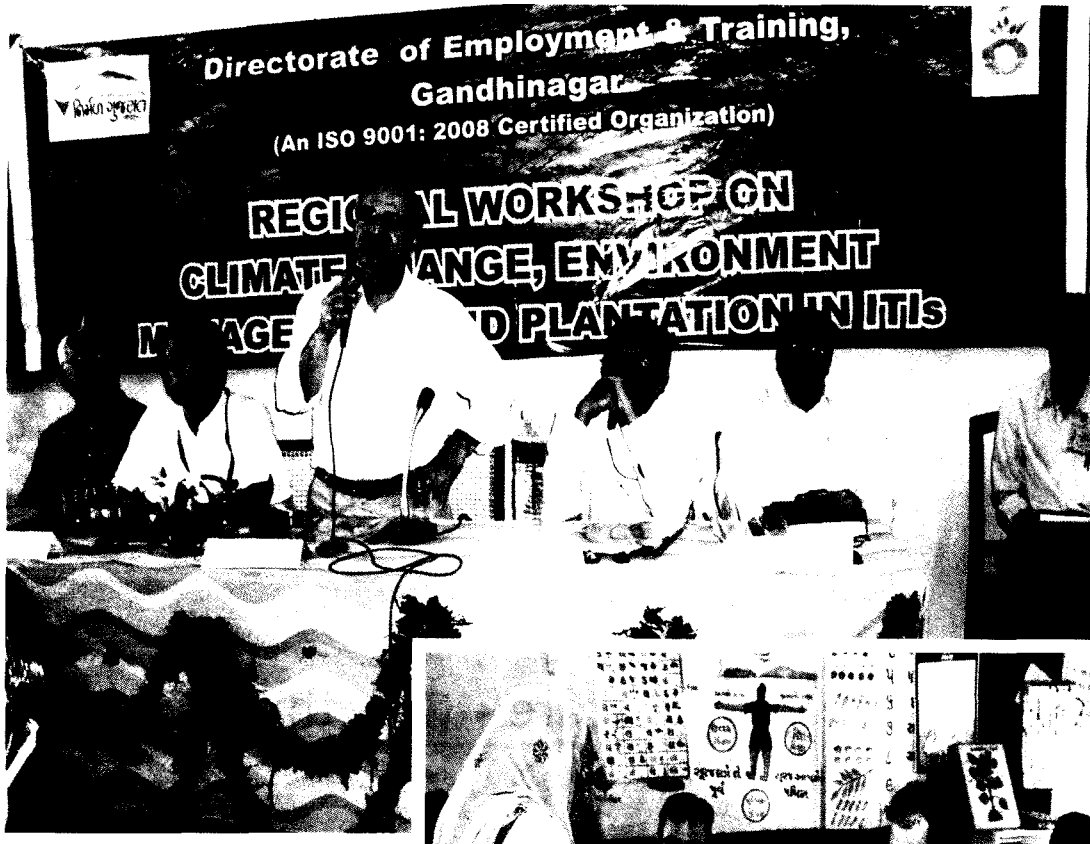


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45<sup>th</sup> annual report  
2010-11

ITI, Padra - Environment Awareness



Medical Camp at Ekalbara



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Annual General Meeting on **Thursday, the 25<sup>th</sup> day of August, 2011 at 3:30 p.m.** at Hotel Express Tower, "Oaks Room", 8<sup>th</sup> Floor, R.C. Dutt Road, Alkapuri, Vadodara - 390 007.

The practice of distributing copies of the Annual Report at the Annual General Meeting has been discontinued. You are requested to bring your copy of the Annual Report to the Meeting.

## A Request

We are sure you have read with interest the accounts of the year ended 31<sup>st</sup> March 2011. You may desire to have some clarification or additional information on the said accounts at the ensuing Annual General Meeting. We shall very much appreciate, if you kindly write to us atleast ten days in advance in order to enable us to keep the information ready for you at the meeting. We solicit your kind co-operation.

## Board of Directors

**A.C. Shroff**  
Chairman

**A.G. Shroff**  
Managing Director

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

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

**S. K. Solanki**  
Company Secretary

## Bankers

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

## Auditors

Contractor, Nayak & Kishnadwala  
Chartered Accountants

## Registered Office

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

## Works

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

## NOTICE TO THE MEMBERS

NOTICE IS HEREBY GIVEN THAT the FORTY FIFTH ANNUAL GENERAL MEETING of the Members of TRANSPEK INDUSTRY LIMITED will be held on Thursday, the 25th August, 2011 at 3:30 P.M. at Hotel Express Towers, "Oaks Room", 8th Floor, R. C. Dutt Road, Alkapuri, Vadodara 390 007 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2011, the Balance Sheet as at that date and the Reports of the Auditors and Directors thereon.
2. To declare a dividend on the equity shares of the Company.
3. To appoint a Director in place of Shri A. C. Shroff, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri A. H. Patel, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri M. D. Patel, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS:

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

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

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

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

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

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

## NOTICE TO THE MEMBERS

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

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

**Regd. Office:**

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

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

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

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The instrument appointing a proxy should be deposited at the Regd. Office of the Company not less than 48 hours before the commencement of the meeting.

2. An Explanatory Statement relating to items no. 7 & 8 as required under Section 173(2) of the Companies Act, 1956, is annexed hereto.
3. Members who hold shares in dematerialized form are requested to bring their DP ID and client ID Nos. for easy identification of attendance at the meeting.
4. The Register of Members and Share Transfer Books of the Company and the Register of Beneficial Owners maintained by NSDL and CDSL in respect of the Company will remain closed from 18th August, 2011 to 25th August, 2011 (both days inclusive).
5. Members are requested to notify promptly any change in their addresses to their respective Depository Participants in respect of their electronic share accounts quoting client ID No. and to Link Intime India Pvt. Ltd., the Company's Registrars and Share Transfer Agents, in respect of their physical shares, quoting their Folio No.
6. Payment of dividend as recommended by the Directors, if declared at the Meeting, will be made on or after 25th August, 2011 to the Members whose names stand on the Company's Register of Members on 25th August, 2011 and to the Beneficiary (Owner/s) as per the Beneficiary List at the close of business hours on Thursday, the 25th August, 2011 provided by the National Securities and Depository Ltd. and Central Depository Services (India) Ltd.

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

7. Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the amounts of dividends remaining unclaimed for a period of seven (7) years are to be transferred to the Investor Education and Protection Fund set up by the Central Government.

## NOTICE TO THE MEMBERS

NOTES: Cont'd...

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

Date of Declaration	Dividend for the year	Dividend Rs. per share	Due date of the proposed transfer to the Investor Education & Protection Fund
15.09.2005	2004-05	2.00	16.10.2012
24.08.2006	2005-06	2.50	24.09.2013
07.09.2007	2006-07	1.50	08.10.2014
22.08.2008	2007-08	1.50	23.09.2015
07.09.2009	2008-09	2.50	08.09.2016
13.08.2010	2009-10	2.50	06.09.2017

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

## ANNEXURE TO NOTICE

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

#### ITEM NO. 7

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

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

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

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

#### 1. General Information:

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

## ANNEXURE TO NOTICE

### 2. Information about the appointee:

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

## ANNEXURE TO NOTICE

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



## ANNEXURE TO NOTICE

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

## ANNEXURE TO NOTICE

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

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

### 4. Disclosures:

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

- (a) Tenure: Period of Agreement will be five years effective from 01.12.2011 to 30.11.2016.  
(b) Salary: In the range of Rs.3,75,000 - Rs.5,25,000.

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

### 5. Perquisites:

- i. In addition to the salary referred to in para 4(b) above, Shri Atul G. Shroff, Managing Director shall be also entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance etc. in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and Shri Atul G. Shroff. Such perquisites will be an amount equal to the annual salary provided that the aggregate value of salary and perquisites shall not exceed Rs.1,26,00,000/- per annum.
- ii. For the purpose of calculating the above ceilings, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.
- Provision for use of one car of the Company to be fully maintained by the Company for official duties and mobile telephone and landline at residence (including payment for local calls and long distance official calls) shall not be included in the computation of value of perquisites for the purpose of calculating the total remuneration.
- iii. Company's contribution to provident fund and superannuation or annuity fund, gratuity payable as per rules of the Company and encashment of leave at the end of his tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

### 6. Performance Incentive:

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

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

### 7. Minimum Remuneration:

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

### 8. Other Benefits:

- i. Leave: On full pay and allowance, as per the Rules of the Company but not exceeding one month's leave for every 11 months of service. Leave accumulated and not availed of during his tenure as Managing Director may be allowed to be encashed at the end of his tenure as per Rules of the Company.
- ii. Shri A. G. Shroff will be entitled to reimbursement of entertainment expenses actually and properly incurred by him in the course of legitimate business of the Company.

## ANNEXURE TO NOTICE

iii. Shri A. G. Shroff will also be entitled to receive from the Company travelling, hotel and other expenses incurred in performance of duties on behalf of the Company.

iv. Insurance cover for Directors' liability:

The Company will obtain insurance covering the liability of the Managing Director as permissible including indemnifying him against any claim which may be made against him by virtue of his being the Managing Director of the Company. This will also include the Company defending him in any suit filed during the period he is such Managing Director or even after he ceases to be such Managing Director but pertaining to the period during which he was such Managing Director.

The insurance shall also include the Company defending him in any suit filed pertaining to a period during which he was "Occupier" of the Factory of the Company.

v. Shri A. G. Shroff will be entitled to avail Key Man Insurance Policy as permissible to cover the Company's losses in the event of the death of the Managing Director during the term of office.

vi. Compensation for non-renewal or premature termination of contract by the Company:

In the event of non-renewal or premature termination of the contract by the Company, Shri Atul G. Shroff will be entitled to receive from the Company compensation equivalent to 12 months' salary and equivalent amount of perquisites, as applicable at the time of such termination.

### 9. Other terms & conditions:

- i. The terms and conditions of the said re-appointment and/or Agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to the Managing Director in accordance with the approval of the Shareholders of the Company and of the Central Government, if required.
- ii. Shri A. G. Shroff shall not, so long as he functions as Managing Director, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company in future without such prior approval of the Government of India as may be required.
- iii. The appointment may be terminated by either party giving to the other party not less than ninety days' notice in writing.
- iv. In the event of dispute or difference arising at any time between Shri A. G. Shroff and the Company in respect of this agreement or the construction thereof, the same will be submitted to and be decided by arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996.
- v. The headquarters of the Managing Director shall be at Vadodara.
- vi. The Managing Director as long as he continues to be a Managing Director of the Company, shall not be liable to retire by rotation and shall not be reckoned as a Director for the purpose of determining the number of Directors liable to retire by rotation.
- vii. If at any time the Managing Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director.

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

The Directors recommend the resolution set out at item No. 7 of the notice for the approval of the members.

None of the Directors except Shri A. G. Shroff is concerned or interested in the said resolution.

The draft Agreement referred to in the resolution at item no. 7 of the Notice will be open for inspection by the members at the Registered Office of the Company on any working day between 11:00 A.M. and 1:00 P.M.

### Item No. 8

Shri Bimal V. Mehta was appointed as an Executive Director of the Company for a period of three years with effect from 9th April, 2010 on the terms and conditions approved by the members by means of the Special Resolution passed at the Annual General Meeting held on 13th August, 2010 and incorporated in the agreement dated 14th August, 2010 between Shri Bimal V. Mehta and the Company (hereinafter referred to as "the Original Agreement") as under:

## ANNEXURE TO NOTICE

Particular	Per month (Rs.)	Per annum (Rs.)
Basic Salary	1,40,000	16,80,000
Perquisites	1,40,000	16,80,000
Superannuation (15% of Basic Salary)	21,000	2,52,000
Employer's Contribution to Provident Fund (12% of Basic Salary)	16,800	2,01,600
Gratuity (15 days Basic Salary p.a.)	6,730	80,760
<b>TOTAL</b>	<b>3,24,530</b>	<b>38,94,360</b>

Accordingly, his initial salary was fixed at Rs. 1,40,000/- in the scale of Rs. 1,40,000-Rs.10,000-Rs.1,60,000 and the appointment was made pursuant to the provisions of sub-paragraph (B) of paragraph 1 of Section II of Part II of Schedule XIII (read with sections 269, 198, 309 and 310) of the Companies Act, 1956 on the basis of "effective capital" of the Company as on 31.03.2010 of around Rs. 63 crores, which permitted monthly remuneration payable to a whole-time director designated as Executive Director not exceeding Rs. 3,50,000/-.

Under the Original Agreement, at present, the salary of Shri Bimal V. Mehta is Rs. 1,60,000 per month w.e.f. 9th April, 2011. He is also entitled to certain perquisites not exceeding his annual salary.

Under Paragraph 2 of Section II of Part II of Schedule XIII, "A managerial person shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified in paragraph 1 of this section:

- (a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961;
- (b) gratuity payable at a rate not exceeding half month's salary for each completed year of service; and
- (c) encashment of leave at the end of the tenure.

The aforesaid provisions are duly incorporated in the Original Agreement.

The overall effect is such that the total remuneration paid or payable to Shri Bimal V. Mehta under the Original Agreement falls short of the package specified to him in the course of negotiations with him leading to his appointment to the extent of the difference between actual contribution towards Superannuation Fund (Rs. 2,52,000/- in the first year) and Rs. 1,00,000/- being the non-taxable portion thereof. It is accordingly proposed to compensate the short-fall during the term of his appointment (three years) (aggregating to Rs. 5,28,000) by adding Rs. 2,64,000/- p.a. towards "other miscellaneous perquisites" effective from 9th April, 2011 apart from the perquisites payable to him at the rate not exceeding his annual salary.

Pursuant to the recommendations of the Remuneration Committee of Directors, the Board of Directors of the Company, at its meeting held on 27th May, 2011, increased the remuneration by way of additional amount of perquisite of Rs. 2,64,000/- p.a under the head "other miscellaneous perquisites" payable to Shri Bimal V. Mehta with effect from 9th April, 2011 for the remainder of his tenure as set out in the draft deed of variation to be entered into between the Company and Shri Bimal V. Mehta, subject to the necessary approval of the shareholders of the Company in general meeting.

As required under Section 302 of the Companies Act, 1956, an abstract of the revised remuneration of Shri Bimal V. Mehta, Executive Director of the Company and the Memorandum of Interest of the Directors in the said increase in remuneration was circulated to all the members within the prescribed time.

The draft deed of variation to be entered into between the Company and Shri Bimal V. Mehta provides for substitution of the first para of Clause 7 (l) (b) under the head "Perquisites" in the Original Agreement by the following:

Clause 7 (l):

- (b) Perquisites
  - (i) Perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance

## ANNEXURE TO NOTICE

etc. in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and the Executive Director; such perquisites for each year not to exceed his annual salary. In addition, effective 9th April, 2011 an amount of Rs. 2,64,000 (Rupees two lacs sixty four thousand) shall be payable per annum towards "other miscellaneous perquisites".

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

Provision of one Company's car and telephone at residence for official duties shall not be included in the computation of perquisites for the purpose of calculating the said ceilings.

Except to the extent modified as above; all other provisions of the Original Agreement shall remain unchanged.

The Board of Directors is of the view that the proposed variation in the remuneration of Shri Bimal V. Mehta as Whole-time Director, designated as Executive Director, will be in the best interest of the Company and accordingly commends the Special Resolution for approval of the members.

None of the Directors except Shri Bimal V. Mehta is concerned or interested in the resolution.

The draft Deed of Variation referred to in the resolution at item no. 8 of the Notice will be open for inspection by the members at the Registered Office of the Company on any working day between 11:00 A.M. and 1:00 P.M.

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

**By Order of the Board of Directors  
For Transpek Industry Limited**  
  
**SHAILESH K. SOLANKI**  
**General Manager & Company Secretary**

## DIRECTORS' REPORT

To  
The Members

Your Directors have pleasure in presenting the Forty Fifth Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2011.

### FINANCIAL RESULTS

	<u>2010 - 2011</u> <u>Rs. in Lacs</u>	<u>2010 - 2011</u> <u>Rs. In Lacs</u>	<u>2009 - 2010</u> <u>Rs. in Lacs</u>
Net Sales including Trading Income		18230.25	11340.74
Other Income		352.22	244.85
Profit before Interest, Depreciation, Amortisation, Taxes and Extraordinary Items		3135.62	1823.86
Interest		744.30	527.38
Cash Profit before Extraordinary Items and Taxes		2391.32	1296.48
Less:			
Depreciation		639.92	561.00
Amortization		41.50	43.91
Profit/(Loss) before Extraordinary Items and Tax		1709.90	691.57
Less:			
Extraordinary Items			
- Assets written off (Net)		-	85.04
Profit / (Loss) before Tax		1709.90	606.53
Provision for Taxation			
Current:			
(i) Current Tax	331.26		190.79
(ii) MAT	(45.00)	286.26	-
Deferred Tax (Asset) / Liability		146.43	(10.78)
Profit/(Loss) after Tax		1277.21	426.52
Add:			
a) (Excess) /Short Previous Year's Tax Provision		(1.83)	28.08
b) Prior Years' Adjustments		0.77	-
		1278.27	454.60
Balance brought forward from Previous Year		1057.78	1024.36
Amount available for appropriation		2336.05	1478.96
Appropriations to:			
a) Proposed Dividend		234.88	146.80
b) Tax on Proposed Dividend		38.10	24.38
c) Transfer to General Reserve		250.00	250.00
d) Balance Carried to Balance Sheet		1813.07	1057.78
<b>TOTAL</b>		<b>2336.05</b>	<b>1478.96</b>

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

## DIRECTORS' REPORT

### DIVIDEND

Your Directors have recommended a dividend of 40% i.e. Rs. 4/- per equity share on the Equity Share Capital of Rs.587.20 lacs for the year ended 31st March, 2011 (Previous year: 25%, i.e. Rs.2.50 per equity share).

### REVIEW OF OPERATIONS

The net sales of the Company for the year under review is Rs.182.30 crores as compared to Rs.113.41 crores in the previous year, rise of about 61%. During the year Profit After Tax is Rs.12.78 crores vis-à-vis Rs.4.55 crores in the previous year. During the year under review, Exports registered Rs. 104.34 crores (Previous year: Rs. 63.66 crores) a rise of 64%, while domestic sales registered a growth of 57% in comparison to previous year.

During the year under review, your Company focused on the following developmental activities:

- Reduction in the quantity of effluents to be treated at source through R & D resulting in substantial savings.
- The increasing costs of energy inputs prompted the Company to purchase a coal-fired boiler which would generate steam and power. The unit is likely to be operational in the financial year 2011-12.

### SUBSIDIARY COMPANIES

#### (i) Transpek Industry (Europe) Ltd.

During the year under review, the wholly owned subsidiary of the Company - Transpek Industry (Europe) Ltd. - whose incorporation under the laws of the United Kingdom was reported in our previous Report, has facilitated registration of three (3) products of Excel Industries Ltd. under REACH.

#### (ii) Sam Finechem Ltd.

The Company with an intention to diversify its activity in pharma based products, had identified for acquisition a small pharma company viz. Sam Finechem Ltd. (SFL), having its registered office at Mumbai and works at Rajkot, engaged in manufacturing of various drug intermediates and has acquired 50% holding in SFL.

In accordance with the relevant provisions of the current Articles of Association of SFL, the Chairman of SFL is a nominee of the Company and has a casting vote. As the erstwhile promoters of SFL and the Company hold 50% each of the paid up equity share capital of SFL, in any appointment of Directors in general meetings, the casting vote of the Chairman if exercised will determine the outcome and hence the Company is deemed to control the composition of the Board of Directors of SFL. Accordingly, by virtue of the provisions of section 4 (1) (a) of the Companies Act, 1956 SFL is a deemed subsidiary company.

Further, pursuant to section 212 of the Companies Act, 1956, there shall be attached to the Balance Sheet of the holding company having a subsidiary at the end of the financial year as at which the holding company's balance sheet is made out the audited financial statements and Reports of the Directors and Auditors of the subsidiary.

Pursuant to a resolution passed by the Board of Directors of the Company in terms of the General Circular No.2/2011-File No.51/12/2007-CL-III dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, the audited financial statements and the Reports of the Boards of Directors and Auditors of the Company's subsidiaries are not attached to this Annual Report. These documents shall be made available to the members of the Company seeking such documents. The same are available for inspection by members at the Registered Office of the Company and that of the respective subsidiaries and on the Company's website [www.transpek.com](http://www.transpek.com).

### OUTLOOK

We expect favourable conditions in the domestic as well as international markets.

The end-use markets for the Company's products are growing and we expect reasonable growth in the coming period. With the Company's focus on working closely with customers, we expect to add more products in the portfolio which will contribute to the growth of the business.

### QUALITY, ENVIRONMENT & HEALTH SAFETY MANAGEMENT SYSTEMS (QEHS MS):

During the year, the second surveillance audit of existing Integrated Management System of QMS ISO 9001: 2008, EMS ISO 14001: 2004 and BS OHSAS 18001:2007 was successfully completed by TUV Nord, Germany.

## **DIRECTORS' REPORT**

### **HEALTH CARE AND WELFARE OF EMPLOYEES**

The Company continues to put high premium on employees' health. Apart from taking health insurance cover for all the employees, regular health check up and counselling covering medical advice and life style changes is undertaken. Special care is taken of employees working in areas exposed to occupational hazards. A cash-less Medclaim policy has been taken for all employees. A fund for financial support of deceased employees' families has also been created to which contributions are made by the Company as well as the employees.

### **RISK MANAGEMENT**

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

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

### **DIRECTORS**

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

The term of Shri Atul G. Shroff, as Managing Director of the Company will be expiring on 30.11.2011. The Board of Directors of the Company, has at its meeting held on 09.04.2011, proposed for the approval of shareholders and that of the Central Government, the re-appointment of Shri Atul G. Shroff, as Managing Director of the Company for a further period of five years on the terms and conditions and remuneration as recommended by the Remuneration Committee at its meeting held on the same day. The terms and conditions of the appointment, including payment of remuneration are given in the Explanatory Statement appended to the Notice to the Members.

Shri Bimal V. Mehta was appointed as an Executive Director of the Company for a period of three years with effect from 9th April, 2010 on the terms and conditions approved by the members by means of the Special Resolution passed at the Annual General Meeting held on 13th August, 2010 and incorporated in the agreement dated 14th August, 2010 between Shri Bimal V. Mehta and the Company. At present, the salary of Shri Bimal V. Mehta is Rs.1,60,000 per month.

Pursuant to the recommendations of the Remuneration Committee of Directors, the Board of Directors of the Company, at its meeting held on 27th May, 2011, increased the remuneration by way of additional amount of perquisite under the head "Other Miscellaneous Perquisite" of Rs. 2,64,000/- p.a. payable to Shri Bimal V. Mehta with effect from 9th April, 2011 for the remainder of his tenure as set out in the draft deed of variation to be entered into between the Company and Shri Bimal V. Mehta, subject to the necessary approval of the shareholders of the Company and accordingly commends the Special Resolution for the approval of members.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) in the preparation of the accounts for the financial year ended 31st March, 2011 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.

### **SOCIAL RESPONSIBILITY**

Your Company is managing ITI Padra under the Public Private Partnership scheme of Govt. of India by deputing a team of senior employees on regular basis. Skill upgradation of students is being done by sending them to various industries for visit, participating in various exhibitions, bringing job work from industries and also training them in



## **DIRECTORS' REPORT**

basic English and computers. Students of the ITI are being sought by big Industrial houses. Various short term courses in plumbing, masonry, gardening, wiring etc. have been started to make students multi skilled. Three hundred and fifty students have benefited enabling them to be self employable. Encouraged by our experience with ITI Padra your Company has signed an MOU with Govt. of Gujarat to develop ITI Dashrath as a centre of excellence in chemical trade.

The Company has also trained 120 ladies of Ekalbara Village in tailoring as part of community development programme of Union Ministry of HRD. Last year, the Company decided to improve infrastructural facilities in eleven schools of nearby villages having strength of more than 2000 students. Schools were provided with benches, fans, cupboards, blackboards, carpets, tube light, lunch dishes etc.

Since last more than 30 years, every year the Company is organizing summer workshop for the children of surrounding villages. Activities covered are meditation, painting, computer, traffic education, first aid training, etc. to encourage talent, the Company distributed awards to 118 students who were 1st or 2nd ranker in their schools.

As part of industry academia interaction, your Company is engaging with various engineering / management institutions of Vadodara and Vallabh Vidyanagar.

Medical camps benefitting 389 people were organized last year. Your Company is also supporting various NGO's engaged in social, rural and tribal welfare activities.

## **CORPORATE GOVERNANCE**

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

## **FIXED DEPOSITS**

During the year under review, your Company accepted deposits from Public/Shareholders/ Employees/ Senior Citizens and has complied with the provisions of section 58A of the Companies Act, 1956 and the Rules framed thereunder. There were 113 deposits aggregating to Rs.30.93 lacs which were due for repayment and remained unclaimed as on 31st March, 2011 of which 34 deposits amounting to Rs. 5.91 lacs have since been repaid or renewed.

## **AUDITORS**

M/s. Contractor, Nayak & Kisnadwala, Chartered Accountants, Vadodara, who have given a letter to the Company certifying that their proposed appointment as Auditors would be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956, are proposed to be re-appointed as the Auditors of the Company.

## **AUDITORS' REPORT**

With regard to the Auditors' qualificatory remarks at item (b) of their report, as mentioned in note no.18 in Schedule 22 to the Accounts, the Board is of the opinion that in view of the significant uncertainties associated with the said contract, whose ultimate outcome depends on future events, the exchange gain or loss, if any, on the strike date would be accounted for in the profit and loss account as and when it crystallizes.

## **TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

In terms of the provisions of Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 particulars as prescribed therein relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in Annexure "A" forming part of this Report.

## **COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975**

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

## **DIRECTORS' 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  
DATE : May 27, 2011

**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 31.03.2011.

#### I. ENERGY CONSERVATION

##### Conservation Activities carried out during the year.

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

1. Installation of screw compressor based chilled water system instead of reciprocating compressor system, which resulted in reduction of power consumption and in maintenance, Installation of new cooling tower with higher capacity instead of two lower capacity towers along with fan controllers, which resulted in power saving.
2. Water saving by recovery of condensate water to boiler house as well as recycling of waste water in scrubbers.
3. Replacement of regular pumps/motors by utilizing energy efficient pumps/motors.
4. Installation of auto voltage regulator (AVR) to get constant power supply, thereby saving in power.
5. Installation of different types of LED lights in various plants and offices.

The investment in various energy conservation activities was Rs. 53.70 Lacs and the estimated annual saving works out to Rs. 36.25 Lacs.

#### FORM 'A'

	<b>Current year (2010-2011) 12 months</b>	<b>Previous year (2009-2010) 12 months</b>
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. Electricity</b>		
a. Purchased Units	<b>12861120</b>	10823520
Total Amount (Rs. In lakhs)	<b>770.58</b>	660.43
Rate/Unit	<b>5.99</b>	6.10
b. Own Generation		
I. Through Diesel Generator (Units)	<b>36827</b>	63219
Units generated per liter of diesel oil	<b>1.89</b>	2.67
Total Cost/Unit	<b>23.96</b>	17.17
II. Through steam turbine / generator (Units)	<b>Not</b>	Not
Units per liters of fuel oil / gas / cost / unit	<b>Applicable</b>	Applicable
<b>2. Coal</b>		
Quantity (Tonnes)	<b>Not</b>	<b>Not</b>
Total Cost / Average Rate	<b>Applicable</b>	<b>Applicable</b>
<b>3. Furnace oil</b>		
Quantity (liters)	2021601	1599905
Total Amount (Rs. in lakhs)	548.26	380.75
Average Rate/Ltr. (Rs.)	27.12	23.80
<b>4. Others</b>		
Gas Quantity (Cu.M)	-	-
Total Amount (Rs. In lacs)	-	-
Average Rate/Cu. M.	-	-

## DIRECTORS' REPORT

	<u>Current year (2010-2011) 12 months</u>	<u>Previous year (2009-2010) 12 months</u>
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
For all Products (with Unit Details)		
Electricity (Units)	147.43	143.61
Furnace Oil (Ltrs)	23.17	21.23
Coal (Specify quality)	Not Applicable	Not Applicable
Gas (Cu. M)	-	-

## 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

Your Company is recognized as R & D Deptt. since the year 2000 by the Department of Scientific & Industrial Research (DSIR), Ministry of Science and Technology, New Delhi and it is valid upto 2013. The R & D Deptt. of the Company has been working on various Acid Chlorides / Organic Chlorides which are mainly used in Pharmaceuticals, Polymers and Agrochemicals. The Company has applied to DSIR for obtaining accelerated depreciation and weighted R&D expenditure deduction under the Income Tax Act, 1961.

##### Benefits derived as a result of the R & D activities

Commercial production capability has been established for two new molecules of Acid Chlorides, which are used in Polymers and added in the new stream for commercial production.

##### Future Plan of Action

Our plan is to continue to develop products for Polymers and Pharmaceuticals intermediates. We are also working on downstream products of sulphur trioxide, sulphur dichloride, etc.

##### Expenditure on R & D:

	<u>Current year (2010-2011)</u>	<u>(Rs. in Lacs) Previous year (2009-2010)</u>
Capital	109.49	3.16
Recurring	156.55	66.48
<b>TOTAL</b>	<u>266.04</u>	<u>69.64</u>
Total R & D Expenditure as a % of total turnover	1.46	0.61
Technology Absorption, Adaptation and Innovation	Not Applicable	Not applicable

## III. FOREIGN EXCHANGE EARNINGS AND OUTGO

	<u>Current year (2010-2011)</u>	<u>(Rs. in Lacs) Previous year (2009-2010)</u>
a) Earned by way of export of goods and claim	10168.86	6255.85
b) Used by way of Imports (Capital/ Revenue)	2994.77	1253.56

BY ORDER OF THE BOARD

PLACE : Vadodara  
DATE : May 27, 2011

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 31st March, 2011.

**EMPLOYED THROUGHOUT THE YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING NOT LESS THAN RUPEES 60,00,000/-\* 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	63	Managing Director	S.S.C.	43	104.41	01.12.1981	Excel Industries Ltd.

Pursuant to the amendment to Companies (Particulars of Employees) Rules, 1975, vide notification no. G.S.R. 289(E) dated 31st March, 2011 issued by Ministry of Corporate Affairs, New Delhi.

**NOTES:**

- 1) The nature of employment of the Managing Director is contractual for a period of five years.
- 2) Remuneration mentioned above includes salary, incentive payment, 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  
DATE : May 27, 2011

**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**

Your Company's products are used by various industries such as Agrochemicals, Pharmaceuticals, Polymers and Dyestuffs for either making further intermediates or final products.

**Polymers**

Your Company is associated with makers of polymers for various uses. It is expected that there will be double digit growth for end products made of polymers in the coming year. Looking to the future market trend many new capacities are being generated around the world. During the year, your Company has been able to get its products registered with them after undergoing long evaluation process.

In order to cater to expanded market needs, new capacity has been added coupled with further strengthening of logistic services.

The Indian economy also experienced notable surge in growth but its favourable impact got blunted by unprecedented inflation. Your Company was also not immune to this and we had to face the situation by lowering our profitability to remain competitive in the international market.

On the export front your Company has been able to retain its customers. During the year 2010-11, we have registered a healthy growth. However, our profitability was affected in the last quarter of 2010-11 due to strengthening of the Indian Rupee against major currencies of the world.

## **DIRECTORS' REPORT**

Realizing the importance of the domestic market which had withstood the global melt down, we are in the process of developing new molecules to be introduced soon in the market.

### **Pharma products**

The Indian Pharma industry has been abuzz with developmental activities due to its inherent strength resulting in proposals coming from multinational companies for either contract research or toll manufacturing.

With about 15-20 Active Pharmaceutical Ingredients (APIs) worth more than USD 50 billion sales getting off patent in the coming 2-3 years' time, big opportunity is opening up for Indian companies to embark into introduction of new molecules in the form of intermediates and APIs.

Your Company is studying these products closely for developing their raw materials. In a few cases we have collaborative work also going on with some large pharma companies in India to ensure that products are developed to match their technical requirement.

During the year, your Company has been able to get approval from a number of renowned pharma companies as registered source and we expect that efforts put in now will bear fruit in the coming years when targeted APIs are off patented. Some of the production activities will be undertaken in Sam Finechem Ltd., a Pharma intermediates company in which your Company holds 50% equity and has management control.

### **Agrochemicals**

During the financial year 2010-2011, your Company has been able to increase its sales revenue in the Agrochemicals sector. By and large, the agrochemical season was good due to normal monsoon in India resulting in good demand for Company's products.

Your Company has developed products for production of fungicides and herbicides and has been able to position them successfully during the year under review. It is expected that sales of both the products will go up in the coming year.

We shall remain associated with agriculture sector by supplying vital raw materials for producing plant protection chemicals and our endeavor will be to develop a few more products for this vital and essential sector.

The Indian pesticides market is, however undergoing rapid changes and it appears that some of the end products will be phased out from the market which will have some adverse impact on sales of one of our main products. Your Company is watching the situation and is working on mitigating steps.

### **Opportunities and threats**

#### **Opportunities**

The end use segments are showing promising results and the forecast is that the Indian chemical industry will have robust growth in the coming year, thus opening up new opportunities for your Company.

Developments in China have a world-wide impact. Recent policy changes resulting in closure of several factories and the Chinese RMB strengthening against major currencies have opened up possibilities of export of some of your Company's products to China.

#### **Threats**

If inflation rate is not kept under check, it will have severe impact on industries which will lose their competitiveness in the international market.

The strengthening of the Indian economy will further strengthen the Rupee against USD or Euro which will affect the pricing of products.

The hike in price of oil will have negative impact on our business as input cost would increase.

#### **Risk and Concerns**

Increase in costs of inputs – raw materials, power and fuel and the strengthening of the Rupee are major causes for concern.

## **DIRECTORS' REPORT**

### **Outlook**

Our aim is to achieve balanced market spread for both domestic sales and exports and for that internal planning has been done.

It will not be out of place to mention that we foresee reasonable growth in the coming year for the products made by your Company.

No Company can survive if it is not putting sincere efforts to bring innovation in work and conserving natural resources. Your Company is also actively working on all possible areas to either bring down cost or improve efficiency, be it in the form of Energy Conservation or reducing wastage.

Environment, health and safety are the prime focus areas and the Company will not leave any stone unturned to ensure that not only we stick to norms but surpass them wherever possible.

### **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. 17 in Schedule 22 of Annual Accounts.

### **Internal Control Systems and their adequacy**

As reported in previous year, your Company maintains an adequate and effective internal control system commensurate with its size and complexity. The internal control systems are supplemented through an extensive internal audit programme and periodic review by management.

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

The net sales of the Company for the year under review is Rs.182.30 crores as against Rs.113.41 crores in the previous year. In the year under review sales has increased by 61% in comparison to previous year. During the year Profit After Tax is Rs.12.78 crores vis-à-vis profit of Rs.4.55 crores in the previous year.

### **Human resources / Industrial relations**

The employee strength as on 31st March, 2011 was 609 in comparison to 514 in the previous year, an increase of about 16 %, in anticipation of increased production and sales activities.

A well-defined performance management appraisal system also is in place.

Industrial Relations continue to be cordial.

### **Cautionary Statement**

Statements in this report on Management Discussion and Analysis relating to the Company's objectives, projections, estimates, expectations or prediction may be forward looking within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results might differ materially from those expressed or implied depending upon factors such as climatic conditions, global and domestic demand-supply conditions, finished goods prices, raw materials cost and availability, foreign exchange market movements, changes in Government regulations and tax structure, economic and political developments within India and the countries with which the Company has business and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

## 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, an Executive Director (appointed w.e.f. 09.04.2010) and eight non-executive Directors including the Chairman. Five of the eight non-executive Directors are independent Directors.

The composition and categories of Directors on the Board during the period 01.04.2010 to 31.03.2011 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*	Board Meetings (April, 2010 to March, 2011)		Attendance in last AGM held on 13.08.2010	No. of other Directorships held as at 31 <sup>st</sup> March, 2011**	No. of other Board Committee Positions held as at 31 <sup>st</sup> March, 2011	
			Held	Attended			Chairman	Member
1.	Shri Ashwin C. Shroff	PD/NED	5	3	Absent	13	2	-
2.	Shri Atul G. Shroff	PD/MD	5	5	Present	6	4	2
3.	Shri Bimal V. Mehta	NPD/ED /WTD	5	4	Present	2	-	1
4.	Shri Dipesh K. Shroff	PD/NED	5	3	Present	18	1	2
5.	Shri M. D. Patel	NPD/NED /ID	5	5	Present	8	4	7
6.	Shri A. H. Patel	NPD/NED /ID	5	5	Present	8	-	2
7.	Dr. Bernd Dill	NPD/NED /ID	5	5	Present	1	-	-
8.	Shri Ravi A. Shroff	PD/NED	5	4	Present	5	-	-
9.	Shri Ninad D. Gupte	NPD/NED /ID	5	5	Present	8	-	5
10.	Shri Nimish U Patel	NPD/NED /ID	5	4	Present	4	-	2

\* PD - Promoter Director; NPD - Non-Promoter Director; MD - Managing Director; NED - Non-Executive Director; ID - Independent Director; ED - Executive Director; WTD - Whole-time Director

\*\* Number of other Directorships includes Directorship held in Private Limited Companies, Section 25 Companies and foreign companies

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



## REPORT ON CORPORATE GOVERNANCE

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

Date of Board Meeting	09.04.2010	31.05.2010	13.08.2010	30.10.2010	04.02.2011
Board Strength	10	10	10	10	10
No. of Directors present	8	8	9	9	9

3. THE SHAREHOLDING OF THE DIRECTORS AS ON 31<sup>ST</sup> MARCH, 2011, WAS AS UNDER:

Name of the Director	Shares held (No.)	% to total capital
Shri Ashwin C. Shroff	3,944	0.07
Shri Atul G. Shroff	2,61,090	4.45
Shri Bimal V. Mehta	-	-
Shri Dipesh K. Shroff	30,162	0.51
Shri M. D. Patel	5	-
Shri A. H. Patel	100	-
Dr. Bernd Dill	-	-
Shri Ravi A. Shroff	7086	0.12
Shri Ninad D. Gupte	-	-
Shri Nimish U. Patel	100	-

4. PARTICULARS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT 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	Industrialist with vast experience in Chemicals and Agrochemicals Industry/ Business
Qualification	Science Graduate/ B.Sc.
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 issues of the industry to the Government of India. He is the Chairman of FICCI Environment Committee.

## REPORT ON CORPORATE GOVERNANCE

Other Public Companies in which  
Directorship held

- Excel Industries Ltd. (Chairman & Managing Director)
- Excel Crop Care Ltd. (Chairman)
- Kamaljiyot Investments Ltd.
- ECCL Investments and Finance Ltd.
- Transpek-Silox Industry Ltd. (Chairman)
- Phthalo Colours & Chemicals (I) Ltd.
- Waxsam Ltd., Hong Kong.
- Anuh Pharma Ltd.

Section 25 Companies:

- Centre for Bharatiya Management Development
- Indian Centre for Climate and Societal Impacts Research
- Development & Eco-Friendly Enterprises
- Federation of Kutch Industries Association

Other Public Companies in which  
membership of Committees of  
Directors held

Chairman of Shareholders / Investor Grievance Committee

Excel Crop Care Ltd.

Chairman of Remuneration Committee

Transpek-Silox Industry Ltd.

**Name of the Director**

**SHRI ATUL H. PATEL**

Date of Birth

20.12.1950

Date of Appointment

05.05.2004

Expertise in Specific Functional Areas

He has expertise in implementing new projects within the targeted time and projected costs and devising various marketing strategies and identifying new overseas markets. He also has the expertise in maintaining and developing good public relations.

Qualifications

B.E. (Textiles)

Brief Resume of Shri A. H. Patel

SHRI ATUL H. PATEL joined the industry after obtaining a graduate degree in Textile Engineering from VJTI, Mumbai and gained hands-on experience in operations in chemical manufacture, materials, project management and personnel and human resource development functions. Besides being the Chairman and Managing Director of Tarak Chemicals Ltd., a company engaged in the manufacture of oil field and other specialty chemicals, he is on the Boards of many other companies. He is associated with industrial bodies such as Federation of Gujarat Industries of which he was the President in 1991 and 1992, Vadodara Industrial Employers' Union of which he was the President during 1993-95, charitable organizations such as United Way of Vadodara, Baroda Citizens Council, and educational institutions such as Gyana Yagna Vidya Mandir and Nar Seva Samaj.

## REPORT ON CORPORATE GOVERNANCE

Other Public Companies in which Directorship held	Tarak Chemicals Ltd. (Chairman & Managing Director) Infinity Consultants Ltd. Enviro Infrastructure Co. Ltd. (Chairman) Indo Nippon Chemicals Co. Ltd. Gujarat Automotive Gears Ltd. Protel Chemicals Pvt. Ltd. Sheffield Investments Pvt. Ltd. 20 Microns Ltd.
Other Public Companies in which membership of Committees of Directors held.	-
<b>Name of the Director</b>	<b>SHRI MUKESH D. PATEL</b>
Date of Birth	12.12.1949
Date of Appointment	05.05.2004
Expertise in Specific Functional Areas	He has expertise in various areas of management
Qualifications	B.Sc (Chemical) & B.S. (Chem. Eng.)
Brief Resume of Shri M.D. Patel	He is the Chairman & Managing Director of Transpek Finance Ltd. He was also associated with various industry associations such as Indian Chemical Manufacturers' Association, CHEMEXCIL and Indian Association of Materials Management. He has undergone training in all areas of business in leading management institutions like IIMA, ASCI, etc. He is also on the Board of several other companies.
Other Public Companies in which Directorship held	Transpek Finance Ltd. – Chairman & Managing Director Infinity Consultants Ltd. Banco Product (India) Ltd. Punjab Chemicals and Crop Protection Ltd. Universal Esters Ltd. Shilchar Electronics Ltd. Gujarat Automotive Gears Ltd.
Other Public Companies in which membership of Committees of Directors held	<u>Chairman &amp; Member of Shareholders'/Investors' Grievance Committee, Audit Committee</u> Shilchar Electronics Ltd. - Member Punjab Chemicals & Crop Protection Ltd. – Chairman & Member Transpek Finance Limited – Member Banco Product (India) Ltd. – Member <u>Member of Remuneration Committee</u> Punjab Chemicals & Crop Protection Ltd.

## 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 Directors and the senior management personnel. The code has also been posted on the Company's website 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 five Directors:

Shri M. D. Patel, Chairman	:	Independent, non-executive Director
Shri D. K. Shroff	:	Promoter, non-executive Director
Shri A. H. Patel	:	Independent, non-executive Director
Shri Ninad D. Gupte	:	Independent, non-executive Director
Shri Bimal V. Mehta	:	Executive Director

The Committee held 5 meetings during the year i.e. on 09.04.2010, 31.05.2010, 12.08.2010, 30.10.2010 and 04.02.2011. Details of meetings attended by the aforesaid Directors are as under:

Date of Audit Committee Meeting	Shri D. K. Shroff	Shri M. D. Patel (Chairman)	Shri A. H. Patel	Shri Ninad Gupte	Shri Bimal V. Mehta*
09.04.2010	Absent	Present	Present	Present	N.A.
31.05.2010	Present	Present	Present	Present	N.A.
12.08.2010	Absent	Present	Present	Present	N.A.
30.10.2010	Absent	Present	Present	Present	Present
04.02.2011	Present	Present	Present	Present	Present

\* Inducted as a Member of Audit Committee w.e.f. 30.10.2010

## REPORT ON CORPORATE GOVERNANCE

**Note:** 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). Statutory Auditors and Internal Auditors of the Company are also invited to the meetings.

### 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 and Executive Director, to determine and advise the Board on the payment of annual increments and incentive / commission to the Managing Director and the Executive 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 Performance Incentive in accordance with the approval received from Govt. of India, Ministry of Corporate Affairs vide its letter dated 08.02.2007 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 07.9.2007 and 22.08.2008.

- (i) Details of remuneration paid to Shri A. G. Shroff, Managing Director, during the period 01.04.2010 to 31.03.2011 are as under:

Rs. in Lacs				
Salary	Perquisites	Contribution to Provident Fund and other Funds	Performance Incentive	Total
34.00	34.00	10.81	25.60	104.41

The employment of Managing Director is contractual for a period of five years and terminable by either party giving three months' notice.

## REPORT ON CORPORATE GOVERNANCE

- (ii) The Company also pays remuneration to its Whole-time Director designated as Executive Director by way of Salary, Perquisites, Allowances and Commission in accordance with Part II – section II (B) of Schedule XIII to the Companies Act, 1956 and in accordance with the approval of the Board and shareholders of the Company for a period not exceeding three (3) years w. e. f. 09.04.2010.

Details of remuneration paid to Shri Bimal V. Mehta, Whole-time Director designated as Executive Director during the period 09.04.2010 to 31.03.2011 are as under:

Rs. in Lacs				
Salary	Perquisites	Contribution to Provident Fund and other Funds	Commission @ 1% of Net Profit	Total
16.43	16.43	3.75	19.15	55.76

- (iii) Remuneration to Non-Executive Directors for the year ended 31.03.2011:

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 attended by them.

Name of Non-Executive Director	Sitting fees paid during the year for attending Board and Committee Meetings Rs.	Commission paid during the year but pertaining to the year 2009-2010 Rs.
Shri Ashwin C. Shroff	7,500	1,00,000
Shri Dipesh K. Shroff	14,000	75,000
Shri M. D. Patel	43,000	1,50,000
Shri A. H. Patel	41,500	1,50,000
Dr. Bernd Dill	12,500	75,000
Shri Ravi A. Shroff	10,000	59,000
Shri Ninad D. Gupte	28,000	68,000
Late Shri D.C. Gami	-	95,000
Shri Nimish U. Patel	14,500	-

Further, subject to the approval of shareholders and that of the Central Govt. at the ensuing 45th Annual General Meeting, pursuant to the provisions of Sections 198, 269, 309, and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and notwithstanding the limits and conditions specified in sub-section (iii) of section 309 and schedule XIII to the Act and pursuant to the resolution passed by the Remuneration Committee of Directors of the Company and subject to such other approvals, as may be necessary, the Board of Directors of the Company at its meeting held on 09.04.2011, proposed the re-appointment of Shri Atul G. Shroff, as Managing Director of the Company for a further period of five years on the terms and conditions and remuneration as recommended by the Remuneration Committee at its meeting held on the same day. The terms and conditions of the appointment, including payment of remuneration are given in the Explanatory Statement appended to the Notice to the Members.

### 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.

## REPORT ON CORPORATE GOVERNANCE

The present Shareholders'/Investors' Grievance Committee comprises Shri Atul H. Patel (Chairman), Shri A. G. Shroff, Shri M. D. Patel, and Shri Nimish U. Patel. Shri Atul H. Patel is elected as Chairman of the Committee. Shri A. H. Patel, Shri M.D. Patel and Shri Nimish U. Patel are non-executive independent Directors. The Committee held 3 meetings during the period under review i.e. on 09.04.2010, 15.07.2010 & 07.08.2010.

Further, the Board of Directors had 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 of senior officials meets as often as required but at least once in a fortnight to consider and approve only requests for transfer and submits 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.) continue to be dealt with by the Committee of Directors or by the Board.

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

As on 31.03.2011 no complaints from investors are pending.

### 9. GENERAL MEETINGS:

The last three (42nd, 43rd and 44th) Annual General Meetings of the Company were held at 3:30 P. M. on 22.08.2008, 27.08.2009 and 13.08.2010 respectively. The 42nd and 43rd AGMs were held at the Auditorium Hall, The Institution of Engineers (India), Vadodara Local Centre, Nr. Trident Complex, Race Course Circle, Vadodara - 390 007 while the 44th AGM was held at Hotel Express Towers, "Oaks Room", 8th Floor, R. C. Dutt Road, Alkapuri, Vadodara 390 007 which is close to the Registered Office of the Company.

During the last three years, one Extraordinary General Meeting of the Company was held at 3:30 P.M. on 05.03.2009 at the Registered Office of the Company – 6th Floor, Marble Arch, Race Course Circle, Vadodara - 390007.

The Special Resolutions passed at the previous Annual General Meeting were not required to be put through postal ballot.

None of the resolutions proposed to be passed at the ensuing AGM to be held on 25th August, 2011 is required or proposed to be put through postal ballot.

### 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 2010 - 11 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. 14(a) & 14(b) in Schedule 22 of Annual Accounts.

## REPORT ON CORPORATE GOVERNANCE

### Disclosure of Accounting Treatment:

We have complied with all the applicable accounting standards except as mentioned in note no. 18(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.

### Statutory Compliance, Penalties and Strictures:

It was reported in our previous year 44th annual report about receipt of show cause notice from the office of Registrar of Companies, Gujarat, Ahmedabad for violation of section 217(3) of the Companies Act, 1956, mainly relating to non-compliance of updation of fixed assets register and physical verification of fixed assets. It was also reported that upon application and personal hearing, an order has been passed by the office of Company Law Board, Mumbai branch on 12.07.2010 and accordingly the offence committed under section 217(3) of the said Act stands compounded against the directors and secretary of the Company.

Except the foregoing, 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) The un-audited quarterly and summarized annual audited results have been submitted to the Bombay Stock Exchange and published in newspapers such as Business Standard (Mumbai Edition), Financial Express (Mumbai Edition), Economic Times (Mumbai) and 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, 45th Annual Report for the year ended 31.03.2011, 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 March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with the 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 Contractor, Nayak & Kishnadwala**  
**Chartered Accountants**  
**Firm registration number: 129638W**

**Himanshu Kishnadwala**  
Partner  
Membership No. 37391

Place : Vadodara  
Date : May 27, 2011

## REPORT ON CORPORATE GOVERNANCE

### INVESTOR INFORMATION

#### 1. Annual General Meeting

Date, time and venue: 25th August, 2011 at 3:30 p.m. at Hotel Express Tower, "Oaks Room", 8th Floor, R. C. Dutt Road, Alkapuri, Vadodara – 390 007 .

#### 2. Financial calendar

- i. Financial year: April to March
- ii. First quarter results – last week of July / middle of August
- iii. Half yearly results – last week of October/ middle of November
- iv. Third quarter results – last week of January/ middle of February
- v. Results for the year ended 31.03.2011- on or before 31.05.2011
- vi. Dividend Payment Date on or after 25th August, 2011.

#### 3. Book Closure Date

18th August, 2011 to 25th August, 2011 (both days inclusive)

#### 4. Stock Exchange Listings

The Bombay Stock Exchange Ltd., Mumbai.

Stock code: 506687

ISIN: 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](http://www.linkintime.co.in)

##### (ii) Branch Office

Link Intime India Private Limited,  
B-102 & 103, Shangrila Complex,  
First Floor, Near Radhakrishna Char Rasta,  
Akota, Vadodara-390 020.

Phones : 0265-2356794, 2356573

Fax : 0265-2356791

Email : [alpesh.gandhi@linkintime.co.in](mailto:alpesh.gandhi@linkintime.co.in)  
[mansi.bakshi@linkintime.co.in](mailto:mansi.bakshi@linkintime.co.in)  
[vadodara@linkintime.co.in](mailto:vadodara@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](mailto:secretarial@transpek.com)  
[inquiry@transpek.com](mailto: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. 89.92 % of the paid up capital has been dematerialized as on 31.03.2011

#### 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-390007.

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:

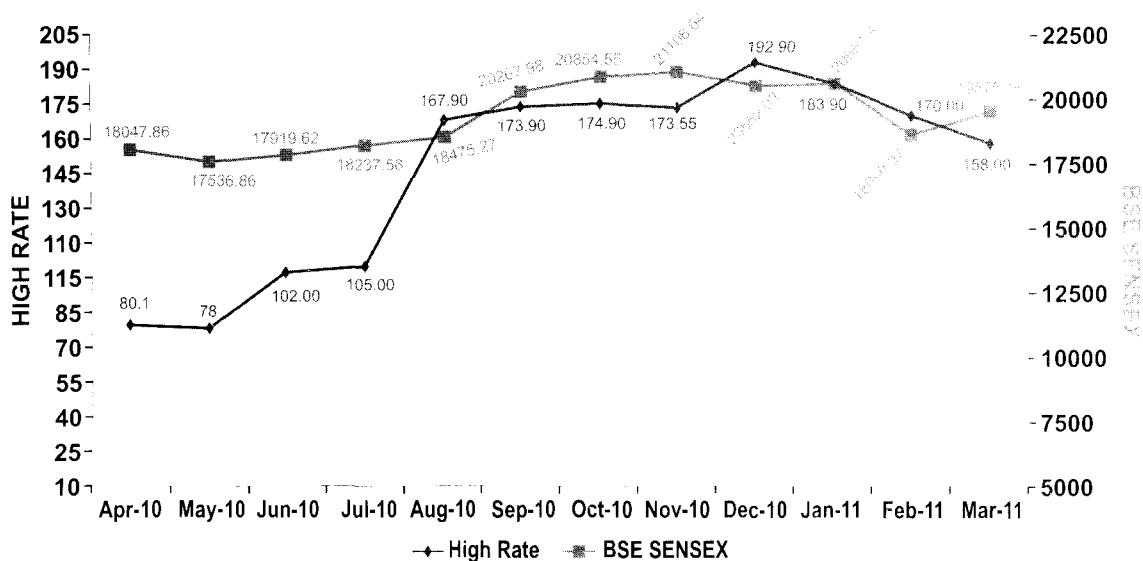
Monthly High, Low, Closing Market Price and number of shares traded during each month in the last financial year on Bombay Stock Exchange Ltd., is furnished below:

#### Mumbai (BSE)

2010-2011 (12 months)	Highest (Rs.)	Lowest (Rs.)	Closing Market price (Rs.)	Volume of Trade (Nos.)
April,10	80.10	61.45	72.65	895
May,10	78.00	62.55	72.30	239
June,10	102.00	72.55	90.10	1,523
July,10	105.00	89.00	98.00	797
August,10	167.90	98.60	158.60	6,480
September,10	173.90	147.50	148.95	2,505
October,10	174.90	145.00	161.25	1,707
November,10	173.55	127.10	133.50	1,190
December,10	192.90	136.10	180.00	1,518
January,11	183.90	160.55	162.85	671
February,11	170.00	141.05	155.15	429
March,11	158.00	107.00	137.05	444

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

##### Company's Equity Share Price at BSE



## REPORT ON CORPORATE GOVERNANCE

### INVESTOR INFORMATION: Cont'd...

#### 13. Distribution of shareholding as on 31st March, 2011:

Category Rs.	No. of Shareholders	Percentage to Total No. of Shareholders	No. of Shares	Percentage to Capital
1 - 5000	7048	92.00	6,71,446	11.43
5001 - 10000	290	3.79	2,15,112	3.66
10001 - 20000	144	1.88	2,09,080	3.56
20001 - 30000	40	0.52	1,03,791	1.77
30001 - 40000	27	0.35	94,608	1.61
40001 - 50000	19	0.25	84,298	1.44
50001 - 100000	44	0.57	2,99,054	5.09
100001 - and above	49	0.64	41,94,651	71.44
<b>TOTAL</b>	<b>7661</b>	<b>100.00</b>	<b>58,72,040</b>	<b>100.00</b>

#### 14. Categories of Shareholders as on 31<sup>st</sup> March, 2011:

Category	No. of Shareholders	Voting Strength %	No. of Shares
Indian Promoters	58	38.09	22,36,834
Life Insurance Corporation of India	1	3.68	2,16,132
United India Insurance Company Ltd.	1	0.49	74,950
National Insurance Company Ltd.	1	1.28	28,750
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
Nationalized Banks	8	0.03	2019
Shares Pledged with Citibank N.A.	4	0.02	950
Foreign Company/ Institutions	3	0.01	420
Non-Resident Individuals	35	4.48	2,63,228
Other Bodies Corporate	124	15.54	9,12,767
Individuals	7423	36.34	21,33,090
<b>TOTAL</b>	<b>7661</b>	<b>100.00</b>	<b>58,72,040</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 31st March, 2011.

For Transpek Industry Ltd.

Place : Vadodara  
Date : May 27, 2011

Atul G. Shroff  
Managing Director

## AUDITORS' REPORT

The Members of  
Transpek Industry Limited,  
Vadodara.

1. We have audited the attached Balance Sheet of Transpek Industry Limited as at 31st March 2011, and also Profit and Loss Account and the cash flow statement of the Company 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure hereto 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 in above paragraph, we report that:
  - a) 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;
  - b) 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 the books of the Company;
  - c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - d) *Subject to the observation in Para 4(f) below*, in our opinion, the balance sheet, profit and loss account and cash flows 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.
  - e) On the basis of written representations received from the directors of the Company as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011, from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.
  - f) *The company has not provided loss amounting to Rs. 419.95 lacs in respect of its outstanding contracts at March 31, 2011 which would have arisen had these contract been recorded for at market value at that date, as more fully disclosed in note no. 17(b) of the financial statements. As a result, profit before tax for the year is higher by Rs. 419.95 lacs, profit after tax for the year and Reserves and Surplus as at March 31, 2011 are higher by Rs. 280.45 lacs and basic and diluted earnings per share for the year is higher by Rs 4.78. The report on the financial statements for the preceding year was also modified for the same.*
  - g) In our opinion and to the best of our information and according to the explanations given to us, *subject to the non-provision of mark-to-market losses on outstanding derivatives contract, referred to in the paragraph (f) above*, 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, 2011;
    - 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 Contractor, Nayak & Kishnadwala**  
**Chartered Accountants**  
**Firm registration number: 129638W**

**Himanshu Kishnadwala**  
Partner  
Membership No. 37391

Place : Vadodara  
Date : May 27, 2011

**Annexure referred to in paragraph 3 of the Report of even date**

**Re: Transpek Industry Limited ('the Company')**

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets;
- (b) All the Fixed Assets have not been physically verified by the management during the year but there is a regular programme of verifying them once in three years which, in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification;
- (c) There is no substantial disposal of fixed assets during the year;
- (ii) (a) The management has conducted physical verification of inventory at the end of 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 carried out at the end of the year;
- (iii) (a) As informed, the Company has not granted any loans secured or unsecured to a Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii)(b), (c) and (d) of the Companies (Auditor's Report) order, 2003 (as amended) are not applicable to the company;
- (b) As informed, the Company has taken Fixed Deposit from 2 persons (falling within the shareholders category), covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year Rs. 165.61 lacs and the year-end balance of these deposits was Rs. 15.61 lacs;
- (c) 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;
- (iv) In our opinion and according to the information and explanation given to us, there is 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 sale of goods and services. During the course of audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company;
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that particulars of contracts or arrangements referred to in section 301 of the Act that needs to be entered into the register required to be maintained under Section 301 have been so entered;
- (b) In our opinion and according to the information and explanation given to us, transactions made in pursuance of such contracts or arrangements exceeding value of Rs. five lacs have been entered in to during the Financial Year at price which are reasonable having regards to the prevailing market price at the relevant time;
- (vi) In respect of deposit accepted, In our opinion and according to the information and explanation given to us, directives issued by the Reserve Bank Of India and the provisions of Section 58A, 58AA or any other relevant provisions of the companies act, 1956 and the rules framed thereunder, 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) The company has appointed an independent firm of Chartered Accountants to carry out the internal audit. In our opinion, the said system of internal audit system is commensurate with the size of the company and nature of its operations;
- (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 product of the company;

## AUDITORS' REPORT

- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise-duty, cess and other material statutory dues applicable to it. We are informed that the provisions relating to employee's state insurance are not applicable to the company;

According to the information and explanation given to us, no undisputed amount payable in respect of provident fund, investor education & protection fund, employee's state insurance, income tax, sales tax, customs, wealth-tax, service tax, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for the period more than 6 months from the date they become payable;

- (b) According to the record of the company, there are no dues outstanding in respect of income tax, sales tax, service tax, wealth tax, custom duty, excise duty, & cess which have not been deposited on account of any disputes, other than following :

Name of the Statute	Nature of dues	Amount (Rs. In lacs)	Period to which the amount relates	Forum where dispute is pending
Gujarat Sales Tax Act, 1969	Sales Tax	0.31	1999-2000	Deputy Commissioner of Sales Tax, Vadodara
Central Sales Tax Act, 1956	Sales Tax	33.80	1999-2000	Deputy Commissioner of Sales Tax, Vadodara
Income Tax Act, 1961	Income Tax (including interest thereon)	59.85	1990-91	Hon'ble High Court, Ahmedabad
		31.02	1992-93	Hon'ble High Court, Ahmedabad
		31.48	1993-94	Assessing Officer, Vadodara
		19.74	1994-95	Income Tax Appellate Tribunal, Ahmedabad.
		152.23	1994-95	Hon'ble High Court, Ahmedabad
		8.07	2003-04	Commissioner Of Income Tax (Appeals), Vadodara
		19.31	2005-06	Income Tax Appellate Tribunal, Ahmedabad.
		15.00	2006-07	Commissioner Of Income Tax (Appeals), Vadodara

- (x) The company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year and in the immediately preceding financial year;
- (xi) Base on our audit procedure and as per the information and explanation given by the, management, we are of the opinion that the company has not defaulted in repayment of dues to Bank. The company has no outstanding due to financial institutions or debenture holders;
- (xii) According to the information and explanation given to us and based on documents and records produced to us, the company has not granted loan and advances on the bases of securities by way of pledge of shares, debenture 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;



## AUDITORS' REPORT

- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision 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 not given any guarantees for loans taken by others from banks or financial institutions;
- (xvi) Based on the information and explanation given to us by the management, the term loans were applied for the purpose for which the loans were obtained;
- (xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that no fund raised on the short term bases have been used for the long term investment;
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the act;
- (xix) The company did not have any outstanding debentures during the year;
- (xx) The Company has not raised any money through public issues during the year; and
- (xxi) Based upon the audit procedure perform 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 Contractor, Nayak & Kishnadwala**  
**Chartered Accountants**  
**Firm registration number: 129638W**

Place : Vadodara  
Date : May 27, 2011

**Himanshu Kishnadwala**  
Partner  
Membership No. 37391

## BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedules	March 31, 2011 (Rs. in Lacs)	March 31, 2010 (Rs. in Lacs)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	587.20	587.20
Reserves and surplus	2	5,802.51	4,797.22
		<u>6,389.71</u>	<u>5,384.42</u>
<b>Loan funds</b>			
Secured loans	3	4,623.32	2,703.48
Unsecured loans	4	2,159.20	2,476.55
		<u>6,782.52</u>	<u>5,180.03</u>
Deferred Tax Liabilities (net)	5	1,060.64	914.21
		<u>14,232.87</u>	<u>11,478.66</u>
<b>TOTAL</b>			
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross block	6	13,897.66	11,426.75
Less : Accumulated Depreciation		<u>5,044.05</u>	<u>4,524.36</u>
Net block		8,853.61	6,902.39
Capital work-in-progress including capital advances		<u>518.85</u>	<u>264.65</u>
		<u>9,372.46</u>	<u>7,167.04</u>
<b>Intangible Assets</b>	7	59.27	100.77
<b>Investments</b>	8	1,315.83	439.25
<b>Current Assets, Loans and Advances</b>			
Inventories	9	2,779.22	1,487.83
Sundry debtors	10	3,173.43	3,601.90
Cash and bank balances	11	210.08	132.77
Other current assets	12	24.30	15.64
Loans and advances	13	1,466.01	914.66
		<u>7,653.04</u>	<u>6,152.80</u>
<b>(A)</b>			
<b>CARRIED FORWARD (A)</b>		<b>7,653.04</b>	<b>6,152.80</b>

**BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedules	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
<b>BROUGHT FORWARD</b>		<b>7,653.04</b>	6,152.80
<b>Less: Current Liabilities and Provisions</b>			
Current liabilities	<b>14</b>	<b>3,640.53</b>	2,054.71
Provisions	<b>15</b>	<b>527.20</b>	326.49
	<b>(B)</b>	<b>4,167.73</b>	2,381.20
<b>Net Current Assets (A - B)</b>		<b>3,485.31</b>	3,771.60
<b>TOTAL</b>		<b>14,232.87</b>	11,478.66
<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 and on behalf of the Board of Directors

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

**Himanshu Kishnadwala  
Partner**

Place : Vadodara  
Date : May 27, 2011

A. C. Shroff (Chairman)  
A. G. Shroff (Managing Director)  
Bimal V. Mehta (Executive Director)  
M. D. Patel (Director)  
D. K. Shroff (Director)  
S. K. Solanki (Company Secretary)

Place : Vadodara  
Date : May 27, 2011

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedules	March 31, 2011 (Rs. In lacs)	March 31, 2010 (Rs. in lacs)
<b>INCOME</b>			
Turnover (Gross)			
Sale of Product [ Including Sale of Raw Materials : Rs.21.78 lacs (Previous Year: Rs.103.65 lacs)]		18,939.31	11,772.97
Less : Excise duty		709.06	432.23
Turnover (Net)		18,230.25	11,340.74
Other income	16	352.22	244.85
<b>TOTAL</b>		<b>18,582.47</b>	<b>11,585.59</b>
<b>EXPENDITURE</b>			
Purchase of Trading Goods		1,027.71	211.08
Raw materials consumed	17	7,518.03	3,600.81
Personnel expenses	18	1,983.26	1,398.05
Operating and other expenses	19	5,649.58	4,365.27
Decrease in inventories	20	(731.73)	186.52
Depreciation/amortization		681.42	604.91
Financial expenses	21	744.30	527.38
<b>TOTAL</b>		<b>16,872.57</b>	<b>10,894.02</b>
<b>Profit before Exceptional Item, Prior Period Items and Tax</b>		<b>1,709.90</b>	<b>691.57</b>
<b>Less :</b>			
Exceptional Items (net) (Refer Note 4 of Schedule 22)		-	85.04
Other Prior period items		0.77	-
<b>Profit before tax</b>		<b>1,709.13</b>	<b>606.53</b>
Provision For Taxation			
Current tax		331.26	190.79
Mat Credit Entitlement.		(45.00)	-
Deferred Tax charge/(Credit)		146.43	(10.78)
<b>Total Tax Expense</b>		<b>432.69</b>	<b>180.01</b>
<b>Profit after tax</b>		<b>1,276.44</b>	<b>426.52</b>
<b>CARRIED FORWARD</b>		<b>1,276.44</b>	<b>426.52</b>

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

Schedules	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
<b>BROUGHT FORWARD</b>	<b>1,276.44</b>	426.52
(Excess)/Short provision for Taxation for earlier years	<b>(1.83)</b>	(28.08)
<b>Net Profit</b>	<b>1,278.27</b>	454.60
Balance brought forward from Previous Year	<b>1,057.78</b>	1,024.36
<b>Profit available for appropriation</b>	<b>2,336.05</b>	1,478.96
<b>Appropriations:</b>		
Proposed dividend	<b>234.88</b>	146.80
Tax on dividend	<b>38.10</b>	24.38
Transfer to General Reserve	<b>250.00</b>	250.00
<b>Surplus carried to Balance Sheet</b>	<b>1,813.07</b>	1,057.78
Earnings per share		
Basic Earning Per Share (Rs.)	<b>21.77</b>	7.80
Diluted Earning Per Share (Rs.)	<b>21.77</b>	7.80
Face Value Per Share (Rs.)	<b>10.00</b>	10.00

( Refer Note No: 15 in schedule 22)

**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 and on behalf of the Board of Directors

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

**Himanshu Kishnadwala  
Partner**

A. C. Shroff (Chairman)  
A. G. Shroff (Managing Director)  
Bimal V. Mehta (Executive Director)  
M. D. Patel (Director)  
D. K. Shroff (Director)  
S. K. Solanki (Company Secretary)

Place : Vadodara  
Date : May 27, 2011

Place : Vadodara  
Date : May 27, 2011

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	For the year ended	
	31 <sup>st</sup> March, 2011 (Rs. in lacs)	31 <sup>st</sup> March, 2010 (Rs. in lacs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before exceptional items, prior period items and tax:	1709.90	691.57
Adjustments for :		
Depreciation	639.92	561.00
Amortisation of Intangible Assets	41.50	43.91
Loss/(Profit) on sale of Fixed Assets	27.70	(11.19)
Assets written off	-	85.04
Provision for Doubtful Debts	-	(21.06)
Provision for Doubtful Debts written back	-	(0.17)
Interest received	(18.65)	(18.21)
Dividend Received	(104.23)	(94.82)
Interest Expense	744.31	527.39
Exchange Difference (Gain)/Loss on loans taken	-	(10.99)
Short / (Excess) Provision for other items (Net)	0.97	(3.91)
	<u>1,331.52</u>	<u>1,056.99</u>
Operating Profit before working capital changes	3,041.42	1,748.56
Adjustments for:		
(Increase)/Decrease in Loans and Advances	(371.00)	163.89
(Increase)/Decrease in Debtors	428.47	(1,024.31)
(Increase)/Decrease in Inventories	(1,291.38)	(12.50)
(Increase) in Other Current Assets	(8.67)	(0.70)
(Increase)/Decrease in Current Liabilities and Provisions	1679.99	(52.84)
	<u>437.41</u>	<u>(926.46)</u>
Cash generated from Operations	3,478.83	822.10
Direct taxes paid	464.81	187.20
Cash flow before extraordinary items	3,014.02	634.90
Prior Period Adjustments (Other than Taxation)	(0.77)	-
Net cash from Operating Activities (A)	3,013.25	634.90
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(2,956.98)	(667.18)
Proceeds from sale of fixed assets	83.95	41.38
Purchase of Investment in subsidiary	(876.58)	-
Decrease / (Increase) in Fixed Deposits with a maturity period of more than 90 days	(64.10)	(29.12)
Interest received	18.68	17.30
Dividend received	104.23	94.82
Net Cash used in Investing Activities (B)	(3,690.80)	(542.80)
<b>CARRIED FORWARD</b>	<b>(A+B)</b>	
	(677.55)	92.10

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

Particulars	For the year ended 31 <sup>st</sup> March, 2011		For the year ended 31 <sup>st</sup> March, 2010	
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
<b>BROUGHT FORWARD</b>		<b>(A+B)</b>	<b>(677.55)</b>	92.10
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES</b>				
Receipt of Borrowings		<b>1,917.93</b>		1,123.56
Repayment of Borrowings		<b>(317.35)</b>		(706.47)
Interest Paid		<b>(738.57)</b>		(521.77)
Proceeds from issue of share warrants		-		164.05
Dividend Paid		<b>(146.87)</b>		(137.98)
Tax on distributed Profits		<b>(24.38)</b>		(23.76)
Net cash used Financing Activities		<b>690.76</b>	<b>(C)</b>	<b>(102.37)</b>
Net increase in cash and cash equivalents		<b>13.21</b>	<b>(A+B+C)</b>	<b>(10.27)</b>
Cash and cash equivalents at the beginning of the year		<b>48.83</b>		59.10
Cash and cash equivalents at the end of the year		<b>62.04</b>		48.83
<b>Components of Cash &amp; Cash Equivalents :</b>				
Cash on hand		<b>4.32</b>		3.35
<b>Balances with scheduled banks:</b>				
On Current Accounts		<b>46.19</b>		33.88
On Margin money accounts		<b>29.37</b>		-
On Deposit accounts		<b>118.67</b>		83.94
On Unclaimed dividend accounts		<b>9.82</b>		9.89
On Right issue application money account		<b>1.71</b>		1.71
<b>Cash and Cash Equivalents as per Schedule 11</b>		<b>210.08</b>		132.77
Less: Fixed deposits not considered as cash equivalents		<b>148.04</b>		83.94
<b>Cash and Cash Equivalents as per Cash Flow Statement</b>		<b>62.04</b>		48.83

**Note :**

- The Cash flow statement has been prepared under the Indirect method as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents includes Fixed Deposits pledged with government authorities Rs.0.95 lacs (Previous year: Rs.0.92 lacs), Unclaimed dividend accounts Rs.9.82 lacs (Previous year: Rs.9.89 lacs) and Right issue application money account Rs.1.71 lacs ( Previous year: Rs.1.71 lacs), which are not available for use by the Company.
- Figures in the brackets represents cash outflow.
- Previous year figures have been regrouped where necessary to confirm to the year's classification.

As per our report of even date

For and on behalf of the Board of Directors

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

**Himanshu Kishnadwala  
Partner**

A. C. Shroff (Chairman)  
A. G. Shroff (Managing Director)  
Bimal V. Mehta (Executive Director)  
M. D. Patel (Director)  
D. K. Shroff (Director)  
S. K. Solanki (Company Secretary)

Place : Vadodara  
Date : May 27, 2011

Place : Vadodara  
Date : May 27, 2011

## SCHEDULES TO THE ACCOUNTS

### Schedule 1 : Share capital

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
<b>Authorised</b>		
75,00,000 (Previous year: 75,00,000) equity shares of Rs.10/- each	750.00	750.00
5,00,000 (Previous year: 5,00,000) preference shares of Rs.100/- each	500.00	500.00
	<u>1,250.00</u>	<u>1,250.00</u>
<b>Issued, Subscribed and paid up</b>		
58,72,040 (Previous Year: 58,72,040) equity shares of Rs. 10/- each fully paid	587.20	587.20
<b>TOTAL</b>	<u>587.20</u>	<u>587.20</u>
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.		

### Schedule 2 : Reserves and Surplus

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Capital Reserve ( Arisen on amalgamation of Subsidiary Company )	19.00	19.00
Securities Premium Account:		
Balance as per last account	1,524.08	1,370.62
Add: Received on issue of shares on Preferential basis in 2009-10	-	153.46
	<u>1,524.08</u>	<u>1,524.08</u>
<b>General Reserve</b>		
Balance as per last account	2,196.36	1,946.36
Add: Transferred from Profit and Loss Account	250.00	250.00
	<u>2,446.36</u>	<u>2,196.36</u>
Profit and Loss Account	1,813.07	1,057.78
<b>TOTAL</b>	<u>5,802.51</u>	<u>4,797.22</u>

### Schedule 3 : Secured Loans

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
<b>Loans and advances from banks</b>		
Cash/Export Credit facilities` (Refer Note No. 1 Below)	1,891.00	1,067.62
Term loans Includes Rs.748.32 Lacs (Previous Year: Rs.725.12 Lacs) repayable within one year (Refer Note Nos. 2 to 8 Below)	2,716.54	1,621.99
Interest accrued and due	15.78	13.87
<b>TOTAL</b>	<u>4,623.32</u>	<u>2,703.48</u>

#### Notes :

- Loans on Cash Credit Accounts from State Bank of India, Bank of Baroda, Axis Bank Limited and IDBI Bank Ltd. (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.



**SCHEDULES TO THE ACCOUNTS****Schedule 3: Cont'd...**

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. Term Loan from Axis Bank Limited amounting to Rs.Nil\* (Previous Year: Rs.87.61 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 second charge by way of hypothecation over entire current assets including stock and book debts with the current charge holders on pari passu basis.

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 viz. State Bank of India, Bank of Baroda and IDBI Bank Ltd.

\* The said Foreign Currency Term Loan of Axis Bank Ltd. is satisfied in full on 14.07.2010.

3. Term loan from Bank of Baroda amounting to Rs. 52.48 Lacs (Previous Year: Rs.351.08 Lacs) is secured by first charge by way of hypothecation of all movable machinery financed or to be financed under the said term loan. Bank of Baroda has agreed and ceded second pari passu charge in favour of State Bank of India, Axis Bank Limited and IDBI Bank Ltd. 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. It is further secured by second charge by way of hypothecation over entire current assets including stock and book debts with the current charge holders on pari passu basis.

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, Axis Bank Limited and IDBI Bank Ltd.

\* The said Term Loan of Bank of Baroda is satisfied in full on 04.05.2011.

4. Term loan from State Bank of India amounting to Rs.370.79 Lacs (Previous Year: Rs.620.80 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 State Bank of India has agreed and ceded second pari passu charge in favour of Bank of Baroda, Axis Bank Ltd. and IDBI Bank Ltd. 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. Bank of Baroda, Axis Bank Limited and IDBI Bank Ltd.

5. Term loan from Axis Bank Ltd., amounting to Rs.412.50 lacs (Previous Year : Rs.562.50 lacs) is secured by first charge by way of hypothecation of all movable machinery financed or to be financed under the said term loan and also 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, Bank of Baroda and IDBI Bank Ltd.

It is further secured by second charge by way of hypothecation over entire current assets including stock and book debts with the current charge holders on pari passu basis.

6. Term loan from Axis Bank Ltd., amounting to Rs.541.88 lacs (Previous Year : Rs. Nil lacs) is secured by first charge by way of hypothecation of all movable machinery financed or to be financed under the said term loan and 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, Bank of Baroda and IDBI Bank Ltd.

It is further secured by second charge by way of hypothecation over entire current assets including stock and book debts with the current charge holders on pari passu basis.

7. Corporate loan from IDBI Bank Ltd., amounting to Rs.488.89 lacs (Previous Year: Rs.Nil lacs) is secured by first charge by way of hypothecation of all movable machinery financed or to be financed under the said term loan and 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, Bank of Baroda and Axis Bank Ltd.

It is further secured by second charge by way of hypothecation over entire current assets including stock and book debts with the current charge holders on pari passu basis.

8. Term loan from IDBI Bank Ltd., amounting to Rs.850.00 lacs (Previous Year : Rs.Nil lacs) is secured by first charge by way of hypothecation of all movable machinery financed or to be financed under the said term loan and 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, Bank of Baroda and Axis Bank Ltd.

It is further secured by second charge by way of hypothecation over entire current assets including stock and book debts with the current charge holders on pari passu basis.

## SCHEDULES TO THE ACCOUNTS

### Schedule 4 : Unsecured Loans

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Fixed deposits	1,809.20	1,619.85
[Due within one year : Rs. 528.81 Lacs (Previous Year : Rs.674.64 Lacs)]		
Short-term loans and advances:		
From banks	350.00	700.00
From Others	-	156.70
<b>TOTAL</b>	<b><u>2,159.20</u></b>	<b><u>2,476.55</u></b>

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

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
<b>Deferred Tax Liabilities</b>		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	1,138.84	979.23
<b>Gross Deferred Tax Liabilities</b>	<b>1,138.84</b>	<b>979.23</b>
<b>Deferred Tax Assets</b>		
Provision for doubtful debts and advances	12.86	15.51
Others	65.34	49.51
<b>Gross Deferred Tax Assets</b>	<b>78.20</b>	<b>65.02</b>
<b>Net Deferred Tax Liability</b>	<b><u>1,060.64</u></b>	<b><u>914.21</u></b>

### Schedule 6 : Fixed Assets

(Rs. in lacs)

Sr. No.	Description of assets	GROSS BLOCK ( AT COST)				DEPRECIATION			NET BLOCK		
		As at 31 <sup>st</sup> March, 2010	Additions during the year	Deducti- ons/Adjust- ment during the year	As at 31 <sup>st</sup> March, 2011	Upto 31 <sup>st</sup> March, 2010	Deducti- ons/Adjust- ment during the year	Provided for the Year	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	
1	Land (Freehold) (Refer Note No.1 below)	285.06	-	-	285.06	-	-	-	285.06	285.06	
2	Buildings	841.56	172.54	-	1,014.10	159.74	-	22.58	182.32	831.78	681.82
3	Well, Pumps and Water Pipe Lines	26.75	9.22	-	35.97	3.64	-	0.45	4.09	31.88	23.11
4	Plant & Machinery	9,325.47	2,225.17	205.38	11,345.26	3,990.56	105.63	542.65	4,427.58	6,917.68	5,334.91
5	Electrical Installations	173.57	15.10	2.43	186.24	56.18	1.06	7.87	62.99	123.25	117.39
6	Research and Development Equipments	334.10	109.49	-	443.59	118.86	-	18.67	137.53	306.06	215.24
7	Furniture & Fixtures	214.88	95.83	1.43	309.28	106.18	1.57	26.98	131.59	177.69	108.70
8	Technical Books	42.18	-	-	42.18	34.34	-	1.43	35.77	6.41	7.84
9	Vehicles	183.18	75.44	22.64	235.98	54.86	11.97	19.29	62.18	173.80	128.32
	<b>TOTAL</b>	11,426.75	2,702.79	231.88	13,897.66	4,524.36	120.23	639.92	5,044.05	8,853.61	6,902.39
	Previous Year	10,902.73	731.99	207.97	11,426.75	4,056.09	92.73	561.00	4,524.36		
	Capital Work-in-Progress (Refer Note No.2 below)									518.85	264.65
	<b>TOTAL</b>									<b>9,372.46</b>	<b>7,167.04</b>

#### NOTES :

- Out of the total area of the land admeasuring 5,10,434.490 Sq. Metres (Previous Year: 5,10,434.490 Sq. Meters), part of the land admeasuring 94,947.485 Sq. Metres has been given on lease for a period of 90 years.
- Capital Work-in-Progress includes Advances for Capital Expenditure Rs.47.53 Lacs (Previous Year: Rs.20.96 Lacs) and Interest Capitalisation of Rs. 7.97 Lacs (Previous Year: Rs.6.21 Lacs).

## SCHEDULES TO THE ACCOUNTS

### Schedule 7 : Intangible Assets

(Rs. in lacs)

Sr. No.	Description of assets	Gross Block			Amortisation				Net Block		
		As at 31st March, 2010	Additions during the Year	Deduction during the Year	As at 31st March, 2011	Upto 31st March, 2010	Deductions / Adjustments	Provided during the Year	Up to 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
1	Technical Know-how	439.09	-	-	439.09	338.32	-	41.50	379.82	59.27	100.77
	<b>Total</b>	439.09	-	-	439.09	338.32	-	41.50	379.82	59.27	100.77
	Previous Year	439.09	-	-	439.09	294.41	-	43.91	338.32	-	-
	Project Work-in-progress	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>									59.27	100.77

### Schedule 8 : Investments

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
<b>Long Term Investments other than trade (At cost)</b>		
<b>I) Unquoted</b>		
Government Securities		
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
	<u>0.04</u>	<u>0.04</u>
<b>Shares</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 (Previous Year : 10 ) Equity Share of Rs.10 fully paid up in Pragati Sahakari Bank Limited	0.00	0.00
	<u>0.10</u>	<u>0.10</u>
<b>Long Term Investments trade (At cost)</b>		
<b>I) Unquoted</b>		
<b>In Subsidiary Company</b>		
20 (previous year: 20) equity shares of GBP 1 each fully paid-up in Transpek Industry (Europe) Limited	0.02	0.02
2,92,919 (Previous Year:Nil) Equity Shares of Rs.10 each fully paid-up in Sam Finechem Limited ( Refer Note No. 9 in Schedule 22)	876.58	-
<b>Shares, Debentures and Bonds</b>		
10,000 (Previous Year : 10,000) Equity Shares of Rs. 100 each fully paid-up in Agrocel Industries 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
	<u>1,177.56</u>	<u>300.98</u>
<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 (Refer Note No. 10 in Schedule 22)	226.76	226.76
	<u>1,404.46</u>	<u>527.88</u>
Less: Provision for Diminution in value of Long Term Investment	88.63	88.63
<b>TOTAL</b>	<u><u>1,315.83</u></u>	<u><u>439.25</u></u>
Aggregate amount of quoted investments [Market value: Rs.1,16,15,598 (Previous Year : Rs. 91,24,863)]	138.13	138.13
Aggregate amount of unquoted investments - Cost	1,177.70	301.12

## SCHEDULES TO THE ACCOUNTS

### Schedule 9 : Inventories (At Lower of Cost and Net Realisable Value)

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Raw materials and components [Including Stock lying at third party Rs.59.49 Lacs. (Previous Year: Rs.51.44 Lacs)]	1,118.05	628.25
Packing Material	37.52	37.58
Stores and spares	227.91	157.99
Work-in- progress	216.31	56.73
Finished goods [Including Stock in transit Rs.348.04 Lacs (Previous Year : Rs.295.89 Lacs)]	1,179.43	607.28
<b>TOTAL</b>	<b><u>2,779.22</u></b>	<b><u>1,487.83</u></b>

### Schedule 10 : Sundry Debtors

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
<b>Unsecured</b>		
Debts outstanding for a period exceeding six months		
Considered Good	109.99	77.03
Considered Doubtful	-	7.05
Other debts		
Considered Good	3,063.44	3,524.87
	<b>3,173.43</b>	<b>3,608.95</b>
Less : Provision for Doubtful Debts	-	7.05
<b>TOTAL</b>	<b><u>3,173.43</u></b>	<b><u>3,601.90</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.

### Schedule 11 : Cash And Bank Balances

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Cash on hand	4.32	3.35
Balances with scheduled banks:		
In Current Accounts (Refer Note No:12 in Schedule 22)	46.19	33.88
In Margin money accounts (includes accrued interest)	29.37	-
In Deposit Accounts (includes accrued interest)	118.67	83.94
[Includes Rs. 0.95 Lacs (Previous Year : Rs. 0.92 Lacs) deposited with government authorities.]		
In Unclaimed dividend accounts	9.82	9.89
In Right issue application money account	1.71	1.71
<b>TOTAL</b>	<b><u>210.08</u></b>	<b><u>132.77</u></b>

## SCHEDULES TO THE ACCOUNTS

### Schedule 12 : Other Current Assets

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Fixed Assets held for sale (at net book value or estimated net realisable value, whichever is lower)	19.79	11.09
Interest Receivable	4.51	4.55
<b>TOTAL</b>	<b>24.30</b>	<b>15.64</b>

### Schedule 13 : Loans And Advances

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
(Unsecured and considered good, unless and otherwise stated)		
Advances and loans to subsidiary	45.56	1.98
Advances recoverable in cash or kind or for value to be received		
Considered Good	227.77	156.85
Considered Doubtful	39.63	39.63
Balances with customs, excise, public bodies and other Government departments	646.33	434.38
Sundry Deposits	7.27	4.19
Loans and Advances to Employees	2.07	5.62
Mat Credit Entitlement.	45.00	-
Payment of Taxes (net of provision)	492.01	311.64
	1,505.64	954.29
Less: Provision for doubtful advances	39.63	39.63
<b>TOTAL</b>	<b>1,466.01</b>	<b>914.66</b>

### Schedule 14 : Current Liabilities

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Acceptances	656.52	-
Sundry creditors		
- Micro Small and Medium Enterprises (Refer Note No. 7 in schedule 22)	108.50	45.71
- Others	2,561.96	1,719.37
Advance from customers	48.45	35.38
Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
(a) Unpaid dividend	11.74	9.89
(b) Unpaid application money received for allotment of securities and due for refund	1.71	1.71
(c) Unpaid Matured Deposits	31.51	37.72
(d) Interest accrued on (a) to (c) above.	1.23	1.93
Bank account excess drawn	0.04	0.33
Interest accrued but not due on loans	120.20	115.67
Others	98.67	87.00
<b>TOTAL</b>	<b>3,640.53</b>	<b>2,054.71</b>

## SCHEDULES TO THE ACCOUNTS

### Schedule 15 : Provisions

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Provision for gratuity ( Net of Plan Asset )	58.09	2.55
Provision for Leave Encashment	196.13	152.76
Proposed dividend	234.88	146.80
Tax on proposed dividend	38.10	24.38
<b>TOTAL</b>	<b><u>527.20</u></b>	<b><u>326.49</u></b>

### Schedule 16 : Other Income

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Interest		
On Deposits [TDS Rs.1.24 Lacs (Previous Year : Rs.0.52 Lacs)]	12.26	11.61
Others	6.39	6.60
Dividend income from Long term investments	104.23	94.82
Excess Provision for Doubtful Debts Written back	-	3.88
Doubtful Debt Recovered	-	0.17
Conversion Charges	77.15	31.17
Export Incentive Received	74.83	43.91
Profit on Sale of Assets (Net)	-	11.19
Excess liability of Previous years Written back	-	3.91
Sales Tax / Excise Refund Received	-	9.16
Miscellaneous income	77.36	28.43
<b>TOTAL</b>	<b><u>352.22</u></b>	<b><u>244.85</u></b>

### Schedule 17 : Raw Materials Consumed

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Inventories as at March 31, 2010	628.25	487.87
Add: Purchases	8,007.83	3,741.19
	8,636.08	4,229.06
Less: Inventories as at March 31, 2011	1,118.05	628.25
	<b><u>7,518.03</u></b>	<b><u>3,600.81</u></b>

[Includes cost of Raw material sold Rs.11.77 lacs  
(Previous Year : Rs.76.07 Lacs)]

## SCHEDULES TO THE ACCOUNTS

### Schedule 18 : Personnel Expenses

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Salaries, wages and bonus	1,479.54	1,021.03
Contribution to provident fund and other funds	201.72	160.86
Contribution / Provision for Retirement Benefits	132.68	97.33
Workmen and staff welfare expenses	169.32	118.83
<b>TOTAL</b>	<b>1,983.26</b>	<b>1,398.05</b>

### Schedule 19 : Operating and Other Expenses

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Consumption of stores and spares	131.80	53.56
Containers & Packing Materials	445.51	379.01
Power and fuel	1,415.59	1,121.01
Freight and forwarding charges	793.97	725.67
Rent	9.17	2.58
Rates and taxes	24.08	8.09
Insurance	75.75	48.53
Repairs and maintenance		
Plant and Machinery	631.43	505.05
Buildings	15.44	16.39
Others	48.86	57.31
Advertising and sales promotion	94.25	28.40
Commission	581.18	360.05
Travelling and conveyance	222.72	171.27
Communication costs	33.18	23.19
Printing and stationery	26.04	19.04
Legal and professional fees	212.01	121.68
Directors' sitting fees	1.71	1.58
Performance Incentive to Directors	19.15	7.72
Payment to Auditors (Refer Note No 19 (i) in schedule 22)	6.04	6.72
(Increase)/decrease of Excise duty on Inventory	14.08	(6.95)
Exchange difference (net)	267.67	320.92
Donations and contributions to charitable institutions	31.25	40.00
Provision for doubtful debts and advances	-	-
Bad-debts written off	0.44	7.75
Assets written off	-	-
Loss on sale of fixed assets (net)	27.70	-
Other Expenses	520.56	346.70
<b>TOTAL</b>	<b>5,649.58</b>	<b>4,365.27</b>

## SCHEDULES TO THE ACCOUNTS

### Schedule 20 : Increase in Inventories

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Inventories as at March 31, 2011		
- Work-in-progress	216.31	56.73
- Finished goods	1,179.43	607.28
	<u>1,395.74</u>	<u>664.01</u>
Less : Inventories as at March 31, 2010		
- Work-in-progress	56.73	124.78
- Finished goods	607.28	725.75
- Traded Goods	-	-
	<u>664.01</u>	<u>850.53</u>
<b>TOTAL</b>	<u><u>(731.73)</u></u>	<u><u>186.52</u></u>

### Schedule 21 : Financial Expenses

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Interest		
On term loans	257.38	216.20
On banks	97.27	47.80
On Fixed Public Deposit and Fixed Loans	245.31	198.17
[Includes interest paid to Managing Director Rs.3.59 Lacs (Previous Year : Rs.9.67 Lacs)]		
Others	5.11	5.63
Bank charges	139.23	59.58
<b>TOTAL</b>	<u><u>744.30</u></u>	<u><u>527.38</u></u>

## 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 into the manufacturing and export 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 within all material 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. 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 statements 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.



## SCHEDULES 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 as per the useful lives of the assets estimated by the management, or 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 date 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

##### **Technical Knowhow**

Research costs are expensed as incurred. Product development expenditure incurred on individual product project is recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the asset and use or sell it;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure capitalised as technical knowhow 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 on technical know-how 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

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.

## SCHEDULES TO THE 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.

Stores and spares are valued at cost and net realizable value, whichever is lower. Cost is determined on First In First Out Basis.

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 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 recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiary is recognised 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 recognised as income or as expenses in the year in which they arise.

## SCHEDULES TO THE ACCOUNTS

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

#### ***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) 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.

#### **n) Taxation**

Tax expense comprises current and deferred taxes. Current income-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 and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they 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.

The Company avails credit for MAT if there is reasonable certainty that the same would be set off in the eligible period.

#### **o) 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.

##### ***Allocation of common costs:***

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

##### ***Unallocated items:***

Includes general corporate income and expense items which are not allocated to any business segment.

##### ***Segment Policies:***

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

## SCHEDULES TO THE ACCOUNTS

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

#### p) Employee 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 funds.
- 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 based on Projected 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 based on Projected unit credit method 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.

#### q) 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.

#### r) Earnings 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.

#### s) Cash and Cash Equivalents

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

3. In the past the Company was eligible for a Sales tax incentive scheme amounting to Rs.1084.03 lacs (Previous Year: Rs.1084.03 lacs). Post completion of such incentive scheme, the Company has re-paid the amount of Sales tax deferred during the period the scheme was in force, and has applied to the Sales tax Department for a No Dues certificate. Pending reconciliation of the amount with sales tax department, the balance of Rs.49.61 lacs (Previous Year : Rs.49.61 lacs) has been included in Current Liabilities.
4. In the last year Company had prepared fixed asset register. Moreover, physical verification for part of the Plant & Machinery was carried out. The differences observed on account of excess depreciation charged in the earlier years and the differences between the assets physically available and assets as per books was charged off to the profit and loss accounts in the previous year as an exceptional item.

Similarly during the current year physical verification was carried out for part of the plant and Machinery and no discrepancies were observed.

(Currency : Rupees in Lacs unless and otherwise stated)

## SCHEDULES TO THE ACCOUNTS

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

#### 5. (a) Contingent Liabilities (to the extent not provided for)

(Rs. in Lacs)

Sr. No.	Particulars	As on March 31, 2011	As on March 31, 2010
(a)	Disputed Income Tax Liability	506.67	848.09
(b)	Disputed Sales Tax Liability	83.55	259.06
(c)	Guarantees given by Banks to third parties on behalf of the Company	2.43	23.05
(d)	Claims against the Company not acknowledged as debts (mainly on account of outstanding law suits )	264.25	134.25

#### 6. Capital Commitment

The estimated amount of contracts, net of advances remaining to be executed on capital account at March 31, 2011 is Rs.413.66 lacs (Previous Year: Rs.111.83 lacs).

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

Information required to be furnished as per section 22 of Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended 31st March, 2011. This information has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the Auditors.

(Rs. in Lacs)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
The principal amount remaining unpaid to any supplier as at the end of each accounting period.	108.50	42.19
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.	3.14	3.51
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.	-	-

8. Excise duty on sales amounting to Rs.709.06 lacs (Previous Year: Rs.432.23 lacs) has been reduced from sales in profit & loss account and excise duty on increase/(decrease) in stock amounting to Rs.14.08 lacs (Previous Year: Rs.6.95 lacs) has been considered as Expense in Schedule 19 of financial statements.

9. Pursuant to Memorandum of Understanding (MOU), dated 16.03.2010 and the Shareholders' Agreement and Share Purchase-cum-Subscription Agreement, both dated 20.11.2010, entered into between the company and the promoters of Sam Finechem Ltd., the company has acquired 2,92,919 number of equity shares representing 50% of the total equity share capital of Sam Finechem Ltd.

In terms of the aforesaid Agreements, the company also has an irrevocable Call Option for a period of 5 years commencing from 20.11.2010 to increase its shareholding in the Sam Finechem by purchasing from the Promoters such number of additional Equity Shares so as to increase the shareholding percentage of the

## SCHEDULES TO THE ACCOUNTS

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

company by additional 26% (twenty six per cent) of the Paid-up Capital of Sam Finechem Ltd. at a price to be determined in terms of the said Agreements.

Also, in terms of the aforesaid Agreements, the Promoters of the Sam Finechem Ltd. have an irrevocable Put Option for a period of 5 (five) years commencing from the date of exercise by the Company of its Call Option to sell to the company all the Equity Shares then held by them and their Affiliates in Sam Finechem Ltd. at a price to be determined in terms of the said Agreements.

10. The Company has an investment in equity shares of Excel Industries Limited amounting to Rs.226.76 lacs. In respect of this investment, the Company had, in the previous year, recognized a diminution in the value of investment amounting to Rs.88.63 lacs. The market value of this investment at March 31, 2011 is Rs.116.16 lacs (Previous Year: Rs.91.85 lacs). 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, 2011.
11. Provision for Taxation includes provision for Wealth Tax amounting to Rs.1.26 lacs (Previous Year: Rs.0.79 lacs).
12. The unpaid interest amounting to Rs.0.02 lacs for the year 2002-03 and 2003-04, and unpaid amount of matured deposits of Rs.0.10 lacs for the year 2003-04 totalling to Rs.0.12 lacs has been transferred and deposited in the account maintained by Central Government under the head 'Other General Economic Services' pursuant to the provisions of section 205C of the Companies Act,1956, Establishment of Investor Education and Protection Fund, on 17.05.2011.

### 13. Gratuity plan:

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 summarize the components of net benefit expense recognized in the profit & loss account and the funded status and amounts recognized in the balance sheet for the gratuity plan.

#### Profit and Loss Account

##### Net employee benefit expense (recognized in Employee Cost)

(Rs. in Lacs)

	March 31, 2011	March 31, 2010
Current service cost	25.26	20.83
Interest cost	38.24	30.07
Expected return on plan assets	(38.03)	(28.45)
Net actuarial(gain) / loss recognized in the year	74.76	38.44
Past service cost	-	-
Net benefit expense	100.23	60.89
Actual return on plan assets	45.57	39.05

#### Balance sheet

(Rs. in Lacs)

	March 31, 2011	March 31, 2010
Defined benefit obligation	595.12	463.54
Fair value of plan assets	537.03	460.98
Less: Unrecognized past service cost	-	-
Plan (asset)/liability	58.09	2.56

(Currency : Rupees in Lacs unless and otherwise stated)

## SCHEDULES TO THE ACCOUNTS

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

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

	March 31, 2011	March 31, 2010
Opening defined benefit obligation	463.54	375.90
Interest cost	38.24	30.07
Current service cost	25.26	20.83
Benefits paid	(14.21)	(12.30)
Actuarial (gains) / losses on obligation	82.30	49.04
Closing defined benefit obligation	595.12	463.54

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

	March 31, 2011	March 31, 2010
Opening fair value of plan assets	460.98	355.70
Expected return	38.03	28.45
Contributions by employer	44.69	78.54
Benefits paid	(14.21)	(12.30)
Actuarial gains / (losses)	7.54	10.59
Closing fair value of plan assets	537.03	460.98

The Company expects to contribute Rs.74.00 lacs (Previous Year: Rs.37.09 lacs) to gratuity in 2010-11.

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

	March 31, 2011	March 31, 2010
	%	%
Investments with insurer	100.00	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, 2011	March 31, 2010
	%	%
Discount rate	8.25	8.25
Expected rate of return on assets	8.25	8.25
Increase in Compensation cost	7	7
Mortality Table	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate
Proportion of employees opting for early retirement	1%	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.

## SCHEDULES TO THE ACCOUNTS

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

Amounts for the current and previous two periods are as follows:

(Rs. in Lacs)

	March 31, 2011	March 31, 2010	March 31, 2009
Defined benefit obligation	(595.12)	(463.54)	(375.90)
Plan Assets	537.03	460.98	355.70
Experience adjustments on plan liabilities*	-	-	-
Surplus/(Deficit)	(58.09)	(2.56)	(20.20)

\*In the absence of availability of relevant information, experience adjustments on plan assets and liabilities have not been furnished above.

#### Defined Contribution plans:

Amounts recognized as expense for the period towards contribution to the following funds:

(Rs. in Lacs)

	March 31, 2011	March 31, 2010
Employers contribution to:		
Provident Fund	105.13	80.31
Gujarat Labour Welfare fund	0.06	0.05
Superannuation fund	96.53	80.50
<b>TOTAL</b>	<b>201.72</b>	<b>160.86</b>

## 14. Related Party Disclosures

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

Subsidiary Companies	Transpek Industry (Europe) Limited Sam Finechem Limited (Associate w.e.f. 28.05.2010 and subsidiary w.e.f. 20.11.2010)
Enterprises owned or significantly influenced by key management personnel or their relatives	Excel Industries Limited Excel Crop Care Limited TML Industries Limited Shroffs Engineering Limited Anshul Speciality Molecules Limited Anshul Agencies Shroffs Foundation Trust Agrocel Industries Limited Transchem Agritech Limited Hyderabad Chemical Products Limited C.C. Shroff Research Institute
Key Management Personnel	Atul G. Shroff Bimal V. Mehta (appointed w.e.f. 09.04.2010)
Relatives of key management personnel	Ashwin C. Shroff Dipesh K. Shroff Vishwa A. Shroff Shruti A. Shroff Chaitanya D. Shroff



(Currency : Rupees in Lacs unless and otherwise stated)

## SCHEDULES TO THE ACCOUNTS

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

(b) Transactions along with related parties for the year ended March 31, 2011 and March 31,2010 are as follows: (Previous Year's figures are shown in brackets)

(Rs. in Lacs)

Particulars	Subsidiary	Enterprises owned or significantly influenced by key Management Personnel or their relatives	Key Management Personnel and relatives	Total
Sales of Goods	257.18	764.26	-	1021.44
	N.A.	(495.07)	-	(495.07)
Other Income	-	0.02	-	0.02
	-	(0.29)	-	(0.29)
Sale of Fixed Assets	0.79	-	-	0.79
	N.A.	(26.70)	-	(26.70)
Dividend Received	-	4.33	-	4.33
	-	(1.78)	-	(1.78)
Dividend Paid	-	-	16.83	16.83
	-	-	(14.16)	(14.16)
Commission Paid	-	45.82	7.72	53.54
	-	(26.67)	(5.00)	(31.67)
Purchase of Goods	901.06	3.14	-	904.20
	N.A.	(17.05)	-	(17.05)
Purchase of Fixed Assets	-	1.23	-	1.23
	-	(21.87)	-	(21.87)
Office Rent	-	4.14	-	4.14
	-	(0.33)	-	(0.33)
Services Availed	-	1.01	-	1.01
	-	(49.61)	-	(49.61)
Services Rendered	-	1.72	-	1.72
	-	-	-	-
Donations Paid	-	28.75	-	28.75
	-	(11.76)	-	(11.76)
Trade Advance Given	-	-	-	-
	-	(0.30)	-	(0.30)
Deposit Taken	-	-	-	-
	-	-	(200.00)	(200.00)
Deposit Repaid	-	-	150.00	150.00
	-	-	(50.00)	(50.00)
Advances Received back	-	-	-	-
	-	(10.00)	-	(10.00)
Interest Paid	-	0.32	12.62	12.94
	-	(0.32)	(9.00)	(9.32)
Investment	876.58	-	-	876.58
	N.A.	-	-	N.A.

## SCHEDULES TO THE ACCOUNTS

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

(Rs. in Lacs)

Particulars	Subsidiary	Enterprises owned or significantly influenced by key Management Personnel or their relatives	Key Management Personnel and relatives	Total
Prior period expense	-	0.69	-	0.69
	-	-	-	-
Reimbursements charged by the company	13.77	4.87	-	18.64
	(13.77)	-	-	(13.77)
Reimbursements charged to the company	41.70	-	-	41.70
	(37.14)	-	-	(37.14)
Remuneration to ED	-	-	55.76	55.76
	-	-	-	-
Managerial Remuneration*	-	-	104.41	104.41
	-	-	(82.99)	(82.99)
Director Sitting Fees	-	-	1.74	1.74
	-	-	(0.25)	(0.25)
Salary Paid	-	-	2.00	2.00
	-	-	(0.76)	(0.76)
<b>Balance Outstanding at the year end:</b>				
Accounts Payables	-	16.46	-	16.46
	-	(28.64)	-	(28.64)
Accounts Receivables including Trade Advance	197.39	173.61	-	371.00
	(1.98)	(140.83)	-	(142.81)
Agency Deposit	-	4.00	-	4.00
	-	(4.00)	-	(4.00)
Advance Given	-	-	-	-
	-	(0.30)	-	(0.30)
Interest Payable	-	-	-	-
	-	-	(0.06)	(0.06)
Fixed Deposits	-	-	15.61	15.61
	-	-	(15.61)	(15.61)
Remuneration payable to ED	-	-	19.15	19.15
	-	-	-	-
Remuneration payable to Managing Director	-	-	25.60	25.60
	-	-	(10.37)	(10.37)

\* As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

(Currency : Rupees in Lacs unless and otherwise stated)

**SCHEDULES TO THE 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>(Rs. in Lacs)</b>	
	<b>Year ended March 31, 2011</b>	<b>Year ended March 31, 2010</b>
<b>A) Transactions during the year</b>		
<b>Sale of Goods</b>		
Excel Crop Care Limited	461.39	308.54
Hyderabad Chemical Products Limited	243.69	149.65
Sam Finechem Limited	257.18	29.02
<b>Sale of Fixed Assets</b>		
Agrocel Industries Limited	-	8.62
Excel Industries Limited	-	17.56
Sam Finechem Limited	0.79	-
<b>Other Income</b>		
Agrocel Industries Limited	-	0.29
<b>Dividend Received</b>		
Agrocel Industries Limited	1.20	1.00
Excel Industries Limited	3.13	0.78
<b>Dividend Paid</b>		
Atul G. Shroff	6.36	5.15
Shruti A. Shroff	7.65	6.44
Vishwa A. Shroff	1.96	1.96
<b>Purchase of Goods</b>		
Excel Industries Limited	3.07	17.05
Sam Finechem Limited	901.06	88.47
<b>Purchase of Fixed Assets</b>		
Transchem Agritech Limited	0.53	21.87
<b>Office Rent</b>		
Agrocel Industries Limited	4.14	0.33
<b>Services Availed</b>		
CCSR	0.12	-
Excel Industries Limited	-	39.01
Shroffs Foundation Trust	0.03	6.00
<b>Commision Paid</b>		
Anshul Agencies	45.83	26.67
Ashwin C. Shroff	1.00	2.50
Dipesh K. Shroff	-	2.50
<b>Others</b>		
Shroffs Foundation Trust	-	0.24

## SCHEDULES TO THE ACCOUNTS

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

(Rs. in Lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
<b>Donation Paid</b>		
Shroffs Foundation Trust	28.75	11.76
<b>Deposit Taken</b>		
Atul G. Shroff	-	200.00
<b>Deposit Re-paid</b>		
Atul G. Shroff	150.00	50.00
<b>Advances received back</b>		
Agrocel Industries Limited	-	10.00
<b>Reimbursements charged by the company</b>		
Transpek Industry (Europe) Ltd.	12.21	-
Excel Crop Care Limited	1.72	-
<b>Reimbursements charged to the company</b>		
Transpek Industry (Europe) Ltd.	41.70	-
<b>Managerial remuneration</b>		
Atul G. Shroff	104.41	82.23
Bimal V. Mehta	55.76	-
<b>Interest Paid</b>		
Anshul Agencies	0.32	0.32
Atul G. Shroff	11.07	7.43
Shruti A. Shroff	1.55	1.56
<b>B) Closing Balance as at end of the year :</b>		
<b>Outstandings</b>		
Transchem Agritech Ltd.	0.85	19.90
Anshul Agencies	15.61	8.74
Shruti A. Shroff	15.61	15.67
Atul G. Shroff	-	167.06
<b>Receivable Including Trade Advance</b>		
Excel Crop Care Limited	94.12	65.37
Agrocel Industries Limited	14.10	13.74
Transpek Industry (Europe) Limited	20.99	1.98
Hyderabad Chemical Products Limited	57.25	39.78
Shroffs Foundation Trust	-	0.30
Sam Finechem Limited	176.41	-
<b>Indenting Agency Deposit</b>		
Anshul Agencies	4.00	4.00

(Currency : Rupees in Lacs unless and otherwise stated)

**SCHEDULES TO THE ACCOUNTS****Schedule 22 : Notes to Accounts : Cont'd....****15. 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 amounting to Rs.9.17 lacs (Previous year: Rs.2.58 lacs) are charged to the Profit and Loss Account for the period. The lease term is for 11 months and there are no sub-leases.

**16. Earnings Per Share**

		Year Ended March 31,2011	Year Ended March 31,2010
<b>Basic and Diluted Earnings per Share</b>			
Profit after tax (Rs. in lacs)	(A)	1278.27	454.60
Weighted average number of equity shares outstanding during the year	(B)	5,872,040	5,830,761
Basic Earning Per Share (in Rupees)	(A)/(B)	21.77	7.80
Nominal Value of Equity Share (in Rupees)		10.00	10.00

**17. Segment Information**

As per AS-17 on "Segment Reporting", Segment information has been disclosed in Notes of Consolidated Financial Accounts.

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

Nature of Contract	Currency	March 31, 2011	March 31, 2010	Purpose
Sale	US \$	15.31	20.50	Hedge of receivables
Purchase	US \$	14.70	1.98	Hedge of Payables

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

Particulars	As on March 31, 2011	As on March 31, 2010
Debtors		
- USD	9.69	28.01
- EURO	1.97	0.33
- GBP	0.29	0.03
Creditors & Other Liabilities		
- USD	8.59	0.70
- EURO	0.02	-
Term Loans from Banks		
- USD	-	6.34

## SCHEDULES TO THE ACCOUNTS

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

- (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 crystalizes. Based on mark to market concept, the loss amounts to Rs.419.95 lacs (Previous Year: Rs.723.36 lacs) as at March 31, 2011 in respect of the aforesaid outstanding foreign currency derivatives contract.

### 19. Supplemental Statutory Information

#### i. Auditor's Remuneration

Particulars	(Rs. in Lacs)	
	Year ended March 31, 2011	Year ended March 31, 2010
Audit Fees	4.00	4.00
Tax Audit Fees	-	0.75
Fees for other services	1.75*	1.30
Out of pocket expenses	0.29*	0.67
<b>TOTAL</b>	<b>6.04</b>	<b>6.72</b>

\* Includes Rs.0.99 Lacs to previous Auditors.

- ii. Donations Include Donation made to Bhartiya Janta Party (political party) Rs. Nil (Previous Year: Rs.10.00 lacs)
- iii. (a) Research and Development costs, as certified by the management, debited to the profit and loss account as under:

Particulars	(Rs. in Lacs)	
	Year ended March 31, 2011	Year ended March 31, 2010
a) Revenue expenses debited to appropriate heads of account	137.88	51.20
b) Depreciation on Research and Development Assets	18.67	15.28
<b>TOTAL</b>	<b>156.55</b>	<b>66.48</b>

- (b) Capital Expenditure incurred during the year on Research and Development Rs.109.49 Lacs (Previous Year: Rs.3.16 Lacs).

- (c) The Company has made an application to Department for Scientific and Industrial Research for their approval u/s 35 (2AB) of the Income Tax Act, 1961. Though the said approval is not yet received, the Company has considered weighted deduction u/s 35 (2AB), since it has reason to believe that it has complied all the conditions mentioned in the section for obtaining the certificate.

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

(Currency : Rupees in Lacs unless and otherwise stated)

## SCHEDULES TO THE ACCOUNTS

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

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

Particulars	Unit	Installed Capacity*		Actual Production**	
		Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010
Chlorinated Compounds	MT	52,620	50,800	29,140	25,988
SO3/Oleum	MT	45,000	45,000	32,112	34,178

#### Notes:

- 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.
- \*The installed capacity is as certified by the management as this being a technical matter.
- \*\*Production includes quantities for captive consumption  
- Chlorinated Compounds 8025 MT (Previous Year: 4786 MT)  
- SO3 / Oleum 8886 MT (Previous Year: 7972 MT)
- Production of Chlorinated Compounds excludes 35 MT (Previous Year : 12 MT) produced by the Company on behalf of third parties.

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

(Rs. in Lacs)

Particulars	As at March 31, 2011				As at March 31, 2010			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Qty (MT)	Rs.	Qty (MT)	Rs.	Qty (MT)	Rs.	Qty (MT)	Rs.
<b>Manufacturing Activities</b>								
Chlorinated Compounds	518.05	595.15	1,008.50	1,142.78	769.00	696.09	518.05	595.15
SO3 / Oleum	285.97	5.91	585.60	23.45	288.00	21.59	285.97	5.91
Process Residue		6.22		13.19		8.08		6.22
<b>TOTAL</b>		<u>607.28</u>		<u>1,179.42</u>		<u>725.76</u>		<u>607.28</u>

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

(Rs. in Lacs)

Particulars	Year ended March 31, 2011		Year ended March 31, 2010	
	Qty (MT)	Rs.	Qty (MT)	Rs.
<b>Manufacturing Activities</b>				
Chlorinated Compounds	20,692	16,140.21	21,444	10,427.60
SO3/Oleum	22,892	1,020.59	26,259	741.46
Process Residue		704.31		234.82
<b>Trading Activities</b>				
Chemicals	113.86	1,052.42	113.80	265.43
<b>TOTAL</b>		<u>18,917.53</u>		<u>11,669.31</u>

## SCHEDULES TO THE ACCOUNTS

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

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

(Rs. in Lacs)

Raw Materials	Year ended March 31, 2011		Year ended March 31, 2010	
	Qty (MT)	Rs.	Qty (MT)	Rs.
	Chlorine	13,445	887.49	13,512
Sulphur	20,120	1,930.06	18,393	880.31
Mono Chloro Acetic Acid/ Isophthalic Acid	2,298	1,398.15	532	307.33
Purified Terephthalic Acid	1,739	916.20	1,382	642.16
Others	-	2,374.35	-	1,247.80
<b>TOTAL</b>		<b>7,506.25</b>		<b>3,524.74</b>

\* 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.

Above values of Raw Material consumed do not include cost of Raw Material sold Rs. 11.77 lacs (Previous Year: Rs. 76.07 lacs).

#### v) Value of Imported and Indigenous Raw Materials Consumed

(Rs. in Lacs)

Raw Materials	Year ended March 31, 2011		Year ended March 31, 2010	
	Rs	%	Rs	%
	Imported	2,307.88	30.75	572.15
Indigenous	5,198.37	69.25	2,952.59	83.77
<b>TOTAL</b>	<b>7,506.25</b>	<b>100.00</b>	<b>3,524.74</b>	<b>100.00</b>

#### vi) Value of Imported and Indigenous Stores and Spares Consumed

(Rs. in Lacs)

Stores & Spares	Year ended March 31, 2011		Year ended March 31, 2010	
	Rs	%	Rs	%
	Imported	1.16	0.88	1.41
Indigenous	130.64	99.12	52.15	97.37
<b>TOTAL</b>	<b>131.80</b>	<b>100.00</b>	<b>53.56</b>	<b>100.00</b>

#### vii) Details of Purchase of Traded Goods

(Rs. in Lacs)

Particulars	Year ended March 31, 2011		Year ended March 31, 2010	
	Qty(MT)	Rs.	Qty(MT)	Rs.
	Chemicals	113.86	1,027.71	113.80
<b>TOTAL</b>		<b>1,027.71</b>		<b>211.08</b>



(Currency : Rupees in Lacs unless and otherwise stated)

## SCHEDULES TO THE ACCOUNTS

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

<b>viii) Directors' Remuneration</b>		<b>(Rs. in Lacs)</b>	
<b>Particulars</b>	<b>Year ended March 31, 2011</b>	<b>Year ended March 31, 2010</b>	
<b>a) Paid to Managing Director</b>			
Salary and Incentives	34.00	31.00	
Contribution to Provident and Other Funds	10.81	9.86	
Perquisites	34.00	31.00	
Performance Incentive	<u>25.60</u>	<u>10.37</u>	
<b>TOTAL</b>	<b><u>104.41</u></b>	<b><u>82.23</u></b>	
<b>b) To Executive Director</b>			
Salary and Incentives	16.43	N.A	
Contribution to Provident and Other Funds	3.75	N.A	
Perquisites	16.43	N.A	
Commission	<u>19.15</u>	<u>N.A</u>	
<b>TOTAL</b>	<b><u>55.76</u></b>	<b><u>N.A</u></b>	
<b>c) To Non Executive Directors Commission (included in other expense)</b>	<b>19.15</b>	<b>7.72</b>	
<b>GRAND TOTAL</b>	<b><u>179.32</u></b>	<b><u>89.95</u></b>	

**Note:** The liability for leave encashment is provided on an actuarial basis for the Company as a whole, the amounts pertaining to the Directors are not included above.

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

<b>Particulars</b>	<b>Year Ended March 31, 2011</b>	<b>Year Ended March 31, 2010</b>	
<b>Profit before tax</b>	<b>1,709.90</b>	<b>691.57</b>	
<b>Add:</b>			
Depreciation (including Short/(Excess) provision for depreciation)	639.93	560.99	
Managerial Remuneration	104.41	82.23	
Remuneration to Executive Director	55.76	-	
Commission to Non-Executive Directors	19.15	7.72	
Directors' Sitting Fees	<u>1.71</u>	<u>1.58</u>	
<b>TOTAL</b>	<b><u>820.96</u></b>	<b><u>652.52</u></b>	
<b>Less:</b>			
Depreciation as per Section 350 of the Companies Act, 1956	639.93	560.99	
Prior Period Adjustments (net)	0.77	-	
Profit/(Loss) on sale of Fixed Assets as per Accounts	<u>(27.70)</u>	<u>11.19</u>	
<b>TOTAL</b>	<b><u>613.00</u></b>	<b><u>572.18</u></b>	
<b>Net Profit as per Section 309(5) of the Companies Act, 1956</b>	<b><u>1,917.86</u></b>	<b><u>771.91</u></b>	
<b>Performance Incentive to Managing Director:</b>	<b>25.60</b>	<b>10.37</b>	
<b>Commission to Executive Director: @ 1%</b>	<b>19.15</b>	<b>-</b>	
<b>Commission to Non Executive Directors:@1%</b>	<b>19.15</b>	<b>7.72</b>	

## SCHEDULES TO THE ACCOUNTS

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

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.

#### x) CIF Value of Imports (on accrual basis) (Rs. in Lacs)

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Raw Materials	2,243.05	529.66
Capital goods	60.38	17.91
<b>TOTAL</b>	<u><u>2,303.43</u></u>	<u><u>547.57</u></u>

#### xi) Earnings in foreign currency (on accrual basis) (Rs. in Lacs)

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
F.O.B. value of Exports	10,168.86	6,255.85

#### xii) Expenditure in foreign currency (on Cash basis) (Rs. in Lacs)

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Compensation/Damages	1.48	-
Travelling Expenses	54.66	58.27
Export Sales Commission	430.06	389.74
Tanker Hire Charges	173.56	196.63
Interest	15.51	29.09
Others	16.07	32.26
<b>TOTAL</b>	<u><u>691.34</u></u>	<u><u>705.99</u></u>

(Currency : Rupees in Lacs unless and otherwise stated)

## SCHEDULES TO THE ACCOUNTS

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

21. The Ministry of Corporate Affairs, Govt. of India, vide General Circular No. 2 & 3 dated 8th February, 2011 & 21st February, 2011, respectively has granted a general exemption from compliances with Section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence it is entitled to the exemptions. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.
22. Previous year figures have been regrouped/rearranged wherever necessary.

### Signatures to Schedules '1' to '22'

For and on behalf of the Board of Directors

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

**Himanshu Kishnadwala  
Partner**

Place : Vadodara  
Date : May 27, 2011

A. C. Shroff (Chairman)  
A. G. Shroff (Managing Director)  
Bimal V. Mehta (Executive Director)  
M. D. Patel (Director)  
D. K. Shroff (Director)  
S. K. Solanki (Company Secretary)

Place : Vadodara  
Date : May 27, 2011

## SCHEDULES TO THE ACCOUNTS

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.:	001343
(b) State Code:	04
(c) Balance Sheet Date:	31/03/2011

(Amount Rs. in Thousands)

### II CAPITAL RAISED DURING THE YEAR:

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

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

(i) Total Liabilities	1,423,287
(ii) Total Assets	1,423,287
(iii) Sources of Funds:	
(a) Paid-up Capital	58,720
(b) Reserves and Surplus	580,251
(c) Warrant Application Money	-
(d) Secured Loans	462,332
(e) Unsecured Loans	215,920
(f) Deferred tax Liability	106,064
(iv) Application of Funds:	
(a) Fixed Assets	937,246
(b) Intangible Assets	5,927
(c) Investments	131,583
(d) Net Current Assets	348,531
(e) Miscellaneous Expenditure	-

### IV PERFORMANCE OF THE COMPANY:

Turnover (Total Revenue)	1,858,247
Total Expenditure	1,687,257
Profit Before Tax	170,990
Profit After Tax	127,644
Basic Earning per Share (for the year in Rs.)	21.77
Diluted Earning per Share (for the year in Rs.)	21.77
Dividend Rate %	40%

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

(As per monetary terms)	
Item Code no.[ITC Code]	28121047
Product Description	Thionyl Chloride
Item Code no.[ITC Code]	29173990
Product Description	isophthaloyl Chloride
Item Code no.[ITC Code]	29173990
Product Description	Terephthaloyl Chloride

For and on behalf of the Board of Directors

A. C. Shroff (Chairman)  
A. G. Shroff (Managing Director)  
Bimal V. Mehta (Executive Director)  
M. D. Patel (Director)  
D. K. Shroff (Director)  
S. K. Solanki (Company Secretary)

Place : Vadodara  
Date : May 27, 2011

## CONSOLIDATED AUDITORS' REPORT

The Board of Directors of  
Transpek Industry Limited

- I. We have audited the attached consolidated balance sheet of Transpek Industry Limited and its subsidiaries ('the Companies'), as at 31st March, 2011, and also the consolidated profit and loss account and the consolidated cash flow 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 the subsidiary. Our responsibility is to express an opinion on these financial statements based on our audit.
- II. 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 whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements presentation. We believe that our audit provides reasonable basis of our opinion.
- III. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of Rs.35.94 lacs as at 31st March, 2011, the total revenue of Rs. Nil and cash flows amounting to Rs. Nil for the year then ended. This Financial statement and other financial information have been audited by other auditor whose reports have been furnished to us, and our opinion is based solely on report of other auditor.
- IV. We report that the consolidated financial statements have been prepared by 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).
- V. *The company has not provided loss amounting to Rs. 419.95 lacs in respect of its outstanding contracts at March 31, 2011 which would have arisen had these contract been recorded for at market value at that date, as more fully disclosed in note no. 17(b) of the financial statements. As a result profit before tax for the year is higher by Rs. 419.95 lacs, profit after tax for the year and Reserves and Surplus as at March 31, 2011 are higher by Rs. 280.45 lacs and basic and diluted earnings per share for the year is higher by Rs 4.78. The report on the financial statements for the preceding year was also modified for the same.*
- VI. Based on our audit and on consideration of separate management-certified financial statements, and on the other financial information of the subsidiary and according to the explanations given to us, *subject to the non-provision of mark-to-market losses on outstanding derivatives contract, referred to in the paragraph (v) above*, 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, 2011;
  - 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 Contractor, Nayak and Kishnadwala  
Chartered Accountants  
Firm Registration No.129638W

Himanshu Kishnadwala  
Partner  
Membership No. 37391

Place Vadodara  
Date : May 27, 2011

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	Schedules	March 31, 2011 (Rs. in Lacs)	March 31, 2010 (Rs. in Lacs)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	587.20	587.20
Reserves and surplus	2	5,517.75	4,795.68
		<u>6,104.95</u>	<u>5,382.88</u>
<b>Loan funds</b>			
Secured loans	3	5,713.72	2,703.48
Unsecured loans	4	3,156.02	2,476.55
		<u>8,869.74</u>	<u>5,180.03</u>
Deferred Tax Liabilities (net)	5	1,060.64	914.21
<b>TOTAL</b>		<u><u>16,035.33</u></u>	<u><u>11,477.12</u></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross block	6	15,864.91	11,426.75
Less : Accumulated Depreciation		5,490.24	4,524.36
Net block		<u>10,374.67</u>	<u>6,902.39</u>
Capital work-in-progress including capital advances		567.68	264.65
		<u>10,942.35</u>	<u>7,167.04</u>
Goodwill on Acquisition/Consolidation		685.27	-
<b>Intangible Assets</b>	7	59.27	100.77
<b>Investments</b>	8	444.28	439.23
<b>Current Assets, Loans and Advances</b>			
Inventories	9	3,401.24	1,487.83
Sundry debtors	10	3,623.01	3,610.00
Cash and bank balances	11	337.59	137.30
Other current assets	12	25.35	15.64
Loans and advances	13	1,585.45	912.68
	(A)	<u>8,972.64</u>	<u>6,163.45</u>
<b>Less: Current Liabilities and Provisions</b>			
Current liabilities	14	4,524.40	2,066.88
Provisions	15	544.08	326.49
	(B)	<u>5,068.48</u>	<u>2,393.37</u>
<b>Net Current Assets</b>	(A - B)	<u>3,904.16</u>	<u>3,770.08</u>
<b>TOTAL</b>		<u><u>16,035.33</u></u>	<u><u>11,477.12</u></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 and on behalf of the Board of Directors

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

**Himanshu Kishnadwala  
Partner**

A. C. Shroff (Chairman)  
A. G. Shroff (Managing Director)  
Bimal V. Mehta (Executive Director)  
M. D. Patel (Director)  
D. K. Shroff (Director)  
S. K. Solanki (Company Secretary)

Place : Vadodara  
Date : May 27, 2011

Place : Vadodara  
Date : May 27, 2011

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	Schedules	March 31, 2011 (Rs. in Lacs)	March 31, 2010 (Rs. in Lacs)
<b>INCOME</b>			
Turnover (Gross)			
Sale of Product [ Including Sale of Raw Materials : Rs.21.78 lacs (Previous Year: Rs.103.65 lacs)]		20,589.95	11,772.97
Less : Excise duty		900.56	432.23
Turnover (Net)		19,689.39	11,340.74
Other income	16	365.53	244.85
<b>TOTAL</b>		<b>20,054.92</b>	<b>11,585.59</b>
<b>EXPENDITURE</b>			
Purchase of Trading Goods		311.31	211.08
Raw materials consumed	17	9,044.74	3,600.81
Personnel expenses	18	2,219.51	1,398.05
Operating and other expenses	19	6,144.19	4,365.27
Decrease in inventories	20	(793.07)	186.52
Depreciation/amortization		841.36	604.91
Financial expenses	21	1,101.62	527.38
<b>TOTAL</b>		<b>18,869.66</b>	<b>10,894.02</b>
<b>Profit before Exceptional Item, Prior Period Items and Tax</b>		<b>1,185.26</b>	<b>691.57</b>
Exceptional Items (net) (Refer Note 5 of Schedule 22)		-	85.04
Other Prior period items		14.53	-
<b>Profit before tax</b>		<b>1,170.73</b>	<b>606.53</b>
Provision For Taxation			
Current tax		331.26	190.79
Mat Credit Entitlement.		(45.00)	-
Deferred Tax charge/(Credit)		82.56	(10.78)
<b>Total Tax Expense</b>		<b>368.82</b>	<b>180.01</b>
<b>Profit after tax</b>		<b>801.91</b>	<b>426.52</b>
<b>Loss attributable to minority shareholders</b>		<b>(191.31)</b>	<b>-</b>
(Excess)/Short provision for Taxation for earlier years		(1.83)	(28.08)
<b>Net Profit</b>		<b>995.05</b>	<b>454.60</b>
Balance brought forward from Previous Year		1,056.24	1,022.82
<b>Profit available for appropriation</b>		<b>2,051.29</b>	<b>1,477.42</b>
<b>Appropriations:</b>			
Proposed dividend		234.88	146.80
Tax on dividend		38.10	24.38
Transfer to General Reserve		250.00	250.00
Surplus carried to Balance Sheet		1,528.31	1,056.24
Earnings per share			
Basic Earning Per Share (Rs.)		16.95	7.80
Diluted Earning Per Share (Rs.)		16.95	7.80
Face Value Per Share (Rs)		10.00	10.00
( Refer Note No: 13 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 Contractor, Nayak & Kishnadwala**  
**Chartered Accountants**

**Himanshu Kishnadwala**  
**Partner**

Place : Vadodara  
Date : May 27, 2011

For and on behalf of the Board of Directors  
A. C. Shroff (Chairman)  
A. G. Shroff (Managing Director)  
Bimal V. Mehta (Executive Director)  
M. D. Patel (Director)  
D. K. Shroff (Director)  
S. K. Solanki (Company Secretary)

Place : Vadodara  
Date : May 27, 2011

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Particulars	For the year ended 31 <sup>st</sup> March, 2011 (Rs. in lacs)	For the year ended 31 <sup>st</sup> March, 2010 (Rs. in lacs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before exceptional items, prior period items and tax:	1185.26	691.57
Adjustments for :		
Depreciation	799.88	561.00
Amortisation of Intangible Assets	41.50	43.91
Loss/(Profit) on sale of Fixed Assets	27.70	(11.19)
Assets written off	-	85.04
Provision for Doubtful Debts	-	(21.06)
Provision for Doubtful Debts written back	-	(0.17)
Interest received	(20.18)	(18.21)
Dividend Received	(104.73)	(94.82)
Interest Expense	1101.62	527.39
Exchange Difference (Gain)/Loss on loans taken	-	(10.99)
Share of Minority Share Holders	191.31	-
Short /(Excess) Provision for other items (Net)	0.97	(3.91)
	<u>2,038.07</u>	<u>1,056.99</u>
Operating Profit before working capital changes	3,223.33	1,748.56
Adjustments for:		
(Increase)/Decrease in Loans and Advances	(497.66)	165.82
(Increase)/Decrease in Debtors	(13.01)	(1,032.40)
(Increase)/Decrease in Inventories	(1,913.41)	(12.50)
(Increase) in Other Current Assets	(9.71)	(0.70)
(Increase)/Decrease in Current Liabilities and Provisions	2567.95	(54.96)
	<u>134.16</u>	<u>(934.74)</u>
Cash generated from Operations	3,357.49	813.82
Direct taxes paid	(458.53)	(187.20)
Increase/(Decrease) in Deferred Tax on Consolidation	63.87	-
Cash flow before extraordinary items	2,962.83	626.62
Prior Period Adjustments (Other than Taxation)	(14.53)	-
Net cash from Operating Activities (A)	<u>2,948.30</u>	<u>626.62</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(4,686.90)	(667.18)
Proceeds from sale of fixed assets	83.95	41.38
Goodwill on Consolidation/ Acquisition	(685.27)	-
Increase in Investment	(5.05)	-
Decrease / (Increase) in Fixed Deposits with a maturity period of more than 90 days	(72.54)	(29.12)
Interest received	19.17	17.30
Dividend received	104.73	94.82
Net Cash used in Investing Activities (B)	<u>(5,241.91)</u>	<u>(542.80)</u>
<b>CARRIED FORWARD (A+B)</b>	<u>(2,293.61)</u>	<u>83.82</u>



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

Particulars	For the year ended	For the year ended
	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
	(Rs. in lacs)	(Rs. in lacs)
<b>BROUGHT FORWARD (A+B)</b>	<b>(2,293.61)</b>	<b>83.82</b>
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Receipt of Borrowings	4,299.19	1,123.56
Repayment of Borrowings	(611.40)	(706.47)
Interest Paid	(1,095.18)	(521.76)
Proceeds from issue of share warrants	-	164.05
Dividend Paid	(146.87)	(137.98)
Tax on distributed Profits	(24.38)	(23.76)
Net cash used in Financing Activities (C)	2,421.36	(102.36)
Net increase in cash and cash equivalents (A+B+C)	127.75	(18.54)
Cash and cash equivalents at the beginning of the year	53.36	71.90
Cash and cash equivalents at the end of the year	181.11	53.36
<b>Components of Cash &amp; Cash Equivalents</b>		
Cash on hand	31.72	3.47
Balances with scheduled banks:		
On Current Accounts	117.70	38.29
On Margin money accounts	49.53	-
On Deposit accounts	127.11	83.94
On Unclaimed dividend accounts	9.82	9.89
On Right issue application money account	1.71	1.71
<b>Cash and Cash Equivalents as per Schedule 11</b>	<b>337.59</b>	<b>137.30</b>
Less: Fixed deposits not considered as cash equivalents	156.48	83.94
<b>Cash and Cash Equivalents as per Cash Flow Statement</b>	<b>181.11</b>	<b>53.36</b>

**Note:-**

- The Cash flow statement has been prepared under the Indirect method as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents includes Fixed Deposits in margin Account Rs.20.16 lacs (P.Y.: Nil) which are not available for use by the Company at present.
- Figures in the brackets represents cash outflow.
- Previous year figures have been regrouped where necessary to confirm to the year's classification.

As per our report of even date.

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

**Himanshu Kishnadwala  
Partner**

Place : Vadodara  
Date : May 27, 2011

For and on behalf of the Board of Directors

A. C. Shroff (Chairman)  
A. G. Shroff (Managing Director)  
Bimal V. Mehta (Executive Director)  
M. D. Patel (Director)  
D. K. Shroff (Director)  
S. K. Solanki (Company Secretary)

Place : Vadodara  
Date : May 27, 2011

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### Schedule 1 : Share capital

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
<b>Authorised</b>		
75,00,000 (Previous year: 75,00,000) equity shares of Rs.10/- each	750.00	750.00
5,00,000 (Previous year: 5,00,000 ) preference shares of Rs.100/- each	500.00	500.00
	<u>1,250.00</u>	<u>1,250.00</u>
<b>Issued, Subscribed and paid up</b>		
58,72,040 (Previous Year: 58,72,040) equity shares of Rs. 10/- each fully paid	587.20	587.20
<b>TOTAL</b>	<u>587.20</u>	<u>587.20</u>

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.

### Schedule 2 : Reserves and Surplus

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Capital Reserve ( Arisen on amaigamation of Subsidiary Company )	19.00	19.00
Securities Premium Account:		
Balance as per last account	1,524.08	1,370.62
Add: Received on issue of shares on Preferential basis in 2009-10	-	153.46
	<u>1,524.08</u>	<u>1,524.08</u>
General Reserve		
Balance as per last account	2,196.36	1,946.36
Add: Transferred from Profit and Loss Account	250.00	250.00
	<u>2,446.36</u>	<u>2,196.36</u>
Profit and Loss Account	1,528.31	1,056.24
<b>TOTAL</b>	<u>5,517.75</u>	<u>4,795.68</u>

### Schedule 3 : Secured Loans

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
<b>Loans and advances from banks</b>		
Cash/Export Credit facilities (Refer Note No. 1 and 9 Below)	2,530.66	1,067.62
Term loans	3,166.85	1,621.99
Includes Rs.748.32 Lacs (Previous Year: Rs.725.12 Lacs) repayable within one year (Refer Note Nos. 3 to 8 and 10 Below)		
Vehicle loan	0.43	-
Interest accrued and due	15.78	13.87
<b>TOTAL</b>	<u>5,713.72</u>	<u>2,703.48</u>

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS****SCHEDULE '3' Cont'd...****Notes:**

1. Loans on Cash Credit Accounts amounting to Rs. 1891.00 Lacs from State Bank of India, Bank of Baroda, Axis Bank Limited and IDBI Bank Ltd. (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. Term Loan from Axis Bank Limited amounting to Rs.Nil\* (Previous Year:Rs.87.61 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 second charge by way of hypothecation over entire current assets including stock and book debts with the current charge holders on pari passu basis.

\*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 viz. State Bank of India, Bank of Baroda and IDBI Bank Ltd.

\* The said Foreign Currency Term Loan of Axis Bank Ltd. is satisfied in full on 14.07.2010.

3. Term loan from Bank of Baroda amounting to Rs.52.48 Lacs (Previous Year: Rs.351.08 Lacs) is secured by first charge by way of hypothecation of all movable machinery financed or to be financed under the said term loan. Bank of Baroda has agreed and ceded second pari passu charge in favour of State Bank of India, Axis Bank Limited and IDBI Bank Ltd. 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. It is further secured by second charge by way of hypothecation over entire current assets including stock and book debts with the current charge holders on pari passu basis.

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, Axis Bank Limited and IDBI Bank Ltd.

\* The said Term Loan of Bank of Baroda is satisfied in full on 04.05.2011.

4. Term loan from State Bank of India amounting to Rs.370.79 Lacs (Previous Year: Rs.620.80 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 State Bank of India has agreed and ceded second pari passu charge in favour of Bank of Baroda, Axis Bank Ltd. and IDBI Bank Ltd. 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. Bank of Baroda, Axis Bank Limited and IDBI Bank Ltd.

5. Term loan from Axis Bank Ltd., amounting to Rs.412.50 lacs (Previous Year : Rs.562.50 lacs) is secured by first charge by way of hypothecation of all movable machinery financed or to be financed under the said term loan and also 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, Bank of Baroda and IDBI Bank Ltd.

It is further secured by second charge by way of hypothecation over entire current assets including stock and book debts with the current charge holders on pari passu basis.

6. Term loan from Axis Bank Ltd., amounting to Rs.541.88 lacs (Previous Year: Rs. Nil) is secured by first charge by way of hypothecation of all movable machinery financed or to be financed under the said term loan and 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, Bank of Baroda and IDBI Bank Ltd.

It is further secured by second charge by way of hypothecation over entire current assets including stock and book debts with the current charge holders on pari passu basis.

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### Notes Cont'd...

7. Corporate loan from IDBI Bank Ltd., amounting to Rs.488.89 lacs (Previous Year: Rs.Nil) is secured by first charge by way of hypothecation of all movable machinery financed or to be financed under the said term loan and 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, Bank of Baroda and Axis Bank Ltd.
- It is further secured by second charge by way of hypothecation over entire current assets including stock and book debts with the current charge holders on pari passu basis.
8. Term loan from IDBI Bank Ltd., amounting to Rs.850.00 lacs (Previous Year : Rs.Nil) is secured by first charge by way of hypothecation of all movable machinery financed or to be financed under the said term loan and 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, Bank of Baroda and Axis Bank Ltd.
- It is further secured by second charge by way of hypothecation over entire current assets including stock and book debts with the current charge holders on pari passu basis.
9. The Cash Credit facilities amounting to Rs.639.65 Lacs and the Term Loan facilities amounting to Rs.11.47 Lacs of the Subsidiary Company, viz. Sam Finechem Ltd. from The Kapol Co-operative Bank Ltd., ("Kapol") Mumbai are secured by way of (i) hypothecation of stocks, book debts, plant & machinery of the Company (First charge on entire current assets) and (ii) by way of equitable mortgage of factory land and building situated at Revenue Survey No. 47, Hadamtala Industrial Area, Gondal Road, Dist. Rajkot – 360 030 (Second Charge) and (iii) collaterally secured by way of equitable mortgage of ownership flats of Mrs. Bharati D. Mehta, & Mr. Sameet D. Mehta at A/301, Borivali Paras CHS Ltd., and that of Mr. Deepak N. Mehta at 203, Mehta Estate Compound.
- The aforesaid credit facilities are further secured by way of Personal Guarantee of existing Director and ex-Directors of the Subsidiary Company and their relatives.
10. The Term Loan facilities of the Subsidiary Company viz. Sam Finechem Ltd. from Union Bank of India amounting to Rs.438.84 lacs are secured (i) by way of Hypothecation of Plant and machinery by way of first charge, (ii) collaterally secured by way of three office premises situated at Mehta Estate, S. V. Road, Near Jaya Cinema, Borivali, (West), Mumbai 400092 pari passu with The Kapol Co-operative Bank Ltd. (iii) by Exclusive charge by way of Equitable Mortgage on two additional plots near the factory as well as equitable mortgage on factory land and building and (iv) Personal Guarantee of Mr. Deepak Mehta, Director and of Mr. Sudhir Mehta and Mr. Harish Mehta, the then Directors of the Subsidiary Company.

### Schedule 4 : Unsecured Loans

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Fixed deposits	1,809.20	1,619.85
[Due within one year : Rs. 528.81 Lacs (Previous Year : Rs.674.64 Lacs)]		
Short-term loans and advances:		
From banks	350.00	156.70
From Others (Refer note. No. 11 of Schedule 22)	996.82	700.00
(Out of above Rs.846.81 lacs repayable on demand)		
<b>TOTAL</b>	<b><u>3,156.02</u></b>	<b><u>2,476.55</u></b>

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

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

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
<b>Deferred Tax Liabilities</b>		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	<u>1,209.03</u>	<u>979.23</u>
<b>Gross Deferred Tax Liabilities</b>	<u>1,209.03</u>	<u>979.23</u>
<b>Deferred Tax Assets</b>		
Provision for doubtful debts and advances	18.08	15.51
Others	<u>130.31</u>	<u>49.51</u>
<b>Gross Deferred Tax Assets</b>	<u>148.39</u>	<u>65.02</u>
<b>Net Deferred Tax Liability</b>	<u><u>1,060.64</u></u>	<u><u>914.21</u></u>

### Schedule 6 : Fixed Assets

(Rs. in lacs)

Sr. No.	Description of assets	GROSS BLOCK ( AT COST)				DEPRECIATION			NET BLOCK		
		As at 31 <sup>st</sup> March, 2010	Additions/ Adjustments during the year	Deducti- ons/ Adjust- ment during the year	As at 31 <sup>st</sup> March, 2011	Up to 31 <sup>st</sup> March, 2010	Deducti- ons/ Adjust- ment during the year	Provided for the Year	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
1	Land (Freehold) (Refer Note No.1 below)	285.06	163.06	-	448.12	-	-	-	-	448.12	285.06
2	Buildings	841.56	367.35	-	1,208.91	159.74	5.76	28.54	194.04	1,014.87	681.82
3	Well, Pumps and Water Pipe Lines	26.75	9.51	-	36.26	3.64	0.01	0.46	4.11	32.15	23.11
4	Plant & Machinery	9,325.47	3,704.29	205.38	12,824.38	3,990.56	149.50	687.99	4,828.05	7,996.33	5,334.91
5	Electrical Installations	173.57	64.01	2.43	235.15	56.18	10.37	10.18	76.73	158.42	117.39
6	Research and Development Equipments	334.10	109.49	-	443.59	118.86	-	18.67	137.53	306.06	215.24
7	Furniture & Fixtures	214.88	149.91	1.43	363.36	106.18	5.91	31.04	143.13	220.23	108.70
8	Technical Books	42.18	-	-	42.18	34.34	-	1.43	35.77	6.41	7.84
9	Vehicles	183.18	102.42	22.64	262.96	54.86	(5.55)	21.57	70.88	192.08	128.32
	<b>TOTAL</b>	11,426.75	4,670.04	231.88	15,864.91	4,524.36	166.00	799.88	5,490.24	10,374.67	6,902.39
	Previous Year	10,902.73	731.99	207.97	11,426.75	4,056.09	92.73	561.00	4,524.36		
	Capital Work-in-Progress (Refer Note No.2 below)									567.68	264.65
	<b>TOTAL</b>									10,942.35	7,167.04

#### NOTES :

- Out of the total area of the land admeasuring 5,10,434.490 Sq. Metres (Previous Year: 5,10,434.490 Sq. Meters), part of the land admeasuring 94,947.485 Sq. Metres has been given on lease for a period of 90 years.
- Capital Work-in-Progress includes Advances for Capital Expenditure Rs.47.53 Lacs (Previous Year: Rs.20.96 Lacs) and interest Capitalisation of Rs.7.97 Lacs (Previous Year: Rs.6.21 Lacs).

### Schedule 7 : Intangible Assets

(Rs. in lacs)

Sr. No.	Description of assets	Gross Block			Amortisation			Net Block			
		As at 31 <sup>st</sup> March, 2010	Additions during the Year	Deduction during the Year	As at 31 <sup>st</sup> March, 2011	Up to 31 <sup>st</sup> March, 2010	Deductions / Adjustments	Provided during the Year	Up to 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
1	Technical Knowhow	439.09	-	-	439.09	338.32	-	41.50	379.82	59.27	100.77
	Total	439.09	-	-	439.09	338.32	-	41.50	379.82	59.27	100.77
	Previous Year	439.09	-	-	439.09	294.41	-	43.91	338.32		
	<b>TOTAL</b>									59.27	100.77

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### Schedule 8 : Investments

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (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)]	0.08	0.03
	<u>0.09</u>	<u>0.04</u>
<b>Shares</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 (Previous Year : 10 ) Equity Share of Rs.10 fully paid up in Pragati Sahakari Bank Limited	0.00	0.00
50,000 (Previous Year: 50,000) Equity Shares of Rs.25 each fully paid-up in the Kapol Co-operative Bank Ltd.	5.00	-
	<u>5.10</u>	<u>0.10</u>
<b>Long Term Investments trade (At cost)</b>		
<b>I ) Unquoted</b>		
<b>Shares</b>		
10,000 (Previous Year: 10,000) Equity Shares of Rs.100 each fully paid-up in Agrocel Industries 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
	<u>300.96</u>	<u>300.96</u>
<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 ( Refer Note No. 9 in Schedule 22)	226.76	226.76
	<u>532.91</u>	<u>527.86</u>
Less: Provision for Diminution in value of Long Term Investment	88.63	88.63
<b>TOTAL</b>	<u><u>444.28</u></u>	<u><u>439.23</u></u>
Aggregate amount of quoted investments (Market value Rs.1,16,15,598 (Previous Year: Rs.91,24,863)	138.13	138.13
Aggregate amount of unquoted investments - Cost	306.15	301.10

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### Schedule 9: Inventories (at lower of cost and net realisable value)

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Raw materials and components [Including Stock lying at third party Rs.59.49 Lacs.( Previous Year: Rs.51.44 Lacs)]	1,505.15	628.25
Packing Material	41.14	37.58
Stores and spares	245.52	157.99
Work-in- progress	348.16	56.73
Finished goods [Including Stock in transit Rs.429.88 Lacs (Previous Year: Rs.295.89 Lacs)]	1,261.27	607.28
<b>TOTAL</b>	<b><u>3,401.24</u></b>	<b><u>1,487.83</u></b>

### Schedule 10 : Sundry Debtors

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
<b>Unsecured</b>		
Debts outstanding for a period exceeding six months		
Considered Good	152.15	77.03
Considered Doubtful	-	7.05
Other debts		
Considered Good	3,470.86	3,532.97
	<b>3,623.01</b>	<b>3,617.05</b>
Less : Provision for Doubtful Debts	-	7.05
<b>TOTAL</b>	<b><u>3,623.01</u></b>	<b><u>3,610.00</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.

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### Schedule 11 : Cash and Bank Balances

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Cash on hand	31.72	3.46
Balances with scheduled banks:		
In Current Accounts	117.70	38.30
In Cash Credit Accounts	-	-
In Margin money accounts (includes accrued interest)	49.53	-
In Deposit Accounts (includes accrued interest)	127.11	83.94
[Includes Rs.0.95 Lacs (Previous Year: Rs.0.92 lacs) deposited with government authorities.]		
In Unclaimed dividend accounts	9.82	9.89
In Right issue application money account	1.71	1.71
<b>TOTAL</b>	<u><u>337.59</u></u>	<u><u>137.30</u></u>

### Schedule 12 : Other Current Assets

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Fixed Assets held for sale (at net book value or estimated net realisable value, whichever is lower)	19.79	11.09
Interest Receivable	5.56	4.55
<b>TOTAL</b>	<u><u>25.35</u></u>	<u><u>15.64</u></u>

### Schedule 13 : Loans and Advances

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
(Unsecured and considered good, unless and otherwise stated)		
Advances recoverable in cash or kind or for value to be received		
Considered Good	262.22	156.85
Considered Doubtful	39.63	39.63
Balances with customs, excise, public bodies and other Government departments	745.78	434.38
Sundry Deposits	36.77	4.19
Loans and Advances to Employees	9.94	5.62
Mat Credit Entitlement.	45.00	-
Payment of Taxes (net of provision)	485.74	311.64
	<u>1,625.08</u>	<u>952.31</u>
Less: Provision for doubtful advances	39.63	39.63
<b>TOTAL</b>	<u><u>1,585.45</u></u>	<u><u>912.68</u></u>



## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### Schedule 14: Current Liabilities

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Acceptances	656.52	-
Sundry creditors		
- Micro Small and Medium Enterprises	108.50	45.71
- Others	3,367.94	1,731.54
Advance from customers	104.66	35.38
Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
(a) Unpaid dividend	11.74	9.89
(b) Unpaid application money received for allotment of securities and due for refund	1.71	1.71
(c) Unpaid Matured Deposits	31.51	37.72
(d) Interest accrued on (a) to (c) above.	1.23	1.93
Bank account excess drawn	0.04	0.33
Interest accrued but not due on loans	120.20	115.67
Others	120.35	87.00
<b>TOTAL</b>	<b>4,524.40</b>	<b>2,066.88</b>

### Schedule 15 : Provisions

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Provision for gratuity (Net of Plan Asset)	68.49	2.55
Provision for Leave Encashment	202.61	152.76
Proposed dividend	234.88	146.80
Tax on proposed dividend	38.10	24.38
<b>TOTAL</b>	<b>544.08</b>	<b>326.49</b>

### Schedule 16 : Other income

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Interest		
On Deposits (TDS Rs.1.26 Lacs, Previous Year: Rs.0.52 Lacs)	13.79	11.61
Others	6.39	6.60
Dividend income from Long term investments	104.73	94.82
Excess Provision for Doubtful Debts Written back	-	3.88
Doubtful Debt Recovered	-	0.17
Conversion Charges	77.15	31.17
Export Incentive Received	82.92	43.91
Profit on Sale of Assets(Net)	-	11.19
Excess liability of Previous years Written back	-	3.91
Sales Tax / Excise Refund Received	-	9.16
Miscellaneous income	80.55	28.43
<b>TOTAL</b>	<b>365.53</b>	<b>244.85</b>

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### Schedule 17 : Raw Materials Consumed

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Inventories as at March 31, 2010	814.04	487.87
Add: Purchases	9,735.84	3,741.19
	<u>10,549.88</u>	<u>4,229.06</u>
Less: Inventories as at March 31, 2011	1,505.14	628.25
	<u>9,044.74</u>	<u>3,600.81</u>
[Includes cost of Raw material sold Rs.11.77 lacs (Previous Year: Rs.76.07 Lacs) ]		

### Schedule 18 : Personnel Expenses

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Salaries, wages and bonus	1,690.19	1,021.03
Contribution to provident fund and other funds	208.12	160.86
Contribution / Provision for Retirement Benefits	144.38	97.33
Workmen and staff welfare expenses	176.82	118.83
<b>TOTAL</b>	<u>2,219.51</u>	<u>1,398.05</u>

### Schedule 19 : Operating and Other Expenses

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Consumption of stores and spares	189.56	53.56
Containers & Packing Materials	459.93	379.01
Power and fuel	1,612.07	1,121.01
Freight and forwarding charges	839.73	725.67
Rent	15.91	2.58
Rates and taxes	31.01	8.09
Insurance	79.30	48.53
Repairs and maintenance		
- Plant and Machinery	684.46	505.05
- Buildings	33.95	16.39
- Others	48.86	57.31
Advertising and sales promotion	96.19	28.40
Commission	582.22	360.05
Travelling and conveyance	235.02	171.27
Communication costs	36.16	23.19
Printing and stationery	29.53	19.04
Legal and professional fees	239.81	121.68
<b>CARRIED FORWARD</b>	<u>5213.71</u>	<u>3640.83</u>

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### Schedule 19 : Operating and Other Expenses

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
<b>BROUGHT FORWARD</b>	<b>5213.71</b>	<b>3640.83</b>
Directors' sitting fees	1.71	1.58
Commission to Other Directors	19.15	7.72
Payment to Auditors (Refer Note No 16(i) in schedule 22)	7.29	6.72
(Increase)/decrease of Excise duty on Inventory	14.08	(6.95)
Exchange difference (net)	264.58	320.92
Donations and contributions to charitable institutions	31.78	40.00
Bad-debts written off	6.04	7.75
Loss on sale of fixed assets (net)	27.70	-
Other Expenses	558.15	346.70
<b>TOTAL</b>	<b><u>6,144.19</u></b>	<b><u>4,365.27</u></b>

### Schedule 20 : Increase in Inventories

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Inventories as at March 31, 2011		
- Work-in-progress	348.16	56.73
- Finished goods	1,261.27	607.28
- Traded Goods	-	-
	<u>1,609.43</u>	<u>664.01</u>
Less: Inventories as at March 31, 2010		
- Work-in-progress	56.73	124.78
- Finished goods	755.37	725.75
- Traded Goods	4.26	-
	<u>816.36</u>	<u>850.53</u>
<b>TOTAL</b>	<b><u>(793.07)</u></b>	<b><u>186.52</u></b>

### Schedule 21 : Financial Expenses

	March 31, 2011 (Rs. in lacs)	March 31, 2010 (Rs. in lacs)
Interest		
On term loans	347.12	216.20
On banks	200.36	47.80
On Fixed Public Deposit and Fixed Loans	368.62	198.17
[Includes interest paid to Managing Director Rs.3.59 Lacs (P.Y.: Rs. 9.67 Lacs)]		
Others	11.28	5.63
Bank charges	174.24	59.58
<b>TOTAL</b>	<b><u>1,101.62</u></b>	<b><u>527.38</u></b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### Schedule 22 :

#### 1. Nature of Operation

Transpek Industry Limited ('TIL', "the Company") is into the manufacturing and export 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 (hereinafter referred to as "the Holding Company") and its subsidiary companies, hereinafter collectively referred to as "the Group".
- b. Details of the subsidiary companies considered in the consolidated financial statements are as under:

Name of the Company	Subsidiary /Joint Venture/Associate	Country of Incorporation	% Shareholding & Voting Power
Transpek Industry (Europe) Ltd.	Subsidiary	United Kingdom	100
Sam Finechem Limited	Subsidiary	India	50*

\* On the basis of control of Board of Directors.

#### 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 companies 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.
- (iv) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of share in subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- (v) Investment in other than Subsidiaries have been accounted as per Accounting Standard 13 on "Accounting for Investment".

#### 3. Statement on Significant Accounting Policies

##### a) Basis of Preparation

The financial statements have been prepared to comply within all material 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. 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 statements 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

## Schedule Forming Part of the Consolidated Accounts

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

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.

**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 as per the useful lives of the assets estimated by the management, or 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 date 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*****Technical Knowhow***

Research costs are expensed as incurred. Product development expenditure incurred on individual product project is recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the asset and use or sell it;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure capitalised as technical knowhow 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 on technical know-how 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**

Raw materials, packing materials and fuel are valued at cost and net realizable value, whichever is lower.

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

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.

Stores and spares are valued at cost and net realizable value, whichever is lower. Cost is determined on First In First Out Basis.

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

(Currency : Rupees in Lacs unless and otherwise stated)

Schedule Forming Part of the Consolidated Accounts

**NOTES TO ACCOUNTS**

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

***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 recognised 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 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) 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.

**n) Taxation**

Tax expense comprises current and deferred taxes. Current income-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 and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they 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.

The Company avails credit for MAT if there is reasonable certainty that the same would be set off in the eligible period.

**o) 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.

***Allocation of common costs:***

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

## Schedule Forming Part of the Consolidated Accounts

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

Includes general corporate income and expense items which are not allocated to any business segment.

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

**p) Employee 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 funds.
- 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 based on Projected 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 for the Holding Company.
- 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 based on Projected unit credit method 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.

**q) Provisions**

A provision is recognized when an enterprise has a present obligation as a 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.

**r) Earnings 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.

**s) Cash and Cash Equivalents**

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

4. In the past the Company was eligible for a Sales tax incentive scheme amounting to Rs.1084.03 lacs (Previous Year: Rs.1084.03 lacs). Post completion of such incentive scheme, the Company has re-paid the amount of Sales tax deferred during the period the scheme was in force, and has applied to the Sales tax Department for a No Dues certificate. Pending reconciliation of the amount with sales tax department, the balance of Rs.49.61 lacs (Previous Year: Rs. 49.61 lacs) has been included in Current Liabilities.
5. In the last year Company had prepared fixed asset register. Moreover, physical verification for part of the Plant & Machinery was carried out. The differences observed on account of excess depreciation charged in the earlier years and the differences between the assets physically available and assets as per books was charged off to the profit and loss accounts in the previous year as an exceptional item.



(Currency : Rupees in Lacs unless and otherwise stated)

## Schedule Forming Part of the Consolidated Accounts

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

Similarly during the current year physical verification was carried out for part of the Plant and Machinery and no discrepancies were observed.

**6. (a) Contingent Liabilities (to the extent not provided for) (Rs. in lacs)**

Sr. No.	Particulars	As on March 31, 2011	As on March 31, 2010
(a)	Disputed Income Tax Liability	508.41	848.09
(b)	Disputed Sales Tax Liability	83.55	259.06
(c)	Guarantees given by Banks to third parties on behalf of the Company	10.54	23.05
(d)	Claims against the Company not acknowledged as debts (mainly on account of outstanding law suits)	264.25	134.25

**7. Capital Commitment**

The estimated amount of contracts, net of advances remaining to be executed on capital account at March 31, 2011 is Rs.424.34 lacs (Previous Year: Rs.111.83 lacs).

8. Excise duty on sales amounting to Rs.900.56 lacs (Previous Year: Rs.432.23 lacs) has been reduced from sales in profit & loss account and excise duty on increase/(decrease) in stock amounting to Rs.14.08 lacs (Previous Year: Rs.6.95 lacs) has been considered as Expense in Schedule 19 of financial statements.

9. The Company has an investment in equity shares of Excel Industries Limited amounting to Rs.226.76 lacs. In respect of this investment, the Company had, in the previous year, recognized a diminution in the value of investment amounting to Rs.88.63 lacs. The market value of this investment at March 31, 2011 is Rs.116.16 lacs (Previous Year: Rs.91.85 lacs). 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, 2011.

10. Provision for Taxation includes provision for Wealth Tax amounting to Rs.1.26 lacs (Previous Year: Rs.0.79 lacs).

11. The amount of unsecured Loans from others includes 15% cumulative non-convertible redeemable preference shares amounting to Rs.150.00 Lacs.

**12. Related Party Disclosures**

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 TML Industries Limited Shroffs Engineering Limited Anshul Speciality Molecules Limited Anshul Agencies Shroffs Foundation Trust Agrocel Industries Limited Transchem Agritech Limited Hyderabad Chemical Products Limited C.C. Shroff Research Institute Sam Organics Limited Sam International
Key Management Personnel	Atul G. Shroff Bimal V. Mehta (appointed w.e.f. 09.04.2010) Deepak N. Mehta

## Schedule Forming Part of the Consolidated Accounts

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

Relatives of key management personnel	Ashwin C. Shroff Dipesh K. Shroff Vishwa A. Shroff Shruti A. Shroff Chaitanya D. Shroff Bharti D. Mehta Kundanben N. Mehta Sameet D. Mehta Harish N. Mehta Rekha H. Mehta
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**(b) Transactions along with related parties for the year ended March 31, 2011 and March 31,2010 are as follows: (Previous Year's figures are shown in brackets)**

(Rs. in lacs)

Particulars	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel and relatives	Total
Sales of Goods	852.57 (495.07)	-	852.57 (495.07)
Other Income	0.02 (0.29)	-	0.02 (0.29)
Sale of Fixed Assets	- (26.70)	-	0.79 (26.70)
Dividend Received	4.33 (1.78)	-	4.33 (1.78)
Dividend Paid	-	16.83 (14.16)	16.83 (14.16)
Commission Paid	45.82 (26.67)	7.72 (5.00)	53.54 (31.67)
Purchase of Goods	138.99 (17.05)	-	138.99 (17.05)
Purchase of Fixed Assets	1.23 (21.87)	-	1.23 (21.87)
Office Rent	4.14 (0.33)	5.94	10.08 (0.33)
Services Availed	1.01 (49.61)	-	1.01 (49.61)
Services Rendered	1.72	-	1.72
Donations Paid	- 28.75 (11.76)	-	- 28.75 (11.76)
Trade Advance Given	- (0.30)	-	- (0.30)
Deposit/Loan Taken	117.19	20.00	137.19
Deposit/Loan Repaid	- 197.56	(200.00) 174.53	(200.00) 372.09
	-	(50.00)	(50.00)

(Currency : Rupees in Lacs unless and otherwise stated)

Schedule Forming Part of the Consolidated Accounts

**NOTES TO ACCOUNTS**

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

(Rs. in lacs)

Particulars	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel and relatives	Total
Advances Received back	-	-	-
	(10.00)	-	(10.00)
Interest Paid	<b>122.23</b>	<b>12.62</b>	<b>134.85</b>
	(0.32)	(9.00)	(9.32)
Investment	-	-	<b>876.58</b>
	-	-	N.A.
Prior period expense	<b>0.69</b>	-	<b>0.69</b>
	-	-	-
Reimbursements charged by the company	<b>4.87</b>	-	<b>18.64</b>
	-	-	(13.77)
Reimbursements charged to the company	-	-	-
	-	-	(37.14)
Remuneration to ED	-	<b>55.76</b>	<b>55.76</b>
	-	-	-
Managerial Remuneration*	-	<b>134.41</b>	<b>134.41</b>
	-	(82.99)	(82.99)
Director Sitting Fees	-	<b>1.74</b>	<b>1.74</b>
	-	(0.25)	(0.25)
Salary Paid	-	<b>2.00</b>	<b>2.00</b>
	-	(0.76)	(0.76)
Balance Outstanding at the year end: Accounts Payables	<b>777.72</b>	-	<b>777.72</b>
	(28.64)	-	(28.64)
Accounts Receivables including Trade Advance	<b>173.61</b>	-	<b>371.00</b>
	(140.83)	-	(142.81)
Agency Deposit	<b>4.00</b>	-	<b>4.00</b>
	(4.00)	-	(4.00)
Advance Given	-	-	-
	(0.30)	-	(0.30)
Interest Payable	-	-	-
	-	(0.06)	(0.06)
Fixed Deposits	-	<b>15.61</b>	<b>15.61</b>
	-	(15.61)	(15.61)
Remuneration payable to ED	-	<b>19.15</b>	<b>19.15</b>
	-	-	-
Remuneration payable to Managing Director	-	<b>28.10</b>	<b>28.10</b>
	-	(10.37)	(10.37)

\* As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are 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:

Particulars	(Rs. in lacs)	
	Year ended March 31, 2011	Year ended March 31, 2010
<b>A) Transactions during the year</b>		
<b>Sale of Goods</b>		
Excel Crop Care Limited	461.39	308.54
Hyderabad Chemical Products Limited	243.69	149.65
<b>Sale of Fixed Assets</b>		
Agrocel Industries Limited	-	8.62
Excel Industries Limited	-	17.56
<b>Other Income</b>		
Agrocel Industries Limited	-	0.29
<b>Dividend Received</b>		
Agrocel Industries Limited	1.20	1.00
Excel Industries Limited	3.13	0.78
<b>Dividend Paid</b>		
- Atul G. Shroff	6.36	5.15
- Shruti A. Shroff	7.65	6.44
- Vishwa A. Shroff	1.96	1.96
<b>Purchase of Goods</b>		
Excel Industries Limited	-	17.05
Sam Organics Limited	135.85	-
<b>Purchase of Fixed Assets</b>		
Transchem Agritech Limited	0.53	21.87
<b>Office Rent</b>		
Agrocel Industries Limited	4.14	0.33
<b>Services Availed</b>		
CCSR	0.12	-
Excel Industries Limited	-	39.01
Shroffs Foundation Trust	0.03	6.00
<b>Commision Paid</b>		
Anshul Agencies	45.83	26.67
Ashwin C. Shroff	1.00	2.50
Dipesh K. Shroff	-	2.50
<b>Others</b>		
Shroffs Foundation Trust	-	0.24
<b>Donation Paid</b>		
Shroffs Foundation Trust	28.75	11.76

(Currency : Rupees in Lacs unless and otherwise stated)

Schedule Forming Part of the Consolidated Accounts

**NOTES TO ACCOUNTS**

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

(Rs. in lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
<b>Deposit/Loan Taken</b>		
Atul G. Shroff	-	200.00
Sam Organics Limited	<b>101.19</b>	-
Sam International	<b>16.00</b>	-
<b>Interest Paid</b>		
Sam Organics Limited	<b>113.65</b>	-
<b>Deposit Re-paid</b>		
Atul G. Shroff	<b>150.00</b>	50.00
Sam Organics Limited	<b>140.65</b>	-
Sam International	<b>56.91</b>	-
<b>Advances received back</b>		
Agrocel Industries Limited	-	10.00
<b>Reimbursements charged by the company</b>		
Excel Crop Care Limited	<b>1.72</b>	-
<b>Managerial remuneration</b>		
Atul G. Shroff	<b>104.41</b>	82.23
Bimal V. Mehta	<b>55.76</b>	-
Deepak N. Mehta	<b>30.00</b>	-
<b>Interest Paid</b>		
Anshul Agencies	<b>0.32</b>	0.32
Atul G. Shroff	<b>11.07</b>	7.43
Shruti A. Shroff	<b>1.55</b>	1.56
<b>B) Closing Balance as at end of the year :</b>		
<b>Outstandings</b>		
Transchem Agritech Ltd.	<b>0.85</b>	19.90
Anshul Agencies	-	8.74
Shruti A. Shroff	<b>15.61</b>	15.67
Atul G. Shroff	<b>15.61</b>	167.06
Sam Organics Limited	<b>761.26</b>	-
<b>Receivable Including Trade Advance</b>		
Excel Crop Care Limited	<b>94.12</b>	65.37
Agrocel Industries Limited	<b>14.10</b>	13.74
Hyderabad Chemical Products Limited	<b>57.25</b>	39.78
Shroffs Foundation Trust	-	0.30
<b>Indenting Agency Deposit</b>		
Anshul Agencies	<b>4.00</b>	4.00

Schedule Forming Part of the Consolidated Accounts

**NOTES TO ACCOUNTS**

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

**13. Earnings Per Share**

		Year Ended March 31, 2011	Year Ended March 31, 2010
<b>Basic and Diluted Earnings per Share</b>			
Profit after tax (Rs. in lacs)	(A)	995.05	454.60
Weighted average number of equity shares outstanding during the year	(B)	5,872,040	5,830,761
Basic Earning Per Share (in Rupees)	(A)/(B)	16.95	7.80
Nominal Value of Equity Share (in Rupees)		10.00	10.00

**14. 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.

**Information pertaining to Secondary Segment**

**Gross revenue as per Geographical Locations**

(Rs. in lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Within India	8,722.05	4,974.46
Asia	2,971.25	3,076.70
Europe	5,010.58	2,779.14
North America	2,984.47	418.72
South America	1.01	91.72
<b>TOTAL</b>	<b>19,689.36</b>	<b>11,340.74</b>

**Carrying value of segment assets**

(Rs. in lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Within India	19,738.73	11,660.75
Asia	488.16	369.06
Europe	515.86	1,521.19
North America	361.06	319.49
South America	-	-
<b>TOTAL</b>	<b>21,103.81</b>	<b>13,870.49</b>

(Currency : Rupees in Lacs unless and otherwise stated)

**NOTES TO ACCOUNTS****Schedule 22 : Notes to Accounts : Cont'd...****Fixed Assets by Geographical Locations**

The Company has common fixed assets for producing goods for domestic as well as overseas market. There are no fixed assets situated outside India. Hence, additional segment-wise information for fixed assets / additions to fixed assets has not been furnished.

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

Nature of Contract	Currency	March 31, 2011	March 31, 2010	Purpose
Sale	US \$	15.31	20.50	Hedge of receivables
Purchase	US \$	14.70	1.98	Hedge of Payables

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

Particulars	As on March 31, 2011	As on March 31, 2010
Debtors		
- USD	10.75	28.01
- EURO	3.03	0.33
- GBP	0.29	0.03
Creditors & Other Liabilities		
- USD	8.64	0.70
- EURO	0.02	-
Term Loans from Banks		
- USD	-	6.34

(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 crystalizes. Based on mark to market concept, the loss amounts to Rs.419.95 lacs (Previous Year: Rs.723.36 lacs) as at March 31, 2011 in respect of the aforesaid outstanding foreign currency derivatives contract.

**16. Supplemental Statutory Information****i. Auditor's Remuneration****(Rs. in lacs)**

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Audit Fees	5.25	4.00
Tax Audit Fees	-	0.75
Fees for other services	1.75*	1.30
Out of pocket expenses	0.29*	0.67
<b>TOTAL</b>	<b>7.29</b>	<b>6.72</b>

\* Includes Rs.0.99 Lacs to previous Auditors.

ii. Donations Include Donation made to Bhartiya Janta Party (political party) Rs. Nil (Previous Year: Rs.10.00 lacs)

Schedule Forming Part of the Consolidated Accounts

## NOTES TO ACCOUNTS

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

- iii. (a) Research and Development costs, as certified by the management, debited to the profit and loss account as under:

Particulars	(Rs. in lacs)	
	Year ended March 31, 2011	Year ended March 31, 2010
a) Revenue expenses debited to appropriate heads of account	137.88	51.20
b) Depreciation on Research and Development Assets	18.67	15.28
<b>TOTAL</b>	<b>156.55</b>	<b>66.48</b>

- (b) Capital Expenditure incurred during the year on Research and Development Rs.109.49 Lacs ( Previous Year Rs.3.16 Lacs)

- (c) The company has made an application to Department for Scientific and Industrial Research for their approval u/s 35 (2AB) of the Income Tax Act, 1961. Though the said approval is not yet received, the company has considered weighted deduction u/s 35 (2AB), since it has reason to believe that it has complied all the conditions mentioned in the sanction for obtaining the certificate.

- i) Directors' Remuneration

Particulars	(Rs. in lacs)	
	Year ended March 31, 2011	Year ended March 31, 2010
<b>a) Paid to Managing Director</b>		
Salary and Incentives	49.00	31.00
Contribution to Provident and Other Funds	10.81	9.86
Perquisites	49.00	31.00
Performance Incentive	25.60	10.37
<b>TOTAL</b>	<b>134.41</b>	<b>82.23</b>
<b>b) To Executive Director</b>		
Salary and Incentives	16.43	N.A.
Contribution to Provident and Other Funds	3.75	N.A.
Perquisites	16.43	N.A.
Commission	19.15	N.A.
<b>TOTAL</b>	<b>55.76</b>	<b>N.A.</b>
<b>c) To Non Executive Directors Commission (included in other expense)</b>	<b>19.15</b>	<b>7.72</b>
<b>GRAND TOTAL</b>	<b>209.32</b>	<b>89.95</b>

**Note:** The liability for leave encashment is provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

17. Previous year figures have been regrouped/rearranged wherever necessary.

#### Signatures to Schedules '1' to '22'

For and on behalf of the Board of Directors

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

**Himanshu Kishnadwala**  
Partner

Place : Vadodara  
Date : May 27, 2011

A. C. Shroff (Chairman)  
A. G. Shroff (Managing Director)  
Bimal V. Mehta (Executive Director)  
M. D. Patel (Director)  
D. K. Shroff (Director)  
S. K. Solanki (Company Secretary)

Place : Vadodara  
Date : May 27, 2011



(Currency : Rupees in Lacs unless and otherwise stated)

**Financial Information of Subsidiary Companies**

Reporting Currency	Sam Finechem Ltd. Transpek Industry (Europe) Ltd.		
	INR		GBP
	Rs.in Lacs	Rs.in Lacs	In GBP
1 Capital	208.58	0.02	20
2 Reserve	820.19	-	
3 Total Assets	3066.78	35.94	49972
4 Total Liabilities	3066.78	35.94	49972
5 Investment	5.05	-	
6 Total Income	2633.76	-	
7 (Profit)/Loss Before Tax	533.91	-	
8 Provision for Deferred Tax	(63.87)	-	
9 (Profit)/Loss After Tax	470.03	-	
10 Proposed Dividend			
11 Country	India		U.K

As on 31.03.2011 : 1 GBP = Rs.71.92

For and on behalf of the Board of Directors

A. C. Shroff (Chairman)  
A. G. Shroff (Managing Director)  
Bimal V. Mehta (Executive Director)  
M. D. Patel (Director)  
D. K. Shroff (Director)  
S. K. Solanki (Company Secretary)

Place : Vadodara  
Date : May 27, 2011

## 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	31 <sup>st</sup> March, 2011
3. Date from which it became subsidiary	22 <sup>nd</sup> 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, 2011, 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, 2011, 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 both Transpek Industry Limited and its Subsidiary Company are ended on 31st March, 2011 and hence no information pursuant to Section 212(5) is given.	

**Note:**

The income and expenditure incurred by the Subsidiary Company 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)  
Bimal V. Mehta (Executive Director)  
M. D. Patel (Director)  
D. K. Shroff (Director)  
S. K. Solanki (Company Secretary)

Place : Vadodara  
Date : May 27, 2011

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

1. Name of the subsidiary company	Sam Finechem Limited
2. The financial year of the subsidiary company ended on	31st March, 2011
3. Date from which it became subsidiary	31st March, 2011
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	2,92,919 Equity Shares of Rs. 10/- each
(b) Extent of holding	50%
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, 2011, amounted to:	
(i) for the subsidiary company's financial year ended as in (2) above.	(278.72)
(ii) for pervious financial years of the subsidiary company	(496.22)
(b) dealt with in the accounts of Transpek Industry Limited for the year ended 31st March, 2011, 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 both Transpek Industry Limited and its Subsidiary Company are ended on 31st March, 2011 and hence no information pursuant to Section 212(5) is given.	

For and on behalf of the Board of Directors

A. C. Shroff (Chairman)  
A. G. Shroff (Managing Director)  
Bimal V. Mehta (Executive Director)  
M. D. Patel (Director)  
D. K. Shroff (Director)  
S. K. Solanki (Company Secretary)

Place : Vadodara  
Date : May 27, 2011

## SEVEN-YEARS HIGHLIGHTS

(Rs. in Lacs)

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>I CAPITAL ACCOUNTS</b>							
A Share Capital	587.20	587.20	559.30	532.67	507.30	507.30	507.30
B Reserves	5802.51	4797.22	4360.34	3587.52	3432.31	3056.67	3162.21
C Shareholders' Fund (A+B)	6389.71	5384.42	4919.64	4120.19	3939.61	3563.97	3669.51
D Borrowings*	6572.44	5047.26	4670.52	3284.89	3284.26	3207.55	2438.35
E Fixed Assets							
i Gross Block	13897.66	11426.75	10902.73	9278.33	8543.87	7089.11	5744.11
ii Net Block	8853.61	6902.39	6846.64	5631.93	5332.74	4261.09	3226.73
F Debt-Equity Ratio	1.03:1	0.94:1	0.95:1	0.80:1	0.83:1	0.90:1	0.66:1
<b>II REVENUE ACCOUNTS</b>							
A Sales Turnover**							
i Domestic	7795.81	4974.46	5953.71	4725.42	5324.94	5931.85	5565.08
ii Export	10434.44	6366.28	10707.29	5954.56	2705.83	1794.39	1019.56
TOTAL	18230.25	11340.74	16661.00	10679.98	8030.77	7726.24	6584.64
B Profit before taxes	1709.13	606.53	1243.42	205.07	743.56	809.15	821.85
C Return on Shareholders' Fund %	26.75	11.26	25.27	4.98	18.87	22.70	22.40
<b>III EQUITY SHAREHOLDERS' EARNINGS</b>							
A Earning per Equity Share Rs.	21.77	7.80	14.81	2.26	9.16	9.89	10.11
B Dividend per Equity Share # Rs.	4.00	2.50	2.50	1.50	1.50	2.50	2.00
C Dividend Payout Ratio %	21.36	37.66	20.71	81.41	19.16	28.81	22.56
D Net Worth per Equity Share	98.82	81.70	77.96	67.35	67.66	60.25	62.33
E Market price of Share as on 31st March	137.05	63.50	47.05	62.50	67.15	83.15	73.80

\* Borrowing is net of Cash and Bank balance

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

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

**Previous year figures have been regrouped/rearranged wherever necessary**

# ATTENDANCE SLIP

L.F. No. / Client ID No.

No. of Shares held



## ANNUAL GENERAL MEETING

I / We hereby record my / our presence at the Forty-Fifth Annual General Meeting of the Company held at Hotel Express Tower, "Oaks Room", 8 Floor, R.C. Dutt Road, Alkapuri, Vadodara - 390 007. (Gujarat) on Thursday, 25<sup>th</sup> August, 2011 at 3:30 p.m.

Name of the Shareholders / Beneficial Owners (IN BLOCK LETTERS)	<input type="text"/>
Signature of the Shareholders / Beneficial Owners	<input type="text"/>
Name of the Proxy (IN BLOCK LETTERS)	<input type="text"/>
Signature of the Proxy	<input type="text"/>

**NOTE:**

1. You 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



## ANNUAL GENERAL MEETING

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-Fifth Annual General Meeting of the Company to be held on Thursday, 25<sup>th</sup> August, 2011 and at any adjournment thereof.

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

Signed this ..... Day of ..... 2011.

Please  
Affix  
Re. 1  
Revenue  
Stamp

Transpek Industry Limited



Summer Training Workshop for  
children of surrounding villages



Summer Training Workshop for  
children of surrounding villages



#### **TRAN SPEK 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 Ekaibara-391 440, Taluka-Padra  
District - Vadodara, Gujarat, India.  
Phone : +91 2662 244444, 244318, 244309  
Fax : +91 2662 244439



#### **Sam Finechem Limited**

*A subsidiary of Transpek Industry Limited.*

##### **REGISTERED OFFICE**

"Survey No. 47, Hadamtala Industrial Area  
Nr. Bhunava Patiya, Rajkot - Gondal NH 8B  
Tal Kotda Sangini, Dist. Rajkot - 360 030  
Gujarat, (India)  
Ph.: +91-2827-270591/92  
Fax : +91-2827-270592  
E-mail : info@samfinechem.com  
Web : www.samfinechem.com



#### **TRAN SPEK INDUSTRY (EUROPE) LIMITED**

*A wholly owned subsidiary of Transpek Industry Limited.*

##### **REGISTERED OFFICE**

2nd Floor, 1 Risborough Street SE1 OHF  
LONDON, U.K.  
Telefax : +44 (0) 207 9287771  
Email : tileurope@gmail.com

