



***TPI* INDIA LIMITED**

**30th
ANNUAL REPORT
2011-2012**

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

NOTICE

NOTICE is hereby given that the THIRTIETH ANNUAL GENERAL MEETING of the Members of TPI INDIA LIMITED will be held at the Registered Office of the Company at Plot No. J-61, Additional MIDC Area, Murbad, Dist. Thane (Maharashtra) on Wednesday, the 26th day of September, 2012 at 11.00 A.M. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012 and Profit & Loss Account for the year ended on that date together with the Reports of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. Akshay Bhatt, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint auditor to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A Proxy in order to be effective shall be deposited at the Registered Office of the Company not less than Forty Eight hours before the commencement of the Meeting.
3. A Member or his Proxy is requested to bring their copy of this Annual Report to the Meeting as extra copies will not be distributed.
4. Members / Proxies should fill the Attendance Slip for attending the Meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio Number in the Attendance Slip for attending the Meeting.
5. In case of Joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
6. The Register of Members and Share Transfer books will remain closed from Wednesday, 19th day of September, 2012 to Wednesday, 26th day of September, 2012 both days inclusive.
7. Members are requested to send their queries, if any on the accounts and operations of the Company at the Registered Office of the Company at least 7 days before the Annual General Meeting.

Place : Mumbai

Date : 21st August, 2012

For and on behalf of Board

H. C. PAREKH

Chairman

DIRECTOR'S REPORT

To,
The Members,
TPI INDIA LIMITED

Your Directors are pleased to present the Thirtieth Annual Report together with the audited financial statements for the year ended 31st March, 2012.

(Rs. in Lacs)

| FINANCIAL RESULTS : | Year ended 31.03.2012 | Year ended 31.03.2011 |
|--|--------------------------|--------------------------|
| Total Income | 2050.03 | 2092.14 |
| Total Expenditure | 1697.59 | 1695.89 |
| Profit/(Loss) before Interest, Depreciation, Amortisation Exceptional Items | 352.44 | 396.25 |
| Less : Interest | 261.20 | 244.33 |
| Depreciation | 75.91 | 76.52 |
| Profit / (Loss) before Exceptional Item & Tax | 15.33 | 75.40 |
| Add : Exceptional Items | 1.73 | 0.50 |
| Profit / (Loss) Before Tax | 13.60 | 74.90 |
| Less : Provision for Taxation | Nil | Nil |
| Profit / (Loss) After Tax | 13.60 | 74.90 |
| Add : (Loss) Brought Forward from Previous Years | (3753.56) | (3828.46) |
| Balance Carried to Balance Sheet | (3739.96) | (3753.56) |

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 31st March, 2012

OPERATION REVIEW :

During the year under review, the Company has earned total income of Rs. 2050.03 lacs as against 2092.14 lacs during the previous year. The operational profit before interest and depreciation for the year under review is Rs. 352.44 as against Rs. 396.25 lacs during the previous year. Further higher interest charge of Rs. 261.20 lacs during the year under review as against Rs. 244.33 lacs in the previous year, the Profit after depreciation and interest is Rs. 13.60 lacs during the year under review as against Rs. 74.90 lacs in the previous year.

FUTURE OUTLOOK:

The Company has attained economy in overhead with centralized factory operations at Murbad. With rationalization of labour, process improvement and plant layout, the Management is confident of increased volume of operations and improved capacity utilization. With the focus on cost saving, excellence in the product quality, customer service and operational efficiency, the Order book for the product shall remain satisfactory.

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 as the entire net worth of the Company has been eroded. However the entire amount due on such unsecured loan had been paid of and no amount is outstanding/ payable.

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. Akshay Bhatt 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:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to the material departures.
- b) 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.
- c) 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.
- d) 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 2012-13. 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 12th December, 2005 and IDBI was appointed as Operating Agency.

At the hearing held on 1st 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.

CORPORATE GOVERNANCE:

It is apparent from the Audited Financial Statement, due to lower capacity utilization and non-availability of working capital funds, your Company is incurring losses every year and based on the reference made to BIFR, your company was declared Sick Industrial Company u/s 3(i)(o) of Sick Industrial Companies (Special Provision) Act, 1985, at BIFR hearing held on 12th December, 2005 and IDBI was appointed as Operating Agency.

With the constitution of the various committees in terms of the requirement of Listing Agreement with Stock Exchange and the appointment of Independent Directors, the efforts are being made to ensure the compliance of clause 49 of the Listing Agreement.

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

HUMAN RESOURCES:

The Company views its employees as valuable resources who contribute in the growth, prosperity and development of the organization. The Company is committed to create an appropriate climate, opportunities and systems to facilitate identification, development and utilization of their full potential. The Company provides in-house training to its worker.

The Management of the Company enjoys cordial relations with its employees 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 31st March, 2012 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 : 21st August, 2012

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) | |
|---------------------------|---------------|-----------|
| | 31.3.2012 | 31.3.2011 |
| Foreign Exchange Earned : | Nil | Nil |
| Foreign Exchange Outgo : | 3,23,587 | Nil |

For and on behalf of the Board

Place : Mumbai

Date : 21st August, 2012

H. C. Parekh
Chairman

REPORT ON CORPORATE GOVERNANCE

Your Directors submit their report on the Corporate Governance of the Company for the Financial year 2011-2012.

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 1st 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:

With the approval of Rehabilitation Scheme by BIFR and implementation thereof, the management was successful in swapping over of the part of High Cost borrowing to normal rate of interest with longer repayment schedule, the results whereof can be appraised in the current financial year. Your Management is committed to ensure comprehensive internal controls across its operations to achieve optimum commercial & technical economies. The centralized factory operation at Murbad has resulted in improved input-output ratio, cost effectiveness and economies in direct factory overhead and during the current year, with further better capacity utilization, the financial results shall be encouraging. The Company has implemented the modernization cum optimization programme on the key area of cost effectiveness, excellence in product quality and customer service, operational productivity and efficiency.

BOARD OF DIRECTORS:

The Board of Directors comprises of Two Executive Directors and Two Independent Non-Executive Directors. During the financial year 1st April, 2011 to 31st March 2012, Board Meetings were held on 30th May, 2011, 1st August, 2011, 14th November, 2011 and 13th February, 2012.

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 30th May, 2011, 1st August, 2011, 14th November, 2011 and 13th February, 2012. 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 2008 to 31st March 2009 | Monday, 29th day of September, 2009 at 11 a.m. | Plot No. J-61, Additional MIDC Area, Murbad, District Thane. |
| 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 11.00 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 26th September, 2012
2. Financial Year : 1st April 2011 to 31st March, 2012
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

AUDITOR'S REPORT**TO THE MEMBERS OF TPI INDIA LIMITED.**

1. We have audited the attached Balance Sheet of TPI INDIA LIMITED as on 31st March 2012, and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standard generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosure in the financial statement. An audit also includes assessing the accounting principles used and significant estimate made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matter specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance sheet, Profit & Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion the Balance sheet, Profit & Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956,
 - e) ***On the basis of representations received from directors as on March 31, 2012 and taken on the record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.***
 - f) In our opinion, to the best of our information and according to the explanations given to us, the said accounts, **subject to Note No. 24 (26) to the Accounts and read together with other notes thereon** gives the information required by the Companies Act, 1956 in the manner so required and gives a True and Fair View in Conformity with the accounting principles generally accepted in India:
- 1) In the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2012.
- 2) In the case of the Profit and loss account, of the Profit of the Company for the year ended on that date.
- 3) In the case of the Cash flow statement, of the cash flows for the year ended on that date.

For B. R. Dalal & Co.
Chartered Accountants

Place : Mumbai
Date : 21st August, 2012

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

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 31st March, 2012.

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) 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.6,53,22,127/- at the year end. The Maximum amount involved during the year was Rs.6,57,87,132/-*
- (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.
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 up to 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 and the same is required to be improved in the prescribed manner.
9. (a) According to the record of the Company, undisputed statutory dues including Sales-tax, Excise duty and Investor Education & Protection Fund have not been deposited within stipulated time with the appropriate authorities except for payment of excise duty. Further items mentioned in clause No. (b) i) below which were outstanding as at 31st March, 2012 for a period of more than six months from the date becoming payable not paid by the company.

(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. | 2,39,24,812/- | -Do- |
| 3 | Unpaid Dividend | 95-96,96-97,97-98 | 3,17,429/- | - |

ii) The disputed statutory dues have not been deposited on account of matter pending before appropriate authorities.

10. **The Company has accumulated losses as on 31st March, 2012 which is more than it's net worth. The Company has earned profit 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 is marginal delay in repayment of dues and interest on secured loans.

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.

13. In our opinion the Company is not chit fund or a nidhi/ mutual benefit fund/ society. Therefore, 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. All investments have been held by the Company in its own name.
15. *There is no Guarantee outstanding at the year end.*
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 report that no funds raised on short term basis have, prima-facie, been used during the year for long term investment.*
18. During the year the company has not made any preferential allotment of shares to parties and Companies covered under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debenture during the year. We are informed that in view of the OTS with Banks & Financial Institutions there are no debentures outstanding at the end of year.
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 are 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 DALAL
(Proprietor)
Membership No. 31052.
Firm Reg. No. 102024W

Place: Mumbai
Date: 21st August, 2012

BALANCE SHEET AS ON 31ST MARCH 2012

| EQUITIES AND LIABILITIES | Note Nos. | 31.03.2012 | | 31.03.2011 | |
|--|-----------|---------------|--------------|---------------|--------------|
| | | Rs. | | Rs. | Rs. |
| 1 SHAREHOLDERS' FUNDS | | | | | |
| (a) Share Capital | 1 | 79,634,700 | | 79,634,700 | |
| (b) Reserves and Surplus | 2 | (169,788,419) | | (171,148,169) | |
| | | - | (90,153,719) | - | (91,513,469) |
| 2 SHARE APPLICATION MONEY PENDING ALLOTMENT | | | | | |
| 3 NON-CURRENT LIABILITIES | | | | | |
| (a) Secured Loans | 3 | 30,655,176 | | 36,367,176 | |
| (b) Unsecured Loans | 4 | 110,420,008 | | 112,952,514 | |
| (c) Other Long Term Liabilities | 5 | 3,065,148 | | 8,225,148 | |
| (d) Long Term Provisions | 6 | 336,283 | 144,476,615 | 267,972 | 157,812,810 |
| | | - | - | - | - |
| 4 CURRENT LIABILITIES | | | | | |
| (a) Short-Term Borrowings | 7 | 90,527,430 | | 72,358,163 | |
| (b) Trade Payables | 8 | 24,027,853 | | 37,951,413 | |
| (c) Other Current Liabilities | 9 | 9,819,430 | | 9,208,745 | |
| | | | 124,374,713 | | 119,518,321 |
| | | | 178,697,609 | | 185,817,662 |
| ASSETS | | | | | |
| 1 NON-CURRENT ASSETS | | | | | |
| (a) Fixed Assets | | | | | |
| (i) Tangible Assets | 10 | 72,777,160 | 72,777,160 | 77,451,477 | 77,451,477 |
| (b) Non-Current Investments | 11 | 176,648 | 176,648 | 176,648 | 176,648 |
| 2 CURRENT ASSETS | | | | | |
| (a) Inventories | 12 | 29,983,116 | | 26,832,566 | |
| (b) Trade Receivables | 13 | 67,079,584 | | 72,522,602 | |
| (c) Cash & Cash Equivalents | 14 | 1,242,556 | | 3,089,002 | |
| (d) Short Term Loans and Advances | 15 | 4,881,995 | | 2,644,039 | |
| (e) Other Current Assets | 16 | 2,556,550 | 105,743,801 | 3,101,328 | 108,189,537 |
| TOTAL | | | 178,697,609 | | 185,817,662 |

Significant Accounting Policies 26

Notes on Financial Statements 1 to 25

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 21st August, 2012

For and on behalf of the Board of Directors

H. C. Parekh Chairman &
Managing Director

B. C. Parekh Executive Director

Akshay Bhatt Independent Director

Sandeep Poddar Independent Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012

| | Note Nos. | 31.03.2012 Rs. | 31.03.2011 Rs. |
|---|-----------|-------------------|-------------------|
| INCOME | | | |
| REVENUE FROM OPERATIONS: | | | |
| Sales & Income From | 17 | 201,676,851 | 205,211,512 |
| Other Operations | | | |
| Other Income | 18 | 3,325,894 | 4,002,465 |
| | | 205,002,745 | 209,213,977 |
| EXPENSES | | | |
| Cost of Material Consumed | 19 | 104,801,097 | 120,374,234 |
| Changes in Inventories of Finished Goods, Stock-in Process and Stock-in Trade | 20 | (309,868) | (11,898,267) |
| Manufacturing Expenses | 21 | 43,619,592 | 42,154,442 |
| Employee Benefits Expense | 22 | 7,868,891 | 6,926,544 |
| Administrative & Selling Exp. | 23 | 13,778,711 | 12,032,347 |
| Interest & Finance Charges | 24 | 26,120,297 | 24,432,488 |
| | | 195,878,720 | 194,021,788 |
| PROFIT BEFORE DEPRECIATION | | 9,124,025 | 15,192,189 |
| Depreciation and Amortization Expense | 10 | 7,591,200 | 7,651,995 |
| Profit Before Exceptional & Extraordinary Items and Tax | | 1,532,825 | 7,540,194 |
| Exceptional Items | 25 | 173,075 | 50,537 |
| Profit Before Extraordinary Items and Tax | | 1,359,750 | 7,489,657 |
| Extra Ordinary Items | | - | - |
| Profit for the year before tax | | 1,359,750 | 7,489,657 |
| LESS : Provision for taxation | | | |
| Current Tax | | - | - |
| Profit For The Year After Tax | | 1,359,750 | 7,489,657 |

Earnings Per Share (EPS) Before Exceptional Item
Basic / Diluted After Exceptional Item
No. of shares used in computing weighted average EPS

0.20
0.18
7963470
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 21st August, 2012

For and on behalf of the Board of Directors
H. C. Parekh Chairman & Managing Director
B. C. Parekh Executive Director
Akshay Bhatt Independent Director
Sandeep Poddar Independent Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

| | 31.3.2012 Rs. In Lacs | 31.3.2011 Rs. in Lacs |
|--|--------------------------|--------------------------|
| A- Cash Flow from Operating activities | | |
| a. Net profit before tax | 13.60 | 74.89 |
| Adjustment for: Extra Ordinary and Exceptional Items | 1.73 | |
| Depreciation | 75.91 | 76.52 |
| Interest Expenses | 261.20 | 244.32 |
| Interest Income | 0 | 0.00 |
| Dividend Income | (0.03) | (0.03) |
| Profit/loss on sale of fixes assets | 0 | 0.00 |
| b. Operating profit before working capital changes | 352.41 | 395.71 |
| Adjustments for : | | |
| Trade and other receivables | 69.97 | (234.64) |
| Inventories | -31.51 | (126.85) |
| Trade payables | -239.08 | 39.13 |
| c. Cash generated From operations | 151.80 | 73.35 |
| Direct taxed paid [net] | 0.00 | (0.58) |
| Cash from operating activities before exceptional items | 151.80 | 73.93 |
| d. Exceptional items | 1.73 | |
| Net cash from operating activities | 150.07 | 73.93 |
| B. Cash flow from investing activities | | |
| Purchase of fixed assets/ Capital Expenditure | (29.17) | (17.70) |
| Loans repaid by other companies | (2.68) | (3.03) |
| Dividend Received | 0.03 | 0.03 |
| Purchase of Investments | 0 | (1.00) |
| Net cash from / [used in] investing activities | (31.82) | (21.69) |
| C. Cash flow from Financing activities | | |
| Increase/(decrease) in short term borrowings | 181.69 | 179.86 |
| repayments of long term borrowings | (82.45) | 0.00 |
| Interest paid | (235.96) | (244.32) |
| Net Cash from / [Used in] financing activities | (136.72) | (64.47) |
| D. Net Increase / (decrease) in Cash net Cash Equivalent | (18.46) | (12.22) |
| Cash and Cash equivalent at beginning of the year | 30.89 | 43.11 |
| Cash and Cash equivalent at end of the year | 12.43 | 30.89 |

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 Purchase of fixed assets includes movements of capital work-in-progress , write offs between the beginning and the end of the year.
- 3 Previous year figure regrouped/recasted wherever necessary.

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 21st August, 2012

For and on behalf of the Board of Directors

H. C. Parekh Chairman &
Managing Director

B. C. Parekh Executive Director

Akshay Bhatt Independent Director

Sandeep Poddar Independent Director

Notes on Financial Statements for the Year Ended 31st March, 2012

| | AS ON 31.03.2012 Rs. | AS ON 31.03.2011 Rs. |
|--|-------------------------|-------------------------|
| Note - 1 SHARE CAPITAL | | |
| AUTHORISED | | |
| 10,000,000 Equity Shares of Rs. 10 each | 100,000,000 | 100,000,000 |
| 500,000 Preference Shares of Rs. 10/- each | 5,000,000 | 5,000,000 |
| | 105,000,000 | 105,000,000 |
| ISSUED, SUBSCRIBED, AND PAID UP | | |
| 7,963,470 Equity Shares of Rs. 10 each | 79,634,700 | 79,634,700 |
| | 79,634,700 | 79,634,700 |

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.
- (1.2) Paid up Share Capital Includes 2,418,120 Bonus Equity Shares of Rs. 10/- each issued on 22.05.1996.
- (1.3) The details of Shareholders more than 5% shares.

| Name of the Shareholder | No,of Shares | %held | No,of Shares | %held |
|---|--------------|-------|--------------|-------|
| BHARAT CHIMANLAL PAREKH | 669909 | 13.20 | 669909 | 13.20 |
| HASMUKH CHIMANLAL PAREKH | 1263488 | 24.90 | 1263488 | 24.90 |
| SHREEJI EXPORTS PRIVATE LIMITED | 1703677 | 33.58 | 1703677 | 33.58 |
| TRILLION INVESTMENT AND TRADING COMPANY P. LTD. | 665760 | 13.12 | 665760 | 13.12 |
| OHM PACKAGINGS PVT. LTD | 590880 | 11.65 | 590880 | 11.65 |

NOTE - 2 RESERVES & SURPLUS

| | | | Rupees |
|--|------------------------|----------------------|-------------|
| Subsidy Received From Maharashtra Government | 5,000,000 | | 5,000,000 |
| Capital Reserve | 179,284,000 | | 179,284,000 |
| Share Premium | 19,924,000 | | 19,924,000 |
| <u>Profit & Loss</u> | <u>Opening Balance</u> | | |
| Add : profit and loss account balance | (375,356,169) | (382,845,826) | |
| | 1,359,750 | 7,489,657 | |
| | (373,996,419) | (375,356,169) | |
| | (169,788,419) | (171,148,169) | |

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

Notes on Financial Statements for the Year Ended 31st March, 2012

| | AS ON 31.03.2012 Rs. | AS ON 31.03.2011 Rs. |
|---|-------------------------|-------------------------|
| NOTE - 3 SECURED LOANS - NON CURRENT | | |
| From Banks | | |
| Term Loan from Kokan Mercantile Co-Op. Bank Ltd. | 29,655,176 | 35367176 |
| From Financial institutions | | |
| Term Loan from SICOM Inv. & Fin. Ltd-Capital Expenditure. | 1,000,000 | 1,000,000 |
| | <u>30,655,176</u> | <u>36,367,176</u> |

Notes:

- (3.1) The Term Loan Capital Expenditure of Rs. 10/- Lacs & RSTL Rs. 850 Lacs from SIFL and Term Loan of Rs. 400 Lacs and Working Capital Loan of Rs. 40/- Lacs from Kokan Mercantile Co-OP. Bank Ltd., are secured by pari pasu charge of the following.
- (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 62.66% 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) The Bill Discounting from SICOM was secured by assignment of receivable from certain identified customers and and charges on Assets of the Company
- (3.3) The Term Loan of Rs. 4,00,00,000/- from Kokan Mercantile Co-Op. Bank Ltd. is secured against pari pasu charge on the following Assets.
- (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.
4. Continuing defaults as on Balance Sheet Date in repayment of Loans & Interest
- | <u>Name of Bank</u> | <u>Principle Default</u> | <u>Interest Default</u> | <u>Period of Default</u> |
|------------------------------------|--------------------------|-------------------------|--------------------------|
| Kokan Mercantile Co-Op. Bank Ltd. | 605,266 | Nil | Feb-Mar, 2012 |
| Sicom Investment & Financials Ltd. | Nil | 3,763,656 | Jan-Feb-Mar-12 |
5. The Term Loan from Kokan Mercantile Co-Op. Bank Ltd., is repayable in 76 Monthly Installments of Rs. 476190/-.

Notes on Financial Statements for the Year Ended 31st March, 2012

| | ASON 31.03.2012 Rs. | ASON 31.03.2011 Rs. |
|--|------------------------|------------------------|
| NOTE - 4 UNSECURED LOANS NON CURRENT | | |
| Inter Corporate | 30,950,000 | 32,487,501 |
| Others | 79,470,008 | 80,465,013 |
| | <u>110,420,008</u> | <u>112,952,514</u> |
| Notes: (4.1) Terms of Repayment is not specified | | |
| NOTE - 5 OTHER LONG TERM LIABILITIES | | |
| BIFR Term Creditors | 3,065,148 | 8,225,148 |
| | <u>3,065,148</u> | <u>8,225,148</u> |
| NOTE - 6 LONG TERM PROVISIONS | | |
| Provisions For Employee Benefits | 336,283 | 267,972 |
| | <u>336,283</u> | <u>267,972</u> |
| NOTE - 7 SHORT TERM BORROWINGS | | |
| Loans Repayable On Demand: Secured | | |
| Working Capital Loans | | |
| Banks-O.D. From Kokan Mercantile Co-Op. Bank | 5,527,430 | 2,358,163 |
| RSTL From Sicom Inv. & Finance Ltd. | 85,000,000 | 70,000,000 |
| | <u>90,527,430</u> | <u>72,358,163</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 | 9,710,936 | 30,284,239 |
| Creditors For Expenses/Services | 6,906,204 | 1,796,545 |
| Provisions for Employee Benefits | 2,250,713 | 2,046,175 |
| Trade Payable - BIFR | 5,160,000 | 3,824,454 |
| | <u>24,027,853</u> | <u>37,951,413</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 | 5,712,000 | 4,632,824 |
| Advance From Customers | 16,896 | - |
| Interest Accrued and Due-Sicom | 3,763,656 | 1,239,746 |
| Unpaid dividend | 317,428 | 317,428 |
| Book overdraft -Union Bank of India | 9,450 | 3,016,179 |
| Income Tax | - | 2,568 |
| | <u>9,819,430</u> | <u>9,208,745</u> |

Notes on Financial Statements for the Year Ended 31st March, 2012

NOTES - 10 FIXED ASSETS

| ASSETS | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | | | NET BLOCK | |
|-------------------------------|--------------------------|---------------------|----------------------|--------------------------|-------------------------|---------------------|------------------------|--------------|--------------------------|--------------------------|
| | AS AT 31/03/11 Rs. | ADDI TION Rs. | DEDU CTION Rs. | AS AT 31/03/12 Rs. | UPTO 31/03/11 Rs. | DEDU TION Rs. | FOR THE YEAR Rs. | TOTAL Rs. | AS AT 31/03/12 Rs. | AS AT 31/03/11 Rs. |
| <u>Tangible Assets</u> | | | | | | | | | | |
| Land- Leasehold | 2,173,120 | - | - | 2,173,120 | 239,282 | | - | 239,282 | 1,933,838 | 1,933,838 |
| Factory Building | 56,575,499 | 267,264 | - | 56,842,763 | 26,951,300 | | 1,896,686 | 28,847,986 | 27,994,777 | 29,624,199 |
| Plant & Machinery | 110,360,898 | 2,419,636 | - | 112,780,534 | 70,326,095 | | 4,876,085 | 75,202,180 | 37,578,354 | 40,034,803 |
| Electrical Installation Plant | 9,711,907 | 35,937 | - | 9,747,844 | 6,702,408 | | 461,277 | 7,163,685 | 2,584,159 | 3,009,499 |
| Factory Equipment | 3,333,056 | - | - | 3,333,056 | 2,232,701 | | 123,950 | 2,356,651 | 976,405 | 1,100,355 |
| Office Equipment | 1,867,670 | 86,046 | - | 1,953,716 | 1,019,219 | | 71,693 | 1,090,912 | 862,804 | 848,451 |
| Furniture Fixtures | 2,753,351 | 83,000 | - | 2,836,351 | 2,278,433 | | 92,106 | 2,370,539 | 465,812 | 474,918 |
| Computer | 3,070,345 | 25,000 | - | 3,095,345 | 2,644,931 | | 69,403 | 2,714,334 | 381,011 | 425,414 |
| Total (A) | 189,845,846 | 2,916,883 | - | 192,762,729 | 112,394,369 | - | 7,591,200 | 119,985,569 | 72,777,160 | 77,451,477 |
| PREVIOUS YEAR | 188,076,286 | 1,769,560 | - | 189,845,84 | 104,742,374 | - | 7,651,995 | 112,394,369 | 77,451,477 | 83,333,912 |
| Capital Work-in-Progress | | | | | | | | | 0 | 0 |

(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, 2012

| | ASON 31.03.2012 Rs. | ASON 31.03.2011 Rs. |
|---|------------------------|------------------------|
| NOTE - 11 INVESTMENTS - NON CURRENT, AT COST | | |
| Other Investment- Non Trade Equity Instruments | | |
| Quoted | | |
| 640 (640) Equity Shares Of Industrial Development Bank of India of Rs. 10 Each. Market Value Rs.66,605/- (Previous Year Rs. 91168) | 56,647 | 56,647 |
| Unquoted | | |
| 800 (800) Equity Shares Of Janaseva Sahakari Bank Ltd of Rs. 25 each | 20,000 | 20,000 |
| 10000 (10000) Shares of Kokan Mercantile Co-Operative Bank Ltd of Rs. 10/- each | 100,001 | 100,001 |
| | <u>176,648</u> | <u>176,648</u> |
| Aggregate amount of quoted investments | 56,647 | 56,647 |
| Aggregate amount of unquoted investments | 120,001 | 120,001 |
| | <u>176,648</u> | <u>176,648</u> |
| Market Value of quoted investments | 66,605 | 91,168 |
| NOTE - 12 INVENTORIES | | |
| Physically verified, valued and certified by the Management: at Cost or Realisable Value whichever is less | | |
| (a) Stores & Spares Parts | 3,070,156 | 2,363,572 |
| (b) Loose Tools | 12,807 | 14,230 |
| (c) Stock In Trade | | |
| Raw Materials | 6,558,235 | 4,422,714 |
| Finished Goods | - | 2,890,768 |
| Work in Progress | 20,341,918 | 17,141,282 |
| | <u>29,983,116</u> | <u>26,832,566</u> |
| NOTE - 13 TRADE RECEIVABLES | | |
| (Unsecured Considered Good) | | |
| a. Exceeding Six months | 18,701,256 | 20,010,536 |
| Considered Good | | |
| Considered Doubtful | - | - |
| Less: Provision | - | - |

Notes on Financial Statements for the Year Ended 31st March, 2012

| | | ASON 31.03.2012 Rs. | ASON 31.03.2011 Rs. |
|---|------------|------------------------|------------------------|
| b. Others | | 48,378,328 | 52,512,066 |
| Considered Good | 48,378,328 | | 52,512,066 |
| Considered Doubtful | - | - | - |
| Less: Provision | - | - | - |
| | | <u>67,079,584</u> | <u>72,522,602</u> |
| NOTE - 14 CASH & BANK BALANCES | | | |
| (a) Cash on hand | | 884,720 | 632,951 |
| (b) Bank Balances | | | |
| With Scheduled Banks | | | |
| In Current Account | | 357,836 | 2,456,051 |
| | | <u>1,242,556</u> | <u>3,089,002</u> |
| NOTE - 15 SHORT TERM LOANS & ADVANCES, UNSECURED | | | |
| Advances Recoverable | | 3,495,796 | 1,179,860 |
| Advances for Capital Goods | | 40,000 | 386,000 |
| Loans and Advances to Staff & Workers | | 544,250 | 539,250 |
| Prepaid Expenses | | 683,482 | 310,929 |
| Balance with Excise | | 20,383 | 87,037 |
| Vat Refund | | 98,084 | 140,963 |
| | | <u>4,881,995</u> | <u>2,644,039</u> |
| NOTE - 16 OTHER CURRENT ASSETS | | | |
| (Unsecured Considered Good) | | | |
| Other Deposits | | 2,556,550 | 3,101,328 |
| | | <u>2,556,550</u> | <u>3,101,328</u> |
| NOTE - 17 SALES AND INCOME FROM OTHER OPERATIONS | | | |
| REVENUE FROM OPERATIONS: | | | |
| Sales-Manufacturing | | 152,571,957 | 158,786,012 |
| Sales Traded | | 6,769,786 | 5,853,051 |
| | | <u>159,341,743</u> | <u>164,639,063</u> |
| Less: Excise Duty | | 13,831,375 | 14,199,634 |
| | | 145,510,368 | 150,439,429 |
| Job work | | 56,166,483 | 54,772,083 |
| | | <u>201,676,851</u> | <u>205,211,512</u> |

Notes on Financial Statements for the Year Ended 31st March, 2012

| | ASON 31.03.2012 Rs. | ASON 31.03.2011 Rs. |
|--|------------------------|------------------------|
| Particulars of: | | |
| 17 a <u>Sales</u> HDPE/Kraft lined/FIBC Bags | 138,740,582 | 144,586,378 |
| 17 b Traded PP/HDPE/LDPE Granuels | 6,769,786 | 5,853,051 |
| 17 c <u>Services</u> Job Work | 56,166,483 | 54,772,083 |
| NOTE - 18 OTHER INCOME | | |
| Dividend | 3,000 | 3,000 |
| Others incl Sundry Balances Written Back | 3,322,894 | 3,999,465 |
| | <u>3,325,894</u> | <u>4,002,465</u> |
| NOTE - 19 COST OF MATERIAL CONSUMED | | |
| Opening Stock of Raw Materials | 4,422,714 | 3,966,854 |
| Add: Purchases[Net off Modvate Credit] | 105,338,010 | 119,504,041 |
| Freight Inward and Loading & Unloading | 1,598,608 | 1,326,053 |
| | <u>111,359,332</u> | <u>124,796,948</u> |
| Less: Closing Stock of Raw Materials | 6,558,235 | 4,422,714 |
| | <u>104,801,097</u> | <u>120,374,234</u> |
| 19 a <u>COST OF MATERIALS CONSUMED</u> | | |
| Imported | 0 | 0 |
| Indigenous | <u>104,801,097</u> | <u>120,374,234</u> |
| 19 b <u>PARTICULARS OF MATERIAL CONSUMED</u> | | |
| Paper | 25,679,324 | 15,473,915 |
| Poly/Fabrics | 76,613,219 | 71,931,376 |
| Miscellaneous | 2,508,553 | 32,969,843 |
| | <u>104,801,097</u> | <u>120,375,134</u> |
| NOTE - 20 ACCRETION/DECRETION TO STOCK OF FINISHED GOODS AND WORK IN PROGRESS | | |
| OPENING STOCK | | |
| Finished Goods | 2,890,768 | 4,000,453 |
| Work In Progress | 17,141,282 | 4,133,330 |
| | <u>20,032,050</u> | <u>8,133,783</u> |
| CLOSING STOCK | | |
| Finished Goods | - | 2,890,768 |
| Work In Progress | 20,341,918 | 17,141,282 |
| | <u>20,341,918</u> | <u>20,032,050</u> |
| ACCRETION (DECRETION) TO STOCK | <u>(309,868)</u> | <u>(11,898,267)</u> |

Notes on Financial Statements for the Year Ended 31st March, 2012

| | ASON 31.03.2012 Rs. | ASON 31.03.2011 Rs. |
|---|------------------------|------------------------|
| NOTE - 21 <u>MANUFACTURING EXPENSES</u> | | |
| Processing Charges | 25,100,907 | 24,946,374 |
| Consumption of Stores | 2,898,087 | 3,302,491 |
| Power & Fuel | 14,322,844 | 12,773,633 |
| Water Charges | 251,956 | 228,185 |
| Insurance | 322,684 | 298,928 |
| Repairs and Maintenance | | |
| (A) Building | 212,940 | 23,250 |
| (B) Plant & Machinery | 510,174 | 581,581 |
| | <u>43,619,592</u> | <u>42,154,442</u> |
| NOTE - 22 <u>EMPLOYEE BENEFITS EXPENSES</u> | | |
| Salaries | 6,970,695 | 6,204,643 |
| Workmen & Staff Welfare Expenses | 750,744 | 593,842 |
| Contribution To Provident Fund And Other Funds | | |
| Provident Fund | 147,452 | 128,059 |
| | <u>7,868,891</u> | <u>6,926,544</u> |
| NOTE - 23 <u>ADMINISTRATIVE & SELLING EXPENSES</u> | | |
| Printing And Stationery | 243,967 | 204,713 |
| Telephone | 412,263 | 449,594 |
| Repairs And Maintenance of Vehicle | 593,975 | 613,902 |
| Repairs And Maintenance of Others | 201,256 | 81,228 |
| Rent | 198,800 | 97,150 |
| Rates & Taxes | 54,000 | 72,480 |
| Packaging, Forwarding Charges | 4,828,550 | 3,854,305 |
| Legal And Professional Fees | 1,334,910 | 2,038,675 |
| Travelling Expenses | 1,017,542 | 455,157 |
| Conveyance | 470,851 | 370,981 |
| Donation | 19,110 | 41,731 |
| Brokerage & Commission | 57,713 | 153,488 |
| Sales Promotion & Presentation | 423,880 | 451,099 |
| Bank Charges | 142,491 | 43,062 |
| Service Tax | 185,096 | 121,645 |
| Service Charges | 1,531,430 | 1,203,175 |
| Guarantee Commission - Directors | 660,000 | 660,000 |
| Sundry Expenses | 1,341,050 | 1,059,962 |
| Auditors Remuneration | 60,400 | 60,000 |
| Bad Debts Written Off | 1,427 | - |
| | <u>13,778,711</u> | <u>12,032,347</u> |

Notes on Financial Statements for the Year Ended 31st March, 2012

| | AS ON 31.03.2012 Rs. | AS ON 31.03.2011 Rs. |
|---|-------------------------|-------------------------|
| NOTE - 24 INTEREST & FINANCE CHARGES | | |
| Interest Expense Long-Term Loans Banks | 6,196,690 | 13,276,598 |
| Interest Expense Short-Term Loans Banks | 16,910,227 | 3,812,499 |
| Other Interest Charges | 1,154,446 | 2,603,619 |
| Discounting Charges | 1,858,934 | 4,739,772 |
| | <u>26,120,297</u> | <u>24,432,488</u> |
| NOTE - 25 EXCEPTIONAL ITEMS | | |
| Prior Period Expenses | <u>173,075</u> | <u>50,537</u> |
| | <u>173,075</u> | <u>50,537</u> |
| NOTES - 26 | | |
| 1. CONTINGENT LIABILITIES | | |
| 1. Contingent liabilities in respect of disputed suit/claims pending against the Company and Statutory Penalties. | 17.00 Crores | 17.00 Crores |
| 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. Sundry Debtors, Sundry Creditors, secured and unsecured - Loans & Advances given and taken, are Subject to their confirmation and adjustments if any. No provision has been made for Doubtful Debts 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 | Nil |
| | <u>TOTAL Rs. 60,400</u> | <u>60,000</u> |
| 6. Payment to Directors for Guarantee Commission in respect of personal guarantees given for Loans and Credit facilities obtained by the Company | <u>660,000</u> | <u>660,000</u> |
| | <u>660,000</u> | <u>660,000</u> |
| 7. Expenditure in Foreign Currency | | |
| Travelling Expenses | <u>Rs. 323587</u> | <u>NIL</u> |

Notes on Financial Statements for the Year Ended 31st March, 2012

| | ASON 31.03.2012 Rs. | ASON 31.03.2011 Rs. |
|---|------------------------|------------------------|
| 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 | 0.50 |
| VAT Tax | 0.73 | 0.00 |
| Excise Duty | 0.90 | 0.00 |
| Electricity Charges etc | 0.12 | 0.00 |
| TOTAL EXPENSES | 1.75 | 0.50 |
| <u>Income</u> | | |
| | Rs. In lakhs | Rs. In lakhs |
| Fringe Benefit Tax | 0.02 | 0.00 |
| | 0.02 | 0.00 |
| Net (Expenses)/Income | 1.73 | 0.50 |
| 10 <u>Accounting Policies</u> | | |
| [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) <u>Inventories</u> | | |
| 1 Raw material are stated at lower of cost or realisable 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 realisable value whichever is less. | | |
| 5 Scraps are stated at estimated realisable 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 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. | | |

Notes on Financial Statements for the Year Ended 31st March, 2012

- [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.
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.

Notes on Financial Statements for the Year Ended 31st March, 2012

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:

a. Parties where control exists:

Shreeji Sales Corporation
Sanjay Enterprises
Storsack India Pvt. Ltd.

b. 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
SANJAY ENTERPRISES
STORSACK INDIA PVT.LTD.
A.H. PAREKH - DEPOSIT
L. C. PAREKH - DEPOSIT A/C.
SHRIJEE SALES CORPORATION

| c. Nature of Transaction | Current Year | Previous Year |
|---|-------------------|------------------|
| i. Guarantee Commission paid to Directors | 660,000 | 660,000 |
| ii. Job work- Income from Storsack India P.Ltd. | 56,166,483 | 54,772,083 |
| iii. Purchases from Storsack India Pvt. Ltd. | 236,934 | 7,705,817 |
| iv. Outstanding Balance as at 31 st March | | |
| a. Unsecured Loan | | |
| Key Management personnel & Relatives & controlling firm [Net] | 1,454,995 | 4,167,132 |
| Received | 10,125,000 | 12,532,132 |
| Paid | 8,670,005 | 8,365,000 |
| b. Payment to Creditors by adjustment of Debtors | - | 4,113,188 |
| c. Balance of Debtors[Storsack India Pvt. Ltd.] | 23,404,503 | 18,930,697 |
| 17. Earnings Per Share: | 2011-12 | 2010-11 |
| [a] Profit/Loss before extra ordinary/exceptions item & tax | Rs.in lakhs 15.33 | 75.40 |
| [b] Profit/(Loss) after tax and exceptional items | Rs.in lakhs 13.60 | 74.90 |
| [c] The weighed average number of Ordinary share | Nos. 7,963,470 | 7,963,470 |
| [d] The nominal value per Ordinary Share | Rupees 10 | 10 |
| [e] earnings per share [Basic and diluted] before exceptional item | Rupees 0.20 | 0.95 |
| [f] earnings per share [Basic and diluted] after exceptional item | Rupees 0.18 | 0.94 |

Notes on Financial Statements for the Year Ended 31st March, 2012

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.
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. 1,82,025/- [Advances paid Rs. 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. 51,60,000/- |
| [c] Other Liabilities | Rs. 45,546/- |
| [d] Union Deductions TP-1 | Rs. 1,50,000/- |
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. 2,39,24,812/- 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. 40.92 Lacs upto 31-03-2012 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 | 31-03-2012 |

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

| | | | |
|--------------|-------------|-------------|-------------------|
| Public Issue | Right Issue | Bonus Issue | Private Placement |
| Nil | Nil | Nil | Nil |

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

| | | | |
|-------------------|---------|--------------|---------|
| Total Liabilities | 178,698 | Total Assets | 178,698 |
|-------------------|---------|--------------|---------|

Sources of Funds

| | |
|---------------------------------|-----------|
| Paid up Capital | 79,635 |
| Reserves & Surplus | (169,788) |
| Secured Loans | 30,655 |
| Deferred tax liability (-Asset) | NIL |
| Unsecured Loans | 110,420 |
| Other Liabilities & Provisions | 127,776 |

Application of Funds

| | |
|-----------------------------------|---------|
| Net Fixed Assets | 72,777 |
| Investments | 177 |
| Net Current Assets | 105,744 |
| Deferred tax assets | Nil |
| Accumulated Losses (Rs. 3739.96 | Nil |
| (Included in Reserves & Surplus)) | |

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

| | | | |
|----------------------------------|---------|----------------------|---------|
| Turnover (Includes other Income) | 205,003 | Total Expenditure | 203,643 |
| Profit before Tax | 1,360 | Profit after Tax | 1,360 |
| Earning per Share (Rs.) | 0.18 | 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- Bulk Bags/PP/HDPE/PE Bags | HDPE Tarpauline | Multiwall Paper Bags |

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 21st August, 2012

For and on behalf of the Board of Directors
H. C. Parekh Chairman &
Managing Director
B. C. Parekh Director
Akshay Bhatt Independent Director
Sandeep Poddar Independent Director
Mumbai, dated 21st August, 2012

ATTENDANCE SLIP
TPI INDIA LIMITED

Registered Office :

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

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL

Joint Shareholders may obtain additional attendance slips at the entrance.

Regd. Folio No.

Name of the attending Member/Proxy _____

No. of Shares held ,

I hereby record my presence at the 30th ANNUAL GENERAL MEETING AT J-61, Additional M.I.D.C. Area, Murbad, Dist. Thane. on Wednesday the 26th September, 2012.

SIGNATURE OF THE SHAREHOLDER OR PROXY _____

PROXY FORM**TPI INDIA LIMITED**

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

I/We _____ of _____
being a

member/members of TPI INDIA LIMITED hereby appoint _____

of _____

of failing him _____

of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held on Wednesday the 26th September, 2012 and at any adjournment thereof.

Signed this day of 2012.

Regd. Folio

Signature by the said

Note : The Proxy must be deposited at the Head Office of the
Company at 102 Atlanta, Nariman Point, Mumbai-400 021.
not less than 48 hours before the time for holding the meeting.Re. 1
Revenue
Stamp

Book-Post

If undelivered, Please return to :



TPI INDIA LIMITED

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