



TPI INDIA LIMITED

24th
ANNUAL REPORT
2005-2006

TPI INDIA LIMITED



BOARD OF DIRECTORS	:	H. C. Parekh B. C. Parekh Akshay Bhatt	Chairman & Managing Director Executive Director Independent Director
AUDITORS	:	M. G. Dhankot & Co. Chartered Accountants	
BANKERS	:	Indian Overseas Bank The Federal Bank Limited The South Indian Bank Limited Bank of Baroda	
FINANCIAL INSTITUTION	:	Industrial Development Bank of India.	
REGISTERED OFFICE	:	J-61, Additional M. I. D. C., Murbad, Dist. Thane.	
PLANTS	:	J-61, Additional M. I. D. C., Murbad, Dist. Thane.	
		F-4 M. I. D. C. Industrial Area, Murbad, Dist. Thane.	

TPI INDIA LIMITED



NOTICE

NOTICE is hereby given that the **TWENTY FOURTH ANNUAL GENERAL MEETING** of the Members of **TPI INDIA LIMITED** will be held at the Registered Office of the Company situated at Plot No. J-61, Additional MIDC Area, Murbad, Dist. Thane (Maharashtra) on Friday, the 29th day of September, 2006 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, 2006 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.

SPECIAL BUSINESS :

4. To consider and, if though fit, to pass with or without modification the following Resolution as an ordinary Resolution.

RESOLVED that Mr. Akshay Bhatt, who was appointed as Additional Director by the Board of Directors at duly convened Board Meeting held on 31st July 2006 and who holds office up to the date of Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956, and in respect of whom the Company has received notice in writing from the member U/s. 257 of the Act proposing his candidature for office of Director, be and is appointed Director of the Company liable to retire by rotation.

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.

TPI INDIA LIMITED



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 Friday, 22nd day of September, 2006 to Friday, 29th day of September, 2006 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.

EXPLANATORY STATEMENT

The following explanatory statement, pursuant to section 173(2) of the Companies Act, 1956, sets out all material facts relating the Business mentioned at Item 4 of the accompanying notice Dated 4th September, 2006.

ITEM No. 3,

Mr. Akshay Bhatt is a practicing Professional chartered Accountant and has immense experience in the field of Accountancy, Auditing, Finance and Taxation. Mr. Bhatt was appointed as Additional Director by the Board of Director at its meeting held on 31st July, 2006.

U/S. 260 of the Companies Act 1956, Mr. Bhatt ceases to hold office at this Annual General Meeting and is eligible for re-appointment. The Notice U/S. 257 of the Companies Act, 1956 has been received from a Shareholder signifying his intention to propose his appointment as a Director. The Board of Director feels that his experience and knowledge would be benefit and value to the Company, and therefore his appointment is recommended.

Apart from Mr. Akshay Bhatt no other director is interested or concerned in this item of the Business.

Place : Mumbai

Date : 4th September, 2006

By Order of the Board
for TPI INDIA LIMITED

BHARAT C. PAREKH
(Executive Director)

TPI INDIA LIMITED

**DIRECTORS' REPORT**

To,
The Members,
TPI INDIA LIMITED

Your Directors are pleased to present their Twenty Fourth Annual Report together with the Audited financial Statement for the year ended 31st March, 2006.

FINANCIAL RESULTS :

	2005-2006 (Rs. in Lacs)	2004-2005 (Rs. in Lacs)
Total Income	525.90	491.67
Total Expenditure	460.86	453.62
Profit/(Loss) before Amortisation, Depreciation, Interest, Extra Ordinary / Exceptional Items & Tax and Loss on Sale of Fixed Assets (Net)	65.04	38.05
Less : Loss on sale of Fixed Assets [net]	194.10	1.47
Interest	15.21	1420.17
Depreciation	96.17	115.55
Amortisation of Deferred Revenue Expenses	34.18	57.60
Profit / (Loss) before Extraordinary / Exceptional Items & Tax	(274.62)	(1556.74)
Less : Prior Years' Adjustments & Exceptional Items	25.47	(23.07)
Profit / (Loss) before Tax	(249.15)	(1,579.81)
Less : Provision for Taxation	1.41	—
Add : (Loss) B/F from Previous Year	(10,949.69)	(9,369.88)
Less : Transfer to General Reserve	—	—
Balance Carried to Balance Sheet	(11,200.25)	(10,949.69)

OPERATION REVIEW :

During the year under review, the Company has achieved the Total Income of Rs. 525.90 Lacs as against Rs. 491.67 Lacs during the previous year resulting in operation profit, before Amortisation, Depreciation, Interest, Extra-ordinary / Exceptional items & Tax and Loss on sale of fixed assets [Net] of Rs. 65.04 lacs as against Rs. 38.05 lacs in the previous year.

FUTURE OUTLOOK:

With a view to consolidate its factory operation at Murbad the infrastructures and capacities of other units has been transferred to Murbad. The term lending institutions IDBI and the consortium bankers, Indian Overseas Bank-lead Banks, The Federal Bank Ltd., and South Indian Bank Ltd., has given their approval to our One Time Settlement Proposal. The approval from Bank of Baroda is awaited. Your company has made part payment to the IDBI and Bankers in terms of the OTS proposal. In view of the acceptance of OTS Proposal by the secured lending financial institutions and bankers, the negotiations with the strategic investors for joint venture capital participation to revive the unit is at advanced stage.

**DIVIDEND :**

In view of the losses incurred during the year under review, your Directors are unable to recommend any dividend for the year ended 31st March, 2006.

FIXED DEPOSITS :

The Company has 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.

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.

DIRECTORS:

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

In view of acceptance of One Time Settlement Proposal by IDBI, the nomination of Smt. H. K. Thakur has been withdrawn and the same has been accepted by the Company at its duly convened Board Meeting.

Mr. Akshay Bhatt, a practicing chartered Accountant, was appointed as additional; director of the Company at the duly convened Board Meeting held on 31st July 2006. In Accordance with provisions Section 260 of the Companies Act, 1956 Mr. Akshay Bhatt holds the Office only up to the date of ensuing Annual General Meeting. The necessary Resolution for his re-appointment as a Director of the company liable to retire by rotation has been included in the Notice convening ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement u/s 217(2AA) of the Companies Act, 1956, with respect to Directors' 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 M. G. Dhankot & Co. Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and have expressed their willingness to continue as Statutory Auditor for the Financial Year 2006-07. 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. Further in view of the One Time Settlement proposal accepted by the Financial Institution and the Bankers of the Company, the interest payable on Secured Loan has not been provided.

TPI INDIA LIMITED

**DEBENTURE DUES:**

In response to One Time Settlement Proposal submitted, the IDBI has restructured its entire debts in terms of amount and repayment schedule including 17% Non-convertible Debenture and interest accrued thereon vide its letter dated 6th May, 2005. However the request has been made to IDBI for extension of time. The Restructured Debts Liabilities will be effected out in the financial year 2006-07

SICK INDUSTRIAL COMPANY:

The Company has been declared as sick Industrial Company u/s. 3(i)(o) of Sick Industrial Companies (Special Provisions) Act, 1985, at the BIFR hearing held on 12th December 2005 and the Term Lending Institution IDBI has been appointed as Operating Agency.

Your Company has submitted the rehabilitation package to BIFR and its approval is awaited.

CORPORATE GOVERNANCE:

As it is apparent from the Audited Financial Statements, 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 Company is in the process of appointing independent Directors to ensure the compliance of clause 49 of Listing Agreement and accordingly inducted Mr. Akshay Bhatt as independent Director.

EMPLOYEE RELATIONS:

Your Company believes that the employees are the biggest assets and it is committed to the development of this vital resource. Your Directors wish 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 / Murbad unit for all round support extended to the Management.

CASH FLOW STATEMENT:

In conformity with the clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended 31st March, 2006 is annexed hereto.

ACKNOWLEDGEMENT:

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

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: 4th September, 2006

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 re ion 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
- 3) Technology imported during the last five years: NIL

C. FOREIGN EXCHANGE EARNING AND OUTGO:

Foreign Exchange Earned:	---
Foreign Exchange Outgo:	Rs. 82,354.00

For and on behalf of the Board

Place: Mumbai

Date: 4th September, 2006

H. C. Parekh

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 31st March 2006, 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.

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 where necessary for the purpose of our audit;
- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as 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, *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.*
- e) *The Company has not redeemed its Debentures as well as not repaid its Deposits and Interest thereon 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.*
- f) In our opinion, to the best of our information and according to the explanations given to us, the said accounts, subject to:-
 - i) *Note No. 17 of Schedule U in respect of preparation of accounts on the basis of going concern.*
 - ii) *Note No. 7 of Schedule U in respect of Non-Provision of Rs. 15,68,58,330/- for Interest Payable on Secured Loans by which Loss of the company for the year ended review has been shown lower to the extent.*

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, 2006.
- 2) In the case of the Profit and loss account, of the Loss 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 M. G. Dhankot & Co.
Chartered Accountants

Place : Mumbai
Date : 4th September, 2006

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 **31st March, 2006**.

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. *Land in respect of Abandoned Surat Project has been sold out during the year. The profit arising on the same has been credited to Profit and Loss A/c. In our opinion and according to the explanation given to us, such transaction has not affected the Going Concern assumption of the Company.*
2. (a) The Inventories have been physically verified by the management during 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 3 parties aggregating to Rs.51,50,419/- at the year end. The Maximum amount involved during the year was Rs.1,23,34,921/-*
- (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 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.