



***TPI* INDIA LIMITED**

**31st  
ANNUAL REPORT  
2012-2013**

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.	

**DIRECTOR'S REPORT**

To,  
The Members,  
TPI INDIA LIMITED

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

(Rs. in Lacs)

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

**DIVIDEND :**

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

**OPERATION REVIEW :**

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

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

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

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

**FUTURE OUTLOOK:**

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



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

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

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

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

#### **FIXED DEPOSITS :**

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

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

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

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

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

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

#### **PERSONNEL :**

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

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

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

**AUDITORS:**

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

**AUDITORS' REPORT:**

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

**SICK INDUSTRIAL COMPANY:**

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

At the hearing held on 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.

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

**CORPORATE GOVERNANCE:**

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

**HUMAN RESOURCES DEVELOPMENT:**

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

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

**CASH FLOW STATEMENT:**

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

**ACKNOWLEDGEMENT:**

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

*For and on behalf of the Board*

Place : Mumbai  
Date : 30th May, 2013

H. C. Parekh  
CHAIRMAN

## **ANNEXURE TO THE DIRECTORS' REPORT**

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

### **A. CONSERVATION OF ENERGY:**

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

### **B. TECHNOLOGY ABSORPTION :**

#### **i) RESEARCH & DEVELOPMENT**

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

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

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

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

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

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

### **C. FOREIGN EXCHANGE EARNING AND OUTGO :**

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

For and on behalf of the Board

Place : Mumbai

Date : 30th May, 2013

H. C. Parekh  
Chairman



**REPORT ON CORPORATE GOVERNANCE**

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

**COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE**

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

**MANAGEMENT DISCUSSION:**

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

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

**BOARD OF DIRECTORS:**

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

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

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

NED – Non-Executive Director

ED – Executive Director

**Audit Committee:**

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

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

**Remuneration Policy and Details of Remuneration Paid:**

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

**Share Transfer Committee/Investor Grievance Committee:**

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

**Name & Designation of Compliance Officer:**

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

**GENERAL BODY MEETINGS:**

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

**DISCLOSURES:**

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

**MEANS OF COMMUNICATION:**

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

**SHAREHOLDER INFORMATION:**

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



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

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

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

**OPPORTUNITIES AND THREAT**

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

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

**SEGMENT WISE PERFORMANCE**

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

**FUTURE OUTLOOK**

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

**INTERNAL CONTROL SYSTEM**

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