



***TPI* INDIA LIMITED**

**31st  
ANNUAL REPORT  
2012-2013**

BOARD OF DIRECTORS : H. C. Parekh Chairman & Managing Director  
B. C. Parekh Executive Director  
Akshay Bhatt Independent Director  
Sandeep Poddar Independent Director

AUDITORS : M/S. B. R. DALAL & CO.  
Chartered Accountants

BANKERS : Union Bank of India  
Kokan Mercantile Co-op. Bank Ltd.

FINANCIAL INSTITUTIONS : SICOM Investment & Finance Ltd.

REGISTERED OFFICE : J-61, Additional M. I. D. C. Area  
Murbad, Dist. Thane.

REGISTRAR AND  
TRANSFER AGENT : COMPUTRONICS Financial Services (India) Limited  
1, Mittal Chambers,  
Nariman Point, Mumbai 400 021.

PLANTS : J-61, Additional M. I. D. C. Area  
Murbad, Dist. Thane.

F-4 M. I. D. C. Industrial Area,  
Murbad, Dist. Thane.

**DIRECTOR'S REPORT**

To,  
The Members,  
TPI INDIA LIMITED

Your Directors are pleased to present the Thirty First Annual Report together with the audited financial statements for the year ended 31<sup>st</sup> March, 2013. (Rs. in Lacs)

| FINANCIAL RESULTS :                                                            | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
|--------------------------------------------------------------------------------|--------------------------|--------------------------|
| Total Income                                                                   | 2100.41                  | 2050.03                  |
| Total Expenditure                                                              | 1774.20                  | 1697.59                  |
| Profit/(Loss) before Interest, Depreciation, Amortisation<br>Exceptional Items | 326.21                   | 352.44                   |
| Less : Interest                                                                | 222.78                   | 261.20                   |
| Depreciation                                                                   | 76.82                    | 75.91                    |
| Profit / (Loss) before Exceptional Item & Tax                                  | 26.61                    | 15.33                    |
| Add : Exceptional Items                                                        | Nil                      | 1.73                     |
| Profit / (Loss) Before Tax                                                     | 26.61                    | 13.60                    |
| Less : Provision for Taxation                                                  | Nil                      | Nil                      |
| Profit / (Loss) After Tax                                                      | 26.61                    | 13.60                    |

**DIVIDEND :**

In view of the accumulated losses and to conserve resources for the business of the Company, the Board of Directors of your Company regret their inability to recommend any dividend for the year ended 31<sup>st</sup> March, 2013

**OPERATION REVIEW :**

The global economy in the Financial Year (FY) 2012-13 improved slowly, but was short on expectation. Several European economies experienced recession due to high unemployment, banking fragility, fiscal tightening and sluggish growth. Deceleration in industrial output and exports weakened India's economic growth significantly.

FY 2012-13 proved to be a challenging year amidst global economic uncertainties and disturbances in many parts of the world. Despite of these constraints and challenging environment, the company performed reasonably well and the highlights of the performance are as under :

- The total income of Rs. 2100.41 lacs during the year against Rs. 2050.03 lacs during the previous year.
- The Operational Profit before interest and depreciation and interest for the year under review is Rs. 326.21 lacs as against Rs. 352.44 lacs during the previous year.

Further during the year, SICOM Investment and Finance Limited has subscribed for Preference shares upto Rs. 500 lacs and Equity shares upto Rs. 300 Lacs and appropriated subscription amount towards its Secured Debts.

**FUTURE OUTLOOK:**

The Indian economy continues to face challenges on the road to sustained recovery. The economic crisis and its ramification have accelerated the shift of economic power. Despite of prevailing economic uncertainties, in long-term, India continues to offer considerable opportunities aided by its favorable demographic profile



With the dilution of Jute order by 10%, which is further expected to be diluted by 30%, the demand for packing food grains in PP woven sacks is going to increase substantially. During the year under review, the Company received its first Order of Rs. 100 lacs from Director General of Supplies and Disposals (DGS&D) in March and executed the same.

With increasing global integration, the large consumer market has attracted global companies for their manufacturing hub / tie-up in India. Your Company has also been associated with GRIEF, US based Bulk Bag Manufacturer, for supply of FIBCs on job work basis to cater to their growing demand domestically and globally. The Company is in discussion with them on Long term investment for FIBC business.

Year ahead looks promising with subscription towards Preference and Equity Shares from SICOM Investment & Finance Limited (SIFL). Further with the Net worth of the Company becoming positive in the current year, the Company will be able to raise the funds for its operations at normal banking rate of interest from nationalized bank & thereby there will be saving in the cost of finance.

With new petrochemical complexes being set up such as Hindustan Energy Mittal Limited (HEML) and expansion of existing manufacturer like IOCL, Reliance Industries Limited, the Demand for Kraft Lined Bags is also going to increase.

#### **FIXED DEPOSITS :**

The Company had accepted unsecured loan to meet the working capital requirement of the Company. The acceptance of said unsecured loan has resulted into non-compliance with section 58A of the Companies Act, 1956. The business circumstances has forced the Company to avail unsecured loan. The Management is of the opinion that considering the Company being under BIFR purview, the consequences associated with contravention of section 58A of the Companies Act, 1956 will be diluted.

#### **DIRECTOR'S:**

Mr. Hasmukh C. Parekh retires by rotation and being eligible offer himself for re-appointment.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement u/s 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is confirmed:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to the material departures.
- that the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give True and Fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for that period.
- that the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the Directors have prepared the annual accounts on a going concern basis.

#### **PERSONNEL :**

There were no employees covered u/s 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

#### **ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:**

Particulars pursuant to section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 are given in the Annexure forming the part of this Report.

**AUDITORS:**

M/s B. R. Dalal & Co. Chartered Accountants, retires at the conclusion of the forthcoming Annual General Meeting and have expressed their willingness to continue as Statutory Auditor for the Financial Year 2013-14. The relevant certificate to the effect that their appointment, if made, will be in pursuant to section 224(1B) of the Companies Act, 1956 has been received. The resolution for their re-appointment is being submitted to the Annual General Meeting.

**AUDITORS' REPORT:**

The Comments in the Auditors Report are self explanatory and suitably explained in the Notes to the Accounts.

**SICK INDUSTRIAL COMPANY:**

As informed earlier, the Company had been declared as Sick Industrial Company u/s 3(i)(o) of Sick Industrial Companies (Special Provision) Act, 1985, at BIFR hearing held on 12<sup>th</sup> December, 2005 and IDBI was appointed as Operating Agency.

At the hearing held on 1<sup>st</sup> September, 2010 BIFR has approved the Rehabilitation Scheme under reference SS-10. The IDBI has been appointed as Monitoring Agency and Monitoring Committee has been constituted for review and appraisal.

The BIFR has approved reduction of capital and has directed the Company to submit Modified Draft Rehabilitation Scheme at the hearing held on 19<sup>th</sup> March, 2013. The Company is in the process of finalizing and submitting MDRS to BIFR.

**CORPORATE GOVERNANCE:**

A report on the Corporate Governance is annexed hereto and forms part of this Report.

**HUMAN RESOURCES DEVELOPMENT:**

Talent Management, leadership development and succession planning are the major focus areas for the Company. Your Company have been focusing on acquiring and retaining the talent with requisite competencies. The Company is committed to create an appropriate climate, opportunities and systems to facilitate identification, development and utilization of their full potential. The Company provide in house training to its workers.

The Management of the Company enjoys cordial relations with its employee at all levels. The Board of Directors wish to place on record its highest appreciation for the contribution made by all the employees in achieving growth of the Company

**CASH FLOW STATEMENT:**

In conformity with the clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2013 is annexed hereto.

**ACKNOWLEDGEMENT:**

Your Directors place on record their appreciation for the assistance and co-operation extended by SICOM Ltd. SICOM Investment and Finance Limited (SIFL), Kokan Mercantile Co-op. Bank Ltd., Union Bank of India and all the government authorities. Your Directors also acknowledge with thanks the continued support and confidence reposed in the Management by the Company's Shareholders, Customers and suppliers.

*For and on behalf of the Board*

Place : Mumbai  
Date : 30th May, 2013

H. C. Parekh  
CHAIRMAN

## ANNEXURE TO THE DIRECTORS' REPORT

Information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988

### A. CONSERVATION OF ENERGY:

- i) Energy Conservation measure taken:
  1. Regular monitoring of consumption, efforts for increase in Power Factor and upto date maintenance.
  2. Adopted natural lights wherever possible
  3. Improved operation methods helped in achieving better productivity which in turn reduce the Power Consumption.
  4. Greater employee awareness made about need of energy conservation which in turn resulted in switching off lights, fans and machinery when not required.
- ii) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy :- NIL
- iii) Impact of the measures at (a) and (b) above for reduction of energy conservation and consequent impact on the production of goods. However the said impact has not been measured.

### B. TECHNOLOGY ABSORPTION :

#### i) RESEARCH & DEVELOPMENT

The Company continues to lay emphasis on improving quality, upgradation of existing formulations, minimizing dependence on scarce and improved raw materials

As a result of these efforts, the Company has been able to produce better products and these have been well received in the market.

The Company will continue its efforts to improve the quality of its products.

The revenue expenditure incurred has been charged under the primary heads of accounts and hence are not identifiable separately. No capital expenditure on R & D has been incurred during the year under review.

#### ii) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

- 1) Efforts in brief made towards technology absorption, adoption and innovation. The Technology imported has been fully absorbed.
- 2) Benefit derived as a result of the above efforts: The FIBCs manufactured with imported technology facilitate bulk transport of materials. The FIBCs have good export potential.
- 3) Technology imported during the last five years : NIL

### C. FOREIGN EXCHANGE EARNING AND OUTGO:

|                           | (Rs. In lacs) |           |
|---------------------------|---------------|-----------|
|                           | 31.3.2013     | 31.3.2012 |
| Foreign Exchange Earned : | Nil           | Nil       |
| Foreign Exchange Outgo :  | Nil           | 3,23,587  |

For and on behalf of the Board

Place : Mumbai  
Date : 30th May, 2013

H. C. Parekh  
Chairman



**REPORT ON CORPORATE GOVERNANCE**

Your Directors submit their report on the Corporate Governance of the Company for the Financial year 2012-2013.

**COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company Philosophy on Corporate Governance is to adopt internal and external measures to increase the level of transparency and accountability and to respect the laws of land & rights of stakeholders and to uphold at all times fundamental values of accountability, probity and transparency. Your Company has been declared as Sick Industrial Company under section 3(i)(o) of Sick Industrial Companies (Special Provision) Act, 1985 and at the BIFR hearing held on 1<sup>st</sup> September, 2010, BIFR has approved the Rehabilitation Scheme under reference SS-10. The IDBI has been appointed as Monitoring Agency and Monitoring Committee has been constituted for review and appraisal. Due to vicious cycle of liquidity crunch and lower capacity utilization, your Company stands to meet its commitments of Corporate Governance to a limited extent. As a productive step, your Company has implemented the code of Corporate Governance as stipulated in the Listing Agreement and report in line with is given below:

**MANAGEMENT DISCUSSION:**

The Company had moved Miscellaneous Application before BIFR for Reduction of Capital and Equity subscription by SIFL. Both the Application was heard on 19<sup>th</sup> March, 2013 and BIFR has allowed Reduction of Capital by 90% with reduction in the face value of share from Rs. 10/- each to Re. 1/- each and directed the Company to submit Modified Draft Rehabilitation Scheme (MDRS) for considering Equity subscription by SIFL. The Company is in the process of finalizing and submitting MDRS to BIFR.

Further, during the year SICOM Investment & Finance Ltd (SIFL) has subscribed for Preference upto Rs. 500.00 Lacs and Equity Shares upto Rs. 300.00 Lacs and appropriated of subscription amount towards its Debts and promoters' contribution of Rs. 350.00 lacs under Sanctioned Scheme of BIFR has been converted into equity capital with allotment of Equity shares. With the above development, the Debt Equity ratio has improved as well as the Net Worth of the Company is also getting positive on allotment of subscribed Equity by SIFL. Consequentially now the Company is in the position to borrow funds from nationalized banks at normal rate of interest.

**BOARD OF DIRECTORS:**

The Board of Directors comprises of Two Executive Directors and Two Independent Non-Executive Directors. During the financial year 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March 2013, Board Meetings were held on 9<sup>th</sup> May, 2012, 14<sup>th</sup> August, 2012, 9<sup>th</sup> November, 2012 and 14<sup>th</sup> February, 2013.

The Composition of the Board of Directors and their attendance at the meetings during the year and at the last Annual General Meeting as also number of the other Directorship/Membership of Committees are as follows:

| Name of the Director | Category of Directorship | No. of Board Meeting attended | Attendance of last AGM | No. of Other Directorship |        |          |
|----------------------|--------------------------|-------------------------------|------------------------|---------------------------|--------|----------|
|                      |                          |                               |                        |                           | Member | Chairman |
| Mr. H. C. Parekh     | ED                       | 4                             | YES                    | —                         | NIL    | NIL      |
| Mr. B. C. Parekh     | ED                       | 4                             | YES                    | —                         | NIL    | NIL      |
| Mr. Akshay Bhatt     | NED                      | 4                             | YES                    | —                         | —      | —        |
| Mr. Sandeep Poddar   | NED                      | 4                             | YES                    | —                         | —      | —        |

NED – Non-Executive Director

ED – Executive Director

Audit Committee:

The Audit Committee consist of Mr. B.C. Parekh – Executive Director, Mr. Akshay Bhatt and Mr. Sandeep Poddar as Members.

The Audit committee met on 9<sup>th</sup> May, 2012, 14<sup>th</sup> August, 2012, 9<sup>th</sup> November, 2012 and 14<sup>th</sup> February, 2013 to overseas the general accounting practice and other management policies.

Remuneration Policy and Details of Remuneration Paid:

During the year under review, the Company has not paid any remuneration to Directors.

Share Transfer Committee/Investor Grievance Committee:

Shareholder's Grievance Committee was constituted to look into shareholder's/Investor's grievance relating to transfer/transmission of shares, non-receipt of Dividend/Annual Reports, duplicate share certificate & other related matter. The Shareholder/Investor Grievance committee has been constituted under the chairmanship of Mr. B.C. Parekh with Mr. Akshay Bhatt and Mr. Sandeep Poddar.

Name & Designation of Compliance Officer:

Mr. B.C. Parekh  
102 Atlanta  
Nariman point  
Mumbai 400 021

GENERAL BODY MEETINGS:

| Financial Year                    | Date                                                 | Venue                                                        |
|-----------------------------------|------------------------------------------------------|--------------------------------------------------------------|
| 1st April 2009 to 31st March 2010 | Tuesday, 28th day of September, 2010 at 11 a.m.      | Plot No. J-61, Additional MIDC Area, Murbad, District Thane. |
| 1st April 2010 to 31st March 2011 | Saturday, 9th day of July, 2011 at 11 a.m.           | Plot No. J-61 Additional MIDC Area, Murbad, District Thane.  |
| 1st April 2011 to 31st March 2012 | Wednesday, 26th day of September, 2012 at 11.00 a.m. | Plot No. J-61 Additional MIDC Area, Murbad, District Thane.  |

DISCLOSURES:

The related party transactions are reported in the notes to the Accounts of this Annual Report.

MEANS OF COMMUNICATION:

Quarterly results have been communicated to Bombay Stock Exchange limited where the shares of the Company's is listed and the same has been published in Two Newspaper-Free Press Journal(in English) and Nav Shakti(in Marathi) in terms of the requirement of Listing Agreement. Annual Reports are dispatched to all the shareholders.

SHAREHOLDER INFORMATION:

1. Annual General Meeting to be held on 7th August, 2013
2. Financial Year : 1st April 2012 to 31st March, 2013
3. Dividend Payment Date : NIL
4. Venue : Plot No. J-61, Additional MIDC Area, Murbad Dist Thane, Maharashtra.
5. Stock Exchanges : Bombay Stock Exchange Limited, Delhi Stock Exchange and Ahmedabad Stock Exchange



6. Market Price Data : The Shares of the Company are suspended for some technical reason. Hence the Share price data could not be furnished.
7. Dematerialization of Shares : As per the directive of the Stock Exchange, the Company's shares are dematerialized.
8. Registered Office : Plot No. J-61, Additional MIDC Area, Murbad, Dist Thane, Maharashtra.
9. Share Transfer Agent : Computronics Financial Services (India) Limited  
Mittal Chambers, Nariman Point, Mumbai - 400 021.
10. Demat Arrangement : NSDL and CDSL
11. ISIN : INE578C01013
12. BSE Stock Code : 500421

**MANAGEMENT DISCUSSION AND ANALYSIS****OVERALL REVIEW, INDUSTRY STRUCTURE AND DEVELOPMENTS:**

Presently the Company is engaged in manufacturing of FIBC and Kraft Lined Paper Bags at its Murbad unit. GRIEF has underwritten entire capacity for FIBC Bags at J-61, plant at Murbad and TPI has entered into Job-work arrangement with GRIEF for FIBC bags due to lack of working capital. The World wide market for FIBCs is estimated at approximately 240 million bags per annum out of which GRIEF alone as 10% share through its activities in 28 countries. The Indian market is also growing very fast though the current size is only about 4 million bags per annum and this market is expected to go upto more than 12% p.a.

**OPPORTUNITIES AND THREAT**

Under the Job Work arrangement with GRIEF, The Company is getting opportunity to operate at its optimum level of its installed capacity and machines & equipments at factory are remained at upgraded conditions. Further with manufacturing of Kraft Lined Paper Bags (KLB) under own sale, the Company is retaining its identity in the market.

Entry of New Competitors in FIBCs to cater increased demand in domestic market due to slow down in the Global Market, Expansion of existing capacities and new manufacturing locations close to customer and competitive pricing to get more business.

**SEGMENT WISE PERFORMANCE**

Presently the Company deal in only one segment which is manufacturing of packaging items.

**FUTURE OUTLOOK**

The Company is proposing to convert its Job-Work arrangement into own sale. Further with the reduction of capital and financial engineering / structuring, Net-worth of the Company will become positive and then the Company is proposing to undertake extended expansion in its capacity with the capital required outlay. Thus through the intrinsic strength of its association with GRIEF, improved productivity, increase in the installed capacity and better capacity utilization, the Company can achieve a sustained growth over the years to come. Further with low cost and productive manufacturing support centre to GRIEF, the Company can help in increasing their share in India as well Globally.

**INTERNAL CONTROL SYSTEM**

The Company adequate internal control systems, which provide, among other things, reasonable assurance of recording the transaction of its operations in all material respects and provide protection against significance misuse of loss of Company's assets.

**HUMAN RELATIONS**

The Company believes that the manpower and business network consisting of human being is the primary and most valuable resources to the growth of organization. Your Company put all its efforts for sound and healthy human relation for development of trade and organization.

**FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The fixed rate under Job-work arrangement vis-à-vis revised energy tariff and increased Labour cost the Gross Margin is always remain in pressure. Further with the high cost of borrowing, the bottom margin for the current year is lower as can be seen from the financial statement.



**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF TPI INDIA LIMITED,****Report on the Financial Statements:**

We have audited the accompanying financial statements of TPI India Limited ("the Company"), which comprise the Balance Sheet as at **March 31, 2013**, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements:**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility:**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis for Qualified Opinion:**

Interest on differed Sales Tax Liability of Rs. 68.92 lacs have not been provided in the accounts as stated in Notes No. 26 (23).

The effect of the above will be to reduce the profit and Reserve by Rs. 68.92 lacs.

**Qualified Opinion:**

In our opinion and to the best of our information and according to the explanations given to us **except for the effects of the matter described in the Basis for Qualified Opinion paragraph and subject to Note No. 26 (23) of Notes to Accounts and read together with other notes thereon**, the financial statements give the information required by the Act 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, 2013;
- (b) in the case of the Profit and Loss Account, of the profit/loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Emphasis of Matter Paragraphs and Other Matter Paragraphs:**

We draw attention to Note 26(3) to the financial statements which deal with non provision for doubtful Trade Receivables and Loans and Advances. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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 those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For B. R. Dalal & Co.  
Chartered Accountants.

Bharat Dalal  
(Proprietor)  
Membership No. 31052  
Firm Reg. no W 102024

Place: Mumbai  
Date: 30<sup>th</sup> May, 2013.

**ANNEXURE TO THE AUDITOR'S REPORT.**

Referred to in paragraph 3 of the Auditor's Report to the Members of **TPI INDIA LIMITED** on the financial statements for the year ended **31<sup>st</sup> March, 2013**.

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the Fixed Assets have not been physically verified by the management during the year but there is regular programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its Assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off a substantial part of its Fixed Assets.
2. (a) The Inventories have been physically verified by the management at the end of the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of the business.
- (c) Proper records of Inventory has been maintained by the Company. The Discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt in the books of accounts.
3. [A] In respect of Unsecured Loans, taken by the Company from Companies, Firms or Other Parties covered in the register maintained under Section 301 of the Companies Act, 1956.

**We Report that:-**

- (a) The Company has taken unsecured loans from 5 parties aggregating to Rs.3,23,12,127/- (7,03,22,127/-) at the year end. The Maximum amount involved during the year was Rs. 5,54,97,127/- (7,03,22,127/-)
- (b) In our opinion and according to the information and explanations given to us, the rate of interest wherever applicable and other terms and conditions are not prima - facie prejudicial to the interest of the company.
- (c) In respect of loans taken by Company, Company is generally regular in repayment of principal amount and interest thereon.
- [B] The Company has not granted any Loan Secured or Unsecured to any of the parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause (iii) (a) to (g) of para 4 of the Companies (Auditor's report) Order, 2003 are not applicable to the Company.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sales of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control.
5. (a) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.



- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 500,000/- (Rupees Five Lacs Only) or more in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at relevant time.
6. *The Company has accepted certain deposits from public for which the directives issued by the Reserve Bank of India and the provision of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under have not been complied with. For the above referred accepted deposits, company has not complied with the provision like advertisement in news paper, filing of annual return, maintaining the liquid assets, rate of interest and the limit upto which the deposits can be accepted from the public. We were explained that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for the above said defaults.*
7. In our opinion, the internal audit function carried out during the period by a firm of Chartered Accountants appointed by the management are generally commensurate with the size of the company and the nature of its business.
8. Maintenance of Cost records has been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956. We have broadly reviewed the cost records maintained by the Company and are of the opinion that the same is required to be improved. We have however not made a detailed examination of the Cost records with a view to determine whether they are accurate or complete.
9. (a) According to the record of the Company, undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Income Tax, Sales Tax, Service Tax, Excise Duty have **not been deposited** within stipulated time with the appropriate authorities, except for Payment of Income Tax and Provident Fund. According to the information and explanations given to us, the arrears of outstanding statutory dues as at the last day of the financial concern for a period of more than six months from the date becoming payable are mentioned below:

(b) i) *The undisputed statutory dues are as follows:-*

| Sr. No. | Nature of Dues     | Financial Year      | Amount        | Remarks                         |
|---------|--------------------|---------------------|---------------|---------------------------------|
| 1       | Central Sales Tax  | 2002-03             | 28,69,602/-   | Relief sought under BIFR Scheme |
| 2       | Deferred Sales Tax | 91-92, 92-93 etc.   | 2,47,97,881/- | -Do-                            |
| 3       | Unpaid Dividend    | 95-96, 96-97, 97-98 | 3,17,429/-    | -                               |

- i) The disputed statutory dues aggregating to Rs. 2568.27 lacs that have not been deposited on account of disputed matter pending before appropriate authorities are as under:

| Name of the Statute | Nature of Dues | Amount of Dues | Paid to which the amount relates | Forum at which dispute is pending |
|---------------------|----------------|----------------|----------------------------------|-----------------------------------|
| Sales Tax Act       | VAT & CST      | 1760.33 Lacs   | 1994-95 to 04-05                 | CST (A)                           |
| Custom-DGFT         | Duty           | 807.94         | 94-95 to 99-00                   | DGFT-Delhi                        |



10. *The Company has accumulated losses as on 31<sup>st</sup> March, 2013 which is more than its net worth.* The Company has not incurred cash loss during the current Financial Year, and in the immediately preceding Financial Year.
11. Based on our audit procedure and according to the information and explanation given to us, we state that *there are marginal delay in repayment of dues and interest to bank and financial institutions.*
12. In our opinion and according to the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the provision of clause 4 (xii) of the Companies (Auditor's report) Order, 2003 is not applicable to the Company.
13. In our opinion the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly the provision of clause 4 (xiii) of the Companies (Auditor's report) Order, 2003 is not applicable to the Company.
14. The Company is not dealing/ trading in shares, securities and debentures. Accordingly the provision of clause 4 (xiv) of the Companies (Auditor's report) Order, 2003 is not applicable to the Company. All investments have been held by the Company in its own name.
15. The Company has not given any guarantee for loans taken by others from Banks and Financial Institutions. Accordingly the provision of clause 4 (xiv) of the Companies (Auditor's report) Order, 2003 is not applicable to the Company.
16. According to information and explanations given to us, the Company has substantially applied during the year the term loans for the purpose for which they were obtained.
17. According to the Cash Flow statement on the Balance Sheet date and records examined by us and according to the information and explanation given to us, on overall basis, *we are of the opinion that no funds raised on short term basis have been used during the year for long term investment except short term funds have been used for conversion in to Capital and Share Application Rs. 8.90 lacs*
18. During the year the company has made preferential allotment of equity shares of Rs. 3.50 Crores to parties and Companies covered in the Registrar maintained under Section 301 of the Companies Act, 1956, in terms of the Sanctioned Scheme SS-10 of 2010. The price at which the shares have been issued is not prejudicial to the interest of the Company.
19. The Company has not issued any debenture during the year. Accordingly the provision of clause 4 (xix) of the Companies (Auditor's report) Order, 2003 is not applicable to the Company.
20. The Company has not made any public issue during the year to raise money. Accordingly the provision of clause 4 (xx) of the Companies (Auditor's report) Order, 2003 is not applicable to the Company.
21. In our opinion and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year.

For B. R. Dalal & Co.  
Chartered Accountants.

Bharat Dala  
(Proprietor)  
Membership No. 31052  
Firm Reg. No:102024W

Place: Mumbai  
Date : 30<sup>th</sup> May, 2013

BALANCE SHEET AS ON 31<sup>ST</sup> MARCH 2013

| EQUITIES AND LIABILITIES                           | Note Nos. | 31.03.2013    |                     | 31.03.2012     |                     |
|----------------------------------------------------|-----------|---------------|---------------------|----------------|---------------------|
|                                                    |           | Rs.           |                     | Rs.            | Rs.Rs.              |
| <b>1 SHAREHOLDERS' FUNDS</b>                       |           |               |                     |                |                     |
| (a) Share Capital                                  | 1         | 9,29,63,470   |                     | 7,96,34,700    |                     |
| (b) Reserves and Surplus                           | 2         | (9,54,55,923) | (24,92,453)         | (16,97,88,419) | (9,01,53,719)       |
| <b>2 SHARE APPLICATION MONEY PENDING ALLOTMENT</b> |           |               | 3,00,00,000         |                |                     |
| <b>3 NON-CURRENT LIABILITIES</b>                   |           |               |                     |                |                     |
| (a) Secured Loans                                  | 3         | 3,14,86,173   |                     | 3,06,55,176    |                     |
| (b) Unsecured Loans                                | 4         | 6,95,35,008   |                     | 11,04,20,008   |                     |
| (c) Other Long Term Liabilities                    | 5         | 29,15,148     |                     | 30,65,148      |                     |
| (d) Long Term Provisions                           | 6         | 4,04,594      | 10,43,40,923        | 3,36,283       | 14,44,76,615        |
| <b>4 CURRENT LIABILITIES</b>                       |           |               |                     |                |                     |
| (a) Short-Term Borrowings                          | 7         | 3,58,08,651   |                     | 9,05,27,430    |                     |
| (b) Trade Payables                                 | 8         | 1,61,03,810   |                     | 2,40,27,853    |                     |
| (c) Other Current Liabilities                      | 9         | 66,99,387     | 5,86,11,848         | 98,19,430      | 12,43,74,713        |
|                                                    |           |               | <b>19,04,60,318</b> |                | <b>17,86,97,609</b> |
| <b>ASSETS</b>                                      |           |               |                     |                |                     |
| <b>1 NON-CURRENT ASSETS</b>                        |           |               |                     |                |                     |
| (a) Fixed Assets                                   |           |               |                     |                |                     |
| (i) Tangible Assets                                | 10        |               | 7,25,18,097         |                | 7,27,77,160         |
| (b) Non-Current Investments                        | 11        |               | 176,648             |                | 1,76,648            |
| <b>2 CURRENT ASSETS</b>                            |           |               |                     |                |                     |
| (a) Inventories                                    | 12        | 3,69,60,724   |                     | 2,99,83,116    |                     |
| (b) Trade Receivables                              | 13        | 7,10,93,876   |                     | 6,70,79,584    |                     |
| (c) Cash & Cash Equivalents                        | 14        | 13,75,898     |                     | 12,42,556      |                     |
| (d) Short Term Loans and Advances                  | 15        | 57,11,165     |                     | 48,81,995      |                     |
| (e) Other Current Assets                           | 16        | 26,23,910     | 11,77,65,573        | 25,56,550      | 10,57,43,801        |
| <b>TOTAL</b>                                       |           |               | <b>19,04,60,318</b> |                | <b>17,86,97,609</b> |

Significant Accounting Policies 26

Notes on Financial Statements 1 to 26

As per our attached report of even date

For B. R. DALAL & CO.  
Chartered Accountants

BHARAT DALAL

Proprietor

Membership No. 31052

Firm Reg. No. 102024W

Mumbai, dated 30th May, 2013

For and on behalf of the Board of Directors

Hasmukh C. Parekh

Chairman &  
Managing Director

Bharat C. Parekh

Executive Director

Akshay Bhatt

Independent Director

Sandeep Poddar

Independent Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013

|                                                                               | Note Nos. | 31.03.2013<br>Rs. | 31.03.2012<br>Rs. |
|-------------------------------------------------------------------------------|-----------|-------------------|-------------------|
| <b>INCOME</b>                                                                 |           |                   |                   |
| REVENUE FROM OPERATIONS:                                                      |           |                   |                   |
| Sales & Income From                                                           | 17        | 20,62,04,549      | 20,16,76,851      |
| Other Operations                                                              |           |                   |                   |
| Other Income                                                                  | 18        | 38,35,996         | 33,25,894         |
|                                                                               |           | 21,00,40,545      | 20,50,02,745      |
| <b>EXPENSES</b>                                                               |           |                   |                   |
| Cost of Material Consumed                                                     | 19        | 11,64,67,889      | 9,84,76,495       |
| Purchase Traded                                                               |           | 90,77,874         | 63,24,602         |
| Changes in Inventories of Finished Goods, Stock-in Process and Stock-in Trade | 20        | (68,48,457)       | (3,09,868)        |
| Manufacturing Expenses                                                        | 21        | 3,45,48,540       | 43,619,592        |
| Employee Benefits Expense                                                     | 22        | 86,75,827         | 78,68,891         |
| Administrative & Selling Exp.                                                 | 23        | 1,54,98,073       | 1,37,78,711       |
| Interest & Finance Charges                                                    | 24        | 2,22,77,610       | 2,61,20,297       |
|                                                                               |           | 19,96,97,356      | 19,58,78,720      |
| PROFIT BEFORE DEPRECIATION                                                    |           | 1,03,43,189       | 91,24,025         |
| Depreciation and Amortization Expense                                         | 10        | 76,81,923         | 75,91,200         |
| Profit Before Exceptional & Extraordinary Items and Tax                       |           | 26,61,266         | 15,32,825         |
| Exceptional Items                                                             | 25        | -                 | 1,73,075          |
| Profit Before Extraordinary Items and Tax                                     |           | 26,61,266         | 13,59,750         |
| Extra Ordinary Items                                                          |           | -                 | -                 |
| Profit for the year before tax                                                |           | 26,61,266         | 13,59,750         |
| LESS : Provision for taxation                                                 |           |                   |                   |
| Current Tax                                                                   |           | -                 | -                 |
| Profit For The Year After Tax                                                 |           | 26,61,266         | 1,359,750         |

Earnings Per Share [EPS] Before Exceptional Item

0.07

0.19

Basic / Diluted After Exceptional Item

0.07

0.17

No. of shares used in computing weighted average EPS

9210045

7963470

As per our attached report of even date

For B. R. DALAL & CO.  
Chartered Accountants

BHARAT DALAL

Proprietor

Membership No. 31052

Firm Reg. No. 102024W

Mumbai, dated 30th May, 2013

For and on behalf of the Board of Directors

Hasmukh C. Parekh

Chairman &  
Managing Director

Bharat C. Parekh

Executive Director

Akshay Bhatt

Independent Director

Sandeep Poddar

Independent Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

|                                                                          | 31.3.2013<br>Rs. In Lacs | 31.3.2012<br>Rs. in Lacs |
|--------------------------------------------------------------------------|--------------------------|--------------------------|
| A. Cash Flow from Operating activities                                   |                          |                          |
| a. Net profit before tax                                                 | 26.61                    | 13.60                    |
| Adjustment for: Extra Ordinary and Exceptional Items                     | 0.00                     | 1.73                     |
| Depreciation                                                             | 76.82                    | 75.91                    |
| Interest Expenses                                                        | 222.78                   | 261.20                   |
| Interest Income                                                          | 0                        | 0                        |
| Dividend Income                                                          | (0.13)                   | (0.03)                   |
| Profit/loss on sale of fixes assets                                      | 0                        | 0                        |
| b. Operating profit before working capital changes                       | 326.08                   | 352.41                   |
| Adjustments for :                                                        |                          |                          |
| Trade and other receivables                                              | -48.95                   | 69.97                    |
| Inventories                                                              | -69.78                   | -31.51                   |
| Trade payables                                                           | -116.33                  | -239.08                  |
| Working Capital                                                          | -235.05                  |                          |
| c. Cash generated From operations                                        | 91.02                    | 151.80                   |
| Direct taxed paid ( net )                                                | 0.16                     | 0.00                     |
| Cash from operating activities before exceptional items                  | 90.87                    | 151.80                   |
| d. Exceptional items                                                     | 0.00                     | 1.73                     |
| Net cash from operating activities                                       | 90.87                    | 150.07                   |
| B. Cash flow from investing activities                                   |                          |                          |
| Purchase of fixed assets/ Capital Expenditure                            | (74.23)                  | (29.17)                  |
| Loans repaid by other companies                                          | -                        | (2.68)                   |
| Dividend Received                                                        | 0.13                     | 0.03                     |
| Purchase of Investments                                                  | 0                        | 0                        |
| Net cash from / (used in ) investing activities                          | (74.10)                  | (31.82)                  |
| C. Cash flow from Financing activities                                   |                          |                          |
| Increase/(decrease) in short term borrowings*                            | (722.19)                 | 181.69                   |
| repayments of long term borrowings                                       | (476.36)                 | (82.45)                  |
| Medium Term Loan SIFL                                                    | 75.00                    | -                        |
| RSTL from SIFL                                                           | 175.00                   | -                        |
| Interest paid                                                            | (216.89)                 | (235.96)                 |
| Conversion of Loan into Equity & Pref. Capital & Share Application Money | 1150.00                  | -                        |
| Net Cash from / ( Used in ) financing activities                         | (15.44)                  | (136.72)                 |
| D. Net Increase / ( decrease ) in Cash net Cash Equivalent               | 1.33                     | (18.46)                  |
| Cash and Cash equivalent at beginning of the year                        | 12.43                    | 30.89                    |
| Cash and Cash equivalent at end of the year                              | 13.76                    | 12.43                    |
| Net Increase / (Decrease) in Cash & Cash Equivalents                     | 1.33                     | (18.46)                  |

## Notes:

1. Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.
2. \*Includes Rs. 1150 Lacs being conversion into Equity & Preference Share and Application Money.
3. Previous year figure regrouped/recasted wherever necessary.

As per our attached report of even date

For B. R. DALAL & CO.  
Chartered AccountantsBHARAT DALAL  
Proprietor  
Membership No. 31052  
Firm Reg. No. 102024W  
Mumbai, dated 30th May, 2013

For and on behalf of the Board of Directors

Hasmukh C. Parekh Chairman &  
Managing Director

Bharat C. Parekh Executive Director

Akshay Bhatt Independent Director

Sandeep Poddar Independent Director

## Notes on Financial Statements for the Year Ended 31st March, 2013

|                                                                     | AS ON 31.03.2013<br>Rs. | AS ON 31.03.2012<br>Rs. |
|---------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Note - 1 SHARE CAPITAL</b>                                       |                         |                         |
| <b>AUTHORISED</b>                                                   |                         |                         |
| 10,000,000 Equity Shares of Rs. 10/- each                           | 100,000,000             | 100,000,000             |
| (1,00,00,000 Equity Shares of Rs. 10/- each)                        |                         |                         |
| 500,000 Preference Shares of Rs. 100/- each                         | 5,00,00,000             | 500,00,000              |
|                                                                     | <u>15,00,00,000</u>     | <u>15,00,00,000</u>     |
| <b>ISSUED, SUBSCRIBED, AND PAID UP</b>                              |                         |                         |
| 7,963,470 Equity Shares of Rs. 10/- each                            | 79,634,700              | 79,634,700              |
| 7,963,470 Less : Reduction by Rs. 9/- each                          | <u>7,16,71,230</u>      | -                       |
| 79,63,470 Equity Shares of Rs. 1/- each                             | 79,63,470               | 7,96,34,700             |
| Add : 3,50,00,000 Equity Shares of Rs. 1/- each                     | <u>3,50,00,000</u>      | -                       |
|                                                                     | <u>4,29,63,470</u>      | <u>7,96,34,700</u>      |
| 5,00,000 9% cumulative redeemable<br>Preference Shares of Rs. 100/- | 5,00,00,000             | -                       |
|                                                                     | <u>9,29,63,470</u>      | <u>7,96,34,700</u>      |

## Notes :

- (1.1) Of the above Subscribed Capital 15,075 Equity Shares are issued and allotted as fully paid shares for consideration other than cash as purchase consideration for acquisition of firm as per agreement dated July 31, 1982.  
Of the above equity share capital 3.50 crore shares were allotted during the year by conversion of Loan of promoters.  
5,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each were allotted during the year by conversion of Loan of SIFL.
- (1.2) Paid up Share Capital Includes 2,418,120 Bonus Equity Shares of Rs. 10/- each issued on 22.05.1996.
- (1.3) During the year as per BIFR directions, the equity shares of Rs. 10/- each has been reduced to Re. 1/- each.
- (1.4) 9% Cumulative Redeemable Preference Shares, may be redeemable within 5 years; at the option of the Company, in the multiples of Rs. 25 Lacs along with 5% Redemption Premium each year.
- (1.5) Share Application Money pending allotment of Rs.3 crores represents transfer form Loan of SIFL. Against the Share Application Money Rs. 3 Crores, subject to approval of MDRS, Equity Shares of face value of Rs.1/- are par shall be issued to SIFL during the Financial Year 2013-14 in terms of the Directions from BIFR. In case of Liquidation, the SIFL will have a priority of Repayment of Equity Capital over the equity capital of Promoters. The SIFL will have Right to nominate Two Directors on the Board.
- (1.6) The details of Shareholders holding more than 5% shares:

| Name of the Shareholder                         | 31.03.2013    |        | 31.03.2012    |       |
|-------------------------------------------------|---------------|--------|---------------|-------|
|                                                 | No. of Shares | %held  | No. of Shares | %held |
| BHARAT CHIMANLAL PAREKH                         | 22169909      | 240.71 | 669909        | 13.20 |
| HASMUKH CHIMANLAL PAREKH                        | 14763488      | 160.30 | 1263488       | 24.90 |
| SHREEJI EXPORTS PRIVATE LIMITED                 | 1703677       | 18.50  | 1703677       | 33.58 |
| TRILLION INVESTMENT AND TRADING COMPANY P. LTD. | 665760        | 7.23   | 665760        | 13.12 |
| OHM PACKAGINGS PVT. LTD                         | 590880        | 6.42   | 590880        | 11.65 |

## Notes on Financial Statements for the Year Ended 31st March, 2013

|                                                                         |                                   | AS ON 31.03.2013<br>Rs. | AS ON 31.03.2012<br>Rs. |
|-------------------------------------------------------------------------|-----------------------------------|-------------------------|-------------------------|
| SICOM INV. & FIN. LTD.<br>(SIFL)                                        | 9% Cum. Red.<br>Preference Shares | 50000000 100.00         | 0.00                    |
| (1.7) The Reconciliation of number of shares outstanding is as under:   |                                   |                         |                         |
|                                                                         |                                   | Current Year            | Previous Year           |
| Equity Shares of Re.1/- [10] at the beginning of the year               |                                   | 79,63,470               | 79,63,470               |
| Add : Shares of Re.1/- issued to Promoters during the year              |                                   | 3,50,00,000             | Nil                     |
| Equity Shares of Re. 1/- [10] at the end of the year                    |                                   | <u>4,29,63,470</u>      | <u>79,63,470</u>        |
| 9% Cum. Preference Shares of Rs.100/- each at the beginning of the year |                                   | 0.00                    | 0.00                    |
| Add : Shares of Rs.100/- each issued to SIFL during the year            |                                   | <u>5,00,000</u>         | <u>0.00</u>             |
| Preference Shares at the end of the year                                |                                   | <u>5,00,000</u>         | <u>0</u>                |

**NOTE - 2 RESERVES & SURPLUS**

|                                           |                 |                       | Rupees                |
|-------------------------------------------|-----------------|-----------------------|-----------------------|
| Capital Reserve                           |                 | 18,42,84,000          | 18,42,84,000          |
| Share Premium                             |                 | 19,924,000            | 19,924,000            |
| Profit & Loss                             | Opening Balance | (37,39,96,419)        | (37,53,56,169)        |
| Less : Reduction in Paid up Share Capital |                 | <u>7,16,71,230</u>    | -                     |
|                                           |                 | (30,23,25,189)        | (37,53,56,169)        |
| Add : Profit and Loss for the year        |                 | <u>26,61,266</u>      | <u>13,59,750</u>      |
|                                           |                 | <u>(29,96,63,923)</u> | <u>(37,39,96,419)</u> |
|                                           |                 | <u>(9,54,55,923)</u>  | <u>(16,97,88,419)</u> |

Note: The share premium account denotes :

- (2.1) Premium received on issue of 671000 Equity Shares of Rs. 10 each at a premium of Rs 15/- per share  
 (2.2) Premium received on issue of 1515150 Equity Shares of Rs. 10 each at a premium of RS. 6.50 Per share

**NOTE - 3 SECURED LOANS - NON CURRENT**

|                                                           |                    |                   |
|-----------------------------------------------------------|--------------------|-------------------|
| From Banks                                                |                    |                   |
| Term Loan from Kokan Mercantile Co-Op. Bank Ltd.          | 2,39,86,173        | 29,655,176        |
| From Financial institutions                               |                    |                   |
| Term Loan from SICOM Inv. & Fin. Ltd-Capital Expenditure. | -                  | 1,00,000          |
| Medium Term loan from SICOM Inv & Fin. Ltd. (SIFL)        | 75,00,000          | -                 |
|                                                           | <u>3,14,86,173</u> | <u>30,655,176</u> |

**Notes:**

- (3.1) The Security for Term Loans [Note 3] and working capital Loans [Note 7]  
 (1) The Term Loan Capex of Rs. Nil (10 Lacs) from SIFL  
 (2) The Revolving Short Term Loan (RSTL) of Rs. 110 Lacs (850 Lacs) from SIFL  
 (3) The Medium Term Loan (MTL) of Rs. 75 Lacs (Nil) from SIFL  
 (4) The Revolving Short Term Loan (RSTL) of Rs. 175 Lacs (Nil) from SIFL  
 The above Loans are secured by pari passu charge of the following:



## Notes on Financial Statements for the Year Ended 31st March, 2013

|                                                                                                                                                                                                                                                                            | AS ON 31.03.2013<br>Rs. | AS ON 31.03.2012<br>Rs. |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| (A) Mortgage of Factory Premises located at Plot No. J-61, Addl. MIDC, Murbad F-4, MIDC, Murbad and all the Fixed Assets of the Company and Office at 102, Atlanta, 10th Floor, Nariman Point, Mumbai-21 owned by Chairman & Managing Director                             |                         |                         |
| (B) Hypothecation of all Current Assets of the Company at above locations                                                                                                                                                                                                  |                         |                         |
| (C) Pledge of 39734626 (92.48%) equity shares in the company of Parekh family                                                                                                                                                                                              |                         |                         |
| (D) Hypothecation of all receivable including from Storsack India Pvt. Ltd., and other identified customers                                                                                                                                                                |                         |                         |
| (E) Personal Guarantees of Directors Shri Hasmukh Parekh & Shri Bharat Parekh                                                                                                                                                                                              |                         |                         |
| (3.2) (1) The Term Loan of Rs. Nil (Rs. 4,00,00,000/-) from Kokan Mercantile Co-Op. Bank Ltd.                                                                                                                                                                              |                         |                         |
| (2) The Working Capital Loan/Overdraft Loan Rs. 55 Lacs (Rs.45 Lacs) form Kokan Mercantile Co-Op. Bank Ltd.                                                                                                                                                                |                         |                         |
| (A) Mortgage of all the Factory Premises of the Company located at Plot No. J-61, Addl. MIDC, Murbad F-4, MIDC, Murbad And Office at 102, Atlanta, 10th Floor, Nariman Point, Mumbai-21 owned by Chairman & Managing Director And Hypothecation of all Plant & Machineries |                         |                         |
| (B) Personal Guarantees of Directors, Shri Hasmukh Parekh & Shri Bharat Parekh & Sureties of Two other Persons.                                                                                                                                                            |                         |                         |
| (C) The working capital of Rs. 55 Lacs is further secured by Hypothecation of Stock In Trade and Debtors.                                                                                                                                                                  |                         |                         |
| 4. Continuing defaults as on Balance Sheet Date in repayment of Loans & Interest                                                                                                                                                                                           |                         |                         |

| Name of Bank                       | Principle Default | Interest Default | Period of Default |
|------------------------------------|-------------------|------------------|-------------------|
| Kokan Mercantile Co-Op. Bank Ltd.  | 11,26,773         | Nil              | Feb-Mar, 2013     |
| Sicom Investment & Financials Ltd. | Nil               | 5,88,573         | Jan-Feb-Mar-13    |

5. The Term Loan from Kokan Mercantile Co-Op. Bank Ltd., is repayable in 60 Monthly Installments of Rs. 476190/-.
6. The Medium Term Loan of Rs. 75 Lacs form Sicom is repayable in after 3 years of disbursement.  
The Revolving Short Term Loan of Rs. 175 Lacs from Sicom is repayable in 7 installment of Rs. 25 Lacs within a period of four Months from the date of Drawl of each installment.  
The Revolving Short Term Loan of Rs. 110 Lacs from Sicom is repayable in 36 months from the date of first disbursement.

**NOTE - 4 UNSECURED LOANS NON CURRENT**

|                 |                    |                     |
|-----------------|--------------------|---------------------|
| Inter Corporate | 2,59,50,000        | 3,09,50,000         |
| Others          | 4,35,85,008        | 7,94,70,008         |
|                 | <u>6,95,35,008</u> | <u>11,04,20,008</u> |

Notes: (4.1) Terms of Repayment is not specified

**NOTE - 5 OTHER LONG TERM LIABILITIES**

|                     |                  |                  |
|---------------------|------------------|------------------|
| BIFR Term Creditors | 29,15,148        | 30,65,148        |
|                     | <u>29,15,148</u> | <u>30,65,148</u> |

## Notes on Financial Statements for the Year Ended 31st March, 2013

|                                      | AS ON 31.03.2013<br>Rs. | AS ON 31.03.2012<br>Rs. |
|--------------------------------------|-------------------------|-------------------------|
| <b>NOTE - 6 LONG TERM PROVISIONS</b> |                         |                         |
| Provisions For Employee Benefits     | 4,04,594                | 3,36,283                |
|                                      | <u>4,04,594</u>         | <u>3,36,283</u>         |

**NOTE - 7 SHORT TERM BORROWINGS**Loans Repayable On Demand: Secured

|                                              |                    |                    |
|----------------------------------------------|--------------------|--------------------|
| Working Capital Loans                        |                    |                    |
| Banks-O.D. From Kokan Mercantile Co-Op. Bank | 73,08,651          | 55,27,430          |
| RSTL From Sicom Inv. & Finance Ltd.          | 2,85,00,000        | 8,50,00,000        |
|                                              | <u>3,58,08,651</u> | <u>9,05,27,430</u> |

(7.1) Working capital loans are secured by: [See Note No. 3.1 for Security for Working Capital Loans]

**NOTE - 8 TRADE PAYABLES**

|                                       |                    |                    |
|---------------------------------------|--------------------|--------------------|
| Creditors Due Small Micro Enterprises |                    |                    |
| Creditors Due Others                  | 53,72,546          | 97,10,936          |
| Creditors For Expenses/Services       | 70,11,784          | 69,06,204          |
| Provisions for Employee Benefits      | 23,19,480          | 22,50,713          |
| Trade Payable - BIFR                  | 14,00,000          | 51,60,000          |
|                                       | <u>1,61,03,810</u> | <u>2,40,27,853</u> |

(8.1) There are no macro, Small and Medium Enterprises, as defined in the Micro, Small & Medium Enterprises Development Act, 2006 to whom the company owes dues on account of principal amount together with interest as per the information provided and available with the company. This has been relied upon by the auditors.

**NOTE - 9 OTHER CURRENT LIABILITIES**

|                                                 |                  |                  |
|-------------------------------------------------|------------------|------------------|
| Current Maturities Of Long Term Debt-Kokan Bank | 57,12,000        | 57,12,000        |
| Advance From Customers                          | 81,386           | 16,896           |
| Interest Accrued and Due-Sicom                  | 5,88,573         | 37,63,656        |
| Unpaid dividend                                 | 3,17,428         | 3,17,428         |
| Bank overdraft -Union Bank of India             | -                | 9,450            |
|                                                 | <u>66,99,387</u> | <u>98,19,430</u> |

## Notes on Financial Statements for the Year Ended 31st March, 2013

NOTES - 10 FIXED ASSETS

| ASSETS                          | GROSS BLOCK (AT COST)    |                     |                      |                          | DEPRECIATION            |                     |                        |                     | NET BLOCK                |                          |
|---------------------------------|--------------------------|---------------------|----------------------|--------------------------|-------------------------|---------------------|------------------------|---------------------|--------------------------|--------------------------|
|                                 | AS AT<br>31/03/12<br>Rs. | ADDI<br>TION<br>Rs. | DEDU<br>CTION<br>Rs. | AS AT<br>31/03/13<br>Rs. | UPTO<br>31/03/12<br>Rs. | DEDU<br>TION<br>Rs. | FOR THE<br>YEAR<br>Rs. | TOTAL<br>Rs.        | AS AT<br>31/03/13<br>Rs. | AS AT<br>31/03/12<br>Rs. |
| <b>Tangible Assets</b>          |                          |                     |                      |                          |                         |                     |                        |                     |                          |                          |
| Land- Lessehold                 | 2,173,120                | -                   | -                    | 21,73,120                | 2,39,282                | -                   | -                      | 2,39,282            | 19,33,838                | 19,33,838                |
| Factory Building                | 5,68,42,763              | 12,64,129           | -                    | 5,81,06,892              | 2,88,47,986             | -                   | 19,01,023              | 3,07,49,009         | 2,73,57,883              | 2,79,94,777              |
| Plant & Machinery               | 11,27,80,534             | 60,87,387           | -                    | 11,88,67,921             | 7,52,02,160             | -                   | 49,65,265              | 8,01,67,445         | 3,87,00,476              | 3,75,28,354              |
| Electrical Installation Plant   | 97,47,844                | -                   | -                    | 97,47,844                | 71,63,685               | -                   | 4,61,586               | 76,25,271           | 21,22,573                | 25,84,159                |
| Factory Equipment               | 33,33,056                | -                   | -                    | 33,33,056                | 23,56,651               | -                   | 1,20,200               | 24,76,851           | 8,56,205                 | 9,76,405                 |
| Office Equipment                | 19,53,716                | 9,146               | -                    | 19,62,862                | 10,90,912               | -                   | 69,073                 | 11,59,985           | 8,02,877                 | 8,62,804                 |
| Furniture Fixtures              | 28,36,351                | -                   | -                    | 28,36,351                | 23,70,539               | -                   | 92,879                 | 24,63,418           | 3,72,933                 | 4,65,812                 |
| Computer                        | 30,95,345                | 62,200              | -                    | 31,57,545                | 27,14,334               | -                   | 71,897                 | 27,86,231           | 3,71,314                 | 3,81,011                 |
| <b>Total (A)</b>                | <b>19,27,62,729</b>      | <b>74,22,862</b>    | <b>-</b>             | <b>20,01,85,591</b>      | <b>11,99,85,569</b>     | <b>-</b>            | <b>76,81,923</b>       | <b>12,76,67,492</b> | <b>7,25,18,099</b>       | <b>7,27,77,160</b>       |
| <b>PREVIOUS YEAR</b>            | <b>18,98,45,846</b>      | <b>29,16,883</b>    | <b>-</b>             | <b>19,27,62,729</b>      | <b>11,23,94,369</b>     | <b>-</b>            | <b>75,91,200</b>       | <b>11,23,94,369</b> | <b>7,27,77,160</b>       | <b>7,74,51,477</b>       |
| <b>Capital Work-in-Progress</b> |                          |                     |                      |                          |                         |                     |                        |                     | <b>0</b>                 | <b>0</b>                 |

(10.1) The Company has decided to write off lease in respect of value of land once in a period of ten years.



## Notes on Financial Statements for the Year Ended 31st March, 2013

AS ON 31.03.2013  
Rs.AS ON 31.03.2012  
Rs.**NOTE - 11 INVESTMENTS - NON CURRENT, AT COST**

Other Investment- Non Trade

Equity Instruments

Quoted

640 (640) Equity Shares Of Industrial Development

56,647

56,647

Bank of India of Rs. 10 Each.

Market Value Rs.51,630/-

(Previous Year Rs. 66,605)

Unquoted

800 (800) Equity Shares Of Janaseva Sahakari Bank Ltd

20,000

20,000

of Rs. 25 each

10000 (10000) Shares of Kokan Mercantile

100,001

100,001

Co-Operative Bank Ltd of Rs. 10/- each

176,648

176,648

Aggregate amount of quoted investments

56,647

56,647

Aggregate amount of unquoted investments

120,001

120,001

176,648

176,648

Market Value of quoted investments

51,360

66,605

**NOTE - 12 INVENTORIES**Physically verified, valued and certified by the Management:  
at Cost or Realisable Value whichever is less

(a) Stores &amp; Spares Parts

30,86,480

30,70,156

(b) Loose Tools

13,520

12,807

(c) Stock In Trade

Raw Materials

66,70,349

65,58,235

Finished Goods

-

-

Work in Progress

2,71,90,375

2,03,41,918

3,69,60,724

2,99,83,116

**NOTE - 13 TRADE RECEIVABLES**

(Unsecured Considered Good)

a. Exceeding Six months

2,19,64,744

1,87,01,256

Considered Good

2,19,64,744

1,87,01,256

Considered Doubtful

-

-

Less: Provision

-

-

## Notes on Financial Statements for the Year Ended 31st March, 2013

|                     | AS ON 31.03.2013   | AS ON 31.03.2012   |
|---------------------|--------------------|--------------------|
|                     | Rs.                | Rs.                |
| b. Others           | 491,29,132         | 4,83,78,328        |
| Considered Good     | 4,91,29,132        | 4,83,78,328        |
| Considered Doubtful | -                  | -                  |
| Less: Provision     | -                  | -                  |
|                     | <u>7,10,93,876</u> | <u>6,70,79,584</u> |

**NOTE - 14 CASH & BANK BALANCES**

|                      |                  |                  |
|----------------------|------------------|------------------|
| (a) Cash on hand     | 7,28,201         | 8,84,720         |
| (b) Bank Balances    |                  |                  |
| With Scheduled Banks | 6,47,696         | 3,57,836         |
| In Current Account   | <u>13,75,898</u> | <u>12,42,556</u> |

**NOTE - 15 SHORT TERM LOANS & ADVANCES, UNSECURED**

|                                              |                  |                  |
|----------------------------------------------|------------------|------------------|
| Advances Recoverable (including Excise Duty) | 43,24,322        | 34,95,796        |
| Advances for Capital Goods                   | -                | 40,000           |
| Loans and Advances to Staff & Workers        | 5,41,750         | 5,44,250         |
| Prepaid Expenses                             | 4,07,072         | 6,83,482         |
| Balance with Excise                          | 20,383           | 20,383           |
| Vat Refund                                   | 4,01,868         | 98,084           |
| TDS Advance                                  | 15,771           | -                |
|                                              | <u>57,11,165</u> | <u>48,81,995</u> |

**NOTE - 16 OTHER CURRENT ASSETS**

|                             |                  |                  |
|-----------------------------|------------------|------------------|
| (Unsecured Considered Good) |                  |                  |
| Other Deposits              | <u>26,23,910</u> | <u>25,56,550</u> |
|                             | <u>26,23,910</u> | <u>25,56,550</u> |

**NOTE - 17 SALES AND INCOME FROM OTHER OPERATIONS****REVENUE FROM OPERATIONS:**

|                     |                     |                     |
|---------------------|---------------------|---------------------|
| Sales-Manufacturing | 17,50,32,671        | 15,25,71,957        |
| Less : Excise Duty  | <u>1,94,41,625</u>  | <u>1,38,31,375</u>  |
|                     | <u>15,55,91,046</u> | <u>13,87,40,582</u> |
| Sales Traded        | <u>97,16,858</u>    | <u>67,69,786</u>    |
|                     | 16,53,07,904        | 14,55,10,368        |
| Job work            | 16,53,07,904        | 14,55,10,368        |
| 201,676,851         | <u>4,08,96,645</u>  | <u>5,61,66,483</u>  |
|                     | <u>20,62,04,549</u> | <u>20,16,76,851</u> |

## Notes on Financial Statements for the Year Ended 31st March, 2013

|                                                                                      |                                                                      | ASON 31.03.2013<br>Rs. | ASON 31.03.2012<br>Rs. |
|--------------------------------------------------------------------------------------|----------------------------------------------------------------------|------------------------|------------------------|
| 17 a                                                                                 | <u>Particulars of:</u><br><u>Sales</u><br>HDPE/Kraft lined/FIBC Bags | 15,55,91,046           | 13,87,40,582           |
| 17 b                                                                                 | Traded<br>PP/HDPE/LDPE Granuels                                      | 97,16,858              | 67,69,786              |
| 17 c                                                                                 | <u>Services</u><br>Job Work                                          | 4,08,96,645            | 5,61,66,483            |
|                                                                                      |                                                                      | <u>20,62,04,549</u>    | <u>20,16,76,851</u>    |
| <b>NOTE - 18 OTHER INCOME</b>                                                        |                                                                      |                        |                        |
|                                                                                      | Dividend                                                             | 13,000                 | 3,000                  |
|                                                                                      | Interest from Customers                                              | 36,49,036              | -                      |
|                                                                                      | Sundry Balances Written Back                                         | 1,73,961               | 33,22,894              |
|                                                                                      |                                                                      | <u>38,35,996</u>       | <u>33,25,894</u>       |
| <b>NOTE - 19 COST OF MATERIAL CONSUMED</b>                                           |                                                                      |                        |                        |
|                                                                                      | Opening Stock of Raw Materials                                       | 65,58,235              | 44,22,714              |
|                                                                                      | Add: Purchases[Net off Modvate Credit]                               | 12,43,58,844           | 10,53,38,010           |
|                                                                                      | includes conversion chgs Rs. 50 Lacs (Rs. 64,37 Lacs)                | (90,77,874)            | (63,24,602)            |
|                                                                                      | Less : Purchase Traded                                               | 12,99,033              | 15,98,608              |
|                                                                                      | Freight Inward and Loading & Unloading                               | 12,31,38,238           | 10,50,34,730           |
|                                                                                      |                                                                      | 66,70,349              | 65,58,235              |
|                                                                                      | Less: Closing Stock of Raw Materials                                 | <u>11,64,67,889</u>    | <u>9,84,76,495</u>     |
| 19 a                                                                                 | <u>COST OF MATERIALS CONSUMED</u>                                    | 0                      | 0                      |
|                                                                                      | Imported                                                             | 11,64,67,889           | 9,84,76,495            |
|                                                                                      | Indigenous                                                           |                        |                        |
| 19 b                                                                                 | <u>PARTICULARS OF MATERIAL CONSUMED</u>                              |                        |                        |
|                                                                                      | Paper                                                                | 2,27,93,931            | 2,56,79,324            |
|                                                                                      | Poly/Fabrics                                                         | 9,07,43,942            | 7,02,88,617            |
|                                                                                      | Miscellaneous                                                        | 29,30,016              | 25,08,554              |
|                                                                                      |                                                                      | <u>11,64,67,889</u>    | <u>9,84,76,495</u>     |
| <b>NOTE - 20 ACCRETION/DECRETION TO STOCK OF FINISHED GOODS AND WORK IN PROGRESS</b> |                                                                      |                        |                        |
|                                                                                      | OPENING STOCK                                                        |                        | 28,90,768              |
|                                                                                      | Finished Goods                                                       | 2,03,41,918            | 1,71,41,282            |
|                                                                                      | Work In Progress                                                     | <u>2,03,41,918</u>     | <u>2,00,32,050</u>     |



## Notes on Financial Statements for the Year Ended 31st March, 2013

|                                                        | AS ON 31.03.2013<br>Rs. | AS ON 31.03.2012<br>Rs. |
|--------------------------------------------------------|-------------------------|-------------------------|
| <b>CLOSING STOCK</b>                                   |                         |                         |
| Finished Goods                                         | -                       | -                       |
| Work In Progress                                       | 2,71,90,375             | 2,03,41,918             |
|                                                        | <u>2,71,90,375</u>      | <u>2,03,41,918</u>      |
| <b>ACCRETION (DECRETION) TO STOCK</b>                  | <u>(68,48,457)</u>      | <u>(3,09,868)</u>       |
| <b>NOTE - 21 MANUFACTURING EXPENSES</b>                |                         |                         |
| Processing Charges                                     | 1,75,84,476             | 25,100,907              |
| Consumption of Stores                                  | 29,00,410               | 2,898,087               |
| Power & Fuel                                           | 1,27,75,254             | 14,322,844              |
| Water Charges                                          | 3,10,667                | 251,956                 |
| Insurance                                              | 1,87,476                | 322,684                 |
| Repairs and Maintenance                                |                         |                         |
| (A) Building                                           | 17,000                  | 212,940                 |
| (B) Plant & Machinery                                  | 7,73,258                | 510,174                 |
|                                                        | <u>3,45,48,540</u>      | <u>43,619,592</u>       |
| <b>NOTE - 22 EMPLOYEE BENEFITS EXPENSES</b>            |                         |                         |
| Salaries                                               | 74,99,398               | 6,970,695               |
| Workmen & Staff Welfare Expenses                       | 7,07,176                | 750,744                 |
| Contribution To Provident Fund And Other Funds         |                         |                         |
| Provident Fund                                         | 4,69,253                | 147,452                 |
|                                                        | <u>86,75,827</u>        | <u>7,868,891</u>        |
| <b>NOTE - 23 ADMINISTRATIVE &amp; SELLING EXPENSES</b> |                         |                         |
| Printing And Stationery                                | 2,00,240                | 243,967                 |
| Telephone                                              | 4,57,995                | 412,263                 |
| Repairs And Maintenance of Vehicle                     | 87,341                  | 131,408                 |
| Repairs And Maintenance of Others                      | 1,35,789                | 201,256                 |
| Rent                                                   | 2,02,800                | 198,800                 |
| Rates & Taxes                                          | 3,03,706                | 54,000                  |
| Packaging, Forwarding Charges                          | 60,68,392               | 4,828,550               |
| Legal And Professional Fees                            | 15,08,994               | 1,334,910               |
| Travelling Expenses                                    | 6,41,204                | 1,017,542               |
| Conveyance                                             | 8,19,114                | 933,418                 |
| Donation                                               | 38,308                  | 19,110                  |
| Brokerage & Commission                                 | 30,375                  | 57,713                  |
| Sales Promotion & Presentation                         | 1,43,830                | 423,880                 |
| Bank Charges                                           | 2,64,930                | 142,491                 |
| Service Tax                                            | 2,06,005                | 185,096                 |
| Service Charges                                        | 7,84,672                | 1,531,430               |
| Guarantee Commission - Directors                       | 6,60,000                | 660,000                 |
| Sundry Expenses                                        | 12,11,347               | 1,341,050               |
| Auditors Remuneration                                  | 60,000                  | 60,400                  |
| Bad Debts Written Off                                  | 16,73,031               | 1,427                   |
|                                                        | <u>1,54,98,073</u>      | <u>13,778,711</u>       |

## Notes on Financial Statements for the Year Ended 31st March, 2013

|                                                           | AS ON 31.03.2013<br>Rs. | AS ON 31.03.2012<br>Rs. |
|-----------------------------------------------------------|-------------------------|-------------------------|
| <b>NOTE - 24 INTEREST &amp; FINANCE CHARGES</b>           |                         |                         |
| Interest Expense Long-Term Loans Banks & Financial Inst.  | 61,31,869               | 61,96,690               |
| Interest Expense Short-Term Loans Banks & Financial Inst. | 1,34,30,403             | 1,69,10,227             |
| Interest on Unsecured Loans                               | 14,25,148               | 10,04,497               |
| Interest-Others                                           | 1,93,641                | 1,49,949                |
| Discounting Charges                                       | 10,96,549               | 16,58,934               |
|                                                           | <u>2,22,77,610</u>      | <u>2,61,20,297</u>      |

**NOTE - 25 EXCEPTIONAL ITEMS**

|                       |   |                 |
|-----------------------|---|-----------------|
| Prior Period Expenses | - | 1,73,075        |
|                       | - | <u>1,73,075</u> |

**NOTES - 26****1. CONTINGENT LIABILITIES**

|                                                                                                                                                                                                                                                                                                                                |                |                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| 1. Contingent liabilities in respect of disputed suit/claims pending against the Company and Statutory Penalties.                                                                                                                                                                                                              | 25.84 Crores   | 17.00 Crores   |
| 9% Preference Share Dividend accrued                                                                                                                                                                                                                                                                                           | 20,58,904      | NIL            |
| Guarantee given by the Company to PF Department                                                                                                                                                                                                                                                                                | Rs. 25,000/-   | NIL            |
| 2. In the Opinion of the Company the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of Business. Provision for known liabilities is adequate and not in excess of amount reasonably necessary.                                                                   |                |                |
| 3. Trade receivables, Trade Payables, Current and Non-current Liabilities, Loans & Advances given and taken, are subject to their confirmation, reconciliation and adjustments if any. No provision has been made for Doubtful Trade Receivables and Loan and Advances if any, arising out of confirmation and reconciliation. |                |                |
| 4. No provision for Income Tax is made since there will be no taxable income for the current year. No provision is made for tax based on MAT as the provision of MAT is not applicable to sick industrial company in term of section 115JB read with explanation (1) (vii).                                                    |                |                |
| 5. Payments to Auditors:                                                                                                                                                                                                                                                                                                       |                |                |
| Audit Fees                                                                                                                                                                                                                                                                                                                     | 60,000         | 60,000         |
| Out of Pocket Expenses                                                                                                                                                                                                                                                                                                         | 400            | 400            |
|                                                                                                                                                                                                                                                                                                                                | <u>60,400</u>  | <u>60,400</u>  |
| 6. Payment to Directors for Guarantee Commission in respect of personal guarantees given for Loans and Credit facilities obtained by the Company                                                                                                                                                                               | 660,000        | 660,000        |
|                                                                                                                                                                                                                                                                                                                                | <u>660,000</u> | <u>660,000</u> |

## Notes on Financial Statements for the Year Ended 31st March, 2013

|                                   | AS ON 31.03.2013<br>Rs. | AS ON 31.03.2012<br>Rs. |
|-----------------------------------|-------------------------|-------------------------|
| 7 Expenditure in Foreign Currency |                         |                         |
| Travelling Expenses               | NIL                     | Rs. 3,23,587            |
| 8 Earnings in Foreign Currency    | NIL                     | NIL                     |
| 9 Prior years Expenses includes:  |                         |                         |
| <u>Expenses</u>                   | Rs. In lakhs            | Rs. In lakhs            |
| Fringe Benefit Tax                | 0.00                    | 0.00                    |
| VAT Tax                           | 0.00                    | 0.73                    |
| Excise Duty                       | 0.00                    | 0.90                    |
| Electricity Charges etc           | 0.00                    | 0.12                    |
| <b>TOTAL EXPENSES</b>             | <b>0.00</b>             | <b>1.75</b>             |
| <u>Income</u>                     | Rs. In lakhs            | Rs. In lakhs            |
| Fringe Benefit Tax                | 0.00                    | 0.02                    |
|                                   | 0.00                    | 0.02                    |
| <b>Net (Expenses)/Income</b>      | <b>0.00</b>             | <b>1.73</b>             |

10 Accounting Policies

- (a) The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards.
- (b) (i) Fixed assets are stated at cost, net of Cenvat, less accumulated depreciation. All cost including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustment arising from exchange rate variations relating to borrowing attributable to the fixed assets are capitalised.  
 (ii) Depreciation is charged in accordance with schedule xiv of the companies act, 1956 on straight line method.
- (c) Investment are stated at cost.
- (d) Inventories
- 1 Raw material are stated at lower of cost or realizable value.
  - 2 Work in progress is valued at material cost and conversion cost appropriate to their location.
  - 3 Finished goods are stated at cost or realisable value whichever is lower, cost includes material cost, conversion and other cost incurred in bringing the inventory at their present location and condition.
  - 4 Stores & spares are stated at cost or realizable value whichever is less.
  - 5 Scraps are stated at estimated realizable value.
- (e) Liabilities/assets in foreign currencies are recorded in the accounts as per the following governing principles:
- (i) All foreign currency transactions are recorded at rates prevailing on the date of the transaction
  - (ii) All exchange differences arising out of actual purchase/sale of foreign currencies and those arising out of restatement mentioned in (b) above are:
    - (1) Adjusted to the cost of fixed assets, if the foreign currency liability concerned is contracted for acquisition of fixed assets, and
    - (2) Recognised as income/expense for the period, in all other cases.
  - (iii) Exchange differences arising on booking of forward contracts are recognised as income or expense over



## Notes on Financial Statements for the Year Ended 31st March, 2013

the life of the contract, except in respect of liabilities incurred for acquiring fixed assets, in which case such differences are adjusted to the cost of the fixed assets.

- (f) Revenue expenditure on research and development are charged as an expense in the year in which they are incurred. capital expenditure on research and development are shown as an addition to fixed assets.
  - (g) The provision for tax is based on the assessable profits of the company computed in accordance with the income tax act, 1961.
  - (h) Pre-operative expenditure is carried forward to be capitalised and apportioned to various assets on commissioning the project.
  - (i) Leave encashment is accounted for the employees payable upto March, 2008 & No provision has been made thereafter in view of the Company's policy of compulsory availment of earned leave.
  - (j) Sales are exclusive of excise duty and Vat/sales tax. Sales is accounted on the removal of Finished goods from Factory.
  - (k) Gratuity is provided on the basis of working done as per the Payment of Gratuity Act
  - (l) Capital issue and preliminary expenses are amortised as per section 35D of the Income Tax Act, 1961.
  - (m) Compensation to employees who have opted for retirement under voluntary retirement scheme and heavy revenue expenditure on account of foreign traveling, advertisement incurred are debited to deferred revenue expenditure and the said expenditure is being written off over a period of five years.
  - (n) Capital subsidy received from Maharashtra Government is credited to capital reserve account.
  - (o) Deferred tax is recognised subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
  - (p) An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount
  - (q) (i) Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if
    - a) the company has a present obligation as a result of a past event,
    - b) a probable outflow of resources is expected to settle the obligations and
    - c) the amount of the obligation can be reliably estimated.
 (ii) Contingent Liabilities is disclosed in the case of
    - a) a present obligation arising from past event, when it is not probable that an outflow of resources will be required to settle the obligation
    - b) a possible obligation, unless the probability of outflow of resources is remote
 (iii) Contingent Assets are neither recognised, nor disclosed. Provision, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheets Date.
11. Dividend payable accounts and refund order payable accounts are under reconciliation pending receipt of details from banks.
12. The amount due to Micro, Small & Medium Enterprises as per the Micro, Small & Medium Enterprises Development [MSMED] Act, 2006 is furnished under the relevant head, on the basis of information available with / received by the company regarding the status of Micro, Small & Medium Enterprises to which the company owes a sum exceeding rupees one lac for more than 30 days is Nil, Previous Year Nil. No interest is provided in respect thereof.

## Notes on Financial Statements for the Year Ended 31st March, 2013

13. The accounts are prepared on the basis of "Going Concern", the continuation of the company as a going concern is dependent upon the implementation of Rehabilitation Scheme, availability of adequate finance and future profitability of the company.
14. Based on concept of prudence "Deferred Tax Asset" has not been recognised as there is reasonable uncertainty of sufficient future taxable income since the Company has been declared as sick company Registered with Board for Industrial and Financial Reconstruction.
15. As the company's business activities fall within single segment viz; flexible packaging goods, the disclosure requirements of Accounting Standard 17 segment reporting issued by Institute of Chartered Accountants of India is not applicable.
16. In terms of AS 18 "Related Party Disclosures" issued by The ICAI, related party transactions are as follows:
- Parties where control exists:
    - Shreeji Sales Corporation
    - Sanjay Enterprises
    - Storsack India Pvt. Ltd.
  - Other related parties with whom transactions have taken place during the year:
    - Key Management Personnel & Relatives
    - H. C. Parekh - Managing Director
    - B. C. Parekh- Executive Director

| c. Nature of Transaction                                      | Current Year       | Previous Year |
|---------------------------------------------------------------|--------------------|---------------|
| i. Guarantee Commission paid to Directors                     | 6,60,000           | 660,000       |
| ii. Job work- Income from Storsack India P.Ltd.               | 4,08,96,645        | 56,166,483    |
| iii. Purchases from Storsack India Pvt. Ltd.                  | 1,34,31,560        | 236,934       |
| iv. Outstanding Balance as at 31 st March                     |                    |               |
| a. Unsecured Loan                                             |                    |               |
| Key Management personnel & Relatives & controlling firm [Net] | 3,23,12,127        | 1,454,995     |
| Received                                                      | 39,00,000          | 10,125,000    |
| Paid                                                          | 4,19,10,000        | 8,670,005     |
| b. Payment to Creditors by adjustment of Debtors              | 57,40,293          | -             |
| c. Balance of Debtors[Storsack India Pvt. Ltd.]               | 2,77,73,917        | 23,404,503    |
| 17. Earnings Per Share:                                       | 2012-13            | 2011-12       |
| [a] Profit/Loss before extra ordinary/exceptions item & tax   | Rs.in lakhs 26.61  | 15.33         |
| Less : Dividend Provision on Preference Shares                | Rs. in lakhs 20.59 | -             |
|                                                               | Rs.in lakhs 6.02   | 13.60         |
| [b] Profit(Loss) after tax and exceptional items              | 6.02               | -             |
| [c] The weighed average number of Ordinary share              | Nos. 92,10,045     | 7,963,470     |
| [d] The nominal value per Ordinary Share                      | Rupees 1           | 10            |
| [e] earnings per share [ Basic and diluted ]                  |                    |               |
| before exceptional item                                       | Rupees 0.07        | 0.20          |
| [f] earnings per share [ Basic and diluted ]                  |                    |               |
| after exceptional item                                        | Rupees 0.07        | 0.18          |



### Notes on Financial Statements for the Year Ended 31st March, 2013

18. The dividend payable of Rs. 317429/- is comprising of Rs. 34342.80 for F.Y. 1995-96, Rs. 98376.00 for F.Y. 1996-97 and Rs. 184710/- for F.Y. 1997-98, and not deposited with Investors Education and Protection Fund Account. The same amount is lying with Bank of Baroda under dividend a/c. no. 4326 and the Federal Bank Ltd. under dividend a/c. no. 3884 & 4034. The management is in the process of transferring the same to Investors Education and Protection Fund account.
19. The Company has been declared as Sick Industrial Company under SICA on 12th December 2005. At the Hearing held on 1-9-2010 BIFR has approved the Rehabilitation Scheme under reference SS-10. The IDBI has been appointed as a Monitoring Agency and Managing Committee has been constituted for review and appraisal. At the Hearing held on 19th March, 2013 the Bench has allowed Reduction in the Equity Paid UP Capital From Rs. 7,96,34,700 to 79,63,470 by way of reduction in the Equity Paid up Capital from Rs. 10/- to Re. 1/- per share. Further it was directed to submit modified DRS for issue of equity shares of Rs. 3,00,00,000/- to SIFL. The effective/cut off date of BIFR Scheme is shifted from 1-9-2010 to 31-3-2013.
20. Previous year's figures have been rearranged and/or regrouped, reclassified wherever necessary to make them comparable with those of the current year.
21. Capital Commitment at the end of the year Rs. NIL (1,82,025/-) [Advances paid Rs. Nil (40,000)]
22. Other Long Term Liabilities and Sundry Creditors under BIFR Schemes includes the following Creditors
- | <u>Nature of Account</u> | <u>Amount</u>   |
|--------------------------|-----------------|
| [a] CST Payable-TPI-1    | Rs. 28,69,602/- |
| [b] Shambulal Shah & Co. | Rs. 14,00,000/- |
| [c] Other Liabilities    | Rs. 45,546/-    |
23. At the hearing held on 01-09-2010 BIFR has approved the relief in respect of extension of repayment of existing Deferred Sales Tax Liability of Rs. 2,47,97,881/- along with accrued interest thereon at the concessional rate 7% per annum over the period of Five years subject to consideration of the same by Sales Tax Department. Accordingly the application is made with the concerned authority for the requisite approval to implement the relief sought and the same is pending. However the interest of Rs. 68.57 (Rs. 40.92) Lacs upto 31-03-2013 has not been provided in the annexed accounts on the outstanding deferred sales tax amount.



24. Additional information pursuant of the provisions of Part IV of Schedule VI to the Companies Act, 1956.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration details**

| Registration No. | State Code | Balance Sheet date |
|------------------|------------|--------------------|
| 26917            | 11         | 31-03-2013         |

**II. Capital raised during the year (Amount in Rs. Thousands)**

| Public Issue | Right Issue | Bonus Issue | Private Placement | Equity Shares to Promoter | Conv. of Loan |
|--------------|-------------|-------------|-------------------|---------------------------|---------------|
| Nil          | Nil         | Nil         | Nil               | 35000                     | 50000         |

**III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)**

|                                 |          |                                   |          |
|---------------------------------|----------|-----------------------------------|----------|
| Total Liabilities               | 1,90,460 | Total Assets                      | 1,90,460 |
| <i>Sources of Funds</i>         |          | <i>Application of Funds</i>       |          |
| Paid up Capital                 | 92,963   | Net Fixed Assets                  | 72,518   |
| Share Application Money         | 30,000   |                                   |          |
| Reserves & Surplus              | (95,456) | Investments                       | 177      |
| Secured Loans                   | 31,486   | Net Current Assets                | 1,17,766 |
| Deferred tax liability (-Asset) | NIL      | Deferred tax assets               | Nil      |
| Unsecured Loans                 | 69,535   | Accumulated Losses (Rs.2996.64    | Nil      |
| Other Liabilities & Provisions  | 61,932   | (Included in Reserves & Surplus)) |          |

**IV. Performance of Company (Amount in Rs. Thousands)**

|                                  |          |                      |          |
|----------------------------------|----------|----------------------|----------|
| Turnover (Includes other Income) | 2,10,041 | Total Expenditure    | 2,07,379 |
| Profit before Tax                | 2,661    | Profit after Tax     | 2,661    |
| Earning per Share (Rs.)          | 0.07     | Dividend Rate (in %) | Nil      |

**V. General Names of Three Principal Products/services of Company (As per Monetary Terms)**

| Item Code No.       | 39239000                   | 39269000   | 48190000   |
|---------------------|----------------------------|------------|------------|
| Product Description | Kraftlined HDPE Bags/FIBC- | HDPE       | Multiwall  |
|                     | Bulk Bags/PP/HDPE/PE Bags  | Tarpauline | Paper Bags |

25. The processing Charges of Rs. 2.25 lacs on conversion of loans into share capital has not been capitalized but is written off fully during the year.

Note : All Notes from Notes '1' to '26' have been signed by following :

AS PER OUR ATTACHED REPORT OF EVEN DATE

For B. R. DALAL & CO.  
Chartered Accountants

BHARAT DALAL

Proprietor  
Membership No. 31052  
Firm Reg. No. 102024W  
Mumbai, dated 30th May, 2013

For and on behalf of the Board of Directors

Hasmukh C. Parekh Chairman &  
Managing Director

Bharat C. Parekh Director

Akshay Bhatt Independent Director

Sandeep Poddar Independent Director

Mumbai, dated 30th May, 2013

Book-Post

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*If undelivered, Please return to :*



**TPI** INDIA LIMITED

Plot No. J-61, Additional M.I.D.C. Area, Murbad, Dist. Thane-421401, Maharashtra, INDIA

**TPI INDIA LIMITED**Office : 102, Atlanta, 10<sup>th</sup> Floor, Nariman Point, Mumbai - 400 021. INDIA.

Tel. : +91-22-2287 3078 • 2284 3293

E-mail : tpi@vsnl.com

• Fax : +91-22-2287 4479

• Website : tpiindia.in

AN ISO 9001:2008  
CERTIFIED COMPANY

April 30, 2014

To,

Department of Corporate Services,  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001.

Kind Attn.: Ms. Laxmi Sorte.Scrip Code: 500421.Subject: Form A as per Clause 31(a) of the Listing Agreement

Ma'm,

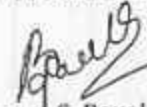
Please find mentioned below the details under Form A for the Financial Year ended March 31, 2013,  
pursuant to Clause 31(a) of the Listing Agreement.

|    |                                                |                                                                                                                                                 |
|----|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Name of the Company                            | TPI India Limited                                                                                                                               |
| 2. | Annual financial statements for the year ended | 31 <sup>st</sup> March, 2013                                                                                                                    |
| 3. | Type of Audit observation                      | Un-qualified                                                                                                                                    |
| 4. | Frequency of observation                       | There has been no observation                                                                                                                   |
| 5. | Signed by:<br>Managing Director                | <br>Bharat C. Parekh<br>Managing Director<br>DIN: 02650644. |

Kindly take the above on your record and oblige.

Thanking You,

For TPI India Limited

  
 Bharat C. Parekh  
 Managing Director  
 DIN: 02650644.





|    |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                   |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Name of the Company:                                                                                                                                                                                                                                   | <b>TPI INDIA LIMITED</b>                                                                                                                                                                                                                                                                                                                                                          |
| 2. | Annual financial statements for the year ended 31st March .....                                                                                                                                                                                        | <b>31<sup>st</sup> March, 2013</b>                                                                                                                                                                                                                                                                                                                                                |
| 3. | Type of Audit qualification Qualified                                                                                                                                                                                                                  | <p>a) Interest on differed sales tax liability of Rs. 68.92 lacs have not been provided for.</p> <p>b) Company has accepted deposits from public without complying the provisions of Sec 58 A.</p> <p>c) Undisputed and disputed statutory dues are not provided for.</p>                                                                                                         |
| 4. | Frequency of qualification Whether appeared first time .... / repetitive .... / since how long period .....                                                                                                                                            | <b>Frequency – since at least, 2008</b>                                                                                                                                                                                                                                                                                                                                           |
| 5. | Draw attention to relevant notes in the annual financial statements And Management response to the qualification in the directors report: May give gist of qualifications/headings (Refer page numbers in the annual report) and management's response | <p>a) For interest on deferred sales tax liability of Rs. 68.92 Lacs (Refer Note 23 on page 32 of Annual Report..</p> <p>b) Regarding acceptance of deposit refer Directors Report on page 3. The Company has taken unsecured loan for working capital requirement from friends and relatives, However the interest are regularly paid and Maturity terms are not defined and</p> |



hence such loans are not overdue. The Management is of the Opinion that since these loans are taken for revival of the Company, the lenient views will be taken by the relevant Authority. However during the financial year 2015-16 it will be regularized.

- c) For undisputed statutory dues on clause (9) on page 14, is on account of deferred sales tax liability and Relief for payment for another period of 5 years is sought for in MDRS filed with BIFR.

As regards the unpaid dividend kindly refer note no.18 on page no. 32

- d) Disputed tax liability of VAT and CST appeal was preferred before Joint Commissioner of Sales Tax and as the same has been disposed off before the 18.05.2014 being the date of signing of Audited Accounts of 31.03.2014

- e) The disputed liability for DGFT is pending with the relevant appellate authority and DGFT has several times directed DGFT to appearing before the hearing but, they has never appeared.



|                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>6. Additional comments from the<br/>This may relate to nature of the<br/>Page 6 of 6 board/audit<br/>committee chair: qualification<br/>including materiality,<br/>agreement/disagreement on the<br/>qualification, steps taken to<br/>resolve the qualification, etc.</p> <p>To be signed by-</p> <p>Managing Director</p> <p>CFO</p> <p>Auditor of the company</p> <p>Audit Committee Chairman"</p> | <p>a) There is un-utilized Sales Tax<br/>Amount of Rs. 524.60Lacs for<br/>which the relief is sought for<br/>further period of 7 years for its<br/>utililisation on page no. 15 of<br/>sanctioned Scheme SS-10 on<br/>page no. 15</p> <p>b) There is direction from BIFR<br/>To revoke the suspension of<br/>Trading imposed by Bombay<br/>Stock Exchange Limited and<br/>BSE to re-list the company's<br/>share on necessary<br/>compliance in the sanctioned<br/>scheme SS10 on page 19</p> <p>c) There is direction to Income<br/>Tax to allow benefits u/s 72 of<br/>the Income Tax Act, 1961 to<br/>carry forward un-absorbed<br/>business losses without any<br/>limitation period including<br/>business loss</p> <p><i>[Signatures]</i></p> <p><i>[Circular Stamp: B.R. DALAL &amp; CO. CHARTERED ACCOUNTANTS MUMBAI]</i></p> <p><i>[Circular Stamp: MUMBAI STOCK EXCHANGE]</i></p> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

