



**TPI** INDIA LIMITED

**22nd**  
**ANNUAL REPORT**  
**2003-2004**

**TPI INDIA LIMITED**

**BOARD OF DIRECTORS** : H. C. Parekh Chairman & Managing Director  
 B. C. Parekh Executive Director  
 Mrs. Hema Thakur Nominee Director (IDBI)

**AUDITORS** : M. G. Dhankot & Co.  
 Chartered Accountant

**BANKERS** : Indian Overseas Bank  
 The Federal Bank Limited  
 The South Indian Bank Limited  
 Bank of Baroda

**REGISTERED OFFICE** : Plot No. G-1/2,  
 M. I. D. C. Area, Boisar,  
 Dist. : Thane. (Maharashtra)

**PLANTS** : G-1/2, M. I. D. C. Area,  
 Boisar, Dist. Thane.

F-4 & F-54  
 M. I. D. C. Industrial Area,  
 Murbad, Dist. Thane.

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

Gangadhara (T.V. Rly.)  
 Taluka Palsana, Dist. Surat,  
 Gujarat - 394 310.

TPI INDIA LIMITED



## NOTICE

**NOTICE** is hereby given that the **TWENTY SECOND ANNUAL GENERAL MEETING** of the Members of **TPI INDIA LIMITED** will be held at the Registered Office of the Company situated at Plot No. G-1/2, MIDC Area, Boisar, Dist. Thane (Maharashtra) on Thursday, the 30<sup>th</sup> day of September, 2004 at 11 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, 2004 and Profit & Loss Account for the year ended on that date together with the Reports of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Hasmukh C. Parekh, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint the Auditors 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.

Place : Mumbai  
Date : 4-09-2004

By Order of the Board  
for TPI INDIA LIMITED

**REGD. OFFICE:**  
Plot No. G-1/2, MIDC Area,  
Boisar, Dist. Thane, Maharashtra.

**BHARAT C. PAREKH**  
(Executive Director)

### **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 holder 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 Thursday, 23<sup>rd</sup> day of September, 2004 to Thursday, 30<sup>th</sup> day of September, 2004 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.



TPI INDIA LIMITED

## DIRECTORS' REPORT

To,  
The Members,  
TPI INDIA LIMITED

Your Directors are pleased to present their Twenty Second Annual Report together with the Audited financial Statement for the year ended 31st March, 2004.

### FINANCIAL RESULTS :

	2003-2004 (Rs. in Lacs)	2002-2003 (Rs. in Lacs)
Total Income	668.68	961.31
Total Expenditure	1935.02	940.52
Profit/(Loss) Interest, Depreciation,	(1266.34)	20.79
Amortisation, Depreciation, Interest & Preliminary Expenses		
Less : Interest	1438.11	1383.46
Depreciation	115.70	117.83
Amortisation of Deferred Revenue Expenses	57.60	57.60
Preliminary & Issue Expenses W/off	0.00	0.51
Profit / (Loss) before Extraordinary / Exceptional	(2877.75)	(1538.60)
Less : Prior Years' Adjustments Exceptional Items	766.05	13.48
Profit / (Loss) before Tax	(3643.80)	(1525.12)
Less : Provision for Taxation	Nil	Nil
Add : Profit/(Loss) B/F from Previous Year	(5726.08)	(4200.96)
Less : Transfer from General Reserve	Nil	Nil
Balance Carried to Balance Sheet	(9369.88)	(5726.08)

### OPERATIONS REVIEW :

During the year under review, the Company achieved Sales Turnover of Rs. 668.68 Lacs as against Rs. 961.31 Lacs during the previous year and incurred losses before Interest, Depreciation, Amortisation, Extraordinary/ Exceptional item & Tax of Rs. 1266.34 lacs as against Profit of Rs. 20.79 lacs in the previous year.

### FUTURE OUTLOOK :

Your Company has identified the Strategic Investor who had visited the Plant and the viability has been assessed. The Strategic Investor agreed in principle to support the Plant and Management technically and financially. The Management are pleased to report that the capacity utilization of the Plant during the First Quarter (i.e. 1<sup>st</sup> April 04 to 30<sup>th</sup> June, 04) of the Current year (i.e. 2004-05) has been achieved at 60% as

**TPI INDIA LIMITED****TPI**

against 40% during the year under review ended on 31<sup>st</sup> March, 2004 due to extended support of the Strategic Investor.

**DIVIDEND :**

In view of the losses incurred during the year under review, your Directors are unable to recommend any dividend for the year ended 31<sup>st</sup> March, 2004.

**FIXED DEPOSITS :**

The Company has accepted unsecured loan to meet the working capital requirements of the Company. The acceptance of said unsecured loans has resulted into non compliance with Section 58A of the Companies Act, 1956 as the entire net worth of the Company has been eroded.

The business circumstances has forced the Company to avail unsecured loan. The Management is of the opinion considering that the Company being under BIFR purview, the consequences associated with contravention of Section 58A of the Companies Act, 1956 will be diluted.

**DIRECTORS :**

Mr. Hasmukh C. Parekh retires by rotation and being eligible offer himself for reappointment.

Mr. Ramphool Meena, a Director nominated by IDBI has been substituted by Mrs. H. K. Thakur. The Board place on record its sincere appreciation for the valuable services and guidance rendered by Mr. Ramphool Meena as Director of the Company and welcome Mrs. H. K. Thakur as new Nominee Director.

Due to Financial Crunch faced by the company, the amount due to Debenture Holders could not be paid on time. However, the management is in the process of reschedulement of the terms of Redemption with Debenture Holders.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

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

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to the material departures.
- That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit 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. M.G. Dhankot & Co., Chartered Accountants, retires at the conclusion of the forthcoming Annual



TPI INDIA LIMITED

General Meeting and have expressed their willingness to continue as Statutory Auditor for the Financial Year 2004-05. 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 suitable explained in the Notes to the Accounts.

#### **SICK INDUSTRIAL COMPANY :**

During the year, the reference registered under no. 277/01 and 137/03 based on the Audited Financial Statement for the year ended 31.03.2001 and 31.03.2002 respectively has been rejected. The Board of Directors have filed appeal 240/03 and 345/03 against the Order of BIFR with Appellate Authority of Industrial and Financial Reconstruction (AAIFR).

Based on the Audited Financial Statement for the year-ended 31.03.2003 Your Director has made reference to Board of Industrial and Financial Reconstruction, which has been registered as Case No. 400/03.

#### **CORPORATE GOVERNANCE :**

As it is apparent from the Audited Financial Statement, due to lower capacity utilization, your Company is incurring losses every year and the references are being made to Board of Industrial and Financial Reconstruction for declaration of Sick Industrial Company u/s 3(i)(o) of Sick Industrial Companies (Special Provisions) Act, 1985. The financial conditions of the company does not permit appointment of independent professional Directors to ensure compliance of the clause 49 of the listing Agreement. However all sincere efforts are being made to comply with clause 49 of the listing agreement.

#### **EMPLOYEE RELATIONS :**

Your Company believes that the employees are its biggest assets and it is committed to the development of this vital resource. Your Directors wishes to place on record its appreciation for the contribution made by Manager, Executive and Workmen at Murbad unit. During the year, the Industrial Relation remained extremely cordial and harmonious. Your Director place on record its appreciation for the Trade Union and Workmen at Tarapur unit for all round support extended to the Management.

#### **CASH FLOW STATEMENT :**

In conformity with the provisions of Clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2004 is annexed hereto.

#### **ACKNOWLEDGEMENT :**

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from various departments of Central and State Governments, IDBI, Indian Overseas Bank, The Federal Bank Limited, The South Indian Bank Limited and Bank of Baroda.

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

H. C. PAREKH

Date : 4<sup>th</sup> September, 2004

Chairman & Managing Director

TPI INDIA LIMITED



## AUDITOR'S REPORT

### TO THE MEMBERS OF TPI INDIA LIMITED

1. We have audited the attached balance sheet of TPI INDIA LIMITED as on 31<sup>st</sup> March 2004, the related profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statement 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 standard 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 enclosed in the Annexure a statement on the matter specified in paragraphs 4 & 5 of the said order.

Further to our Comment in the Annexure referred to in paragraph 3 above, we report that :-

1. We have obtained all the information and explanations, which to the best of our knowledge and belief where necessary for the purpose of our audit;
2. 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;
3. The Balance sheet, Profit & Loss account and Cash flow statement dealt with by this report are in agreement with the books of account;
4. In our opinion the Balance sheet, Profit & Loss account and Cash flow statement dealt with by this report comply with accounting standards referred to in section 211(3c) of the Companies Act, 1956, subject to non compliance of accounting standard AS-15 issued by the Institute of Chartered Accountants of India in respect of Encashment of Leave to employees which is accounted on cash basis by the Company.
5. The Company has not redeemed its debenture on due date and as the default continues for more than a year, all the Directors except the Nominee Director of the Company attract disqualification in terms of clause (g) of sub section (1) of Section 274 of the Companies Act 1956.
6. In our opinion to the best of our information and according to the explanations given to us, the said accounts, subject to :-
  - a) Note No. 17 of schedule U in respect of valuation of Capital Work-in-progress of abandoned project ascertained Rs. 2,91,37,300/-,
  - b) Note no. 19 of schedule U in respect of preparation of accounts on the basis of going concern,
  - c) Non provision of the followings :-
    - i) Interest Rs. 1,79,77,576/- payable on loans to Indian Overseas Bank (Refer Note No. 7 of schedule U),
    - ii) Electricity Dues Rs. 37,38,418/- and Interest and Penal damages payable to the Office of Regional Provident Fund Rs. 50,22,045/- (Refer Note No. 10 of schedule U).

Had above been provided Loss of the Company for the year under review would have been higher by Rs. 2,67,38,039/-

AND

Read together with other Note 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 :

- i. In the case of the Balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2004.
- ii. In the case of the Profit and Loss account, the Loss of the Company for the year ended on that date
- iii. In the case of the Cash flow statements, of the cash flows for the year ended on that date

For M. G. Dhankot & Co.  
Chartered Accountants

Place : Mumbai  
Date : 4<sup>th</sup> September, 2004

M.G. Dhankot  
(Proprietor)  
Membership No. 14339



## 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, 2004.

1. (a) The Company has maintained proper records showing full particulars including quantity 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 program 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, in our opinion, the Company has not disposed off a substantial part of its Fixed assets. Abandoned Surat Project has been written off as Loss debiting the same to Profit and Loss Account, after retaining the realizable value as ascertained from valuation report.
2. (a) The Inventory has been physically verified during the year by the management, except stock lying with Third parties. 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 its 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 account.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the companies Act, 1956.
  - (a) The company has taken unsecured loans from six parties aggregating to Rs. 14,010,690/- at the year end. The maximum amount involved during the year was Rs. 18,395,442/-.
  - (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 not regular in repayment of principal amount and interest.
  - (d) There is overdue amount aggregating to Rs. 13,000,690/- in respect of loans taken by 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. During the course of our audit, we have not observed any major weaknesses in internal control.
5. In respect of transaction covered under Section 301 of the companies Act, 1956:
  - (a) In our opinion and according to the information and explanation given to us, the transaction made in the pursuance of contracts or arrangements, that needed to be entered in to 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, there are no transactions





in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 5,00,000/- (Rupees Five Lacs Only) or more in respect of any party.

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 New Paper, Filing of Annual Return, maintaining the liquid assets and the limit up to which the deposits can be accepted from the public.
7. In our opinion, the internal audit system of the Company is commensurate with the size and nature of its business.
8. Maintenance of Cost record has not been prescribed by the Central Government under Section 209 (1)(d) of the Companies Act, 1956 for any of the products of the Company.
9. (a) According to the record of the Company, undisputed statutory dues including Provident Fund, Income-Tax, Sales Tax, Wealth Tax, Custom Duty and Excise Duty have been generally regularly deposited with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2004 for a period of more than six months from the date becoming payable except as per clause No. b(i) down below.

(b) i) The undisputed statutory due is as follows :

Sr. No.	Nature of Dues	Assessment Year	Amount
1.	Income Tax	96-97 & 97-98	17,58,834

ii) The disputed statutory dues aggregating to Rs. 14,403,515/- that have not been deposited on account of matter pending before appropriate authorities are as under :

Sr. No.	Nature of Dues	Amount
1.	Sales Tax	1,935,273
2.	Central Excise	12,468,242

Other details like year from which, the above dispute pertains and the disputes are pending before which Authorities are not furnished to us.

10. The Company has accumulated losses as on 31<sup>st</sup> March, 2004 which is much more than of its total net worth and has incurred cash losses 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 the Company had defaulted in the repayment of dues to Financial Institutions, Banks and Debenture Holders aggregating to Rs. 91.49 crores.
12. In our opinion and according to the information and explanation given to us, The Company has not granted