

<b>BOARD OF DIRECTORS</b>	:	H. C. Parekh B. C. Parekh Akshay Bhatt Sandeep Poddar	Chairman & Managing Director Executive Director Independent Director Independent Director
<b>AUDITORS</b>	:	M/S. B. R. DALAL & CO. Chartered Accountants	
<b>BANKERS</b>	:	Union Bank of India	
<b>FINANCIAL INSTITUTIONS</b>	:	SICOM Investment & Finance Ltd. SICOM Ltd. Maharashtra State Financial Corporation	
<b>REGISTERED OFFICE</b>	:	J-61, Additional M. I. D. C. Area Murbad, Dist. Thane.	
<b>REGISTRAR AND TRANSFER AGENT</b>	:	COMPUTRONICS Financial Services (India) Limited 1, Mittal Chambers, Nariman Point, Mumbai 400 021.	
<b>PLANTS</b>	:	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 Twenty Eighth Annual Report together with the audited financial statements for the year ended 31<sup>st</sup> March, 2010. (Rs. in Lacs)

FINANCIAL RESULTS :	Year ended 31.03.2010	Year ended 31.03.2009
Total Income	1734.95	1500.07
Total Expenditure	1463.81	1355.60
Profit/(Loss) before Interest, Depreciation, Amortisation Exceptional Items	271.14	144.47
Less : Interest	189.05	42.87
Depreciation	74.11	73.81
Profit / (Loss) before Exceptional Item & Tax	7.98	27.79
Less : Prior Years' Including Income Tax Adjustments	(2.50)	(0.62)
Add : Exceptional Items - Waiver on OTS and Waiver	55.79	7092.71
Less : Provision for Taxation	Nil	1.58
Profit / (Loss) After Tax	61.27	7118.30
Add : (Loss) Brought Forward from Earlier Year	(3889.73)	(11,0081.03)
Less : Transfer to General Reserve	Nil	Nil
Balance Carried to Balance Sheet	(3828.46)	(3889.73)

**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, 2010

**OPERATION REVIEW :**

During the year under review, your Company has earned total income of Rs. 1734.95 lacs as against 1500.07 lacs during the previous year. The operational profit before interest and depreciation for the year under review is Rs. 271.14 as against Rs. 144.47 lacs during the previous year showing increase of about 88 %. However due to high cost of borrowing which is of Rs. 189.05 lacs during the year under review as against Rs. 42.87 lacs in the previous year, the Profit after depreciation and interest is Rs. 7.98 lacs during the year under review as against Rs. 27.79 lacs in the previous year.. Further during the year under review, your Company has achieved ISO 9001 : 2008 recognition.

**FUTURE OUTLOOK:**

With the consolidation of factory operation at Murbad, installation of balancing equipments and up-gradation of the existing machineries & utilities, the Company has achieved new milestone in its operation and has maintained its market share. The Capex has enabled the Company to offer state of manufacturing facilities according to international standard. The Order book remain satisfactory and will improve further as end users in the West bank increasingly towards India for cost effectiveness packaging which is essential item and the Company is confident that it should be able to continue its progress. The Management remain focused on the key areas of cost effectiveness, excellence in product quality and customer service, operational productivity and efficiency.

**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. Sandeep Poddar 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.
- 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 2009-10. 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.

After the settlement and payment to all the Secured Lender including MSFC, the Draft Rehabilitation Scheme submitted to Industrial Development Bank of India – operating agency had been approved by BIFR and the same is under process of circulation to all the concerned agencies by BIFR & subsequent final hearing for its implementation.

**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 12<sup>th</sup> 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 are important stakeholders 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 is providing 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 the excellent growth during the year.

**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, 2010 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), Union Bank of India and all the government authorities. The Directors also express their appreciation for the co-operation and support extended by ex-banker and consortium members namely Indian Overseas Bank, Federal Bank Limited, South Indian Bank Limited and Bank of Baroda and ex-financial institutions IDBI and MSFC. 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 : Murbad  
Date : 31<sup>st</sup> May, 2010

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)	
	31.3.2010	31.3.2009
Foreign Exchange Earned:	Nil	Nil
Foreign Exchange Outgo:	Nil	Nil

For and on behalf of the Board

Place : Mumbai

Date : 31<sup>st</sup> May, 2010

**H. C. Parekh**  
Chairman

**REPORT ON CORPORATE GOVERNANCE**

Your Directors submit their report on the Corporate Governance of the Company for the Financial year 2009-2010.

**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 and the first objective of the Company is to ensure the approval and implementation of Rehabilitation Scheme. Due 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 has been declared as Sick Industrial Company under section 3(i)(o) of Sick Industrial Companies(Special Provision)Act, 1985 at the BIFR hearing held on 12<sup>th</sup> December 2005 and IDBI was appointed as Operating Agency. The Company has consolidated its entire factory operation at Murbad and infrastructure/capacities of other units has been transferred at Murbad. With the consolidation of factory operation at Murbad, installation of balancing equipments and up-gradation of the existing machineries & utilities, the operation of the Company shows improvement and cost saving has also been achieved resulting into improved gross margin from the operation.

After the settlement and payment to all the Secured Lender including MSFC, the Draft Rehabilitation Scheme submitted to Industrial Development Bank of India – operating agency had been approved by BIFR and the same is under process of circulation to all the concerned agencies by BIFR & subsequent final hearing for its implementation.

**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, 2009 to 31<sup>st</sup> March 2010, 5 (Five) Board Meetings were held on 21<sup>st</sup> May 2009, 30<sup>th</sup> July 2009, 28<sup>th</sup> August 2009, 31<sup>st</sup> October 2009 and 30<sup>th</sup> January 2010. 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	5	YES	—	NIL	NIL
Mr. Akshay Bhatt	NED	5	YES	—	-	-
Mr. Sandeep Poddar	NED	5	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 21<sup>st</sup> May 2009, 30<sup>th</sup> July 2009, 31<sup>st</sup> October 2009 and 30<sup>th</sup> January 2010.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 2006 to 31st March 2007	Friday, 29th day of September 2007 at 11 a.m.	Plot No. J-61, Additional MIDC Area, Murbad, District Thane.
1st April 2007 to 31st March 2008	Wednesday, 10th day of September 2008, AT 11 a.m.	Plot No. J-61 Additional MIDC Area, Murbad, District Thane.
1st April 2008 to 31st March 2009	Monday, 29th day of June, 2009 2008 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.

**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 2010, 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, 2010 and taken on the record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 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:- ***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 31<sup>st</sup> March, 2010.
  - 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 : 31st May, 2010

Bharat Dalal  
(Proprietor)  
Membership No. 31052



**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, 2010.

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 6 parties aggregating to Rs.6,44,50,000/- at the year end. The Maximum amount involved during the year was Rs.6,44,50,000/-*
  - (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 regular in repayment of principal amount and interest thereon except in respect of Loan from MSFC with whom OTS effected during the year and principal amount of Rs. 42 Lacs has been paid off before the end of the year.*
- [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.**
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 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 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 31<sup>st</sup> March, 2010 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
1	Central Sales Tax	2002-03	28,69,602/-
2	Unpaid Dividend	95-96, 96-97, 97-98	3,17,429/-
3	Land Revenue Tax	2005-06 & 2006-07	62,020/-
			Since Paid
4	Deferred Sales Tax	91-92, 92-93	63,26,602/-

ii) *The disputed statutory dues aggregating to Rs. 39,58,799/- that have not been deposited on account of matter pending before appropriate authorities are as under: -*

Sr.No.	Nature of Dues	Amount	Authorities where Dispute is Pending
1	Central Excise Duty	Amount Not Ascertainable	Supreme Court-Appeal by Deptt.
2	Provident Fund Damage	39,58,799/-	P.F. Authority

Other details like year for which, the above dispute pertains is not furnished to us.

10. **The Company has accumulated losses as on 31<sup>st</sup> March, 2010 which is more than of 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 the Company has defaulted in the repayment of dues to MSFC aggregating to Rs. 42.00 Lacs and Interest arrears of Rs. 89,206/-. However in view of Settlement reached a sum of Rs. 42.00 Lacs has been paid before 31st March, 2010. The Company has not made payment of Loan of Rs. 8,73,069/- from DCK Ltd., and there is marginal delay in the payment of interest to SICOM Investment & Finance Ltd.

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. In view of OTS with Banks & Financial Institutions and No Dues Certificate from them, there is no Guarantee outstanding at the year end to them.
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.**

Place: Mumbai  
Date: 31st May, 2010

BALANCE SHEET AS ON 31<sup>ST</sup> MARCH 2010

	SCH	31.03.2010		31.03.2009	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCES OF FUNDS</b>					
<i>Shareholders' Funds</i>					
a) Share Capital	A	79,634,700		79,615,700	
b) Reserves & Surplus	B	204,208,000	283,842,700	204,208,000	283,823,700
<i>Loan Funds</i>					
a) Secured	C	94,396,122		64,649,119	
b) Unsecured	D	112,810,382	207,206,504	107,049,809	171,698,920
Total Funds Employed			491,049,204		455,522,628
<b>II. APPLICATION OF FUNDS</b>					
<i>Fixed Assets</i>					
a) Gross Block	E	188,076,286		179,392,213	
b) Less : Depreciation		104,742,374		97,331,164	
c) Net Block			83,333,912		82,061,049
<i>Investments</i>	F		76,647		76,647
<i>Current Assets, Loans &amp; Advances</i>					
a) Inventories	G	14,147,766		10,803,818	
b) Sundry Debtors	H	48,946,872		23,234,696	
c) Cash & Bank Balances	I	4,311,391		1,745,218	
d) Loans & Advances	J	6,170,925		5,085,043	
		73,576,954		40,868,775	
<i>Less : Current Liabilities &amp; Provisions</i>	K				
a) Liabilities		48,021,389		55,748,975	
b) Provisions		762,745		707,705	
		48,784,134		56,456,680	
Net Current Assets			24,792,819		(15,587,907)
<i>Misc. Expenditure</i> (To the extent not written off)			---		---
<b>Debit Balance of Profit &amp; Loss A/c</b>			382,845,826		388,972,840
<b>TOTAL</b>			491,049,204		455,522,628

Note on Accounts  
As per our attached report of even date  
**For B. R. DALAL & CO.**  
Chartered Accountants  
**BHARAT DALAL**  
Proprietor  
Membership No. 31052  
Mumbai, dated 31st May, 2010

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For and on behalf of the Board of Directors  
H. C. Parekh Chairman &  
Managing Director  
B. C. Parekh Executive Director  
Akshay Bhatt Independent Director  
Mumbai, dated 31st May, 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010

	SCH	31.03.2010 Rs.	31.03.2009 Rs.
<b>INCOME</b>			
Sales & Income from other operations	L	180,266,166	158,197,131
Less : Excise Duty		(9,180,953)	(11,739,476)
		171,085,213	146,457,655
Other Income	M	2,410,666	3,550,122
Accession in stock of Finished Goods & Stock in Progress	N	3,373,712	841,686
		176,869,591	150,849,464
<b>EXPENDITURE</b>			
Material Input	O	91,396,721	76,574,385
Manufacturing Expenses	P	41,891,557	45,628,821
Salaries, Wages & Benefits to employees	Q	5,298,932	4,681,061
Administrative & Selling Exp.	R	11,167,901	9,517,776
		149,755,112	136,402,043
<i>Profit before Depreciation Interest, Extraordinary / exceptional items and tax &amp; Profit on Sale of Fixed Assets</i>		27,114,479	14,447,421
Depreciation		7,411,210	7,381,143
Interest	S	18,904,969	4,287,563
<i>Profit/(Loss) for the year before Extra-ordinary / Exceptional items and tax</i>		798,300	2,778,716
Income-Tax Adjustment A/c of Earlier Years		NIL	NIL
Prior year's adjustments (Net)		(250,081)	(61,817)
Expenses on account of OTS of Secured Loan (Refer Note No.20 of Section T)		(789,206)	709,270,763
Exceptional expenses		(685,020)	Nil
Income on a/c. of waiver of creditors		7,053,021	Nil
<i>Profit/(Loss) Before Taxes</i>		6,127,014	711,987,661
Less : Provision for Fringe Benefit Tax		-	158,000
<i>Profit/(Loss) after taxes</i>		6,127,014	711,829,661
Profit/(Loss) brought forward from last year		(388,972,840)	(1,100,802,501)
Balance Carried to Balance Sheet		(382,845,826)	(388,972,840)
Earnings per share before exceptional Items (Note 19 of Schedule T)		0.10	0.35
Basic and diluted Earnings after Tax & Exceptional Items		0.77	89.39

As per our attached report of even date

For B. R. DALAL &amp; CO.

Chartered Accountants

BHARAT DALAL

Proprietor

Membership No. 31052

Mumbai, dated 31st May, 2010

For and on behalf of the Board of Directors

H. C. Parekh

Chairman &amp;

Managing Director

B. C. Parekh

Executive Director

Akshay Bhatt

Independent Director

Mumbai, dated 31st May, 2010

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	31.3.2010 Rs. In Lacs	31.3.2009 Rs. in Lacs
A) Cash Flow from Operating Activities		
a) Net profit/(Loss) before tax & Extraordinary item	7.98	27.79
Adjustment for:		
Depreciation	74.11	73.81
Interest Expenses	189.05	42.88
Interest Income	(0.09)	-
Dividend Income	(0.03)	(0.03)
Profit on sale of Fixed Assets	-	-
b) Operating Profit before working Capital Changes	271.02	144.44
Adjustment for:		
Trade & Other receivable	(249.60)	(93.26)
Inventories	(33.44)	(13.42)
Trade Payables	(94.35)	(64.45)
c) Cash generated from operations	(106.38)	(26.69)
Direct Tax Paid [Net]	4.06	0.26
Cash from operating activities before exceptional items	(110.44)	(26.95)
d) Exceptional Item	(55.80)	(8,884.93)
Deferred Revenue	-	-
Net Cash From Operating Activities (A)	(54.64)	8,857.98
B Cash Flow from Investing Activities		
Purchase of Fixed Assets / Capital Expenditure	(86.84)	(17.48)
Sale of Fixed Assets	-	-
Purchase of Investments	-	-
Sale of Investment	-	-
Staff Loans & Advances Recovered/Adjusted	(0.79)	(0.34)
Interest Received	0.09	-
Dividend Received	0.03	0.03
Net Cash used in investing Activities (B)	(87.50)	(17.79)
C Cash Flow from Financing Activities		
Fresh Issue of Share Capital	0.19	-
Proceeds from long Term Borrowings	356.66	604.71
Repayment of long Term Borrowings	-	(9,391.37)
Interest Paid	(189.05)	(42.8)
Net Cash used in Financing Activities (C)	(167.80)	(8,829.53)
D) Net increase / (decrease) in Cash and Cash Equivalent (A+B+C)	25.66	10.66
Cash and Cash Equivalent at beginning of the year	17.45	6.80
Cash and Cash equivalent at end of the year	43.11	17.45

Note : 1 Previous year figures have been regrouped/recast wherever necessary

2 Cash and Cash equivalent includes Cash & Bank balance and balance in margin account.

As per our attached report of even date

For B. R. DALAL & CO.  
Chartered Accountants

BHARAT DALAL

Proprietor

Membership No. 31052

Mumbai, dated 31st May, 2010

For and on behalf of the Board of Directors

H. C. Parekh

Chairman &  
Managing Director

B. C. Parekh

Executive Director

Akshay Bhatt

Independent Director

Mumbai, dated 31st May, 2010

**Schedule Forming Part of the Balance Sheet As On 31st March, 2010**

	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
<b>Schedule - A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
10,000,000 Equity Shares of Rs. 10 each (Previous year 10,000,000 Equity Shares of Rs. 10 each)	<b>100,000,000</b>	100,000,000
500,000 Preference Shares of Rs. 10/- each (Previous year 500,000)	<b>5,000,000</b>	5,000,000
	<b>105,000,000</b>	<b>105,000,000</b>
<b>ISSUED, SUBSCRIBED, AND PAID UP</b>		
7,963,470 Equity Shares of Rs. 10 each	<b>79,634,700</b>	79,634,700
Less : Calls in Arrears	-	19,000
	<b>79,634,700</b>	<b>79,615,700</b>

**Notes:**

- 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.
- 2) Paid up Share Capital Includes :  
2,418,120 Bonus Equity Shares  
of Rs. 10/- each issued on 22.05.1996

**SCHEDULE B**

**RESERVE & SURPLUS**

**Capital Reserve :**

Subsidy received from Maharashtra Government	<b>5,000,000</b>	5,000,000
Capital Reserve Account (See Note 7)	<b>179,284,000</b>	179,284,000
Share Premium Account	<b>19,924,000</b>	19,924,000
	<b>204,208,000</b>	<b>204,208,000</b>

**Note :**

**The Share Premium Account denotes :**

- A) Premium received on issue of 671,000 Equity Shares of Rs. 10 each at a Premium of Rs. 15 per share.
- B) Premium received on issue of 1,515,150 Equity Shares of Rs. 10 each at a premium of Rs.6.50 per Share.

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 2010**

	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
<b>Schedule C</b>		
<b>SECURED LOANS</b>		
Maharashtra State Finance Corporation - TL	-	3,500,000
Interest due on above Loan	89,206	-
Medium Term Loan from SICOM Inv. & Fin. Ltd.	50,000,000	50,000,000
Medium Term Loan form SICOM Inv. & Fin. Ltd.-Capital Expenditure.	9,000,000	-
Revolving Short Term Woking Capital Loan	14,000,000	-
-Sicom Inv. & Fin. Ltd.	-	-
Interest due to Sicom Loans	1,343,749	158,918
Bill Discounting from SICOM Ltd.	19,963,167	10,990,201
	<u>94,396,122</u>	<u>64,649,119</u>

**Notes :**

1. Term Loan from MSFC is secured by:
  - (A) First charge on the entire fixed assets of Unit A-1/2 G.D.D.I.D.C., Daman Estate, Somnath Daman, the possession of which had been taken over by MSFC and sold to Party for Rs. 25.11 lakhs. Rest of the machinaries are also taken over by MSFC towards dues.
  - (B) Joint and several personal guarantees of the Ex-whole time Director, Executive Director and the Managing Director of the Company.
  - (C) The Company had submitted a negotiated settlement proposal for Rs. 35 lacs to MSFC. Pending their acceptance the company has written back Rs. 150.75 lacs to Income Account, leaving the liability of Rs. 35 lacs to MSFC as on 31-3-2009. During the year full and final settlement with MSFC has been finalized at Rs. 42.00 Lacs and the same has been paid off. The Balance of Rs. 89,206/- represents Interest thereon claimed by MSFC.
2. The Medium Term Loan including for Capital Expenditure, Revolving Working Capital Loan from SICOM aggregating Rs.730 lacs is secured by
  - (A) Mortgage of all the Fixed Assets 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.
  - (B) Hypothecation of all Current Assets of the Company at above location
  - (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. The Bill Discounting from SICOM is secured by assignment of receivable from certain identified customers and charge on assets of the Company
- 4\* During the previous year company had made One Time Settlement with Banks & Financial Institutions in respect of working capital and term Loans. By virtue of One Time Settlement with the Banks & Financial Institutions as stated the Company had obtained No Dues Certificates from them and got released the Securities offered to them.



	<b>CURRENT YEAR</b> Rs.	<b>PREVIOUS YEAR</b> Rs.
<b>SCHEDULE D</b>		
<b>UNSECURED LOAN</b>		
Development Corporation of Konkan Ltd.	873,069	873,069
Deferred Sales Tax Loan	23,924,812	23,924,812
Inter Corporate Deposits	31,487,501	35,387,501
Other Deposits	56,525,000	46,864,427
	<u>112,810,382</u>	<u>107,049,809</u>

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 2010**

**SCHEDULE E  
FIXED ASSETS**

	GROSS BLOCK (AT COST)			DEPRECIATION				NET BLOCK		
	As at 31-3-09 Rs.	Addition Rs.	Deduction Rs.	As at 31-3-10 Rs.	Upto 31-03-2009	Deduction Rs.	For the Year Rs.	Total Rs.	As at 31-03-10 Rs.	As at 31-03-09 Rs.
Land (Leasehold)	2,173,120	-	-	2,173,120	217,532	---	-	217,532	1,955,588	1,955,588
Buildings	55,289,909	1,075,700	-	56,365,609	23,216,874	---	1,849,735	25,066,609	31,299,000	32,073,035
Plant & Machinery	101,870,078	7,105,839	-	108,975,917	60,644,021	---	4,706,462	65,350,483	43,625,434	41,226,057
Electrical Installations	9,544,632	167,275	-	9,711,907	5,785,739	---	455,354	6,241,093	3,470,814	3,758,893
Furniture & Fixtures	2,752,271	1,080	-	2,753,351	2,028,587	---	161,693	2,190,280	563,071	723,684
Office Equipments	1,779,780	41,126	-	1,820,906	880,830	---	68,362	949,192	871,714	898,950
Vehicle	-	-	-	-	-	---	-	-	-	-
Factory Equipments	2,209,554	6,200	-	2,215,754	1,524,632	---	89,881	1,614,513	601,241	684,922
Computers	2,826,999	115,421	-	2,942,420	2,550,737	---	37,449	2,588,186	354,234	276,262
Laboratory Equipments	945,870	171,432	-	1,117,302	482,212	---	42,274	524,486	592,816	463,658
<b>Total</b>	<b>179,392,213</b>	<b>8,684,073</b>	<b>-</b>	<b>188,076,286</b>	<b>97,331,164</b>	<b>---</b>	<b>7,411,210</b>	<b>104,742,374</b>	<b>83,333,912</b>	<b>82,061,049</b>
Previous Year	177,644,148	1,748,065	-	179,392,213	89,950,021	---	7,381,143	97,331,164	94,013,686	107,347,686

**Notes :-**

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

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE F</b>		
<b>INVESTMENTS (AT COST)</b>		
<b>Long Term Investment :</b>		
<b>UNQUOTED :</b>		
800 (800) Equity Shares of Janaseva Sahakari Bank Ltd. of Rs. 25 each	20,000	20,000
<b>QUOTED :</b>		
640 (640) Equity Shares of Industrial Development Bank of India of Rs. 10 each	56,647	56,647
[Market value Rs. 73,600/- Rs. 115.00 (Previous Year Rs. 29,056)]		
	<u>76,647</u>	<u>76,647</u>
<b>SCHEDULE G</b>		
<b>INVENTORIES</b>		
PHYSICALLY VERIFIED, VALUED AND CERTIFIED BY THE MANAGEMENT : at Cost or Realisable Value whichever is Less		
a) Stores & Spares Parts	2,034,685	2,668,867
b) Loose Tools	12,444	23,104
c) Stock in trade		
1) Raw Material	3,966,854	3,351,776
2) Finished Goods	4,000,453	795,375
3) Work-in-progress	4,133,330	3,964,696
	<u>14,147,766</u>	<u>10,803,818</u>
<b>SCHEDULE H</b>		
<b>SUNDRY DEBTORS</b>		
Unsecured, Considered Good		
1. Outstanding for more than six months	290,949	
2. Others	48,655,923	
	<u>48,946,872</u>	<u>23,234,696</u>
	<u>48,946,872</u>	<u>23,234,696</u>
<b>SCHEDULE I</b>		
<b>CASH &amp; BANK BALANCES</b>		
a) Cash on hand	630,428	1,284,978
b) Bank Balances With Scheduled Banks		
1) In Current Account	345,194	345,194
2) In Margin Account	3,335,768	115,046
(Refer Note No.25 Schedule 'T')		
	<u>4,311,391</u>	<u>1,745,218</u>

	Current Year Rs.		Previous Year Rs.	
<b>SCHEDULE J</b>				
<b>LOANS AND ADVANCES</b>				
<b>(UNSECURED CONSIDERED GOOD)</b>				
Prepaid Expenses		452,203		128,386
Advance Recoverable in cash or in kind or for value to be received		2,852,385		2,682,069
Loans and advances to staff & workers		236,647		158,147
Excise Balance		280,742		24,745
Deposits		1,732,864		1,631,045
Advance Fringe Benefit Tax & TDS		616,084		460,652
		<u>6,170,925</u>		<u>5,085,043</u>
<b>SCHEDULE K</b>				
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>				
<b>A) CURRENT LIABILITIES</b>				
Sundry Creditors				
Outstanding Dues of Small & Medium Enterprises (See Note No. 14 of schedule T)			464,332	
Outstanding Dues of other Creditors	16,828,673	16,828,673	30,416,237	30,880,559
Sundry Creditors for expenses		5,918,446		3,693,418
Other Liabilities		402,592		510,604
Advances from parties		18,828,401		18,828,401
Dividend Payable A/c (Refer Note No. 23 Schedule 'T')		317,429		317,429
Union Bank-Book overdraft		5,725,849		1,518,564
		<u>48,021,389</u>		<u>55,748,975</u>
<b>B) PROVISIONS</b>				
for Fringe Benefit Tax		560,427		560,427
for Gratuity		202,318		147,278
		<u>48,784,134</u>		<u>56,309,402</u>

	<i>Current Year</i>	<i>Previous Year</i>
	<i>Rs.</i>	<i>Rs.</i>

**SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2010**

**SCHEDULE L SALES AND INCOME FROM OTHER OPERATIONS**

Sales - Manufacturing	127,619,803	113,404,206
Jobwork	52,646,363	44,792,925
	<b>180,266,166</b>	<b>158,197,131</b>

**SCHEDULE M OTHER INCOME**

Interest Income-gross	9,240	-
Dividend-gross	3,000	3,000
Sundry Balance Written Back (Net)	2,398,426	2,219,310
Doubtful Debts Recovered	-	1,153,000
Other Income	-	174,813
	<b>2,410,666</b>	<b>3,550,122</b>

**SCHEDULE N ACCRETION/DECRETION TO STOCK OF FINISHED GOODS AND WORK IN PROGRESS**

<b>Opening Stock</b>	<b>Finished Goods</b>	795,375	935,552
	Work-in-progress	3,964,696	2,982,833
		<b>4,760,071</b>	<b>3,918,385</b>
<b>Closing Stock</b>	<b>Finished Goods</b>	4,000,453	795,375
	Work-in-progress	4,133,330	3,964,696
		<b>8,133,783</b>	<b>4,760,071</b>
		<b>3,373,712</b>	<b>841,686</b>

**ACCRETION/(DECRETION) TO STOCK**

**SCHEDULE O MATERIAL INPUT**

Opening Stock of Raw Materials	3,351,776	2,618,396
Add : Purchases of Raw Materials (Net of Modvat Credit including processing charges for material)	90,715,070	76,602,705
Freight Inward, Loading & Unloading Charges	1,296,729	705,060
	<b>95,363,575</b>	<b>79,926,161</b>
Less : Closing stock of Raw Materials	3,966,854	3,351,776
Raw Materials Consumed	<b>91,396,721</b>	<b>76,574,385</b>

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE P MANUFACTURING EXPENSES</b>		
Processing Charges	23,929,936	27,106,379
Consumption of Stores	4,544,906	6,048,747
Power & Fuel	12,094,948	11,167,768
Water Charges	232,132	222,300
Insurance	278,437	278,378
Repairs and Maintenance		
(A) Building	121,044	8,64
(B) Plant and Machinery	690,155	796,60
	<u>41,891,557</u>	<u>45,628,821</u>
<b>SCHEDULE Q SALARIES, WAGES &amp; BENEFITS TO EMPLOYEES</b>		
Salaries & Wages Including Bonus & Gratuity	4,723,102	4,228,242
Workmen & Staff Welfare Expenses	469,717	382,043
Contribution to Provident Fund and Other Funds	106,113	70,776
	<u>5,298,932</u>	<u>4,681,061</u>
<b>SCHEDULE R ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Printing and Stationery	263,374	300,351
Postage, Telegram and Telephone	354,986	258,304
Vehicles Expenses	528,194	369,124
Repairs and Maintenance of Others	176,787	61,474
Rent	117,648	153,400
Rates & Taxes	54,000	40,500
Packing, Forwarding & Transport Charges	4,130,491	3,155,480
Legal and Professional Fees	845,531	1,304,212
Bank Charges and Bank Commission incl. Guarantee Com.	42,367	244,058
Travelling Expenses	494,644	315,64
Conveyance	513,624	339,80
Donation	39,171	14,967
Brokerage & Commission	93,989	672,216
Service Charges	1,209,060	-
Guarantee Commission to Directors	660,000	660,000
Advertisement, Sales Promotion & Presentations	405,440	358,428
Sundry Expenses	1,008,291	1,106,687
Auditor's Remuneration	60,000	60,250
Bad Debts Written off	19,991	18,731,748
Less : Provision for Doubtful Debts	-	18,731,748
Service Tax	150,313	
	<u>11,167,901</u>	<u>9,517,777</u>

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE S</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
On Term Loan *	14,125,654	205,480
On Working Capital Loans	2,477,431	1,725,694
Interest on Loan & Others	<u>2,301,884</u>	<u>2,356,389</u>
	<u><u>18,904,969</u></u>	<u><u>4,287,563</u></u>

**SCHEDULE T****NOTES ON ACCOUNTS**

2009-10

2008-09

## 1. CONTINGENT LIABILITIES

- |   |                                 |                          |
|---|---------------------------------|--------------------------|
| I. Disputed Amount in respect of Excise Duty for which appeals has been decided and the matter is remitted back to the adjudicator for re-determination | <i>Amount not Ascertainable</i> | Amount not Ascertainable |
| II. Contingent liabilities in respect of disputed suit/claims pending against the Company & statutory penalties.  | <b>16.69 Crores</b>             | 7.66 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. Provisions for known Liabilities is adequate and not in excess of amount reasonably necessary

3. Sundry Debtors, Sundry Creditors, Secured & Unsecured Loans & Advances given & 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 :

	2009-10	2008-09
Audit Fees	60,000	50,000
Out of pocket expenses	Nil	250
	<u>60,000</u>	<u>50,250</u>

6. Payment to Directors for Guarantee Commission in respect of personal guarantees given for Loans and Credit facilities obtained by the Company & reimbursement of Car Expenses

<b>660,000</b>	660,000
<u><u>660,000</u></u>	<u><u>660,000</u></u>

Current Year  
Rs.Previous Year  
Rs.

7. During the year Company had made One Time Settlement with Banks & Financial Institutions in respect of working capital and term Loans. In view of One Time Settlement the company had availed the Waiver from the Banks & Financial Institutions towards the Principal and Interest amount. Accordingly the following amounts have been credited to (a) Capital Reserves in respect of Waiver of the Principal amount and (b) to Exceptional Income in respect of Waiver of Interest amount and debited to exceptional expenses account.

Name of Banks/Institutions	Capital Reserve	Exceptional Income Account	Exceptional Expense Account
	Previous Year	Current Year	
Indian Overseas Bank	48,835,000	122,346,658	
Bank of Baroda	10,922,000	28,261,514	
The Federal Bank Ltd.	32,233,000	75,435,313	
South Indian Bank Ltd.	38,459,000	135,274,946	
IDBI	48,835,000	332,877,780	
MSFC	-	15,074,551	789,206
<b>Total</b>	<b>179,284,000</b>	<b>709,270,762</b>	<b>789,206</b>

By virtue of One Time Settlement with the Banks & Financial Institutions as stated above the company had obtained No Dues Certificates from them and got released the Securities offered to them.



8. ADDITIONAL INFORMATION PURSUANT TO THE PROVISION OF PARAGRAPHS 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956  
 QUANTITATIVE AND TURNOVER INFORMATION (as Certified By The Directors)

**A) CAPACITY AND PRODUCTION**

**I. CAPACITY**

	UNIT	2009-2010		2008-2009	
		Licensed Capacity	Installed Capacity	Licensed Capacity	Installed Capacity

PP/LDPE Laminated to kraft paper/ Poster paper / Glassine paper / OLB Paper / Polycoated paper	Tons	N.A.	2,972	N.A.	2,972
--	------	------	-------	------	-------

PP/HDPE/PE/woven fabrics/rolls/ sheets/bags/sacks/FIBC Laminated/ Unlaminated / lined with kraft paper on circular looms	Tons	N.A.	4,500	N.A.	4,500
---	------	------	-------	------	-------

**II. PRODUCTION:**

	2009-2010		2008-2009	
PP/HDPE/PE/woven fabrics/rolls/ sheets/bags/sacks/FIBC Laminated/ Unlaminated/lined with kraft paper on circular looms	Nos.	6,379,861		5,106,321

**B) TURNOVER**

	Unit	Quantity	Value Rs.	Quantity	Value Rs.
PP/HDPE/PE/woven fabrics/rolls/ sheets/bags/sacks/FIBC Laminated/ Unlaminated / lined with kraft paper on circular looms	Nos.	6,175,777	127,619,803	5,137,003	113,404,206

Job Work			52,646,363		44,792,925
----------	--	--	------------	--	------------

180,266,166

158,197,131

**C) STOCK**

**CLOSING STOCK**

	Unit	QTY. Rs.	2009-2010 VALUE Rs.	2008-2009 QTY.	VALUE
PP/HDPE/PE/woven fabric/rolls/ Sheets/bags/sacks/FIBC laminated/ Unlaminated/lined with kraft paper on circular looms	Nos.	2,52,237	<u>4,000,453</u> <u>4,000,453</u>	48,153	<u>795,375</u> <u>795,375</u>

**OPENING STOCK**

	Unit	QTY.	2009-2010 VALUE	2008-2009 QTY.	VALUE
PP/HDPE/PE/woven fabrics/rolls/ sheets/bags/sacks/FIBC Laminated/ Unlaminated / lined with kraft Paper on circular looms	Nos.	48,153	<u>795,375</u> <u>795,375</u>	78,835	<u>935,552</u> <u>935,552</u>

	2009-10			2008-09	
<b>D) CONSUMPTION OF RAW MATERIALS</b>	<b>Unit</b>	<b>Qty.</b>	<b>Value in Rs.</b>	<b>Qty.</b>	<b>Value in Rs.</b>
i) Paper	Kgs.	5,73,711	15,737,688	523897	15,404,892
ii) Polythene Fabrics	Kgs.	5,89,193	73,361,474	813227	54,490,716
iii) Other Miscellaneous			2,297,559		6,678,777
			<u>91,396,721</u>		<u>76,574,385</u>

**(E) VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL AND STORES & SPARES PARTS (INCLUDING COMPONENTS)**

CONSUMED	Value	%	Value	%
		Rs.		Rs.
i) Raw Materials				
i) Imported		Nil	Nil	Nil
ii) Indigenous	91,396,721	100.00	76,574,385	100.00
	<u>91,396,721</u>	<u>100.00</u>	<u>76,574,385</u>	<u>100.00</u>
ii) Stores & Spares Parts (Including Components)				
i) Imported		Nil	Nil	Nil
ii) Indigenous	4,544,906	100.00	6,048,747	100.00
	<u>4,544,906</u>	<u>100.00</u>	<u>6,048,747</u>	<u>100.00</u>

9. Expenditure in Foreign Currency	2009-2010	2008-2009
Travelling Expenses	---	159,913
10. Earning in Foreign Currency	---	---
11. Prior Years Adjustments Includes		
<b>Expenses :</b>	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
Sundry Expenses	0.00	0.07
Telephone Bills	0.17	0.00
Interest	0.08	0.00
Freight	0.06	0.00
Gratuity	0.00	0.42
Central Sales Tax	0.00	0.13
Electricity Charges etc.	0.14	0.00
MPCB Fees	2.05	0.00
<b>Total Expenses</b>	<u>2.50</u>	<u>0.62</u>

**12. ACCOUNTING POLICIES**

a) The Financial Statements are prepared under the Historical Cost Convention, in accordance with applicable accounting standards.

- b) (I) Fixed Assets are stated at cost, Net of Cenvat, Less accumulated depreciation. All Cost including Financing Cost till commencement of Commercial Production, Net Charges on Foreign Exchange Contracts and Adjustment arising from Exchange rate variations relating to borrowing attributable to the Fixed Assets are capitalised.  
(II) Depreciation is charged in accordance with schedule XIV of the Companies Act, 1956 on straight line method.

C) Investment are stated at cost :

D) Inventories :

Raw Material are stated at lower of cost or realisable value. Work-in-progress is valued at material cost and conversion cost appropriate to their location 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. Stores & Spares are stated at cost or realisable value whichever is less. Scrapes are stated at 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.

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 35 D 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 travelling, 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 period 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 are 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 Liability and Contingent Assets are reviewed at each Balance Sheet date.
13. Dividend payable accounts and refund order payable accounts are under reconciliation pending receipt of details from banks.
14. 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 which the Company owes a sum exceeding Rupees One Lac for more than 30 days are M/s. Rang Rasaya, Limited Rs. Nil (Rs. 2,37,625) and M/s. A. K. Industries Rs. Nil (Rs. 1,96,697/-). No interest is provided in respect thereof.
15. 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.
16. 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.
17. 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.

18. 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.  
Shreeji Sales Corporation

c. Nature of Transaction	<i>Current Year</i>	<i>Previous Year</i>
i. Guarantee Commission Paid		
Key Management personnel	<b>660,000</b>	660,000
ii. Jobwork-Income	<b>52,646,363</b>	44,792,925
iii. Purchases	<b>1,617,062</b>	9,704,363
iv. Outstanding Balance as at 31st March		
a) Unsecured Loan		
Key Management personnel & Relatives & controlling firm (Net)	<b>64,450,000</b>	47,989,427
Received	<b>33,812,262</b>	42,341,449
paid	<b>17,001,689</b>	155,000
b) Payment to Creditors by adjustment of Debtors	<b>1,617,062</b>	4,000,000
c) Balance of Debtors	<b>13,488,876</b>	8,833,549

## 19. Earnings per share :

(a) Profit/(Loss) before extra ordinary/ exceptional item & tax	Rs. in Lakhs	<b>7.98</b>	27.79
(b) Profit/(Loss) after tax and exceptional items	Rs. in Lakhs	<b>61.27</b>	7,118.30
(c) The weighed average number of Ordinary share	Nos.	<b>7,963,470</b>	7,963,470
(d) The nominal value per Ordinary Share	Rupees	<b>10</b>	10
(e) Earnings per share [Basic and diluted] before exceptional items Rs.		<b>0.10</b>	0.35
(f) Earning per share [Basic and diluted] after exceptional items Rs.		<b>0.77</b>	89.39

20. In the Financial year 2001-02 the company had adjusted Rs. 25.11 lacs in respect of auction value of Daman unit realised by Maharashtra State Financial Corporation (MSFC), from outstanding loan balance of MSFC as management of the company failed to discharge its liability of repayment of loan.

The Company had submitted a negotiated settlement proposal for Rs.35 Lacs to MSFC. Pending their acceptance the company had written back Rs. 150.75 Lacs to Income Account, leaving the liability of Rs. 35 Lacs to MSFC as on 31-3-2009. During the year full and final settlement with MSFC has been finalized at Rs. 42.00 Lacs and the same has been paid off. The excess payment of Rs. 7.00 Lacs and the Interest thereon of Rs. 89206/- has been charged as exceptional expenses in the Profit & Loss Account.

21. The dividend payable of Rs. 317,429 is comprising of Rs. 34,342.80 for F. Y. 1995-1996, Rs.98,376.00 for F. Y. 1996-1997 and Rs. 184,710 for F.Y. 97-98, 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 Federal Bank Limited under dividend A/c No. 3884 and 4034. The Management is in the process of transferring the same to Investors Education and Protection Fund Account.

22. The Company has been declared as Sick Industrial Company under SICA on 12th December, 2005. The Final Draft Rehabilitation Scheme duly approved by IDBI-operating agency is pending before the BIFR-Bench for Circulation and implementation thereof.

23. Sundry expenses in schedule S includes Write off of Loans & Advances to Staff & Workers Rs.Nil (Previous Year Rs. 700/-)

24. Previous year's figures have been rearranged and/or regrouped, reclassified wherever necessary to make them comparable with those of the current year.

25. The Company has disputed the excess adjustment of margin money of Rs. 9,73,082/- by SICOM Ltd.

26. Sundry Creditors under BIFR Schemes includes the following Creditors.

<u>Nature of Account</u>	<u>Amount</u>	<u>Relief Sought for</u>
(a) CST Payable-TPI-1	Rs. 28,69,602/-	Waiver of Rs. 7.19 Lacs & Balance to be deferred
(b) Provident Fund Arrears	Rs. 39,58,799/-	Waiver
(c) Shambul Shah & Co.	Rs. 1,20,00,000/-	Deferment

27. Additional information pursuant to 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	31-03-2010

**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	491,049	Total Assets	491,049
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**Sources of Funds**

Paid up Capital	79,635
Reserves & Surplus	204,208
Secured Loans	94,396
Deferred tax liability (-Asset)	NIL
Unsecured Loans	112,810

**Application of Funds**

Net Fixed Assets	83,334
Investments	77
Net Current Assets	24,793
Deferred tax assets	Nil
Accumulated Losses	382,846

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

Turnover (Includes other Income)	176,870	Total Expenditure	170,743
Profit before Tax	6,127	Profit after Tax	6,127
Earning per Share (Rs.)	0.77	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 Schedules From schedule "A" to schedule "T" have been signed by the following :

AS PER OUR ATTACHED REPORT OF EVEN DATE  
For **B. R. DALAL & CO.**  
Chartered Accountants

**BHARAT DALAL**  
Proprietor  
Membership No. 31052  
Mumbai, dated 31st May, 2010

For and on behalf of the Board of Directors  
H. C. Parekh  
Chairman &  
Managing Director

B. C. Parekh  
Director  
Akshay Bhatt  
Independent Director  
Mumbai, dated 31st May, 2010