.

###### Threats

Export orders for the Company's products are less than anticipated owing to closure of certain units and re-scheduling of expansion plans by overseas customers.

###### Outlook

The polymer and pharmaceutical industries are the future growing segments and your Company has plans to remain

## DIRECTORS' REPORT

and grow in this segment by proper planning of expansion so that future opportunities are tapped even though there is a trend of recession.

### Risks and Concerns

Many of the exports in pharma and dyes segments are vulnerable to the market recession in Europe and USA with the result that many of our customers can be at the risk of down-sizing or exiting some of their operations. Recent emerging trends, however, are positive.

### Segment wise performance

The Company has only one business segment namely "Chemicals". The information in respect of secondary segment as per the Accounting Standard (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India is given under Note No.16 in Schedule 22 of Annual Accounts.

### Internal Control Systems and their adequacy

Your Company maintains an adequate and effective internal control system commensurate with its size and complexity. We believe that these internal control systems provide, among other things, a reasonable assurance that transactions are executed with management authorizations and that they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that the assets of the Company are adequately safeguarded against significant misuse or loss. An independent internal audit function is an important element of the Company's internal control system. The internal control systems are supplemented through an extensive internal audit programme and periodic review by management. Your Company has clearly laid down policies, guidelines and procedures that form part of its internal control systems.

### Discussion on financial performance with respect to operational performance

During the financial year under review, sales have increased substantially due to increase in export sales, registering a growth of 56%.

### Human resources / industrial relations

The employees' strength as on 31<sup>st</sup> March, 2009 was 473 as compared to 486 on 31<sup>st</sup> March, 2008.

The strength of the Company is its employees and the Company always believes in nurturing and developing them through training for skill development and up-gradation of knowledge for improving efficiency and in providing them enough opportunities for career growth. A well-defined performance appraisal system is in place.

We have been organizing training programmes for developing the professional and supervisory skills of workmen since last three years. These programmes have yielded the desired results and till now 30 workers have been promoted as supervisors.

We have also seen over all improvement in work culture, awareness in environmental, health and safety areas and we are continuously trying to improve these areas through various activities and programmes.

The relations with employees have remained cordial and harmonious during the year under review. The Company maintained its record of optimum utilization of productive man-days and operations in all areas have been smooth on account of cordial industrial relations. The employees at all levels have extended their full co-operation in maintaining the highest standards of quality in all their activities.

### Cautionary Statement

Statements in this section relating to projections and expectations may be forward looking and are based on certain assumptions and expectations and the actual results could differ, depending on several variable factors. The Company, therefore, assumes no responsibility in respect of such statements.

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Company has adopted the required practices of Corporate Governance keeping in view its size, complexity, global operations and its traditional ethical values. The Company believes in achieving the global standards of corporate conduct towards all stakeholders by following the principles of accountability, integrity and responsibility in dealings with employees, shareholders, consumers and the community at large.

The Company has complied with all the requirements of corporate governance in terms of clause 49 of the listing agreement with the Stock Exchange, Mumbai and the best practices are followed to achieve its goal on corporate governance.

### 2. BOARD OF DIRECTORS

#### (i) Composition

The Board of Directors comprises the Managing Director and eight non-executive Directors. Five of the eight non-executive Directors are independent Directors.

The composition and categories of Directors on the Board and details about Board Meetings held and attended by them, attendance in last AGM, Directorships in other companies and Chairmanship/Membership in Committees of other companies are given in the following table.

#### (ii) Details of Directors:

Sr. No.	Name of Director	Category of Directorship <sup>1</sup>	Board Meetings (April, 2008 to March, 2009)		Attendance in last AGM held on 22.08.2008	No. of other Directorships held as at 31 <sup>st</sup> March, 2009 <sup>2</sup>	No. of other Board Committee Positions held as at 31 <sup>st</sup> March, 2009	
			Held	Attended			Chairman	Member
1.	Shri Ashwin C. Shroff	PD/NED	6	4	Absent	10	2	-
2.	Shri Atul G. Shroff	PD/MD	6	6	Present	7	3	4
3.	Shri D.C. Gami	NPD/NED /ID	6	5	Present	3	1	1
4.	Shri Dipesh K. Shroff	PD/NED	6	4	Absent	16	1	1
5.	Shri M. D. Patel	NPD/NED /ID	6	6	Present	7	2	7
6.	Shri A. H. Patel	NPD/NED /ID	6	5	Present	8	-	1
7.	Dr. Bernd Dill	NPD/NED /ID	6	4	Absent	1	-	-
8.	Shri Ravi A. Shroff	PD/NED	6	5	Present	4	-	-
9.	Shri Ninad D. Gupte	NPD/NED /ID	6	4	Present	4	-	-

1. **PD** - Promoter Director; **NPD** - Non-Promoter Director; **MD** - Managing Director; **NED** - Non-Executive Director; **ID** - Independent Director

2. Number of other Directorships includes Directorship held in Private Limited Companies and foreign companies

Detailed agenda notes were made available to the Directors in accordance with the provisions of Annexure-I to Clause 49 of the Listing Agreement.

**REPORT ON CORPORATE GOVERNANCE**

(iii) Details of Board Meetings held during the year :

Date of Board Meeting	07.06.08	24.07.08	22.08.08	22.10.08	22.01.09	05.03.09
Board Strength	8	9	9	9	9	9
No. of Directors present	7	8	6	9	8	5

3. THE SHAREHOLDING OF THE DIRECTORS AS ON 31<sup>ST</sup> MARCH, 2009, WAS AS UNDER:

Name of the Director	Shares held (No.)	% to total capital
Shri Ashwin C. Shroff	3944	0.07
Shri Atul G. Shroff	205923	3.68
Shri D. C. Gami	150	-
Shri Dipesh K. Shroff	20762	0.37
Shri M. D. Patel	5	0.00
Shri A. H. Patel	100	-
Dr. Bernd Dill	-	-
Shri Ravi A. Shroff	7086	0.13
Shri Ninad D. Gupte	-	-

4. PARTICULARS OF THE DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING:

<b>Name of the Director</b>	<b>Shri Ashwin C. Shroff</b>
Date of Birth	22.01.1945
Date of Appointment	02.05.1980
Expertise in Specific Functional Areas	Chemical, Agri & Environmental Business
Qualification	Science Graduate
Brief Resume of Shri A. C. Shroff	SHRI A. C. SHROFF is the Chairman & Managing Director of Excel Industries Ltd. He is a Science graduate and started his career in 1965 as a young trainee and has grown to spearhead Excel Industries Ltd. Along these crucial years of growth, both Excel Industries Ltd. and Mr. Shroff have emerged stronger, revolutionizing the Industrial chemicals, Agro chemicals and Environment related businesses. He was the President of Indian Chemical Manufacturers Association during 1996-1998. He is connected with various NGOs like The Vivekanand Research & Training Institute (VRTI). He has been a leading spokesperson of chemical industry and has represented various of issues of the industry to the Government of India. He is the Chairman of FICCI Environment committee.
Other Public Companies in which Directorship held	Excel Industries Ltd. (Chairman & Managing Director), Excel Crop Care Ltd. (Chairman) Kamaljiyot Investment Ltd. ECCL Investments and Finance Ltd. Transpek-Silox Industry Ltd. (Chairman)



## REPORT ON CORPORATE GOVERNANCE

<p>Other Public Companies in which membership of Committees of Directors held.</p>	<p>Phthalo Colours &amp; Chemicals (I) Ltd. Waxsam Ltd., Hong Kong Excel Industries (Australia) Pty. Ltd.</p>
<p><b>Name of the Director</b></p>	<p><u>Chairman of Shareholders / Investor Grievance Committee</u> Excel Crop Care Ltd. <u>Chairman of Remuneration Committee</u> Transpek-Silox Industry Ltd.</p>
<p><b>Date of Birth</b></p>	<p><b>Shri Dhirajlal C. Gami</b> 26.09.1927</p>
<p><b>Date of Appointment</b></p>	<p>30.07.1984</p>
<p><b>Expertise in Specific Functional Areas</b></p>	<p>Techno Commercial</p>
<p><b>Qualification</b></p>	<p>M.S. (Chemical Engineering) from the University of Michigan, U.S.A.</p>
<p><b>Brief Resume of Shri D. C. Gami</b></p>	<p>SHRI D. C. GAMI is a M. S. (Chemical Engineering) from the University of Michigan, USA. He has vast experience of more than 55 years in research, project planning, execution, operations and management. He had also served as Managing Director of Gujarat State Fertilizers &amp; Chemicals Ltd.</p>
<p>Other Public Companies in which Directorship held</p>	<p>Ashok Organic Industries Ltd., Mumbai Gujarat JHM Hotels Ltd., Surat Environment Infrastructure Co. Ltd., Vadodara</p>
<p>Other Public Companies in which membership of Committees of Directors held.</p>	<p><u>Chairman of Audit Committee:</u> Gujarat JHM Hotels Ltd.</p>
<p><b>Name of the Director</b></p>	<p><b>Shri Dipesh K. Shroff</b></p>
<p><b>Date of Birth</b></p>	<p>03.02.1960</p>
<p><b>Date of Appointment</b></p>	<p>27.03.2001</p>
<p><b>Expertise in Specific Functional Areas</b></p>	<p>Corporate Management</p>
<p><b>Qualification</b></p>	<p>Diploma Civil Engineering; MEP, IIM Ahmedabad; OPM – Harvard Business School, Boston.</p>
<p><b>Brief Resume of Shri Dipesh K. Shroff</b></p>	<p>Mr. Dipesh K. Shroff, aged 49 years, having done Diploma in Civil Engineering, M.E.P. from IIM, Ahmedabad and OPM from Harvard Business School, Boston, is presently the Managing Director of Excel Crop Care Ltd., a listed Company. He is also trustee of Vivekananda Research &amp; Training Institute, Kutch, Founder Director of International Resources for Fairer Trade, Mumbai, and Trustee &amp; Adviser of "Shrujan".</p>
<p>Other Public Companies in which Directorship held</p>	<p>Excel Crop Care Ltd. (Managing Director) Excel Industries Ltd. Agrocel Industries Ltd. Shroffs Engineering Ltd. Excel Industries Euro N. V., Belgium Hyderabad Chemical Supplies Ltd. Transmetal Ltd. Oasis Agritech Ltd.</p>
<p>Other Public Companies in which membership of Committees of Directors held.</p>	<p><u>Chairman:</u> Hyderabad Chemical Supplies Ltd. <u>Member of Shareholders/Investor Grievance Committee:</u> Excel Industries Ltd.</p>

## REPORT ON CORPORATE GOVERNANCE

### 5. CODE OF CONDUCT

The Board of Directors has adopted the code of conduct for the Board members and the senior management of the Company. The said code has been communicated to the Board Members and the Senior Management. The code has also been posted on the Company's website [www.transpek.com](http://www.transpek.com).

### 6. AUDIT COMMITTEE:

#### Terms of Reference:

The role of the Audit Committee has been defined in the Audit Committee charter adopted by the Board which includes supervision of the Company's reporting process and disclosure of its financial information; to recommend the appointment of Statutory Auditors and Internal Auditors and fixation of their remuneration; to review and discuss with the Auditors about internal control systems, the scope of Audit including the observations of the Auditors, adequacy of the internal control system, major accounting policies, practices and entries, compliances with accounting standards and Listing Agreement with the Stock Exchange and other legal requirements concerning financial statements and related party transactions, if any; to review the Company's financial and risk management policies and discuss with Internal Auditors any significant findings for follow-up action thereon; to review the Quarterly, Half Yearly and Annual Financial Statements before they are submitted to the Board of Directors.

The minutes of the meetings of the Audit Committee are circulated to the Members of the Board, discussed and taken note of.

The Company has complied with the requirements of Clause 49 (II) (A) as regards the composition of the Audit Committee.

The Audit Committee of the Board of Directors of the Company presently comprises the following four Directors:

Shri D. C. Gami, Chairman	:	Independent, non-executive Director
Shri D. K. Shroff	:	Promoter, non-executive Director
Shri M. D. Patel	:	Independent, non-executive Director
Shri A. H. Patel	:	Independent, non-executive Director

The Committee held 6 meetings during the year i.e. on 10.05.2008, 07.06.2008, 23.07.2008, 22.10.2008, 22.01.2009, and 05.03.2009. Details of meetings attended by the aforesaid Directors are as under:

Date of Audit Committee Meeting	Shri D.C. Gami (Chairman)	Shri D. K. Shroff	Shri M.D. Patel	Shri A.H. Patel
10.05.2008	Present	-	Present	-
07.06.2008	Present	Present	Present	-
23.07.2008	Present	Present	Present	Present
22.10.2008	Present	Present	Present	Present
22.01.2009	-	Present	Present	Present
05.03.2009	Present	-	Present	Present

Shri S. K. Solanki, General Manager & Company Secretary of the Company, acts as the Secretary to the Committee. Audit Committee Meetings are also attended by General Manager (Finance & ERP), the Company's Chief Financial Officer. Statutory Auditors and Internal Auditors of the Company are also invited to the meetings as and when required.

## REPORT ON CORPORATE GOVERNANCE

### 7. REMUNERATION COMMITTEE:

#### Terms of Reference:

The broad terms of reference of the Company's Remuneration Committee are to determine and recommend to the Board and the Members, compensation payable to the Managing Director, to determine and advise the Board on the payment of annual increments and commission to the Managing Director.

#### REMUNERATION OF DIRECTORS:

The non-executive Directors are paid sitting fees for attending meetings of the Board and of Committees of Directors. In addition, commission not exceeding in the aggregate 1% per annum of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 1956 in such proportion and manner as the Chairman may decide, is being paid to such non-executive Directors of the Company, as approved by the members of the Company.

The Company pays remuneration to its Managing Director by way of salary, perquisites, allowances and commission in accordance with the approval received from Govt. of India, Ministry of Corporate Affairs vide its letter dated 8<sup>th</sup> 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 the remuneration payable to him from the date of his re-appointment, which shall not exceed the following:

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

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) as approved by the members in General Meetings held on 07.09.2007 and 22.08.2008.

- (i) Details of remuneration paid to Shri A. G. Shroff, Managing Director, during the period 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009 are as under:

Salary	Perquisites	Contribution to Provident Fund and other Funds	Performance Incentive @ 1.5% of PBT Rs.	Total
Rs.	Rs.	Rs.		Rs.
28,00,000	28,00,000	8,91,000	20,63,000	85,54,000

#### Note:

- (i) The employment of Managing Director is contractual for a period of five years and terminable by either party giving three months' notice.
- (ii) Remuneration to Non-Executive Directors for the year ended 31<sup>st</sup> March, 2009:

The Non-Executive Directors were paid sitting fees of Rs.2500/- for each meeting of the Board and Audit Committee and Rs.1500/-, for each meeting of other Committees such as Remuneration Committee, Shareholders/Investors' Grievance Committee, Preferential Share Allotment Committee, Banking Transaction Committee, Borrowing Committee, Foreign Exchange Management Committee etc. attended by them.

**REPORT ON CORPORATE GOVERNANCE**

<b>Name of Non-executive Director</b>	<b>Sitting fees paid during the year for attending Board and Committee Meetings</b>	<b>Commission paid during the year but pertaining to the year 2007-2008</b>
	<b>Rs.</b>	<b>Rs.</b>
Shri Ashwin C. Shroff	10,000	50,000
Shri D. C. Gami	38,500	40,000
Shri Dipesh K. Shroff	20,000	50,000
Shri M. D. Patel	64,500	40,000
Shri A. H. Patel	55,500	40,000
Dr. Bernd Dill	10,000	40,000
Shri Ravi A. Shroff	12,500	-
Shri Ninad D. Gupte	12,500	-

**8. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:**

The Company has constituted Shareholders'/Investors' Grievance Committee to look into the investors' complaints, if any, and to redress the same expeditiously.

The Shareholders'/Investors' Grievance Committee comprises Shri D. C. Gami (Chairman), Shri M. D. Patel, Shri A. H. Patel and Shri A. G. Shroff. Shri D. C. Gami, Shri A. H. Patel and Shri M.D. Patel are non-executive independent Directors. The Committee held 11 meetings during the period under review i.e. on 30.04.2008, 29.05.2008, 26.06.2008, 30.07.2008, 22.08.2008, 25.09.2008, 22.10.2008, 27.11.2008, 30.12.2008, 22.01.2009 and 27.02.2009.

Further, the Board of Directors has at its meeting held on 05.03.2009, delegated the authority to approve the transfer of shares held either in demat or in physical form to a Committee of Senior Officials of the Company.

The Committee shall meet as often as required but at least once in a fortnight to consider and approve only requests for transfer and shall submit reports on approvals accorded by it at every meeting of the Committee of Directors. The other aspects relating to shares (e.g. transmission, issue of duplicate physical share certificates etc.) shall continue to be dealt with as at present by the Committee of Directors or by the Board.

Shri Shailesh K. Solanki, General Manager & Company Secretary is designated as the Compliance Officer.

During the period under review, the Company received 5 (five) complaints from the investors. Same have been attended and resolved. As on 31.03.2009 no complaints from investors are pending.

**9. GENERAL MEETINGS:**

The last three (40<sup>th</sup>, 41<sup>st</sup> and 42<sup>nd</sup>) Annual General Meetings of the Company were held at 3.30 P. M. on 24.08.2006, 07.09.2007 and 22.08.2008 respectively. The AGMs were held at the Auditorium Hall, The Institution of Engineers (India), Vadodara Local Centre, Nr. Trident Complex, Race Course Circle, Vadodara - 390 007 which is close to the Registered Office of the Company.

Two Extraordinary General Meetings of the Company were held-one at 3.30 P. M. on 28.12.2007 at the Auditorium Hall, The Institution of Engineers (India), Vadodara Local Centre, Nr. Trident Complex, Race Course Circle, Vadodara - 390 007 and the other at 3.30 P. M. on 05.03.2009 at the Registered Office of the Company - 6th Floor, Marble Arch, Race Course Circle, Vadodara 390 007.

No Special Resolution was required to be put through postal ballot last year.

None of the resolutions proposed to be passed at the ensuing AGM to be held on 27<sup>th</sup> August, 2009 is required or proposed to be put through postal ballot.

## REPORT ON CORPORATE GOVERNANCE

### 10. DISCLOSURES:

#### Related Party Transactions:

Related party transactions under Clause 49 of the Listing Agreement are defined as the transactions of the Company of a material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large.

Among the related party transactions are contracts or arrangements made by the Company from time to time with the companies in which the Directors are interested. All these contracts or arrangements are entered in the Register of Contracts under Section 301 of the Companies Act, 1956 and the Register is placed before the Audit Committee and the Board from time to time. There were no material transactions with related parties during the year 2008-09 that are prejudicial to the interest of the Company.

Particulars of transactions between the Company and related parties as per the Accounting Standard (AS-18) "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given under Note No. 13 in Schedule 22 of Annual Accounts.

#### Disclosure of Accounting Treatment:

We have complied with all the applicable accounting standards except as mentioned in note no.16(b) in Schedule 22 Notes to Accounts, the Board is of the view that in view of the significant uncertainties associated with the derivative 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.

#### Disclosure of proceeds from Preferential Issue:

In order to meet the requirements for capital expenditure as well as additional general working capital the Company raised funds by offer, issue and allotment of 7,99,000 equity share warrants of Rs.10/- each at a premium of Rs.55/- per equity share warrant to certain promoters and others on preferential basis entitling the holder thereof to apply for one equity share of the face value of Rs.10/- each at a premium of Rs.55/- per share in terms of the SEBI (DIP) Guidelines 2000. Such conversion took place in three tranches and full value of the preferential issue has been received and utilised for the intended purpose.

A statement of funds utilised for purposes was placed before the Audit Committee at its meeting held on 12th June, 2009 and same has been noted by the Audit Committee that full money raised through the issue has been fully spent.

#### Statutory Compliance, Penalties and Strictures:

There has neither been any non-compliance of any of the provisions of law by the Company nor any penalty or stricture imposed by the Stock Exchange or SEBI or any other statutory authority on any matter related to capital markets during the last three years. The Company has complied with all the mandatory requirements of clause 49 of Listing Agreement.

### 11. MEANS OF COMMUNICATION:

- i) Information like quarterly financial results, half yearly results and annual audited results have been submitted to Stock Exchange and published in newspapers such as Business Standard (Mumbai Edition) and Loksatta (Mumbai Edition) and/or Business Standard (Ahmedabad Edition) and Vadodara Samachar (Vadodara Edition) and/or Indian Express (Vadodara Edition) and Financial Express (Ahmedabad Edition) from time to time.
- ii) As per the requirement of clause 51 of the Listing Agreement, 42<sup>nd</sup> Annual Report for the year ended 31<sup>st</sup> March, 2008, is provided on website viz. [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in) within the time frame prescribed in this regard.
- iii) A report on Management Discussion and Analysis forming part of the Annual Report is annexed to the Directors' Report.

### 12. GENERAL SHAREHOLDER INFORMATION:

The mandatory as also various additional information of interest to investors is furnished in a separate section on investor information elsewhere in this report.

**REPORT ON CORPORATE GOVERNANCE**  
**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**To,**  
**The Members of**  
**TRANSPEK INDUSTRY LIMITED**

We have examined the compliance of conditions of Corporate Governance by Transpek Industry Limited, for the year ended 31<sup>st</sup> March 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S.V. GHATALIA & ASSOCIATES**  
**Chartered Accountants**

**per Sudhir Soni**  
**Partner**

**Membership No. 041870**

Place : Mumbai  
Dated : 12<sup>th</sup> June, 2009

## REPORT ON CORPORATE GOVERNANCE

### INVESTOR INFORMATION

#### 1. Annual General Meeting :

Date, time and venue: 27<sup>th</sup> August, 2009 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.

#### 2. Financial calendar:

- i. Financial year: April to March
- ii. First quarter results – last week of July
- iii. Half yearly results – last week of October
- iv. Third quarter results – last week of January
- v. Results for the year ended 31<sup>st</sup> March, 2009 - on or before 30<sup>th</sup> June 2009
- vi. Dividend Payment Date on or after 27<sup>th</sup> August, 2009.

#### 3. Book Closure Date:

20<sup>th</sup> August, 2009 to 27<sup>th</sup> August, 2009 (both days inclusive)

#### 4. Stock Exchange Listings:

The Bombay Stock Exchange Ltd., Mumbai.

Stock code: 6687

ISIN NO.: INE 687A01016 for dematerialization.

#### 5. Investor Service Centre:

Shareholders and depository participants are requested to send their requests for transfers, dematerialization and re-materialization of shares directly to the Registrar appointed for the purpose at the following address:

##### (i) Registered Office:

Link Intime India Private Limited,  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (W),  
Mumbai 400 078.

Phones : 022- 5555 5454  
Fax : 022- 2567 2693  
Website : www.linkintime.co.in

##### (ii) Branch Office:

Link Intime India Private Limited,  
1st Floor, 308, Jaldhara Complex,  
Opp. Manisha Society, Off Old Padra Road,  
Vasna Road, Vadodara 390 007

Phones : 0265-2250241, 3249857, Fax: 2250246  
Email : Alpesh.gandhi@linkintime.co.in  
mansibakshi@linkintime.co.in

#### 6. Investors may also contact the Company at the following address in case of any grievances:

Transpek Industry Ltd.,  
Investor Service Centre, 6th Floor, Marble Arch, Race Course, Vadodara 390 007.

Telephone : 0265-2335444, 2335446, 2335447, 2334141, 2358236, 2335757, 2342262  
Fax : 0265-2335758  
Email : secretarial@transpek.com  
inquiry@transpek.com

## REPORT ON CORPORATE GOVERNANCE

### INVESTOR INFORMATION : Cont'd

#### 7. Dematerialization of Shares:

The Company has entered into agreements with both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) whereby shareholders have an option to dematerialize their shares with either of the depositories. 93.41% of the paid up capital has been dematerialized as on 31<sup>st</sup> March, 2009.

#### 8. Plant location:

Transpek Industry Limited  
At & Post Ekalbara 391 440,  
Taluka Padra, Dist. Vadodara

Telephone : 02662-244444, 244289, 244309, 244318, 244276  
e-mail : inquiry@transpek.com  
Fax : 02662-244439  
Website : www.transpek.com

#### 9. Investors' correspondence may be addressed to the Registrar and Share Transfer Agent at the address mentioned above. The Compliance Officer of the Company may also be contacted at the following address:

Shri Shailesh K. Solanki  
General Manager &  
Company Secretary,  
Transpek Industry Ltd,  
6th Floor, Marble Arch,  
Race Course,  
Vadodara 390 007.

Telephone : 0265-2335444, 2335446, 2335447, 2334141, 2358236, 2335757, 2342262  
Fax : 0265-2335758  
E-mail : secretarial@transpek.com  
Website : www.transpek.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants.

#### 10. Share Transfer System:

All the transfer requests received are processed by the Registrar and Share Transfer Agent and are approved by the Committee of Sr. Officials of the Company, which normally meets every fortnight. Share transfers are registered and returned within a maximum of 15 to 20 working days from the date of lodgment if documents are complete in all respects.



## REPORT ON CORPORATE GOVERNANCE

### INVESTOR INFORMATION : Cont'd

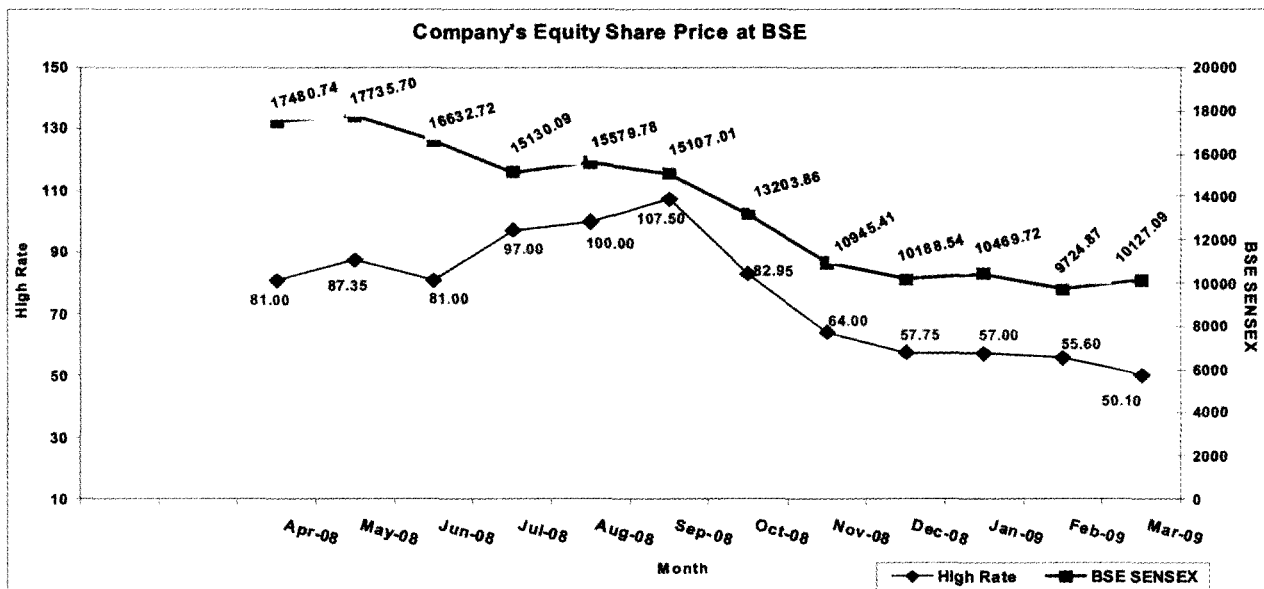
#### 11. Stock Price and Volume:

Monthly High, Low, Closing Market Price and number of shares traded during each month in the last financial year on Bombay Stock Exchange Ltd., is furnished below :

#### Mumbai (BSE)

2008-09 (12 months)	Highest (Rs.)	Lowest (Rs.)	Closing Market price (Rs.)	Volume of Trade (Nos.)
April,08	81.00	57.00	76.40	5,333
May,08	87.35	66.00	78.10	74,841
June,08	81.00	61.20	78.20	54,891
July,08	97.00	67.40	92.95	70,481
August,08	100.00	86.00	99.35	57,681
September,08	107.50	75.00	78.00	51,869
October,08	82.95	46.05	48.60	17,801
November,08	64.00	39.10	45.00	12,651
December,08	57.75	41.25	53.95	10,850
January,09	57.00	42.50	49.50	6,533
February,09	55.60	44.00	46.95	14,067
March,09	50.10	42.35	47.05	76,130

#### 12. Share price performance in comparison to Broad-based Index BSE Sensex



**REPORT ON CORPORATE GOVERNANCE****INVESTOR INFORMATION : Cont'd****13. Distribution of shareholding as on 31<sup>st</sup> March, 2009:**

Category Rs.	No. of Shareholders	Percentage to Total No. of Shareholders	No. of Shares	Percentage to Capital
1 - 5000	7509	91.72	7,61,919	13.62
5001 - 10000	324	3.96	2,48,418	4.44
10001 - 20000	164	2.00	2,39,503	4.28
20001 - 30000	47	0.57	1,18,034	2.11
30001 - 40000	28	0.34	98,424	1.76
40001 - 50000	27	0.33	1,23,050	2.20
50001 - 100000	38	0.46	2,51,408	4.50
100001 - and above	56	0.62	37,52,268	67.09
<b>TOTAL</b>	<b>8193</b>	<b>100.00</b>	<b>55,93,024</b>	<b>100.00</b>

**14. Categories of Shareholders as on 31<sup>st</sup> March, 2009:**

Category	No. of Shareholders	Voting Strength %	No. of Shares
Indian Promoters	63	37.77	21,12,447
Life Insurance Corporation of India	1	3.86	2,16,132
United India Insurance Company Ltd.	1	0.51	28,750
National Insurance Company Ltd.	1	1.34	74,950
Unit Trust of India	1	0.04	2,450
Stock Holding Corporation of India Ltd.	1	0.00	200
Southern India Depository Services P. Ltd. (A/c Kothari Pioneer Taxshield'95)	1	0.00	250
Nationalised Banks	9	0.08	4,284
Shares Pledged with Citibank N.A.	4	0.02	950
Foreign Company/ Institutions	3	0.01	420
Non-Resident Individuals	28	2.28	1,27,352
Other Bodies Corporate	125	2.36	1,31,971
Individuals	7955	51.73	28,92,868
<b>TOTAL</b>	<b>8193</b>	<b>100.00</b>	<b>55,93,024</b>

**CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY**

This is to confirm and certify that the Company has adopted a Code of Conduct for Board Members and Senior Management Personnel. As provided under clause 49 of the Listing Agreement with the Stock Exchange, the Board Members and Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31<sup>st</sup> March, 2009.

For Transpek Industry Ltd.

Place: Vadodara  
Dated: 12<sup>th</sup> June, 2009

**Atul G. Shroff**  
Managing Director

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

- |  |                                    |
|--|------------------------------------|
| 1. Name of the subsidiary company  | Transpek Industry (Europe) Limited |
| 2. The financial year of the subsidiary company ended on   | 31st March, 2009                   |
| 3. Date from which it became subsidiary  | 22nd April, 2008                   |
| 4. Shares of the subsidiary company held by Transpek Industry Limited and its wholly owned subsidiary, at the end of the financial year of the subsidiary company -    |                                    |
| (a) Number and face value  | 20 Ordinary Shares of GBP 1 each   |
| (b) Extent of holding  | 100%                               |
| 5. Net aggregate profits/losses of the subsidiary company, so far as concerns the members of Transpek Industry Limited -   |                                    |
| (a) not dealt with in the accounts of Transpek Industry Limited for the year ended 31st March, 2009, amounted to:  |                                    |
| (i) for the subsidiary company's financial year ended as in (2) above.   | -                                  |
| (ii) for pervious financial years of the subsidiary company  | -                                  |
| (b) dealt with in the accounts of Transpek Industry Limited for the year ended 31st March, 2009, amounted to:  |                                    |
| (i) for the subsidiary company's financial year ended as in (2) above  | -                                  |
| (ii) for previous financial years of the subsidiary company  | -                                  |
| 6. The financial years of Transpek Industry Limited and its Subsidiary Company ended on 31st March, 2009 and hence no information pursuant to Section 212(5) is given. |                                    |

**Note:**

The income and expenditure incurred during the period are apportioned to the holding company and other group members, resulting in there being no profit and no loss.

For and on behalf of the Board of Directors

A. C Shroff (Chairman)

A. G. Shroff (Managing Director)

D. C. Gami (Director)

Ashok P. Shah (Chief Finance Officer)

S. K. Solanki (Company Secretary)

Place : Vadodara

Dated : 12<sup>th</sup> June, 2009

## SEVEN-YEARS HIGHLIGHTS

(Rs. in Lacs)

	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
<b>I CAPITAL ACCOUNTS</b>							
A Share Capital	559.30	532.67	507.30	507.30	507.30	507.30	507.30
B Reserves	4360.34	3587.52	3432.31	3056.67	3162.21	2681.72	2426.76
C Shareholders' Fund (A+B)	4919.64	4120.19	3939.61	3563.97	3669.51	3189.02	2934.06
D Borrowings*	4670.52	3284.89	3284.26	3207.55	2438.35	2591.29	2885.70
E Fixed Assets							
i Gross Block	10902.73	9278.33	8543.87	7089.11	5744.11	6864.89	6461.00
ii Net Block	7222.81	5832.87	5566.09	4487.38	3425.92	3936.79	3881.92
F Debt-Equity Ratio	0.95:1	0.80:1	0.83:1	0.90:1	0.66:1	0.81:1	0.98:1
<b>II REVENUE ACCOUNTS</b>							
A Sales Turnover**							
i Domestic	5953.71	4725.42	5324.94	5931.85	5565.08	5036.77	3556.94
ii Export	10707.29	5954.56	2705.83	1794.39	1019.56	363.80	214.34
TOTAL	16661.00	10679.98	8030.77	7726.24	6584.64	5400.57	3771.28
B Profit before taxes	1245.64	205.07	743.56	809.15	821.85	274.84	(443.08)
C Return on Shareholders' fund %	25.32	4.98	18.87	22.70	22.40	8.62	(15.10)
<b>III EQUITY SHAREHOLDERS' EARNINGS</b>							
A Earning per Equity Share Rs.	14.81	2.26	9.16	9.89	10.11	5.03	(6.94)
B Dividend per Equity Share # Rs.	2.50	1.50	1.50	2.50	2.00	-	-
C Dividend Payout Ratio %	17.70	69.58	16.38	25.27	19.78	-	-
D Net Worth per Equity Share	<b>77.96</b>	<b>67.35</b>	<b>67.66</b>	<b>60.25</b>	<b>62.33</b>	<b>52.86</b>	<b>47.84</b>
E Market price of Share as on 31st March	47.05	62.50	67.15	83.15	73.80	32.55	9.95

\* Borrowing is net of Cash and Bank balance

\*\* Sales Turnover is after reducing discounts/rebates

# Equity Share of Face Value of Rs. 10/-

## AUDITORS' REPORT

To

**The Members of Transpek Industry Limited**

1. We have audited the attached Balance Sheet of Transpek Industry Limited ('the Company') as at March 31, 2009 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. *Subject to the effect of our observation in para 4 (vi) below*, in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. *The Company has not provided for the loss amounting to Rs.2,174 lacs in respect of the outstanding derivative contract at March 31, 2009 which would have arisen had these contracts been recorded for at market values at that date, as more fully discussed in note no. 17 (b) in Schedule 22 of the financial statements. As a result, profit before tax for the year is higher by Rs.2,174 lacs, profit after tax for the year and Reserves and Surplus as at March 31, 2009 are higher by Rs.1,423 lacs and basic earning per share and diluted earning per share for the year are higher by Rs.26.67 and Rs.25.34 respectively.*
  - vii. *Except for the above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009;
    - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For S.V. GHATALIA & ASSOCIATES**  
Chartered Accountants  
per Sudhir Soni  
Partner  
Membership No.: 041870

Place: Mumbai  
Dated: 12<sup>th</sup> June, 2009

### Annexure referred to in paragraph [3] of our report of even date

Re: Transpek Industry Limited ('the Company')

- (i) (a) *The Company is in the process of updating its Fixed Assets register to show full particulars including quantitative details and situation of fixed assets.*
- (b) *Fixed assets have not been physically verified by the management during the year, hence, we are unable to comment on the discrepancies, if any.*

**AUDITORS' REPORT**

- (c) During the year, the company has not disposed off a substantial part of fixed assets.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company had granted unsecured loans to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.10 lacs and the year-end balance of loans granted to such party was Nil.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) The loans granted are re-payable on demand. The payment of interest has been regular.
- (d) There is no overdue amount of loans granted to a company listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company has taken fixed deposits from three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of fixed deposits taken from such parties was Rs. 15.61 lacs.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such fixed deposits are not prima facie prejudicial to the interest of the Company.
- (g) In respect of fixed deposits taken, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. The provisions relating to employees' state insurance are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax and cess on account of any dispute, are as follows:

## AUDITORS' REPORT

Name of the statute	Nature of dues	Amount (Rs) in lakhs	Period to which the amount relates	Forum where dispute is pending
Gujarat Sales Tax Act, 1969	Sales Tax	20.10	F.Y. 1999-2000	Deputy Commissioner of Sales Tax, Vadodara
Central Sales Tax Act, 1956	Sales Tax	187.57	F.Y. 1999-2000	Deputy Commissioner of Sales Tax, Vadodara
Income Tax Act, 1961	Income Tax	83.29	F.Y. 2005-2006	CIT (Appeals), Vadodara

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company has no outstanding dues to financial institution or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from financial institution; the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised money through public issues during year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S.V. GHATALIA & ASSOCIATES**  
**Chartered Accountants**  
per Sudhir Soni  
Partner  
Membership No.: 041870

Place: Mumbai  
Dated: 12<sup>th</sup> June, 2009

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedules	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	559.30	532.67
Share application money pending allotment.		17.31	34.62
Reserves and surplus	2	<u>4,360.34</u>	<u>3,587.52</u>
		4,936.95	4,154.81
<b>Loan funds</b>			
Secured loans	3	3,409.96	2,171.25
Unsecured loans	4	<u>1,374.48</u>	<u>1,393.15</u>
		4,784.44	3,564.40
<b>Deferred Payment Liabilities</b> (Refer Note No. 11 Schedule 22)		49.61	131.66
<b>Deferred Tax Liabilities (net)</b>	5	<u>925.01</u>	<u>855.59</u>
<b>TOTAL</b>		<u>10,696.01</u>	<u>8,706.46</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Fixed Assets	6		
Gross block		10,902.73	9,278.33
Less : Accumulated Depreciation		<u>4,056.09</u>	<u>3,646.40</u>
Net block		6,846.64	5,631.93
Capital work-in-progress including capital advances		<u>376.17</u>	<u>200.94</u>
		7,222.81	5,832.87
<b>Intangible Assets</b>	7	183.03	213.59
<b>Investments</b>	8	439.25	473.54
<b>Current Assets, Loans and Advances</b>			
Inventories	9	1,475.33	1,586.50
Sundry debtors	10	2,757.73	2,032.91
Cash and bank balances	11	113.92	279.51
Other current assets	12	14.94	48.34
Loans and advances	13	<u>1,053.17</u>	<u>747.90</u>
<b>CARRIED FORWARD (A)</b>		<u>5,415.09</u>	<u>4,695.16</u>



**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedules	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
<b>BROUGHT FORWARD (A)</b>		<b>5,415.09</b>	4,695.16
<b>Less: Current Liabilities and Provisions</b>			
Current liabilities	14	<b>2,262.64</b>	2,321.73
Provisions	15	<b>301.53</b>	186.97
	<b>(B)</b>	<b>2,564.17</b>	2,508.70
<b>Net Current Assets (A - B)</b>		<b>2,850.92</b>	2,186.46
<b>TOTAL</b>		<b>10,696.01</b>	8,706.46
<b>Notes to Accounts</b>	<b>22</b>		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

**For S.V. GHATALIA & ASSOCIATES**  
**Chartered Accountants**

per **Sudhir Soni**  
**Partner**  
 Membership No. 041870

Place : Mumbai  
 Dated: 12<sup>th</sup> June, 2009

For and on behalf of the Board of Directors

A. C Shroff (Chairman)

A. G. Shroff (Managing Director)

D. C. Gami (Director)

Ashok P. Shah (Chief Finance Officer)

S. K. Solanki (Company Secretary)

Place : Vadodara  
 Date : 12<sup>th</sup> June, 2009

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedules	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
<b>INCOME</b>			
Turnover (Gross)			
Sale of Product [ Including Sale of Raw Materials : Rs 72.04 lacs (Previous Year Rs 0.17 lacs)		17,471.10	11,418.00
Less : Excise duty		810.10	738.02
Turnover (Net)		16,661.00	10,679.98
Other income	16	200.94	338.91
<b>TOTAL</b>		<b>16,861.94</b>	<b>11,018.89</b>
<b>EXPENDITURE</b>			
Purchase of Trading Goods		66.62	261.51
Raw materials consumed	17	7,444.76	5,584.10
Personnel expenses	18	1,325.65	1,104.69
Operating and other expenses	19	5,755.99	3,056.01
Increase in inventories	20	(166.01)	(137.24)
Depreciation/amortization		557.98	499.42
Financial expenses	21	631.31	440.49
Amortisation of Deferred Revenue Expenses		-	4.84
<b>TOTAL</b>		<b>15,616.30</b>	<b>10,813.82</b>
Profit before tax and before prior period items		1,245.64	205.07
<b>Provision for Tax</b>			
Current tax		361.02	26.00
Deferred tax charge		69.41	46.63
Fringe benefit tax		20.00	20.00
Total Tax Expense		450.43	92.63
Profit after tax and before prior period items		795.21	112.44
Less: Excess provision for Taxation for earlier years		3.06	(5.12)
Less: Prior period items		2.22	2.73
<b>Net profit</b>		<b>789.93</b>	<b>114.83</b>
<b>CARRIED FORWARD</b>		<b>789.93</b>	<b>114.83</b>

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

Schedules	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
<b>BROUGHT FORWARD</b>	<b>789.93</b>	114.83
Balance brought forward from previous year	<b>998.02</b>	986.67
<b>Profit available for appropriation</b>	<b>1,787.95</b>	1,101.50
<b>Appropriations:</b>		
Proposed dividend	<b>139.83</b>	79.90
Tax on dividend	<b>23.76</b>	13.58
Transfer to General Reserve	<b>600.00</b>	10.00
<b>Surplus carried to Balance Sheet</b>	<b>1,024.36</b>	998.02
<b>Earnings per share</b>		
Basic Earning Per Share (Rs.)	<b>14.81</b>	2.26
Diluted Earning Per Share (Rs.)	<b>14.07</b>	2.22
Face Value Per Share (Rs.) ( Refer Note No: 15 in schedule 22)	<b>10</b>	10

**Notes to Accounts**
**22**

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account. As per our report of even date

**For S.V. GHATALIA & ASSOCIATES**  
**Chartered Accountants**

**per Sudhir Soni**  
**Partner**  
Membership No. 041870

Place : Mumbai  
Dated: 12<sup>th</sup> June, 2009

For and on behalf of the Board of Directors

A. C Shroff (Chairman)

A. G. Shroff (Managing Director)

D. C. Gami (Director)

Ashok P. Shah (Chief Finance Officer)

S. K. Solanki (Company Secretary)

Place : Vadodara  
Dated : 12<sup>th</sup> June, 2009

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

Particulars	For the year ended		For the year ended	
	31 <sup>st</sup> March, 2009		31 <sup>st</sup> March, 2008	
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before Tax and before prior period Items		<b>1,245.64</b>		205.06
Adjustments for :				
Depreciation	<b>514.07</b>		455.52	
Amortisation of Intangible Assets	<b>43.91</b>		43.91	
Bad Debts	-		6.70	
Loss/(Profit) on sale of Fixed Assets	<b>30.17</b>		(1.71)	
Assets written off	<b>30.55</b>		-	
Provision for Doubtful Debts	<b>30.68</b>		-	
Provision for Doubtful Debts written back	<b>(4.25)</b>		(43.83)	
Provision for Diminution in value of investments written back	-		(5.38)	
Interest received	<b>(17.03)</b>		(16.61)	
Dividend Received	<b>(69.22)</b>		(44.70)	
Interest paid	<b>631.31</b>		440.49	
Amortisation of expenses	-		4.84	
Exchange Difference on loans taken	<b>71.68</b>		(54.23)	
Excess Provision for depreciation	<b>(0.15)</b>		(0.70)	
Short Provision for depreciation	-		0.02	
Short Provision for Amortisation	-		0.36	
Short /(Excess) Provision for other items (Net)	<b>(1.06)</b>		(10.33)	
		<b>1,260.66</b>		<b>774.35</b>
Operating Profit before working capital changes		<b>2,506.30</b>		979.41
Adjustments for:				
Trade and other receivables & Loans & Advances	<b>(865.65)</b>		(711.49)	
Inventories	<b>111.17</b>		(461.78)	
Trade Payables & other liabilities	<b>(129.93)</b>		962.80	
		<b>(884.41)</b>		<b>(210.47)</b>
Cash generated from Operations		<b>1,621.89</b>		768.94
Direct taxes paid		<b>570.83</b>		<b>80.90</b>
Cash flow before extraordinary items		<b>1,051.06</b>		688.04
Prior Period Adjustments (Other than Taxation)		<b>(2.22)</b>		(2.72)
Net cash from Operating Activities	(A)	<b>1,048.84</b>		<b>685.32</b>
<b>CARRIED FORWARD</b>	(A)	<b>1,048.84</b>		<b>685.32</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

Particulars	For the year ended 31 <sup>st</sup> March, 2009	For the year ended 31 <sup>st</sup> March, 2008	
<b>BROUGHT FORWARD</b>	<b>(A)</b>	<b>1048.84</b>	<b>685.32</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets	(1,964.70)	(738.11)	
Purchase of Intangible Assets	(13.35)	(25.00)	
Sale of fixed assets	30.65	25.02	
Purchase of Investment in Subsidiary	(0.02)	-	
Purchase of Investments	-	(5.34)	
Sale of Investments	34.31	-	
Interest received	15.78	15.43	
Dividend received	69.22	44.70	
Net Cash used in Investing Activities	<b>(B)</b>	<b>(1,828.11)</b>	<b>(683.30)</b>
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
Proceeds from borrowings (Net)	1,134.59	346.63	
Interest Paid	(584.23)	(432.93)	
Proceeds from issue of share warrants	155.80	199.50	
Dividend Paid	(78.90)	(74.91)	
Tax on distributed Profits	(13.58)	(12.93)	
Net cash used Financing Activities	<b>(C)</b>	<b>613.68</b>	<b>25.36</b>
Net increase in cash and cash equivalents	<b>(A+B+C)</b>	<b>(165.59)</b>	<b>27.38</b>
Cash and cash equivalents at the beginning of the year	279.51	252.13	
Cash and cash equivalents at the end of the year	<b>113.92</b>	<b>279.51</b>	

**Note :**

1. Cash and cash equivalents includes Deposits pledged with government authorities Rs. 0.88 Lacs (Previous year Rs. 0.86 Lacs). Unclaimed dividend accounts Rs. 8.04 Lacs (Previous year Rs. 7.04 Lacs) and Right issue application money account Rs. 1.71 Lacs (Previous year Rs. 1.71 Lacs).
2. For components of cash and cash equivalents, refer Schedule 11 to the Balance Sheet.

**For S.V. GHATALIA & ASSOCIATES**  
Chartered Accountants

per **Sudhir Soni**  
Partner  
Membership No. 041870

Place : Mumbai  
Dated: 12<sup>th</sup> June, 2009

For and on behalf of the Board of Directors

A. C Shroff (Chairman)  
A. G. Shroff (Managing Director)  
D. C. Gami (Director)  
Ashok P. Shah (Chief Finance Officer)  
S. K. Solanki (Company Secretary)

Place : Vadodara  
Dated: 12<sup>th</sup> June, 2009

**SCHEDULE TO THE ACCOUNTS**

	<b>March 31, 2009</b>	March 31, 2008
	<b>(Rs. in lacs)</b>	(Rs. in lacs)
<b>Schedule 1 : Share capital</b>		
<b>Authorised</b>		
75,00,000 (Previous Year: 75,00,000) equity shares of Rs.10/- each	<b>750.00</b>	750.00
5,00,000 (Previous Year: 5,00,000 ) preference shares of Rs.100/- each	<b>500.00</b>	500.00
<b>Issued, Subscribed and paid up</b>		
55,93,024 (Previous Year: 53,26,691) equity shares of Rs. 10/- each fully paid	<b>559.30</b>	532.67
<b>TOTAL</b>	<b>559.30</b>	532.67
Of the above:		
26,86,632 (Previous Year : 26,86,632) Equity Shares have been allotted as fully paid-up by way of Bonus Shares by capitalisation of General Reserve.		
2,50,000 (Previous Year : 2,50,000) Equity Shares have been allotted as fully paid-up pursuant to a scheme of amalgamation without payments being received in cash.		
<hr/>		
	<b>March 31, 2009</b>	March 31, 2008
	<b>(Rs. in lacs)</b>	(Rs. in lacs)
<b>Schedule 2 : Reserves and Surplus</b>		
<b>Capital Reserve</b>	<b>19.00</b>	19.00
Securities Premium Account:		
Balance as per last account	<b>1,224.14</b>	1,084.64
Add: Received on issue of shares on Preferential basis	<b>146.48</b>	139.51
	<b>1,370.62</b>	1,224.15
<b>General Reserve</b>		
Balance as per last account	<b>1,346.36</b>	1,342.00
Less: Provision for Gratuity	-	5.65
Add : Transferred from Profit and Loss Account	<b>600.00</b>	10.00
	<b>1,946.36</b>	1,346.35
Profit and Loss Account	<b>1,024.36</b>	998.02
<b>TOTAL</b>	<b>4,360.34</b>	3,587.52
<hr/>		
	<b>March 31, 2009</b>	March 31, 2008
	<b>(Rs. in lacs)</b>	(Rs. in lacs)
<b>Schedule 3 : Secured Loans</b>		
<b>Loans and advances from banks</b>		
Cash/Export Credit facilities (Refer Note No. 1 Below)	<b>983.97</b>	346.87
Term loans (Refer Note Nos. 2 to 6 Below)	<b>2,401.61</b>	1,813.77
Interest accrued and due	<b>24.38</b>	10.61
<b>TOTAL</b>	<b>3,409.96</b>	2,171.25

## SCHEDULE TO THE ACCOUNTS

### Notes :

1. Loans on Cash Credit Accounts from State Bank of India, Bank of Baroda and Axis Bank Limited (hereafter collectively referred to as "Consortium of Banks") are secured by first charge by way of hypothecation of stocks of raw materials, packing materials, consumable stores, finished goods, semi-finished goods and book-debts. The aforesaid cash credit facilities are further secured by way of charge on the whole of the fixed assets of the Company ranking second and subservient for the charges created in respect of borrowings obtained from them.
2. Corporate Loan from State Bank of India amounting to Rs 50.00 Lacs (Previous Year:Rs : 90.00 Lacs) is secured by first charge by way of hypothecation of all the movable assets both present and future of the Company (excluding current assets charged in favour of Consortium of Banks for securing borrowings for working capital requirements). The said loan is further secured by first charge by way of an equitable mortgage on the whole of the fixed assets of the Company, both present and future on pari passu basis with existing second and subservient charge holders.
3. Term Loan from Axis Bank Limited amounting to Rs. 296.68 Lacs (Previous Year : Rs. 387.91 Lacs) or equivalent in foreign currency is secured by first charge by way of hypothecation of all machinery financed or to be financed under the said term loan. It is further secured by first charge by way of hypothecation of all the movable assets of the Company (excluding book-debts and other current assets charged in favour of Consortium of Banks for securing borrowings for working capital requirements). The said loan is also further secured by first charge by way of an equitable mortgage on the whole of the fixed assets of the Company, both present and future, on pari passu basis with existing second and subservient charge holders.
4. Term loan from Bank of Baroda amounting to Rs.662.08 Lacs (Previous Year : Rs. 960.86 Lacs) is secured by first charge by way of hypothecation of all movable machinery financed or to be financed under the said term loan. The Bank of Baroda has agreed and ceded second pari passu charge in favour of State Bank of India and Axis Bank Limited, on the said movable machinery financed / to be financed out of the said term loan, for their respective working capital limits sanctioned to the Company. The said loan is also further secured by first charge by way of an equitable mortgage on the whole of the immovable assets of the Company, both present and future, on pari passu basis with existing first charge holders viz. State Bank of India and Axis Bank Limited.
5. Term loan from State Bank of India amounting to Rs.933.29 Lacs (Previous Year : Rs. 375.00 Lacs) is secured by first charge by way of hypothecation of all movable machinery financed or to be financed under the said term loan. The said loan is also further secured by first charge by way of an equitable mortgage on the whole of the immovable assets of the Company, both present and future, on pari passu basis with existing first charge holders viz. Bank of Baroda and Axis Bank Limited.
6. Term loan from Axis bank Ltd. amounting to Rs 459.55 lacs (Previous Year : Rs Nil) is yet to be secured by first charge by way of hypothecation of all movable machinery financed or to be financed under the said term loan and also yet to be secured by first charge by way of an equitable mortgage on the whole of the immovable assets of the company, both present and future , on pari passu basis with existing first charge holders viz. State Bank of India and Bank of Baroda.

## SCHEDULE TO THE ACCOUNTS

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
<b>Schedule 4 : Unsecured Loans</b>		
Fixed deposits	1,174.48	1,115.81
[Due within one year : Rs.4,80,69,000 (Previous Year : Rs.2,98,44,000)]		
Short-term loans and advances:		
From banks	<u>200.00</u>	<u>277.34</u>
<b>TOTAL</b>	<u><b>1,374.48</b></u>	<u><b>1,393.15</b></u>

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
<b>Schedule 5 : Deferred Tax Liability (net)</b>		
<b>Deferred Tax Liabilities</b>		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	<u>989.80</u>	<u>905.12</u>
<b>Gross Deferred Tax Liabilities</b>	<b>989.80</b>	<b>905.12</b>
<b>Deferred Tax Assets</b>		
Provision for doubtful debts and advances	<u>23.08</u>	<u>14.10</u>
Others	<u>41.71</u>	<u>35.43</u>
<b>Gross Deferred Tax Assets</b>	<u><b>64.79</b></u>	<u><b>49.53</b></u>
<b>Net Deferred Tax Liability</b>	<u><b>925.01</b></u>	<u><b>855.59</b></u>

<b>Schedule 6 : Fixed Assets</b>											<b>(Rs. in lacs)</b>
Sr. No.	Description of assets	GROSS BLOCK ( AT COST)				DEPRECIATION				NET BLOCK	
		As at 1 <sup>st</sup> April, 2008	Additions during the year	Deducti- ons during the year	As at 31 <sup>st</sup> March, 2009	As at 1 <sup>st</sup> April, 2008	Dedu- ction/ Adjust- ments	Provided for the Year	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
1	Land (Freehold) (Refer Note No.1 below)	236.93	48.13	-	285.06	-	-	-	-	285.06	236.93
2	Buildings	719.16	120.12	-	839.28	121.73	-	18.42	140.15	699.13	597.43
3	Well, Pumps and Water Pipe Lines	21.39	4.34	-	25.73	2.80	-	0.41	3.21	22.52	18.59
4	Plant & Machinery	7,531.12	1,498.25	143.06	8,886.31	3,217.57	95.51	447.43	3,569.49	5,316.82	4,313.55
5	Electrical Installations	91.43	11.37	-	102.80	47.44	-	4.03	51.47	51.33	43.99
6	Research and Development Equipments	310.89	20.05	-	330.94	88.70	-	15.04	103.74	227.20	222.19
7	Furniture & Fixtures	156.26	46.55	0.19	202.62	84.81	0.09	12.29	97.01	105.61	71.45
8	Technical Books	42.18	-	-	42.18	31.05	-	1.70	32.75	9.43	11.13
9	Vehicles (Refer Note No.2 below)	168.97	40.66	21.81	187.81	52.30	8.78	14.75	58.27	129.54	116.67
<b>TOTAL</b>		9,278.33	1,789.47	165.06	10,902.73	3,646.40	104.38*	514.07#	4,056.09	6,846.64	5,631.93
Previous Year		8,543.87	776.69	42.23	9,278.33	3,211.13	20.27	455.54	3,646.40		
Capital Work-in-Progress (Refer Note No.3 below)										376.17	200.94
<b>TOTAL</b>										<b>7,222.81</b>	<b>5,832.87</b>

## NOTES:

- 1 Out of the total area of the land admeasuring 5,10,434.490 Sq. Metres (Previous Year 4,89,391.490 Sq. Meters), part of the land admeasuring 94,947.485 Sq. Metres has been given on lease for a period of 90 years.
- 2 Vehicle includes those purchased on Hire Purchase basis, the ownership whereof will be transferred to the Company on full payment of the outstanding purchase price and interest accrued and due thereon from time to time, Rs.Nil (Previous Year : Rs. 22.70 Lacs).
- 3 Vehicle includes vehicle taken on finance lease - Gross block value Rs. Nil, (Previous Year : Rs. 48.26 Lacs), Net block value Rs. Nil, (Previous Year : Rs. 33.74 Lacs)
- 4 Capital Work-in-Progress includes Advances for Capital Expenditure Rs.63.90 Lacs (Previous Year : Rs.15.32 Lacs).
- 5 \* Includes Excess Provision for Depreciation for earlier years Rs. 0.15 Lacs (Previous Year : Rs. 0.70 Lacs).
- 6 # Includes Short Provision for Depreciation for earlier years Rs.Nil (Previous Year : Rs.0.02 Lacs)



## SCHEDULE TO THE ACCOUNTS

### Schedule 7 : Intangible Assets

(Rs. in lacs)

Sr. No.	Description of assets	Gross Block			Amortisation			Net Block			
		As at 1st April, 2008	Additions during the Year	Deduction during the Year	As at 31st March, 2009	As at 1st April, 2008	Deductions / Adjustments	Provided during the Year	Up to 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
1	Technical Know-how	439.09	-	-	439.09	250.50	-	43.91	294.41	144.68	188.60
	<b>Total</b>	439.09	-	-	439.09	250.50	-	43.91	294.41	144.68	188.60
	Previous Year	439.09	-	-	439.09	206.23	-	44.27	250.50		
	Project work-in-progress									38.35	25.00
	<b>TOTAL</b>									183.03	213.60

### Schedule 8 : Investments

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
<b>Long Term Investments other than trade (At cost)</b>		
<b>I) Unquoted</b>		
<b>Government Securities</b>		
12 Years National Defence Certificates [Face Value: Rs. 1,400 (Deposited with Government Authorities)]	0.01	0.01
7 Years National Saving Certificates [Face Value: Rs. 2,500 (Deposited with Government Authorities)]	0.03	0.03
	0.04	0.04
<b>In Subsidiary Company</b>		
20 (Previous Year Nil) equity shares of GBP 1 each fully paid-up in Transpek Industry (Europe) Limited	0.02	-
<b>Shares, Debentures and Bonds</b>		
400 ( Previous Year : 400) Equity Shares of Rs.25 each fully paid-up in Co-operative Bank of Baroda Limited	0.10	0.10
10,000 (Previous Year : 10,000) Equity Shares of Rs.100 each fully paid-up in Agrocel Industry Limited	10.00	10.00
9,49,315( Previous Year : 9,49,315) Equity Shares of Rs.10 each fully paid-up in Transpek Silox Industry Limited	290.96	290.96
10 (Previous Year : 10 ) Equity Share of Rs.10 each fully paid up in Pragati Sahakari Bank Limited	0.00	0.00
Nil (Previous Year : 34,307 ) 6.75% Bonds of Rs. 100 each fully paid up in Unit Trust of India	-	34.31
	301.06	335.37
<b>II) Quoted</b>		
1,56,650 Equity Shares ( Previous Year : 1,56,650 ) of Rs. 5 each fully paid-up in Excel Industries Limited (Also Refer Note No. 9 in Schedule 22)	226.76	226.76
	527.88	562.17
Less: Provision for Diminution in value of Long Term Investment	88.63	88.63
<b>TOTAL</b>	<b>439.25</b>	<b>473.54</b>
Aggregate amount of quoted investments (Market value Rs. 41.43 Lacs (Previous Year Rs. 83.26 Lacs))	138.13	138.13
Aggregate amount of unquoted investments - Cost	301.12	335.41

**SCHEDULE TO THE ACCOUNTS****Schedule 9 : Inventories (At Lower Of Cost And Net Realisable Value)**

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Raw materials and components	497.26	823.19
Stores and spares	127.53	78.78
Work-in- progress	124.78	166.63
Finished goods	725.76	517.90
<b>TOTAL</b>	<b><u>1,475.33</u></b>	<b><u>1,586.50</u></b>

**Schedule 10 : Sundry Debtors**

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
<b>Unsecured</b>		
Debts outstanding for a period exceeding six months		
Considered Good	101.65	246.19
Considered Doubtful	28.28	32.54
Other debts		
Considered Good	2,656.08	1,786.72
	<b>2,786.01</b>	<b>2,065.45</b>
Less : Provision for Doubtful Debts	28.28	32.54
<b>TOTAL</b>	<b><u>2,757.73</u></b>	<b><u>2,032.91</u></b>

Included in Sundry Debtors are:

Debts (considered good) outstanding for a period exceeding six months include amount due from a Private Limited Company in which some of the directors of the Company are directors/members	-	14.46
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**Schedule 11 : Cash And Bank Balances**

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Cash on hand	5.32	1.43
Balances with scheduled banks:		
On Current Accounts	37.70	33.68
On Margin money accounts	6.33	207.86
On Deposit Accounts	54.82	27.79
[Includes Rs. 0.88 Lacs (Previous Year : Rs. 0.86 Lacs) deposited with government authorities.]		
On Unclaimed dividend accounts	8.04	7.04
On Right issue application money account	1.71	1.71
<b>TOTAL</b>	<b><u>113.92</u></b>	<b><u>279.51</u></b>

## SCHEDULE TO THE ACCOUNTS

### Schedule 12 : Other Current Assets

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Fixed Assets held for sale	11.30	45.18
Interest accrued on Investment	-	0.77
Interest Receivable	3.64	2.39
<b>TOTAL</b>	<b><u>14.94</u></b>	<b><u>48.34</u></b>

### Schedule 13 : Loans And Advances

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
(Unsecured and considered good, unless and otherwise stated)		
Advances and loans to subsidiary	8.03	-
Advances recoverable in cash or kind or for value to be received		
Considered Good	152.89	309.55
Considered Doubtful	39.63	8.96
Balances with customs, excise, public bodies and other Government departments	590.19	331.39
Sundry Deposits	8.78	4.29
Loans and Advances to Employees	6.13	2.27
Payment of Taxes net of provision	287.15	100.40
	<u>1,092.80</u>	<u>756.86</u>
Less: Provision for doubtful advances	39.63	8.96
<b>TOTAL</b>	<b><u>1,053.17</u></b>	<b><u>747.90</u></b>

### Schedule 14 : Current Liabilities

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Acceptances	33.25	163.86
Sundry creditors (Refer Note No. : 5 in Schedule 22 )	1,754.39	1,918.10
Advance from customers	52.47	38.17
Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
(a) Unpaid dividend	8.04	7.04
(b) Unpaid application money received for allotment of securities	1.71	1.71
(c) Unpaid Matured Deposits	36.28	38.66
(d) Interest accrued on (a) to (c) above.	2.16	2.07
Forward Contract	201.37	13.89
Bank account excess drawn	40.19	32.77
Interest accrued but not due on loans	99.31	66.10
Others	33.47	39.36
<b>TOTAL</b>	<b><u>2,262.64</u></b>	<b><u>2,321.73</u></b>

**SCHEDULE TO THE ACCOUNTS****Schedule 15 : Provisions**

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Provision for gratuity ( net of Plan Asset )	20.20	22.61
Provision for Leave Encashment	117.74	70.88
Proposed dividend	139.83	79.90
Tax on proposed dividend	23.76	13.58
<b>TOTAL</b>	<b><u>301.53</u></b>	<b><u>186.97</u></b>

**Schedule 16 : Other Income**

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Interest		
On Deposits [TDS Rs.3.69 Lacs ( Previous Year: Rs.1.41 Lacs)]	16.53	7.86
Others	0.50	8.75
Dividend income		
Long term investments-Non-trade	67.65	43.92
Long term investments trade	1.57	0.78
Provision for Doubtful Debts Written back	4.25	43.83
Bad Debts Recovered	0.67	1.22
Conversion Charges	13.91	29.46
Export Incentive Received	29.04	13.11
Exchange Difference (Net)	-	152.19
Profit on Sale of Assets(Net)	-	1.71
Excess liability of Previous years Written back	1.06	10.65
Provision for Diminution in Value of Long-Term Investment written back	-	5.37
Sales Tax / Service Tax Refund Received	15.89	-
Miscellaneous income	49.87	20.06
<b>TOTAL</b>	<b><u>200.94</u></b>	<b><u>338.91</u></b>

**Schedule 17 : Raw Materials Consumed**

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Inventories as at March 31, 2008	798.06	482.12
Add: Purchases	<u>7,134.57</u>	<u>5,900.04</u>
	7,932.63	6,382.16
Less: Inventories as at March 31, 2009	<u>487.87</u>	<u>798.06</u>
	<b><u>7,444.76</u></b>	<b><u>5,584.10</u></b>

[Includes cost of Raw material sold Rs. 58.44 lacs  
(Previous Year : Rs. 0.15 Lacs) ]

## SCHEDULE TO THE ACCOUNTS

### Schedule 18 : Personnel Expenses

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Salaries, wages and bonus	978.19	851.16
Contribution to provident fund and other funds	148.60	120.03
Contribution / Provision for Retirement Benefits	86.21	44.89
Workmen and staff welfare expenses	112.65	88.61
<b>TOTAL</b>	<b>1,325.65</b>	<b>1,104.69</b>

### Schedule 19 : Operating Other Expenses

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Consumption of stores and spares	46.41	48.22
Containers & Packing Materials	280.23	291.86
Power and fuel	1,398.70	831.64
Freight and forwarding charges	1,091.49	522.08
Rent	12.24	3.44
Rates and taxes	12.58	46.11
Insurance	38.23	41.54
Repairs and maintenance		
Plant and Machinery	514.95	286.32
Buildings	5.50	5.04
Others	67.13	45.00
Advertising and sales promotion	53.37	35.61
Commission	667.55	323.67
Travelling and conveyance	199.56	181.76
Communication costs	26.03	24.32
Printing and stationery	18.49	14.05
Legal and professional fees	76.96	103.37
Directors' sitting fees	2.21	2.36
Commission to Directors	13.75	2.60
Payment to Auditors (Refer Note No 18(ii) in schedule 22)	6.00	4.56
(Increase)/decrease of Excise duty on Inventory	(14.65)	6.37
Exchange difference (net)	824.56	-
Donations and contributions to charitable institutions	35.33	16.97
Provision for doubtful debts and advances	30.68	6.70
Assets written off	30.55	-
Loss on sale of fixed assets (net)	30.17	-
Other Expenses	287.97	212.42
<b>TOTAL</b>	<b>5,755.99</b>	<b>3,056.01</b>

**SCHEDULE TO THE ACCOUNTS****Schedule 20 : Increase In Inventories**

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Inventories as at March 31, 2009		
- Work-in-progress	124.78	166.63
- Finished goods	<u>725.76</u>	<u>517.90</u>
	<b>850.54</b>	<b>684.53</b>
Less: Inventories as at March 31, 2008		
- Work-in-progress	166.63	214.62
- Finished goods	517.90	323.97
- Traded Goods	-	8.70
	<u>684.53</u>	<u>547.29</u>
<b>TOTAL</b>	<b><u>166.01</u></b>	<b><u>137.24</u></b>

**Schedule 21 : Financial Expenses**

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Interest		
On term loans	222.18	139.58
On banks	92.45	54.85
On Fixed Public Deposit and Fixed Loans	150.08	130.28
Others	16.21	3.50
Bank charges	<u>150.39</u>	<u>112.28</u>
<b>TOTAL</b>	<b><u>631.31</u></b>	<b><u>440.49</u></b>

**SCHEDULE TO THE ACCOUNTS**

(Currency : Rupees in Lacs unless and otherwise stated)

**SCHEDULE '22':****Notes to Accounts****1. Nature of Operation**

Transpek Industry Limited ('TIL', 'the Company') is one of the leading manufacturers and exporters of a range of chemicals servicing the requirements of customers from a diverse range of industries - Textiles, Pharmaceuticals, Agrochemicals, advanced Polymers, etc.

**2. Statement on Significant Accounting Policies****a) Basis of Preparation**

The financial statements have been prepared to comply in all material respects in respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**b) Use of estimates**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statement and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

## SCHEDULE TO THE ACCOUNTS

### Schedule 22 : Notes to Accounts : Cont'd....

#### c) **Fixed Assets and capital work in progress**

Fixed Assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost (net of Cenvat credit) of bringing the assets to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

#### d) **Depreciation**

Depreciation is provided using Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Assets valuing upto Rs 5,000/- are depreciated at the rate of 100 % in the year of acquisition. Depreciation in respect of additions to/deletions from the fixed assets, provided on pro-rata basis with reference to the month of addition/deletion of the assets.

#### e) **Impairment**

- i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- iii) A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

#### f) **Intangibles**

##### **Research and Product Development Costs**

Research costs are expensed as incurred. Product development expenditure incurred on individual product project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortized on a straight line basis over a period of ten years from the month of addition of the underlying product.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

#### g) **Assets Held for Disposal**

Items of Fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value.

#### h) **Inventories**

Stores and spares are valued at cost and net realizable value, whichever is lower. Cost is determined on weighted average basis.

Raw materials, packing materials and fuel are valued at cost and net realizable value, whichever is lower. Cost is determined on First In First Out Basis. However, materials and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Finished goods semi-finished goods are valued at cost and net realizable value, whichever is lower. Cost is determined on absorption costing basis. Cost of finished goods includes excise duty.

Trading goods and process residue are valued at cost and net realizable value, whichever is lower.

#### i) **Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments

**SCHEDULE TO THE ACCOUNTS****Schedule 22 : Notes to Accounts : Cont'd....**

are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

**j) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

***Sale of goods***

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the period.

***Interest***

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

***Dividends***

Revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

**k) Export Benefits**

Duty free imports of raw materials under Advance Licence for imports as per the Import and Export Policy are matched with the exports made against the said licences and the net benefit/obligation is accounted by making suitable adjustments in raw material consumption.

The benefits accrued under the Duty Entitlement Pass Book Scheme as per the Import and Export Policy in respect of exports made under the said scheme have been included under the head 'Export Incentives'.

**l) Foreign Currency Transaction*****Initial Recognition***

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

***Conversion***

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

***Exchange Differences***

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

***Forward Exchange Contracts not intended for trading or speculation purposes***

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

**m) Government Grants**

Subsidy by way of an incentive for projects set up in a backward area is recognized as income in the Profit and Loss Account.



## SCHEDULE TO THE ACCOUNTS

### Schedule 22 : Notes to Accounts : Cont'd....

#### n) Amortisation of Expenses

Compensation under Voluntary Retirement Scheme incurred on or before 31st March, 2003 is amortised over a period of five years.

Compensation under Voluntary Retirement Scheme paid on or after 1st April, 2003 is charged as an expense in the year in which the said compensation is paid.

#### o) Operating Lease

##### *Where the Company is the lessee*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as Operating Leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight line basis over the lease term.

#### p) Taxation

Tax expense comprises current, deferred taxes and fringe benefit tax. Current income-tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situation where the Company has unabsorbed depreciation and carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

#### q) Segment Reporting Policies

##### *Identification of segments:*

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the geographical location of the customers wherever required.

#### r) Retirement Benefits

- i. Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

**SCHEDULE TO THE ACCOUNTS****Schedule 22 : Notes to Accounts : Cont'd....**

- ii. Superannuation Fund is a defined contribution scheme and contributions to the scheme are charged to the profit and loss account in the year when the contributions are due. The scheme is funded with an insurance company in the form of a qualifying insurance policy. There are no other obligations other than the contribution payable to the respective trusts.
- iii. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Company. The aforesaid liability is provided for on the basis of an actuarial valuation made base on unit credit method at the end of the financial year. The scheme is funded with an insurance company in the form of a qualifying insurance policy.
- iv. The Company has other long term employee benefits in the form of leave encashment. The liability in respect of leave encashment is provided for on the basis of actuarial valuation made at the end of the financial year. The aforesaid leave encashment is not funded.
- v. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

**s) Provisions**

A provision is recognized when an enterprise has a present obligation as result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the best current estimates.

**t) Earning per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**u) Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**3. (a) Contingent Liabilities (to the extent not provided for)**

Sr.No	Particulars	As on March 31, 2009	As on March 31, 2008
(a)	Disputed Income Tax Liability	843.85	738.13
(b)	Disputed Excise Duty Liability	-	12.36
(c)	Disputed Sales Tax Liability	261.07	271.49
(d)	Guarantees given by Banks to third parties on behalf of the Company	26.88	94.86
(e)	Claims against the Company not acknowledged as debts (mainly on account of outstanding law suits )	376.50	245.56
(f)	Counter Guarantees given to The Housing Development Finance Corporation Limited in respect of housing loans taken by employees.	0.49	1.24

- (b) The Company has undertaken export obligation of eight times of the CIF value of machineries imported, to be fulfilled over a period of eight years. The obligation outstanding on the date of Balance Sheet amounts to Rs. 103.45 Lacs (Previous Year : Nil).

## SCHEDULE TO THE ACCOUNTS

### Schedule 22 : Notes to Accounts : Cont'd....

#### 4. Capital Commitment

The estimated amount of contracts, net of advances remaining to be executed on capital account at March 31, 2009 is Rs. 61.93 (Previous Year Rs. 12.71).

#### 5. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

During the year the Company had initiated the process of identification of the Micro and Small suppliers. Based on responses received so far and profile of the supplier, the management is of the opinion that no provision for liability of interest is required to be made. In view of non-availability of full information about all the covered parties, prescribed disclosures under Section – 22 of the Act has been considered only for those parties which have confirmed their status for disclosure.

Particulars	For the year ended March 31, 2009
The principal amount and remaining unpaid to any supplier as at the end of each accounting period.	46.20
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period.	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	-
The amount of interest accrued and remaining unpaid at the end of each accounting period.	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Act, 2006.	-

6. Excise duty on sales amounting to Rs. 810.10 has been reduced from sales in profit & loss account and excise duty on increase/decrease in stock amounting to Rs. 14.65 has been considered as income in Schedule 19 of financial statements.
7. During the year, the Company has written off Bad Debts and Sundry Advances amounting to Rs. Nil (Previous Year: Rs.27.48) against provision for doubtful debts and advances made in the earlier years.
8. During the previous year, the Company has issued 7,99,000 share warrants to promoters and others on preferential allotment basis at a price of Rs. 65 per share on 5th February, 2008 which are convertible into equal number of equity shares of Rs.10 each. Out of the above, 5,19,984 share warrants have been converted into equity shares of Rs.10 each fully paid-up till 31st March, 2009. The said equity shares shall rank pari-passu with the other equity shares.
9. The Company has an investment in equity shares of Excel Industries Limited amounting to Rs.227. In respect of this investment, the Company had, in the previous year, recognized a diminution in the value of investment amounting to Rs.89. The market value of this investment at March 31, 2009 is Rs.41. In view of the long-term nature of this investment and having regard to the book value of the equity shares, management does not consider any further diminution in the carrying value of this investment, as at March 31, 2009.
10. Provision for Taxation includes provision for Wealth Tax amounting to Rs. 1.02 (Previous Year: Rs. 1).
11. Deferred payment liabilities – Repayable within one year Rs.49.61 (Previous Year : Rs. 82.05).
12. **Gratuity plan: (AS 15 Revised 120(b))**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with insurance companies in the form of a qualifying insurance policy. The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

**SCHEDULE TO THE ACCOUNTS****Schedule 22 : Notes to Accounts : Cont'd....****Profit and Loss Account****Net employee benefit expense (recognised in Employee Cost)**

	March 31, 2009	March 31, 2008
Current service cost	18.66	16.07
Interest cost	25.24	21.01
Expected return on plan assets	(23.43)	(20.33)
Net actuarial( gain) / loss recognised in the year	17.30	16.70
Past service cost	-	-
Net benefit expense	37.77	33.45
Actual return on plan assets	30.45	24.85

**Balance sheet**

	March 31, 2009	March 31, 2008
Defined benefit obligation	375.90	315.45
Fair value of plan assets	355.70	292.84
Less: Unrecognised past service cost	Nil	Nil
Plan asset / (liability)	<u>20.20</u>	<u>22.61</u>

**Changes in the present value of the defined benefit obligation are as follows:**

	March 31, 2009	March 31, 2008
Opening defined benefit obligation	315.45	262.64
Interest cost	25.24	21.01
Current service cost	18.66	16.07
Benefits paid	(7.77)	(5.49)
Actuarial (gains) / losses on obligation	24.32	21.22
Closing defined benefit obligation	375.90	315.45

**Changes in the fair value of plan assets are as follows:**

	March 31, 2009	March 31, 2008
Opening fair value of plan assets	292.84	254.08
Expected return	23.43	20.33
Contributions by employer	40.18	19.41
Benefits paid	(7.77)	(5.49)
Actuarial gains / (losses)	7.02	4.52
Closing fair value of plan assets	355.70	292.84

The Company expects to contribute Rs 79.76 (Previous Year Rs. 41.75) to gratuity in 2009.

## SCHEDULE TO THE ACCOUNTS

### Schedule 22 : Notes to Accounts : Cont'd....

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2009 %	March 31, 2008 %
Investments with insurer	100.00	100.00

In the absence of details of experience adjustment, the same has not be disclosed.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity for the Company's plan are shown below:

	March 31, 2009 %	March 31, 2008 %
Discount rate	8	8
Expected rate of return on assets	8	8
Increase in Compensation cost	6	4.5
Mortality Table	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate
Proportion of employees opting for early retirement	1%	2%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### 13. Related Party Disclosure

#### a) Names of related parties and description of relationship:

Subsidiary Company	Transpek Industry (Europe) Limited *
Enterprises owned or significantly influenced by key management personnel or their relatives	Excel Industries Limited Excel Crop Care Limited Transmetal Limited Shroff Engineering Limited Anshul Speciality Molecules Limited Agrocel Industries Limited Anshul Agencies Shroff Foundation Trust Hyderabad Chemical Supplies Limited Transchem Agritech Limited C.C.Shroff Research Institute
Key Management Personnel	Atul G. Shroff
Relatives of key management personnel	Ashwin C. Shroff Dipesh K. Shroff Vishwa A. Shroff Shruti A. Shroff Chaitanya D. Shroff

\*For the period from April 22, 2008

**SCHEDULE TO THE ACCOUNTS****Schedule 22 : Notes to Accounts : Cont'd....**

b) Transactions along with related parties as at March 31, 2009 and March 31,2008 are as follows:  
(Previous Year's figures are shown in brackets)

Particulars	Subsidiary	Enterprises owned or significantly influenced by key Management Personnel or their relatives	Key Management Personnel and relatives	Total
Sales of Goods	-	698.16	-	698.16
	-	(512.77)	-	(512.77)
Other Income	-	0.60	-	0.60
	-	(0.07)	-	(0.07)
Sale of Fixed Assets	-	5.06	-	5.06
	-	(0.06)	-	(0.06)
Dividend Received	-	-	-	-
	-	(1.98)	-	(1.98)
Dividend Paid	-	-	2.73	2.73
	-	(1.39)	(0.42)	(1.81)
Commission Paid	-	29.34	-	29.34
	-	(33.88)	-	(33.88)
Purchase of Goods	-	39.38	-	39.38
	-	(35.59)	-	(35.59)
Purchase of Fixed Assets	-	0.36	-	0.36
	-	(0.74)	-	(0.74)
Office Rent	-	1.32	-	1.32
	-	(1.04)	-	(1.04)
Services Availed	-	4.91	-	4.91
	-	(5.18)	-	(5.18)
Others	-	0.41	-	0.41
	-	(0.32)	-	(0.32)
Donations Paid	-	18.76	-	18.76
	-	(11.25)	-	(11.25)
Trade Advance Given	-	10.00	-	10.00
	-	(23.88)	-	(23.88)
Interest Paid	-	0.32	1.56	1.88
	-	(0.32)	(1.56)	(1.88)
Interest Received	-	-	-	-
	-	(1.07)	-	(1.07)
Reimbursements charged by the company	15.67	0.14	-	15.81
	-	-	-	-
Reimbursements charged to the company	17.87	15.72	-	33.59
	-	(3.22)	-	(3.22)
Managerial Remuneration*	-	-	85.54	85.54
	-	-	(61.06)	(61.06)

**SCHEDULE TO THE ACCOUNTS**
**Schedule 22 : Notes to Accounts : Cont'd....**

Particulars	Subsidiary	Enterprises owned or significantly influenced by key Management Personnel or their relatives	Key Management Personnel and relatives	Total
Director Sitting Fees	-	-	0.43	0.43
	-	-	(0.43)	(0.43)
Commission paid to Non – Executive Directors in respect of earlier years	-	-	1.00	1.00
	-	-	(2.25)	(2.25)
<b>Balance Outstanding at the year end:</b>				
Accounts Payables	-	9.49	-	9.49
	-	(24.20)	-	(24.20)
Accounts Receivables including trade Advance	10.86	99.14	-	110.00
	-	(103.42)	-	(103.42)
Agency Deposit	-	4.00	-	4.00
	-	(4.00)	-	(4.00)
Advance Given	-	10.00	-	10.00
	-	-	-	-
Interest Receivable	-	0.20	-	0.20
	-	-	-	-
Interest Payable	-	-	0.06	0.06
	-	-	(0.06)	(0.06)
Fixed Deposits	-	-	15.61	15.61
	-	-	(15.61)	(15.61)
Remuneration payable to Managing Director	-	-	20.63	20.63
	-	-	(3.11)	(3.11)

\* As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

**Note:**

Related party transactions include transactions pertaining to the following parties with whom the percentage of transactions is 10% or more of the total or each of the above:

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
<b>A) Transactions during the year</b>		
<b>Sale of Goods</b>		
Excel Crop Care Limited	623.62	471.47
<b>Sale of Fixed Assets</b>		
Agrocel Industries Limited	4.59	-
Excel Industries Limited	-	0.07
<b>Other income</b>		
Transmetal Limited	0.60	-
<b>Purchase of Goods</b>		
Excel Industries Limited	38.54	35.59

**SCHEDULE TO THE ACCOUNTS****Schedule 22 : Notes to Accounts : Cont'd....**

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
<b>Purchase of Fixed Assets</b>		
Shroffs Engineering Ltd	-	0.74
<b>Office Rent</b>		
Excel Crop Care Limited	1.32	1.04
<b>Services Availed</b>		
Transchem Agritech Ltd.	4.70	5.06
<b>Commission Paid</b>		
Anshul Agencies	21.40	21.95
Transchem Agritech Ltd.	7.94	11.93
<b>Others</b>		
Shroff's Foundation Trust	0.24	0.32
<b>Donation Paid</b>		
Shroff's Foundation Trust	18.76	11.25
<b>Reimbursements charged by the company</b>		
Transpek Industry (Europe) Ltd.	15.67	
Transchem Agritech Ltd.	0.14	-
<b>Reimbursements charged to the company</b>		
Transchem Agritech Ltd.	15.72	0.32
Transpek Industry (Europe) Ltd.	17.87	-
Excel Industries Limited	-	0.62
Shroff's Foundation Trust	-	2.13
<b>Interest Paid</b>		
Anshul Agencies	0.32	0.32
<b>B) Closing Balance as at end of the year :</b>		
<b>Outstandings</b>		
Transchem Agritech Ltd.	4.08	-
Excel Industries Limited	-	17.84
Anshul Agencies	5.41	5.64
<b>Receivable Including Trade Advance</b>		
Excel Crop Care Limited	78.63	-
Agrocel Industries Limited	27.96	19.77
Transpek Industry (Europe) Limited	10.86	-
<b>Interest Receivable</b>		
Transchem Agritech Ltd	0.20	1.07
<b>Indenting Agency Deposit</b>		
Anshul Agencies	4.00	4.00

**14. Lease Commitments**

The Company has cancelable operating leasing arrangements relate to office premises which are renewable by mutual consent and lease rentals payable are accordingly charged as rent under Schedule 19. During the period, the Company has taken office premises under cancelable operating lease; the rentals for which are charged to the Profit and Loss Account for the period. The lease term is for 11 months and there are no sub-leases.



## SCHEDULE TO THE ACCOUNTS

### Schedule 22 : Notes to Accounts : Cont'd....

#### 15. Earning Per Share

		Year Ended March 31,2009	Year Ended March 31,2008
<b>Basic Earning per Share</b>			
Profit after taxation		795.21	112.43
Add/Less: Prior period Adjustment		(2.22)	(2.72)
Excess Provision for taxation for earlier years written back		(3.06)	5.12
Profit attributable to Equity Shareholders	(A)	789.93	114.83
Weighted average number of equity shares outstanding during the year	(B)	5,334,717	5,080,684
Basic Earning Per Share (in Rupees)	(A)/(B)	14.81	2.26
Nominal Value of Equity Share (in Rupees)		10.00	10.00
<b>Diluted Earning per Share</b>			
Profit after taxation		795.21	112.43
Add/Less: Prior period Adjustment		(2.22)	(2.72)
Excess Provision for taxation for earlier years written back		(3.06)	5.12
Profit attributable to Equity Shareholders	(A)	789.93	114.83
Weighted average number of equity shares outstanding during the year	(B)	5,334,717	5,080,684
Add: Dilutive impact of convertible share warrants		279,016	83,670
Weighted average number of equity shares for diluted earning per share		5,613,733	5,164,354
Diluted Earning Per Share (in Rupees)	(A)/(B)	14.07	2.22
Nominal Value of Equity Share (in Rupees)		10.00	10.00

#### 16. Segment Information

##### Identification of Segments

i. Primary Segment – Business Segment

The Company's operations predominantly comprise of only one segment i.e. chemicals. In view of the same, separate segmental information is not required to be disclosed as per the requirements of Accounting Standard 17.

ii. Secondary Segment – Geographical Segment

The analysis of geographical segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows:

Sales within India include sales to customers located within India.

Sales outside India include sales to customers located outside India.

**SCHEDULE TO THE ACCOUNTS****Schedule 22 : Notes to Accounts : Cont'd....****Information pertaining to Secondary Segment****Gross revenue as per Geographical Locations**

<b>Particulars</b>	<b>Year Ended March 31, 2009</b>	<b>Year Ended March 31, 2008</b>
Within India	5,953.71	4,725.41
Outside India	10,707.29	5,954.57
<b>TOTAL</b>	<b>16,661.00</b>	<b>10,679.98</b>

**Carrying value of segment assets**

<b>Particulars</b>	<b>Year Ended March 31, 2009</b>	<b>Year Ended March 31, 2008</b>
Within India	10,481.11	9,121.90
Outside India	2,779.08	2,093.25
<b>TOTAL</b>	<b>13,260.19</b>	<b>11,215.15</b>

**Fixed Assets by Geographical Locations**

The Company has common fixed assets for producing goods for domestic as well as overseas market. Hence, segment-wise information for fixed assets / additions to fixed assets has not been furnished.

**17. (a) Derivative Instruments and Unhedged foreign currency exposure.**

<b>Nature of Contract</b>	<b>Currency</b>	<b>March 31, 2009</b>	<b>Purpose</b>
Sale	US\$	30.70	Hedge of receivables

**Particulars of unhedged foreign currency exposures as at the balance sheet date are as follows:**

<b>Particulars</b>	<b>As on March 31, 2009</b>
Debtors	
- USD	36.59
- EURO	0.42
- GBP	0.13
Creditors & Other Liabilities	
- USD	7.07
Term Loans from Banks	
- USD	15.46

- (b) The Company has entered into a five year derivative contract for sale of foreign currency starting from October, 2007 to September, 2012 to hedge its foreign currency exposure. The management 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 & Loss Account as and when it crystallizes. Based on mark to market concept, the loss amounts to Rs.2,174 lacs as at March 31, 2009 in respect of the aforesaid outstanding foreign currency derivatives contract.

## SCHEDULE TO THE ACCOUNTS

### Schedule 22 : Notes to Accounts : Cont'd....

#### 18. Supplemental Statutory Information

##### i. Details of expenses capitalised

Particulars	Year Ended March 31, 2009	Year Ended March 31, 2008
Interest Expense	-	6.17
<b>TOTAL</b>	-	6.17

##### ii. Auditor's Remuneration

Particulars	Year Ended March 31, 2009	Year Ended March 31, 2008
Audit Fees	3.75	3.00
Tax Audit Fees	0.75	0.50
Fees for other services	1.87	1.46
Out of pocket expenses	0.02	0.07
<b>TOTAL</b>	6.39	5.03

iii. Donations Include Donation made to Bhartiya Janta Party (political party) Rs. Nil (Previous Year : Rs.5.00)

iv. Research and Development costs, as certified by the management, debited to the profit and loss account as under:

Particulars	Year Ended March 31, 2009	Year Ended March 31, 2008
a) Revenue expenses debited to appropriate heads of account	57.12	51.34
b) Depreciation on Research and Development Assets	15.04	14.14
<b>TOTAL</b>	72.16	65.48

#### 19. Additional information pursuant to the provision of paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956

##### i) Installed Capacity and Actual Production (in units)\*

Particulars	Unit	Installed Capacity *		Actual Production**	
		Year Ended March 31, 2009	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2008
Chlorinated Compunds	MT	50,800	40,480	26,911	20,943
SO3/Oleum	MT	45,000	45,000	26,996	31,936

**SCHEDULE TO THE ACCOUNTS****Schedule 22 : Notes to Accounts : Cont'd....****Notes:**

1. In terms of Notification No. 477(E) dated July 25, 1991, issued by the Ministry of Industry, Department of Industrial Development, the Company's products have been exempted from industrial licensing. Accordingly, disclosure requirements concerning licensed capacity are not applicable.
2. \* The installed capacity is as certified by the management as this being a technical matter.
3. \*\* Production includes quantities for captive consumption,
4. Production of Chlorinated Compounds excludes 15 tonnes (Previous Year : 73 tonnes) produced by the Company on behalf of third parties.

**ii) Details of Opening and Closing Stock**

Particulars	As at March 31, 2009				As at March 31, 2008			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Qty (Nos)	Rs.	Qty (Nos)	Rs.	Qty (Nos)	Rs.	Qty (Nos)	Rs.
<b>Manufacturing Activities</b>								
Chlorinated Compunds	505	493.84	769	696.09	386	308.10	505	493.84
SO3 / Oleum	299	16.23	288	21.59	483	12.30	299	16.23
Process Residue		7.83		8.08		3.57		7.83
		517.90		725.76		323.97		517.90
<b>Trading Activities</b>								
Chemicals	-	-	-	-	20	8.70	-	-
<b>TOTAL</b>	-	<u>517.90</u>	-	<u>725.76</u>	-	<u>332.67</u>	-	<u>517.90</u>

**iii) Details of Sales of Manufactured goods and Traded goods**

Particulars	Quantity	Year ended		Year ended	
		March 31, 2009		March 31, 2008	
		Qty	Rs.	Qty	Rs.
<b>Manufacturing Activities</b>					
Chlorinated Compound	MT	17,686	14,038.86	16,245	8,727.45
SO3/Oleum	MT	19,165	1,942.17	25,230	1,611.99
Process Residue			1,334.13		774.20
<b>Trading Activities</b>					
Chemicals	MT	77	83.90	390	304.19
<b>TOTAL</b>			<u>17,399.06</u>		<u>11,417.83</u>

**iv) Details of Raw Materials Consumed\***

Particulars	Quantity	Year ended		Year ended	
		March 31, 2009		March 31, 2008	
		Qty (Nos)	Rs.	Qty (Nos)	Rs.
Chlorine	MT	11,286	475.53	10,289	569.73
Sulphar	MT	16,008	3,801.25	18,755	2,374.68
Mono Chloro Acetic Acid/ Iso Pethelic Acid	MT	556	641.00	1,308	1,353.14
Others			2,468.54		1,286.40
<b>TOTAL</b>			<u>7,386.32</u>		<u>5,583.95</u>

\* The above figures have been ascertained on the basis of opening stock plus purchases less closing stock and therefore include the adjustments of excesses and shortages ascertained on physical count, write off of unserviceable items etc.

**SCHEDULE TO THE ACCOUNTS**
**Schedule 22 : Notes to Accounts : Cont'd....**
**v) Value of Imported and Indigenous Raw Materials Consumed**

Raw Materials	Year Ended March 31, 2009		Year Ended March 31, 2008	
	Rs	%	Rs	%
Imported	1,539.85	20.85	1,635.92	29.30
Indigenous	5,846.47	79.15	3,948.03	70.70
<b>TOTAL</b>	<b>7,386.32</b>	<b>100.00</b>	<b>5,583.95</b>	<b>100.00</b>

**vi) Details of Purchase of Traded Goods**

	Quantity MT	Year ended March 31, 2009		Year ended March 31, 2008	
		Qty (Nos)	Rs.	Qty (Nos)	Rs.
Chemicals		77	66.62	370	261.51
<b>TOTAL</b>			<b>66.62</b>		<b>261.51</b>

**vii) Directors Remuneration**

Particulars	Year Ended March 31, 2009	Year Ended March 31, 2008
<b>a) Paid to Managing Director</b>		
Salary and Incentives	28.00	28.11
Contribution to Provident and Other Funds	8.91	7.95
Perquisites	28.00	25.00
Commission	20.63	-
<b>TOTAL</b>	<b>85.54</b>	<b>61.06</b>
<b>b) To Non Executive Directors Commission (included in other expense)</b>	<b>13.75</b>	<b>2.60</b>
<b>GRAND TOTAL</b>	<b>99.29</b>	<b>63.66</b>

**Note:** As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

**viii) Computation of Net Profit in accordance with section 349 of the Companies Act, 1956 for calculation of Commission payable to Directors**

Particulars	Year Ended March 31, 2009	Year Ended March 31, 2008
Profit for the year	1,245.65	205.06
Add:		
Depreciation (including Short/(Excess) provision for depreciation)	514.07	454.84
Managerial Remuneration	85.54	61.06
Commission to Non-Executive Directors	13.75	2.60
Directors' Sitting Fees	2.21	2.36
Profit on sale of Fixed Assets as per Section 350 of the Companies Act, 1956	-	1.71
Loss on sale of Fixed Assets as per Accounts (Net)	30.17	-
	<b>645.74</b>	<b>522.57</b>
Less:		
Depreciation as per Section 350 of the Companies Act 1956	514.07	454.84
Prior Period Adjustments (net)	2.22	2.72
Provision for Diminution in value of Long-term Investments written back	-	5.38
Profit on sale of Fixed Assets as per Accounts	-	1.71
	<b>516.29</b>	<b>464.65</b>
Net Profit as per Section 309(5) of the Companies Act, 1956	<b>1,375.10</b>	<b>262.98</b>
Commission to Managing Director in terms of Agreement for the period from 1st April, 2008 to 31st March, 2009	20.63	-

**SCHEDULE TO THE ACCOUNTS****Schedule 22 : Notes to Accounts : Cont'd....**

Particulars	Year Ended March 31,2009	Year Ended March 31,2008
Restricted to	20.63	-
<b>Commission to Non Executive Directors:</b>		
@ 1 % of Rs. 1375.10 lacs, (Previous Year: Rs. 262.98 lacs) i.e. Rs. 13.75 lacs (Previous Year: Rs.2.63 lacs) which the Directors have agreed to restrict to	13.75	2.60

The Central Government vide its letter dated 8th February, 2007, has permitted the Company, w.e.f. 1st December, 2006, to pay remuneration to its Managing Director in excess of the limits prescribed under sections 309(3) and 198(1) of the Companies Act, 1956. Accordingly, the Company has paid/provided remuneration to the Managing Director as per the permission granted by the Central Government.

**ix) CIF Value of Imports (on accrual basis)**

Particulars	Year Ended March 31,2009	Year Ended March 31,2008
Raw Materials	656.26	743.36
Capital goods	330.36	122.88
<b>TOTAL</b>	<b>986.62</b>	<b>866.24</b>

**x) Earnings in foreign currency (on accrual basis)**

Particulars	Year Ended March 31,2009	Year Ended March 31,2008
F.O.B. value of Exports	10,487.10	5,854.85

**xi) Expenditure in foreign currency (on Cash basis)**

Particulars	Year Ended March 31,2009	Year Ended March 31,2008
Compensation/Damages	7.92	3.82
Travelling Expenses	86.36	63.23
Export Sales Commission	456.76	195.49
Tanker Hire Charges	111.96	49.81
Interest	93.57	91.88
Others	26.24	24.93
<b>TOTAL</b>	<b>782.81</b>	<b>429.16</b>

**20. Previous period figures have been regrouped/rearranged wherever necessary.**

Signatures to Schedules '1' to '22'

**For S.V. GHATALIA & ASSOCIATES**  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No. 041870

Place: Mumbai  
Dated: 12<sup>th</sup> June, 2009

For and on behalf of the Board of Directors

A. C Shroff (Chairman)

A. G. Shroff (Managing Director)

D. C. Gami (Director)

Ashok P. Shah (Chief Finance Officer)

S. K. Solanki (Company Secretary)

Place : Vadodara  
Dated: 12<sup>th</sup> June, 2009

## SCHEDULE TO THE ACCOUNTS

Schedule 22 : Notes to Accounts : Cont'd....

Additional Information pursuant to the Government of India's Notification No.G.S.R 388(E) dated 15-5-95.

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

#### I REGISTRATION DETAILS

(a) Registration No.:	1343
(b) State Code:	04
(c) Balance Sheet Date:	3/31/2009

(Amount in Rs.Thousands)

#### II CAPITAL RAISED DURING THE YEAR:

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement ( Preference issue to Promoters and Others )	2,663

#### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS:

(i) Total Liabilities	1,069,601
(ii) Total Assets	1,069,601
(iii) Sources of Funds:	
(a) Paid-up Capital	55,930
(b) Reserves and Surplus	436,034
(c) Warrant Application Money	1,731
(d) Secured Loans	340,996
(e) Unsecured Loans	137,448
(f) Deferred Payment Liabilities	4,961
(g) Deferred tax Liability	92,501
(iv) Application of Funds:	
(a) Fixed Assets	722,281
(b) Intangible Assets	18,303
(c) Investments	43,925
(d) Net Current Assets	285,092
(e) Miscellaneous Expenditure	-

#### IV PERFORMANCE OF THE COMPANY:

Turnover (Total Revenue)	1,686,194
Total Expenditure	1,561,630
Profit Before Tax	124,564
Profit After Tax	79,521
Basic Earning per Share (for the year in Rs.)	14.81
Diluted Earning per Share (for the year in Rs.)	14.07
Dividend Rate %	25%

#### V GENERIC NAME OF THE PRINCIPAL PRODUCT / SERVICE OF COMPANY:

(As per monetary terms)

Item Code no.[ITC Code]	281210.04
Product Description	Thionyl Chloride

For and on behalf of the Board of Directors

A. C Shroff (Chairman)

A. G. Shroff (Managing Director)

D. C. Gami (Director)

For and on behalf of the Board of Directors

Ashok P. Shah (Chief Finance Officer)

S. K. Solanki (Company Secretary)

Place : Vadodara

Date : 12<sup>th</sup> June, 2009

**AUDITORS' REPORT**

**The Board of Directors of  
Transpek Industry Limited**

1. We have audited the attached consolidated balance sheet of Transpek Industry Limited and its subsidiary ('the Group'), as at March 31, 2009, and also the consolidated profit and loss account and cashflow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Transpek Industry Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of Rs. 23.87 lacs as at March 31, 2009, and the total revenue of Rs. Nil for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Transpek Industry Limited's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
5. *The Group has not provided for the loss amounting to Rs.2,174 lacs in respect of the outstanding derivative contract at March 31, 2009 which would have arisen had these contracts been recorded for at market values at that date, as more fully discussed in note no. 16(b) in Schedule 22 of the financial statements. As a result, profit before tax for the year is higher by Rs.2,174 lacs, profit after tax for the year and Reserves and Surplus as at March 31, 2009 are higher by Rs.1,423 lacs and basic earning per share and diluted earning per share for the year are higher by Rs.26.67 and Rs.25.34 respectively.*
6. *Except for the above, based on our audit and on consideration of reports of other auditors on separate financial statements, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:*
  - (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2009;
  - (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
  - (c) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For S.V. GHATALIA & ASSOCIATES**  
**Chartered Accountants**  
**per Sudhir Soni**  
**Partner**  
**Membership No.: 041870**

Place: Mumbai  
Dated: 12<sup>th</sup> June, 2009



**CONSOLIDATED BALANCE SHEET**

	Schedules	March 31, 2009 (Rs. in Lacs)
<b>SOURCES OF FUNDS</b>		
Shareholders' Funds		
Share capital	1	559.30
Share application money pending allotment.		17.31
Reserves and surplus	2	<u>4,358.80</u>
		4,935.41
<b>Loan funds</b>		
Secured loans	3	3,409.96
Unsecured loans	4	<u>1,374.48</u>
		4,784.44
Deferred Payment Liabilities (Refer Note No. :10 in Schedule 22)		49.61
<b>Deferred Tax Liabilities (net)</b>	5	<u>925.01</u>
<b>TOTAL</b>		<u>10,694.47</u>
<b>APPLICATION OF FUNDS</b>		
<b>Fixed Assets</b>		
Gross block	6	10,902.73
Less : Accumulated Depreciation		<u>4,056.09</u>
Net block		6,846.64
Capital work-in-progress including capital advances		<u>376.17</u>
		7,222.81
<b>Intangible Assets</b>	7	183.03
<b>Investments</b>	8	439.23
<b>Current Assets, Loans and Advances</b>		
Inventories	9	1,475.33
Sundry debtors	10	2,757.73
Cash and bank balances	11	126.72
Other current assets	12	14.94
Loans and advances	13	<u>1,053.12</u>
		5,427.84
	(A)	
<b>Less: Current Liabilities and Provisions</b>		
Current liabilities	14	2,276.91
Provisions	15	<u>301.53</u>
		2,578.44
	(B)	
<b>Net Current Assets</b>	(A - B)	<u>2,849.40</u>
<b>TOTAL</b>		<u>10,694.47</u>
<b>Notes to Accounts</b>	22	

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet. As per our report of even date

**For S.V. GHATALIA & ASSOCIATES**  
Chartered Accountants  
per Sudhir Soni  
Partner  
Membership No. 041870

Place: Mumbai  
Dated: 12<sup>th</sup> June, 2009

For and on behalf of the Board of Directors  
A. C Shroff (Chairman)  
A. G. Shroff (Managing Director)  
D. C. Gami (Director)  
Ashok P. Shah (Chief Finance Officer)  
S. K. Solanki (Company Secretary)

Place: Vadodara  
Dated: 12<sup>th</sup> June, 2009

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	Schedules	March 31, 2009 (Rs. in Lacs)
<b>INCOME</b>		
Turnover (Gross)		
Sale of Product [Including Sale of Raw Materials : Rs 62.39 lacs]		17,471.10
Less : Excise duty		810.10
Turnover (Net)		16,661.00
Other income	16	200.94
<b>TOTAL</b>		<b>16,861.94</b>
<b>EXPENDITURE</b>		
Purchase of Trading Goods		66.62
Raw materials consumed	17	7,444.76
Personnel expenses	18	1,325.65
Operating and other expenses	19	5,757.52
Increase in inventories	20	(166.00)
Depreciation/amortization		557.98
Financial expenses	21	631.31
Amortisation of Deferred Revenue Expenses		-
<b>TOTAL</b>		<b>15,617.84</b>
Profit before tax and prior period items		1,244.10
<b>Provision for Tax</b>		
Current tax		361.02
Deferred tax charge		69.41
Fringe benefit tax		20.00
Total Tax Expense		450.43
<b>Profit after tax and prior period items</b>		<b>793.67</b>
Less: Excess provision for Taxation for earlier years		3.06
Less: Prior period items		2.22
<b>Net profit</b>		<b>788.39</b>
Balance at the beginning of the year		998.02
<b>Profit available for appropriation</b>		<b>1,786.41</b>
<b>Appropriations:</b>		
Proposed dividend		139.83
Tax on dividend		23.76
Transfer to General Reserve		600.00
<b>Surplus carried to Balance Sheet</b>		<b>1,022.82</b>
Earnings per share		
Basic Earning Per Share (Rs.)		14.78
Diluted Earning Per Share (Rs.)		14.04
Face Value Per Share (Rs)		10.00
( Refer Note No: 14 in schedule 22)		
<b>Notes to Accounts</b>	<b>22</b>	

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.  
As per our report of even date

**For S.V. GHATALIA & ASSOCIATES**  
**Chartered Accountants**  
**per Sudhir Soni**  
**Partner**  
Membership No. 041870

Place: Mumbai  
Dated: 12<sup>th</sup> June, 2009

For and on behalf of the Board of Directors  
A. C Shroff (Chairman)  
A. G. Shroff (Managing Director)  
D. C. Gami (Director)  
Ashok P. Shah (Chief Finance Officer)  
S. K. Solanki (Company Secretary)

Place: Vadodara  
Dated: 12<sup>th</sup> June, 2009

## CONSOLIDATED CASH FLOW STATEMENT

	For the year ended 31 <sup>st</sup> , 2009	
	(Rs. in lacs)	(Rs. in lacs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary Items		1,244.10
Adjustments for :		
Depreciation	514.07	
Amortisation of Intangible Assets	43.91	
Loss/(Profit) on sale of Fixed Assets	30.17	
Assets written off	30.55	
Provision for Doubtful Debts	30.68	
Provision for Doubtful Debts written back	(4.25)	
Interest received	(17.03)	
Dividend received	(69.22)	
Interest paid	631.31	
Exchange Difference on loans taken	71.68	
Excess Provision for depreciation	(0.15)	
Short/(Excess) Provision for other items (Net)	(1.06)	
		<u>1,260.66</u>
Operating Profit before working capital changes		2,504.76
Adjustments for:		
Trade and other receivables & Loans & Advances	(865.60)	
Inventories	111.17	
Trade Payables & other liabilities	(115.66)	
		<u>(870.09)</u>
Cash generated from Operations		1,634.67
Direct taxes paid		570.83
Cash flow before extraordinary items		1,063.84
Prior Period Adjustments (Other than Taxation)		(2.22)
Net cash from Operating Activities	(A)	<u>1,061.62</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets		(1,964.70)
Purchase of Intangible Assets		(13.35)
Sale of fixed assets		30.65
Sale of Investments		34.31
Interest received		15.78
Dividend received		69.22
Net Cash used in Investing Activities	(B)	<u>(1,828.09)</u>

**CONSOLIDATED CASH FLOW STATEMENT**

		For the year ended 31 <sup>st</sup> , 2009	
		(Rs. in lacs)	(Rs. in lacs)
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
Proceeds from borrowings (Net)			1,134.59
Interest Paid			(584.23)
Proceeds from issue of share warrants			155.80
Dividend Paid			(78.90)
Tax on distributed Profits			(13.58)
Net cash used Financing Activities	(C)		613.68
Net increase in cash and cash equivalents	(A+B+C)		(152.79)
Cash and cash equivalents at the beginning of the year			279.51
Cash and cash equivalents at the end of the year			126.72

**Note:-**

1. Cash and cash equivalents includes Deposits pledged with government authorities Rs. 0.88 Lacs, Unclaimed dividend accounts Rs. 8.04 Lacs and Right issue application money account Rs. 1.71 Lacs.
2. For components of cash and cash equivalents, refer Schedule 11 to the Balance Sheet.

**For S.V. GHATALIA & ASSOCIATES**  
Chartered Accountants

per **Sudhir Soni**  
Partner  
Membership No. 041870

Place: Mumbai  
Dated: 12<sup>th</sup> June, 2009

For and on behalf of the Board of Directors

A. C Shroff (Chairman)  
A. G. Shroff (Managing Director)  
D. C. Gami (Director)  
Ashok P. Shah (Chief Finance Officer)  
S. K. Solanki (Company Secretary)

Place: Vadodara  
Dated: 12<sup>th</sup> June, 2009

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

March 31, 2009  
(Rs. in Lacs)

**Schedule 1 : Share capital**

Authorised

75,00,000 equity shares of Rs.10/- each 750.00

5,00,000 preference shares of Rs.100/- each 500.00

**Issued, Subscribed and paid up**

55,93,024 equity shares of Rs. 10/- each fully paid 559.30

**TOTAL** 559.30

Of the above:

26,86,632 Equity Shares have been allotted as fully paid-up by way of Bonus Shares by capitalisation of General Reserve.

2,50,000 Equity Shares have been allotted as fully paid-up pursuant to a scheme of amalgamation without payments being received in cash.

March 31, 2009  
(Rs. in Lacs)

**Schedule 2 : Reserves and Surplus**

Capital Reserve 19.00

Securities Premium Account:

Balance as at the beginning of the year 1,224.14

Add: Received on issue of shares on Preferential basis 146.48

1,370.62

General Reserve

Balance as at the beginning of the year 1,346.36

Add: Transferred from Profit and Loss Account 600.00

1,946.36

Profit and Loss Account 1,022.82

**TOTAL** 4,358.80

March 31, 2009  
(Rs. in Lacs)

**Schedule 3 : Secured Loans**

Loans and advances from banks

Cash/Export Credit facilities 983.97  
(Refer Note No. 1 Below)

Term loans 2,401.61  
(Refer Note Nos. 2 to 6 Below)

Interest accrued and due 24.38

**TOTAL** 3,409.96

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS****Notes :**

1. Loans on Cash Credit Accounts from State Bank of India, Bank of Baroda and Axis Bank Limited (hereafter collectively referred to as "Consortium of Banks") are secured by first charge by way of hypothecation of stocks of raw materials, packing materials, consumable stores, finished goods, semi-finished goods and book-debts. The aforesaid cash credit facilities are further secured by way of charge on the whole of the fixed assets of the Holding Company ranking second and subservient for the charges created in respect of borrowings obtained from them.
2. Corporate Loan from State Bank of India amounting to Rs 50.00 Lacs is secured by first charge by way of hypothecation of all the movable assets both present and future of the Holding Company (excluding current assets charged in favour of Consortium of Banks for securing borrowings for working capital requirements). The said loan is further secured by first charge by way of an equitable mortgage on the whole of the fixed assets of the Company, both present and future on pari passu basis with existing second and subservient charge holders.
3. Term Loan from Axis Bank Limited amounting to Rs. 296.68 Lacs (Previous Year : Rs. 387.91 Lacs) or equivalent in foreign currency is secured by first charge by way of hypothecation of all machinery financed or to be financed under the said term loan. It is further secured by first charge by way of hypothecation of all the movable assets of the Holding Company (excluding book-debts and other current assets charged in favour of Consortium of Banks for securing borrowings for working capital requirements). The said loan is also further secured by first charge by way of an equitable mortgage on the whole of the fixed assets of the Holding Company, both present and future, on pari passu basis with existing second and subservient charge holders.
4. Term loan from Bank of Baroda amounting to Rs.662.08 Lacs is secured by first charge by way of hypothecation of all movable machinery financed or to be financed under the said term loan. The Bank of Baroda has agreed and ceded second pari passu charge in favour of State Bank of India and Axis Bank Limited, on the said movable machinery financed / to be financed out of the said term loan, for their respective working capital limits sanctioned to the Holding Company. The said loan is also further secured by first charge by way of an equitable mortgage on the whole of the immovable assets of the Holding Company, both present and future, on pari passu basis with existing first charge holders viz. State Bank of India and Axis Bank Limited.
5. Term loan from State Bank of India amounting to Rs.933.29 Lacs is secured by first charge by way of hypothecation of all movable machinery financed or to be financed under the said term loan. The said loan is also further secured by first charge by way of an equitable mortgage on the whole of the immovable assets of the Holding Company, both present and future, on pari passu basis with existing first charge holders viz. Bank of Baroda and Axis Bank Limited.
6. Term loan from Axis bank Ltd. amounting to Rs 459.55 lacs is yet to be secured by first charge by way of hypothecation of all movable machinery financed or to be financed under the said term loan and also yet to be secured by first charge by way of an equitable mortgage on the whole of the immovable assets of the Holding company, both present and future , on pari passu basis with existing first charge holders viz. State Bank of India and Bank of Baroda.

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**March 31, 2009**
**( Rs. in Lacs)****Schedule 4 : Unsecured Loans**

Fixed deposits	1,174.48
[Due within one year : Rs.4,80,69,000]	
Short-term loans and advances:	
From banks	<u>200.00</u>
<b>TOTAL</b>	<b><u>1,374.48</u></b>

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

**March 31, 2009**
**(Rs. in Lacs)**

### Schedule 5 : Deferred Tax Liability (net)

#### Deferred Tax Liabilities

Differences in depreciation and other differences in block of fixed assets as per tax books and financial books **989.80**

**Gross Deferred Tax Liabilities** **989.80**

#### Deferred Tax Assets

Provision for doubtful debts and advances **23.08**

Others **41.71**

**Gross Deferred Tax Assets** **64.79**

**Net Deferred Tax Liability** **925.01**

### Schedule 6 : Fixed Assets

**(Rs. in lacs)**

Sr. No.	Description of assets	GROSS BLOCK ( AT COST)				DEPRECIATION			NET BLOCK	
		As at 1 <sup>st</sup> April, 2008	Additions during the year	Deducti- ons during the year	As at 31 <sup>st</sup> March, 2009	As at 1 <sup>st</sup> April, 2008	Dedu- ction/ Adjust- ments	Provided for the Year	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2009
1	Land (Freehold) (Refer Note No.1 below)	236.93	48.13	-	285.06	-	-	-	-	285.06
2	Buildings	719.16	120.12	-	839.28	121.73	-	18.42	140.15	699.13
3	Well, Pumps and Water Pipe Lines	21.39	4.34	-	25.73	2.80	-	0.41	3.21	22.52
4	Plant & Machinery	7,531.12	1,498.25	143.06	8,886.31	3,217.57	95.51	447.43	3,569.49	5,316.82
5	Electrical Installations	91.43	11.37	-	102.80	47.44	-	4.03	51.47	51.33
6	Research and Development Equipments	310.89	20.05	-	330.94	88.70	-	15.04	103.74	227.20
7	Furniture & Fixtures	156.26	46.55	0.19	202.62	84.81	0.09	12.29	97.01	105.61
8	Technical Books	42.18	-	-	42.18	31.05	-	1.70	32.75	9.43
9	Vehicles (Refer Note No.2 below)	168.97	40.66	21.81	187.81	52.30	8.78	14.75	58.27	129.54
<b>TOTAL</b>		<b>9,278.33</b>	<b>1,789.47</b>	<b>165.06</b>	<b>10,902.73</b>	<b>3,646.40</b>	<b>104.38*</b>	<b>514.07</b>	<b>4,056.09</b>	<b>6,846.64</b>
Capital Work-in-Progress (Refer Note No.3 below)										376.17
									<b>TOTAL</b>	<b>7,222.81</b>

### NOTES :

- 1 Out of the total area of the land admeasuring 5,10,434.490 Sq. Metres, part of the land admeasuring 94,947.485 Sq. Metres has been given on lease for a period of 90 years.
- 2 Vehicle includes those purchased on Hire Purchase basis, the ownership whereof will be transferred to the Holding Company on full payment of the outstanding purchase price and interest accrued and due thereon from time to time : Rs.Nil .
- 3 Capital Work-in-Progress includes Advances for Capital Expenditure Rs.63.90 Lacs .
- 4 \* Includes Excess Provision for Depreciation for earlier years Rs. 0.15 Lacs.

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS****Schedule 7 : Intangible Assets****(Rs. in lacs)**

Sr. No.	Description Assets	Gross Block			Amortisation			Net Block		
		As at 1st April, 2008	Additions during the Year	Deduction during the Year	As at 31st March, 2009	As at 1st April 2008	Deductions / Adjustments	Provided during the Year	Up to 31st March, 2009	As at 31st March, 2009
01	Technical knowhow	439.09	-	-	439.09	250.50	-	43.91	294.41	144.68
	<b>TOTAL</b>	439.09	-	-	439.09	250.50	-	43.91	294.41	144.68
	Project work in progress									38.35
	<b>TOTAL</b>									183.03

**March 31, 2009****(Rs. in Lacs)****Schedule 8 : Investments**

Long Term Investments other than trade (At cost)

**I) Unquoted**

Government Securities

12 Years National Defence Certificates [Face Value: Rs. 1,400 (Deposited with Government Authorities)]	0.01
7 Years National Saving Certificates [Face Value: Rs. 2,500 (Deposited with Government Authorities)]	0.03
	<u>0.04</u>

**Shares, Debentures and Bonds**

400 Equity Shares of Rs.25 each fully paid-up in Co-operative Bank of Baroda Limited	0.10
10,000 Equity Shares of Rs.100 each fully paid-up in Agrocel Industry Limited	10.00
9,49,315 Equity Shares of Rs.10 each fully paid-up in Transpek Silox Industry Limited	290.96
10 Equity Share of Rs.10 fully paid up in Pragati Sahakari Bank Limited	0.00
Nil (Previous Year : 34,307 ) 6.75% Bonds of Rs. 100 each fully paid up in Unit Trust of India	-
	<u>301.06</u>

**II) Quoted**

1,56,650 Equity Shares of Rs. 5 each fully paid-up in Excel Industries Limited (Also Refer Note No. 8 in Schedule 22)	226.76
	<u>527.86</u>
Less: Provision for Diminution in value of Long Term Investment	88.63
<b>TOTAL</b>	<u><u>439.23</u></u>
Aggregate amount of quoted investments (Market value : Rs. 41.43 lacs)	138.13
Aggregate amount of unquoted investments - Cost	301.10



**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

	March 31, 2009 (Rs. in Lacs)
<b>Schedule 9: Inventories (at lower of cost and net realisable value)</b>	
Raw materials and components	497.26
Stores and spares	127.53
Work-in-progress	124.78
Finished goods	725.76
<b>TOTAL</b>	<b><u>1,475.33</u></b>

	March 31, 2009 (Rs. in Lacs)
<b>Schedule 10 : Sundry Debtors</b>	
<b>Unsecured</b>	
Debts outstanding for a period exceeding six months	
Considered Good	101.65
Considered Doubtful	28.28
Other debts	
Considered Good	2,656.08
	<u>2,786.01</u>
Less : Provision for Doubtful Debts	28.28
<b>TOTAL</b>	<b><u>2,757.73</u></b>

	March 31, 2009 (Rs. in Lacs)
<b>Schedule 11 : Cash and Bank Balances</b>	
Cash on hand	5.32
Balances with scheduled banks:	
On Current Accounts	50.50
On Margin money accounts	6.33
On Deposit Accounts	54.82
[Includes Rs. 0.88 Lacs deposited with government authorities]	
On Unclaimed dividend accounts	8.04
On Right issue application money account	1.71
<b>TOTAL</b>	<b><u>126.72</u></b>

	March 31, 2009 (Rs. in Lacs)
<b>Schedule 12 : Other Current Assets</b>	
Fixed Assets held for sale (at net book value or estimated net realisable value, whichever is lower)	11.30
Interest Receivable	3.64
<b>TOTAL</b>	<b><u>14.94</u></b>

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

March 31, 2009

(Rs. in Lacs)

**Schedule 13 : Loans and Advances**

(Unsecured and considered good, unless and otherwise stated)

Advances recoverable in cash or kind or for value to be received

Considered Good 161.12

Considered Doubtful 39.63

Balances with customs, excise, public bodies and other Government departments 590.19

Sundry Deposits 8.53

Loans and Advances to Employees 6.13

Payment of Taxes net of provision 287.15

**TOTAL** 1,092.75

Less: Provision for doubtful advances 39.63

1,053.12

March 31, 2009

(Rs. in Lacs)

**Schedule 14: Current Liabilities**

Acceptances 33.25

Sundry creditors 1,755.65

Advance from customers 52.47

Investor Education and Protection Fund shall be credited by following amounts (as and when due)

(a) Unpaid dividend 8.04

(b) Unpaid application money received for allotment of securities and due for refund 1.71

(c) Unpaid Matured Deposits 36.28

(d) Interest accrued on (a) to (c) above 2.16

Forward Contract 201.37

Bank account excess drawn 40.19

Interest accrued but not due on loans 99.31

Others 46.48

**TOTAL** 2,276.91

March 31, 2009

(Rs. in Lacs)

**Schedule 15 : Provisions**

Provision for gratuity ( net of Plan Asset ) 20.20

Provision for Leave Encashment 117.74

Proposed dividend 139.83

Tax on proposed dividend 23.76

**TOTAL** 301.53

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

	March 31, 2009 (Rs. in Lacs)
<b>Schedule 16 : Other income</b>	
Interest	
On Deposits (TDS Rs.3.69 Lacs )	16.53
Others	0.50
Dividend income	
Long term investments-Non-trade	67.65
Long term investments trade	1.57
Provision for Doubtful Debts Written back	4.25
Bad Debts Recovered	0.67
Conversion Charges	13.91
Export Incentive Received	29.04
Excess liability of Previous years Written back	1.06
Sales Tax / Service Tax Refund Received	15.89
Miscellaneous income	49.87
<b>TOTAL</b>	<b>200.94</b>

	March 31, 2009 (Rs. in Lacs)
<b>Schedule 17 : Raw Materials Consumed</b>	
Inventories at the beginning of the year	798.06
Add: Purchases	7,134.57
	<u>7,932.63</u>
Less: Inventories as at March 31, 2009	487.87
<b>TOTAL</b>	<b>7,444.76</b>
(Includes cost of Raw material sold : Rs. 58.44 lacs )	

	March 31, 2009 (Rs. in Lacs)
<b>Schedule 18 : Personnel Expenses</b>	
Salaries, wages and bonus	978.19
Contribution to provident fund and other funds	148.60
Contribution / Provision for Retirement Benefits	86.21
Workmen and staff welfare expenses	112.65
<b>TOTAL</b>	<b>1,325.65</b>

	March 31, 2009 (Rs. in Lacs)
<b>Schedule 19 : Operating and Other Expenses</b>	
Consumption of stores and spares	46.41
Containers & Packing Materials	280.23
Power and fuel	1,398.70
Freight and forwarding charges	1,091.49
Rent	12.24
Rates and taxes	12.58
<b>CARRIED FORWARD</b>	<b>2,841.65</b>

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

	March 31, 2009 (Rs. in Lacs)
<b>BROUGHT FORWARD</b>	<b>2,841.65</b>
Insurance	38.23
Repairs and maintenance	
Plant and Machinery	514.95
Buildings	5.50
Others	67.13
Advertising and sales promotion	53.37
Commission	667.55
Travelling and conveyance	199.56
Communication costs	26.03
Printing and stationery	18.49
Legal and professional fees	76.96
Directors' sitting fees	2.21
Commission to Directors	13.75
Payment to Auditors (Refer Note No 17(i) in schedule 22)	6.00
(Increase)/decrease of Excise duty on Inventory	(14.65)
Exchange difference (net)	826.10
Donations and contributions to charitable institutions	35.33
Provision for doubtful debts and advances	30.68
Assets written off	30.55
Loss on sale of fixed assets (net)	30.17
Other Expenses	<u>287.96</u>
<b>TOTAL</b>	<b><u>5,757.52</u></b>

	March 31, 2009 (Rs. in Lacs)
<b>Schedule 20 : Increase in Inventories</b>	
Inventories as at March 31, 2009	
- Work-in-progress	124.78
- Finished goods	<u>725.75</u>
	<b>850.53</b>
Less: Inventories at the beginning of the year	
- Work-in-progress	166.63
- Finished goods	<u>517.90</u>
	<b>684.53</b>
<b>TOTAL</b>	<b><u>166.00</u></b>

	March 31, 2009 (Rs. in Lacs)
<b>Schedule 21 : Financial Expenses</b>	
Interest	
On term loans	222.18
On banks	92.45
On Fixed Public Deposit and Fixed Loans	150.08
Others	16.21
Bank charges	<u>150.39</u>
<b>TOTAL</b>	<b><u>631.31</u></b>

**Schedule Forming Part of the Consolidated Accounts**
**NOTES TO ACCOUNTS**
**Schedule 22 :**
**1. Nature of Operation**

Transpek Industry Limited ('TIL', 'the Company') is one of the leading manufacturers and exporters of a range of chemicals servicing the requirements of customers from a diverse range of industries - Textiles, Pharmaceuticals, Agrochemicals, advanced Polymers, etc.

**2. Consolidation**

(a) The Consolidated financial statements comprise the financial statements of Transpek Industry Limited (herein after referred to as 'the Holding Company') and its subsidiary company, Transpek Industry (Europe) Limited, hereinafter collectively referred to as 'the Group'.

(b) **Details of the subsidiary company considered in the consolidated financial statements are as under:**

<b>Name of the Company</b>	<b>Subsidiary /Joint Venture /Associate</b>	<b>Country of Incorporation</b>	<b>% Shareholding &amp; Voting Power</b>
Transpek Industry (Europe) Limited	Subsidiary	United Kingdom	100

**(c) Principles of Consolidation**

**The consolidated financial statements of the Group have been prepared on the following basis:**

- (i) The consolidated financial statements of the Group are prepared in accordance with AS 21 notified under the Companies (Accounting Standards) Rules, 2006 (as amended).
- (ii) The financial statements of the parent company and subsidiary company are combined on a line-by-line basis by adding together the book values of like item of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealized profits in full. Unrealized losses resulting from intra-group transactions are also eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserve of subsidiaries.
- (iii) Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances except where it is not practicable to do so.

**3. Statement on Significant Accounting Policies**
**a) Basis of Preparation**

The financial statements have been prepared to comply in all material respects in respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

**b) Use of estimates**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statement and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

Schedule Forming Part of the Consolidated Accounts

## NOTES TO ACCOUNTS

### Schedule 22 : Notes to Accounts : Cont'd...

#### c) Fixed Assets and capital work in progress

Fixed Assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost (net of Cenvat credit) of bringing the assets to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

#### d) Depreciation

Depreciation is provided using Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Assets valuing upto Rs 5,000/- are depreciated at the rate of 100 % in the year of acquisition. Depreciation in respect of additions to/deletions from the fixed assets, provided on pro-rata basis with reference to the month of addition/deletion of the assets.

#### e) Impairment

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- iii. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

#### f) Intangibles

##### Research and Product Development Costs

Research costs are expensed as incurred. Product development expenditure incurred on individual product project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortized on a straight line basis over a period of ten years from the month of addition of the underlying product.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

#### g) Assets Held for Disposal

Items of Fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value.

#### h) Inventories

Stores and spares are valued at cost and net realizable value, whichever is lower. Cost is determined on weighted average basis.

Raw materials, packing materials and fuel are valued at cost and net realizable value, whichever is lower. Cost is determined on First In First Out Basis. However, materials and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

**Schedule Forming Part of the Consolidated Accounts****NOTES TO ACCOUNTS****Schedule 22 : Notes to Accounts : Cont'd...**

Finished goods semi-finished goods are valued at cost and net realizable value, whichever is lower. Cost is determined on absorption costing basis. Cost of finished goods includes excise duty.

Trading goods and process residue are valued at cost and net realizable value, whichever is lower.

**i) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

**j) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

**Sale of goods**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the period.

**Interest**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**Dividends**

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

**k) Export Benefits**

Duty free imports of raw materials under Advance Licence for imports as per the Import and Export Policy are matched with the exports made against the said licences and the net benefit/obligation is accounted by making suitable adjustments in raw material consumption.

The benefits accrued under the Duty Entitlement Pass Book Scheme as per the Import and Export Policy in respect of exports made under the said scheme have been included under the head 'Export Incentives'.

**l) Foreign Currency Transaction****Initial Recognition**

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of

## Schedule Forming Part of the Consolidated Accounts

**NOTES TO ACCOUNTS****Schedule 22 : Notes to Accounts : Cont'd...**

company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

**Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the **statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.**

**m) Government Grants**

Subsidy by way of an incentive for projects set up in a backward area is recognised as income in the Profit and Loss Account.

**n) Operating Lease**

*Where the Company is the lessee*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as Operating Leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight line basis over the lease term.

**o) Taxation**

Tax expense comprises current, deferred taxes and fringe benefit tax. Current income-tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situation where the Company has unabsorbed depreciation and carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT



Schedule Forming Part of the Consolidated Accounts

## NOTES TO ACCOUNTS

### Schedule 22 : Notes to Accounts : Cont'd...

Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

#### p) Segment Reporting Policies

*Identification of segments:*

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the geographical location of the customers wherever required.

#### q) Retirement Benefits

- i. Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- ii. Superannuation Fund is a defined contribution scheme and contributions to the scheme are charged to the profit and loss account in the year when the contributions are due. The scheme is funded with an insurance company in the form of a qualifying insurance policy. There are no other obligations other than the contribution payable to the respective trusts.
- iii. The Holding Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post employment at 15 days salary (last drawn salary) for each completed year of service as per the rules of the Holding Company. The aforesaid liability is provided for on the basis of an actuarial valuation made based on unit credit method at the end of the financial year. The scheme is funded with an insurance company in the form of a qualifying insurance policy.
- iv. The Holding Company has other long term employee benefits in the form of leave encashment. The liability in respect of leave encashment is provided for on the basis of actuarial valuation made at the end of the financial year. The aforesaid leave encashment is not funded.
- v. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

#### r) Provisions

A provision is recognized when an enterprise has a present obligation as result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the best current estimates.

#### s) Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### t) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Schedule Forming Part of the Consolidated Accounts

**NOTES TO ACCOUNTS**

Schedule 22 : Notes to Accounts : Cont'd...

**4. (a) Contingent Liabilities (to the extent not provided for)**

Sr. No	Particulars	As on March 31, 2009
(a)	Disputed Income Tax Liability	843.85
(b)	Disputed Sales Tax Liability	261.07
(c)	Guarantees given by Banks to third parties on behalf of the Group	26.88
(d)	Claims against the Group not acknowledged as debts (mainly on account of outstanding law suits )	376.50
(e)	Counter Guarantees given to The Housing Development Finance Corporation Limited in respect of housing loans taken by employees.	0.49

(b) The Holding Company has undertaken export obligation of eight times of the CIF value of machineries imported, to be fulfilled over a period of eight years. The obligation outstanding on the date of Balance Sheet amounts to Rs. 103.45 Lacs.

**5. Capital Commitment**

The estimated amount of contracts, net of advances remaining to be executed on capital account at March 31, 2009 is Rs. 61.93.

6. Excise duty on sales amounting to Rs. 810.10 has been reduced from sales in profit & loss account and excise duty on increase/(decrease) in stock amounting to Rs. 14.65 has been considered as income in Schedule 19 of financial statements.
7. During the previous year, the Holding Company had issued 7,99,000 share warrants to promoters and others on preferential allotment basis at a price of Rs. 65 per share on 5th February, 2008 which are convertible into equal number of equity shares of Rs.10 each. Out of the above, 5,19,984 share warrants have been converted into equity shares of Rs.10 each fully paid-up till 31<sup>st</sup> March, 2009. The said equity shares shall rank pari-passu with the other equity shares.
8. The Holding Company has an investment in equity shares of Excel Industries Limited amounting to Rs.227. In respect of this investment, the Holding Company had, in the previous year, recognized a diminution in the value of investment amounting to Rs.89. The market value of this investment at March 31, 2009 is Rs.41. In view of the long-term nature of this investment and having regard to the book value of the equity shares, management does not consider any further diminution in the carrying value of this investment, as at March 31, 2009
9. Provision for Taxation includes provision for Wealth Tax amounting to Rs. 1.02.
10. Deferred payment liabilities – Repayable within one year Rs.49.61.
11. **Gratuity plan: (AS 15 Revised 120(b))**

The Holding Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with insurance companies in the form of a qualifying insurance policy. The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

## Schedule Forming Part of the Consolidated Accounts

**NOTES TO ACCOUNTS**
**Schedule 22 : Notes to Accounts : Cont'd...**
**Profit and Loss Account**
**Net employee benefit expense (recognised in Employee Cost)**

	<b>March 31, 2009</b>
Current service cost	18.66
Interest cost	25.24
Expected return on plan assets	(23.43)
Net actuarial( gain) / loss recognised in the year	17.30
Past service cost	-
Net benefit expense	37.77
Actual return on plan assets	30.45

**Balance sheet**

	<b>March 31, 2009</b>
Defined benefit obligation	375.90
Fair value of plan assets	355.70
Less: Unrecognised past service cost	Nil
Plan asset / (liability)	20.20

**Changes in the present value of the defined benefit obligation are as follows:**

	<b>March 31, 2009</b>
Opening defined benefit obligation	315.45
Interest cost	25.24
Current service cost	18.66
Benefits paid	(7.77)
Actuarial (gains) / losses on obligation	24.32
Closing defined benefit obligation	375.90

**Changes in the fair value of plan assets are as follows:**

	<b>March 31, 2009</b>
Opening fair value of plan assets	292.84
Expected return	23.43
Contributions by employer	40.18
Benefits paid	(7.77)
Actuarial gains / (losses)	7.02
Closing fair value of plan assets	355.70

The Holding Company expects to contribute Rs 79.76 to gratuity in 2009.

Schedule Forming Part of the Consolidated Accounts

**NOTES TO ACCOUNTS****Schedule 22 : Notes to Accounts : Cont'd...**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2009 %
Investments with insurer	100.00

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity for the Company's plan are shown below:

	March 31, 2009 %
Discount rate	8
Expected rate of return on assets	8
Increase in Compensation cost	6
Mortality Table	LIC(1994-96) Ultimate
Proportion of employees opting for early retirement	1%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**12. Related Party Disclosure****(a) Names of related parties and description of relationship:**

Enterprises owned or significantly influenced by key management personnel or their relatives	Excel Industries Limited Excel Crop Care Limited Transmetal Limited Shroff Engineering Limited Anshul Speciality Molecules Limited Agrocel Industries Limited Anshul Agencies Shroff Foundation Trust Hyderabad Chemical Supplies Limited Transchem Agritech Limited C.C.Shroff Research Institute
Key Management Personnel	Atul G. Shroff
Relatives of key management personnel	Ashwin C. Shroff Dipesh K. Shroff Vishwa A. Shroff Shruti A. Shroff Chaitanya D. Shroff

## Schedule Forming Part of the Consolidated Accounts

**NOTES TO ACCOUNTS**

## Schedule 22 : Notes to Accounts : Cont'd...

(b) Transactions with related parties for the year ended March 31, 2009 are as follows:

Particulars	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel and relatives	Total
Sales of Goods	698.16	-	698.16
Other Income	0.60	-	0.60
Sale of Fixed Assets	5.06	-	5.06
Dividend Paid	-	2.73	2.73
Commission Paid	29.34	-	29.34
Purchase of Goods	39.38	-	39.38
Purchase of Fixed Assets	0.36	-	0.36
Office Rent	1.32	-	1.32
Services Availed	4.91	-	4.91
Others	0.41	-	0.41
Donations Paid	18.76	-	18.76
Trade Advance Given	10.00	-	10.00
Interest Paid	0.32	1.56	1.88
Reimbursements charged by the company	0.14	-	0.14
Reimbursements charged to the company	15.72	-	15.72
Managerial Remuneration*	-	85.54	85.54
Director Sitting Fees	-	0.43	0.43
Commission paid to Non – Executive Directors in respect of earlier years	-	1.00	1.00
<b>Balance Outstanding at the year end:</b>			
Accounts Payables	9.49	-	9.49
Accounts Receivables including trade Advance	99.14	-	99.14
Agency Deposit	4.00	-	4.00
Advance Given	10.00	-	10.00
Interst Receivable	0.20	-	0.20
Interst Payable	-	0.06	0.06
Fixed Deposits	-	15.61	15.61
Remuneration payable to Managing Director	-	20.63	20.63

\* As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

## Schedule Forming Part of the Consolidated Accounts

**NOTES TO ACCOUNTS****Schedule 22 : Notes to Accounts : Cont'd...****Note:**

Related party transactions include transactions pertaining to the following parties with whom the percentage of transactions is 10% or more of the total or each of the above:

<b>Particulars</b>	<b>Year ended March 31, 2009</b>
<b>A) Transactions during the year</b>	
<b>Sale of Goods</b>	
Excel Crop Care Limited	623.62
<b>Sale of Fixed Assets</b>	
Agrocel Industries Limited	4.59
<b>Other income</b>	
Transmetal Limited	0.60
<b>Purchase of Goods</b>	
Excel Industries Limited	38.54
<b>Office Rent</b>	
Excel Crop Care Limited	1.32
<b>Services Availed</b>	
Transchem Agritech Ltd.	4.70
<b>Commission Paid</b>	
Anshul Agencies	21.40
Transchem Agritech Ltd.	7.94
<b>Others</b>	
Shroff's Foundation Trust	0.24
<b>Donation Paid</b>	
Shroff's Foundation Trust	18.76
<b>Reimbursements charged by the company</b>	
Transchem Agritech Ltd.	0.14
<b>Reimbursements charged to the company</b>	
Transchem Agritech Ltd.	15.72
<b>B) Closing Balance as at end of the year :</b>	
<b>Outstandings</b>	
Transchem Agritech Ltd.	4.08
Anshul Agencies	5.41
<b>Receivable including Trade Advance</b>	
Excel Crop Care Limited	78.63
Agrocel Industries Limited	27.96
<b>Interest Receivable</b>	
Transchem Agritech Ltd	0.20
<b>Indenting Agency Deposit</b>	
Anshul Agencies	4.00

**Schedule Forming Part of the Consolidated Accounts**
**NOTES TO ACCOUNTS**
**Schedule 22 : Notes to Accounts : Cont'd...**
**13. Lease Commitments**

The Holding Company has cancelable operating leasing arrangements relate to office premises which are renewable by mutual consent and lease rentals payable are accordingly charged as rent under Schedule 19. During the year, the Company has taken office premises under cancelable operating lease; the rentals for which are charged to the Profit and Loss Account for the year. The lease term is for 11 months and there are no sub-leases.

**14. Earning Per Share**

	Year Ended March 31, 2009
<b>Basic Earning per Share</b>	
Profit after taxation	793.67
Add/(Less): Prior period Adjustment	(2.22)
Excess Provision for taxation for earlier years written back	(3.06)
Profit attributable to Equity Shareholders (A)	788.39
Weighted average number of equity shares outstanding during the year (B)	5,334,717
Basic Earning Per Share (in Rupees) (A)/(B)	14.78
Nominal Value of Equity Share (in Rupees)	10.00
<b>Diluted Earning per Share</b>	
Profit after taxation	793.67
Add/(Less): Prior period Adjustment	(2.22)
Excess Provision for taxation for earlier years written back	(3.06)
Profit attributable to Equity Shareholders (A)	788.39
Weighted average number of equity shares outstanding during the year (B)	5,334,717
Add: Dilutive impact of convertible share warrants	279,016
Weighted average number of equity shares for diluted earning per share	5,613,733
Diluted Earning Per Share (in Rupees) (A)/(B)	14.04
Nominal Value of Equity Share (in Rupees)	10.00

**15. Segment Information**
**Identification of Segments**
**i. Primary Segment – Business Segment**

The Group's operations predominantly comprise of only one segment i.e. chemicals. In view of the same, separate segmental information is not required to be disclosed as per the requirements of Accounting Standard 17.

**ii. Secondary Segment – Geographical Segment**

The analysis of geographical segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows:

Sales within India include sales to customers located within India.

Sales outside India include sales to customers located outside India.

Schedule Forming Part of the Consolidated Accounts

**NOTES TO ACCOUNTS**

Schedule 22 : Notes to Accounts : Cont'd...

Information pertaining to Secondary Segment

**Gross revenue as per Geographical Locations**

Particulars	Year ended March 31, 2009
Within India	5,953.71
Outside India	10,707.29
<b>TOTAL</b>	<b>16,661.00</b>

**Carrying value of segment assets**

Particulars	Year ended March 31, 2009
Within India	10,470.21
Outside India	2,802.70
<b>TOTAL</b>	<b>13,272.91</b>

**Fixed Assets by Geographical Locations**

The Group has common fixed assets for producing goods for domestic as well as overseas market. Hence, segment-wise information for fixed assets / additions to fixed assets has not been furnished.

**16. (a) Derivative Instruments and Unhedged foreign currency exposure.**

Nature of Contract	Currency	March 31, 2009	Purpose
Sale	US \$	30.70	Hedge of receivables

Particulars of unhedged foreign currency exposures as at the balance sheet date are as follows:

Particulars	Year ended March 31, 2009
Debtors	
- USD	36.59
- EURO	0.42
- GBP	0.13
Creditors & Other Liabilities	
- USD	7.07
Term Loans from Banks	
- USD	15.46

(b) The Holding Company has entered into a five year derivative contract for sale of foreign currency starting from October, 2007 to September, 2012 to hedge its foreign currency exposure. The management 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 & Loss Account as and when it crystallizes. Based on mark to market concept, the loss amounts to Rs.2,174 lacs as at March 31, 2009 in respect of the aforesaid outstanding foreign currency derivatives contract.



Schedule Forming Part of the Consolidated Accounts

**NOTES TO ACCOUNTS**

Schedule 22 : Notes to Accounts : Cont'd...

**17. Supplemental Statutory Information**
**i. Remuneration to Auditor's of the Holding Company**

Particulars	Year ended March 31, 2009
Audit Fees	3.75
Tax Audit Fees	0.75
Fees for other services	1.87
Out of pocket expenses	0.02
<b>TOTAL</b>	<b><u>6.39</u></b>

**ii. Research and Development costs, as certified by the management, debited to the profit and loss account as under:**

Particulars	Year ended March 31, 2009
a) Revenue expenses debited to appropriate heads of account	57.12
b) Depreciation on Research and Development Assets	15.04
<b>TOTAL</b>	<b><u>72.16</u></b>

**iii. Remuneration to Managing Director of the Holding Company**

Particulars	Year ended March 31, 2009
<b>a) Paid to Managing Director</b>	
Salary and Incentives	28.00
Contribution to Provident and Other Funds	8.91
Perquisites	28.00
Commission	20.63
<b>TOTAL</b>	<b><u>85.54</u></b>
<b>b) To Non Excecutive Directors Commission (included in other expense)</b>	<b>13.75</b>
<b>GRAND TOTAL</b>	<b><u>99.29</u></b>

**Note:** As the future liability for gratuity and leave encashment is provided on an actural basis for the Holding Company as a whole, the amount pertaining to the direcotrs is not ascertainable and, therefore, not included above.

18. This being the first year of preparation of consolidated financial statements, previous period figures have not been presented.

Signatures to Schedules '1' to '22'

For **S.V. GHATALIA & ASSOCIATES**  
**Chartered Accountants**  
 per **Sudhir Soni**  
**Partner**  
 Membership No. 041870

Place : Mumbai  
 Dated: 12<sup>th</sup> June, 2009

For and on behalf of the Board of Directors

A. C Shroff (Chairman)  
 A. G. Shroff (Managing Director)  
 D. C. Gami (Director)  
 Ashok P. Shah (Chief Finance Officer)  
 S. K. Solanki (Company Secretary)

Place : Vadodara  
 Dated: 12<sup>th</sup> June, 2009



**1st**

**ANNUAL REPORT**

FOR THE PERIOD FROM 22<sup>nd</sup> APRIL 2008 TO 31<sup>st</sup> MARCH 2009

**Transpek Industry (Europe) Limited**

**A**  
**Wholly owned Subsidiary Company**  
**OF**  
**TRANSPEK INDUSTRY LIMITED**

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**DIRECTORS, OFFICERS AND ADVISERS**

**Directors**

Atul Govindji Shroff (appointed 22<sup>nd</sup> April 2008) : Chairman

Shailesh Kantilal Solanki (appointed 22<sup>nd</sup> April 2008)

**Secretary and registered office**

Shailesh Kantilal Solanki

112, Red Lion Lane

Shooters Hill

woolwich

SE18 4LE

**Registered number**

06572934 (England and Wales)

**Accountants**

Simpson Wreford & Co

Wellesley House

Duke of Wellington Avenue

Royal Arsenal

London

SE18 6SS

**Bankers**

HSBC Bank Plc

15, Wellington Street

Woolwich London

SE18 6PH

## **DIRECTORS' REPORT**

**FOR THE PERIOD FROM 22<sup>nd</sup> APRIL 2008 TO 31<sup>st</sup> MARCH 2009**

The Directors have pleasure in submitting the first Annual Report together with the Accounts of the Company for the period ended 31<sup>st</sup> March, 2009.

### **Principal activity**

The principal activity of the company is the exporting of chemicals.

The Company's objects are :-

- a) To carry on business as a general commercial company.
- b) To carry on manufacturing, trading and any other business including acting as agent of any person, firm or company which, in the opinion of the Company, may be capable of being conveniently or profitably carried on in connection with or subsidiary to any other business of the Company and is calculated to enhance the value of the Company's property.

To apply for and obtain for itself or for any other person, firm or company registration under any Regulation of the European Union or any other country or combinations of countries.

### **Financial results**

The income and expenditure incurred during the period are apportioned to the holding company and other group members, resulting in there being no profit and no loss.

### **Directors**

The Directors who served during the period were:

Atul Govindji Shorff

Shailesh Kantilal Solanki

In view of the non applicability of Articles 73 to 77 of Table A 1995 and amendments thereto, the existing Directors, Mr. Atull Govindji Shroff and Mr. Shailesh K Solanki, appointed by the Board at the meeting held on 22<sup>nd</sup> April 2008 are the permanent Directors on the Board of Directors of the Company and are not liable to retire by rotation.

### **About the Company**

Your Company was incorporated on 22<sup>nd</sup> April 2008 as a Private Limited Company. The Company is a wholly owned subsidiary company of Transpek Industry Ltd., India and in terms of the objects of the Company, your Company has been appointed as the "only representative" of Transpek Industry Ltd as well as four other non EU manufacturers of India, mainly to obtain registration under European Union (EU) Regulation 2006/1907 of 18<sup>th</sup> December 2006, called Registration, Evaluation, Authorisation of Chemicals (REACH) of their products exported to the member nations of the EU.

During the period under review your Company has pre-registered various products of Transpek Industry Ltd, Excel Industries Ltd, Anshul Speciality Molecules Ltd, Excel Crop Care Ltd and Agrocel Industries Ltd. The Expenditure incurred by the Company on its REACH activities is to be borne by the above five companies on an agreed formula. Accordingly, the expenditure incurred during the year under review by the Company has been allocated to the respective companies in the agreed proportions.

### **Outlook**

Our Company's activities for the year 2009-2010 would remain to the extent of providing services related to REACH to the non EU manufacturers. For the purpose, the Company as acquired new lease rented office premises at 1 Risborough Street, London SE1 0HF for a period of 2 years.

The Company is in process of recruitment of the required personnel, including UK citizens.

### **Directors' Interests**

The Company, being a wholly owned subsidiary company of Transpek Industry Ltd (TIL), and Mr Atul G Shroff being Managing Director and Mr Shailesh K Solanki being General Manager and Company Secretary of TIL, are considered to be interested in TIL.

### **Fixed assets**

During the period the Company has acquired fixed assets in the form furniture and fixtures, computer etc and in view of the Government guideline for the year 2008-09, your Directors have thought it fit to charge 100% depreciation in the first year itself.

## DIRECTORS' REPORT

FOR THE PERIOD FROM 22nd APRIL 2008 TO 31st MARCH 2009

### Dividends

The Directors have not recommended any dividend for the period under review as there are no distributable profits.

### Political and charitable contributions

There were no political or charitable donations made by the Company during the period review.

### Directors' responsibilities

The Directors are required by UK Company Law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. Accordingly, while preparing the financial statements for the period ended 31<sup>st</sup> March 2009, the Directors are responsible for :

- ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and
- preparing accounts which give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2009 and of its results for the period then ended in accordance with the requirements of section 226 of the Companies Act 1985 and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the Company.

While preparing the accounts, the Directors have taken into consideration the following :

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Followed applicable accounting standards;
- Prepared the financial statements on the going concern basis;
- Are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Company and to enable that the financial statements comply with the Companies Act 1985;
- Are also responsible for safeguarding the assets of the Company and hence taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Are also responsible for determining whether, in respect of the year, the Company meets the conditions of exemption from an audit of the accounts set out in Section 249A of the Companies Act 1985;

If in respect of the year, the availability of the exemption from an audit of the accounts is conditional upon the Directors causing a report in respect of these accounts to be prepared for the purposes of section 249A (2) of the Companies Act 1985, the Directors are responsible for deciding whether that report shall be made and for appointing Auditors as reporting accountants to make that report to the shareholders of the Company.

### Accountants

M/s. Simpson Wreford & Co, Chartered Accountants, London UK will retire at the conclusion the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment as Accountants of the Company. Their re-appointment and remuneration is proposed at the ensuing Annual General Meeting.

### Small company exemption

The Directors have taken advantage of the special provisions relating to small companies within part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective from January 2007).

Signed on behalf of the Board

ATUL GOVINDJI SHROFF - Chairman

SHAILESH KANTILAL SOLANKI - Director

Approved by the Board on 16<sup>th</sup> May 2009.

## **ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE ACCOUNTS**

**FOR THE PERIOD FROM 22nd APRIL 2008 TO 31st MARCH 2009**

As a reporting accountant, we have a statutory responsibility to report to the shareholders of the Company whether, in our opinion:

- i. The accounts are in agreement with the accounting records kept by the Company under section 221 of the Companies Act 1985:
- ii. Having regard only to, and on the basis of, the information contained in those accounting records, the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C (6) of the Act and did not, at any time within the year, fall within any of the categories specified in section 249B (1), of companies not entitled to exemption.

We do not have any responsibility to report whether any shareholder of the Company has notified the Company that he or she requires an audit, consequently we have no responsibility to vary out any work in respect of this manner.

**Simpson Wreford & Co**  
**Chartered Accountants**

Wellesley House  
Duke of Wellington Avenue  
Royal Arsenal  
London  
SE18 6SS  
18<sup>th</sup> May 2009

**PROFIT AND LOSS ACCOUNT**

FOR THE PERIOD FROM 22nd APRIL 2008 TO 31st MARCH 2009

	<u>Notes</u>	<u>2009</u> £
Turnover	2	37,807
Administrative expenses		<u>37,807</u>
<b>Operating loss</b>	3	<u><u>-</u></u>

**BALANCE SHEET**AT 31<sup>st</sup> MARCH 2009

	<u>Notes</u>	<u>2009</u> £
<b>Current assets</b>		
Debtors	4	14,849
Cash at bank and in hand		<u>17,564</u>
		32,413
<b>Creditors: Amounts falling due within one year</b>	5	<u>(32,393)</u>
<b>Net current assets</b>		<u><u>20</u></u>
<b>Capital and reserves</b>		
Called up share capital	6	20

These accounts have been prepared in accordance with the special provisions relating to small companies within part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The directors are of the opinion that the company is entitled to the exemptions from audit conferred by section 249A(1) of the Companies Act 1985 for the period ended 31<sup>st</sup> March, 2009

The directors confirm that no members or member have requested an audit pursuant to sub-section 2 of section 249B of the Companies Act, 1985.

The Directors are responsible for :-

- a) ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and
- b) preparing accounts which give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March 2009 and of its results for the period then ended in accordance with the requirements of section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

Approved by the Board of Directors on 16<sup>th</sup> May 2009 and signed on its behalf.

**Atul Govindji Shroff** - Director

**Shailesh Kantilal Solanki** - Director



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 22nd APRIL 2008 TO 31st MARCH 2009

### 1. Accounting policies

#### (a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The Company has taken advantage of the exemption, conferred by Financial Reporting Standard 1, from presenting a cash flow statement as it qualifies as a small company.

#### (b) Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax.

### 2. Turnover

The turnover and loss before taxation is attributable to the one principal activity of the company.

### 3. Loss on ordinary activities before taxation

This is stated after charging:

	<b>2009</b>
	£
Depreciation	<u>2,771</u>

### 4. Debtors

	<b>2009</b>
	£
Other debtors	<u>14,849</u>

### 5. Creditors: amounts falling due within one year

	<b>2009</b>
	£
Amounts owing to group undertakings and undertakings in which the company has a participating interest	30,668
Other creditors	<u>1,725</u>
	<u><b>32,393</b></u>

### 6. Called-up share capital

	<b>2009</b>
	£
<i>Authorised</i>	
<i>Equity shares:</i>	
Ordinary shares of £1 each	<u>20</u>
 <i>Allotted, called up and fully paid</i>	
<i>Equity shares:</i>	
Ordinary shares of 1 each	<u>20</u>

### 7. Controlling party

The company is a 100% owned by Transpek Industry Ltd a company incorporated under the (Indian) Companies Act 1956.

### 8. Profit and loss account

Income and expenses are apportioned to the holding company and other group members resulting in there being no profit and loss account.

**DETAILED PROFIT AND LOSS ACCOUNT**

FOR THE PERIOD FROM 22nd APRIL 2008 TO 31st MARCH 2009

	<b><u>2009</u></b>
	£
Management charges received	37,807
<b>Deduct : Expenses</b>	
Rent	14,853
Rates	787
Premises expenses	3,309
Accountancy	1,725
Legal and professional fees	625
Conveyance expense	2,372
Salaries	5,133
Telephone	647
Advertising	253
General expenses	1,179
Sundry expenses	962
Travelling	3,107
Bank charges and interest	84
Depreciation	<u>2,771</u>
	<u>37,807</u>
<b>Net loss before taxation</b>	<u><u>-</u></u>

# ATTENDANCE SLIP

L.F. No. / Client ID No.	
No. of Shares held	



I / We hereby record my / our presence at the Forty-Third Annual General Meeting of the Company held at Auditorium Hall of The Institution of Engineers (India), Vadodara Local Centre, Near Trident Complex, Race Course Circle, Vadodara - 390 007 (Gujarat) on Thursday, 27<sup>th</sup> August, 2009 at 3.30 p.m.

Name of the Shareholders / Beneficial Owners (IN BLOCK LETTERS)	
Signature of the Shareholders / Beneficial Owners	
Name of the Proxy (IN BLOCK LETTERS)	
Signature of the Proxy	

**NOTE:**

1. Your are requested to sign and hand over this slip at the entrance to the Meeting Venue.
2. If you intend to appoint a proxy to attend the Meeting instead of yourself, the Form of the Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

# PROXY FORM

L.F. No. / Client ID No.	
No. of Shares held	

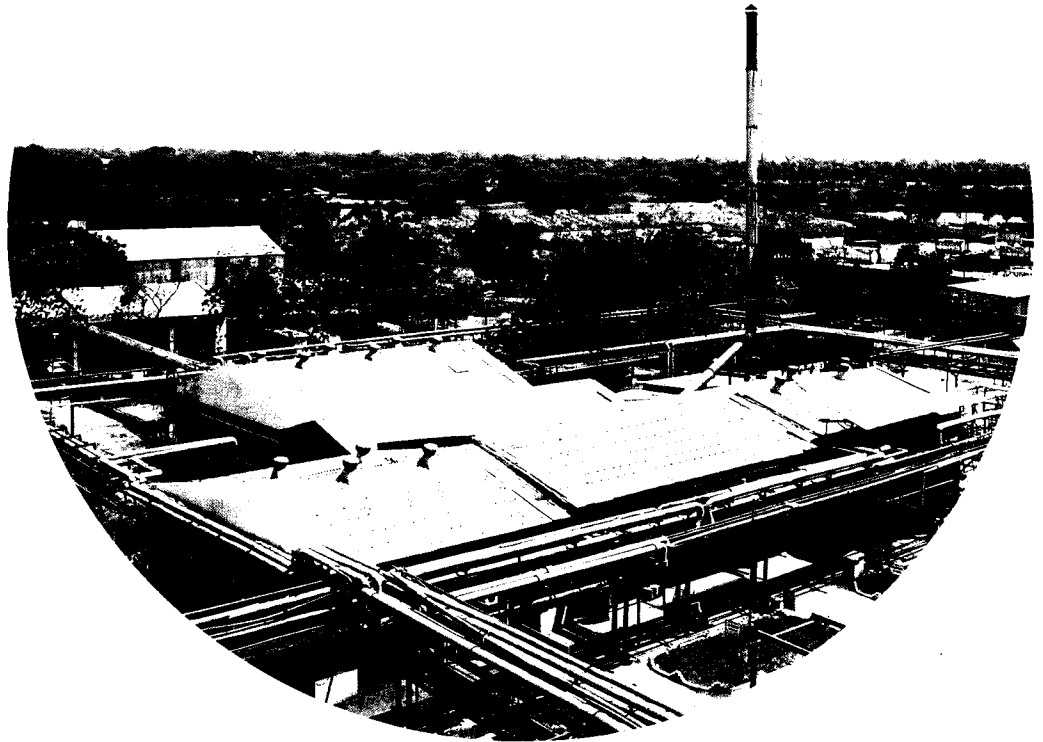


I / We ..... of ..... in the district of..... being a member / members / beneficial owners of TRANSPEK INDUSTRY LIMITED, hereby appoint ..... of ..... in the district of ..... or failing him .....of..... in the district of..... as my / our proxy to vote for me / us on my / our behalf at the Forty-Third Annual General Meeting of the Company to be held on Thursday, 27<sup>th</sup> August, 2009 and at any adjournment thereof.

Signature of the Shareholder / Beneficial Owner .....

Signed this ..... Day of ..... 2009.

Please  
Affix  
Re. 1  
Revenue  
Stamp



Factory Premises



**TRANSPEK INDUSTRY LIMITED**

**REGISTERED OFFICE**

6th Floor, Marble Arch, Race Course Circle  
Vadodara-390 007, Gujarat, India.  
phone : +91 265 2335444, 2335757  
Fax : +91 265 2335758  
Email : inquiry@transpek.com

**FACTORY :**

At & Post Ekalbara 391 440, Taluka-Padra  
District - Vadodara, Gujarat, India.  
Phone : +91 2662 244444 / 244318 / 244309  
Fax : +91 2662 244439



**TRANSPEK INDUSTRY (EUROPE) LIMITED**

A wholly owned subsidiary of Transpek Industry Limited.

**REGISTERED OFFICE :**

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Woolwich SE 18 4LE, LONDON-U.K.  
Telefax : +44 208 3193234  
Mobile : +44 783 4236538