



POWER BEHIND POWER

# **TARAPUR TRANSFORMERS LIMITED**

**Annual Report 2009 - 10**

### **Board of Directors**

Mr. Naresh Kumar Choudhary  
Mr. Rajendra Kumar Choudhary  
Mr. Mohan Ranadive  
Mr. R.G. Subramanian  
Mr. Vinod Kumar Agrawal  
Mr. Anil Kumar Nevatia

### **Company Secretary & Compliance Officer**

Ms. Astha Rathi

### **Registered Office**

J-20, MIDC, Tarapur Industrial Area,  
Boisar, Thane 401506  
Tel – (91 2525) 605120  
Fax – (91 2525) 645555  
Email – complianceofficer@tarapurtransformers.com

### **Corporate Office**

201, Vikas Chamber, Junction of Link & Marve Road,  
Malad (West), Mumbai 400064  
Tel – (91 22) 40897777  
Fax – (91 22) 28811225

### **Units**

#### **Boisar Unit**

J-20, MIDC, Tarapur Industrial Area,  
Boisar, Thane 401506  
Tel – (91 2525) 605120  
Fax – (91 2525) 645555

#### **Pali Unit**

141, Manor Road, Village Pali,  
Post – Posheri, Taluka – Wada, Dist.- Thane  
Tel – (91 2526) 645977  
Fax – (91 2526) 271154

#### **Vadodara Unit**

L/25/5, GIDC Industrial Estate,  
Por- Ramnagamdi, Vadodara  
Tel – (91 265) 2830290  
Fax – (91 265) 2339629

### **Statutory Auditors**

M/s Raman S Shah & Associates  
Chartered Accountants  
Sam Plaza, A – Wing, II Floor,  
H.K. Irani Road, Dahanu Road (West),  
Thane 401602

### **Registrars & Share Transfer Agents for Physical & Electronic Shares**

Bigshare Services Private Limited  
E-2/3, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (E), Mumbai 400072  
Tel – (91 22) 28470652

### **Main Bankers**

Bank of Baroda  
Shantinath Shopping Centre,  
S.V. Road, Malad (W), Mumbai 400064

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## TARAPUR TRANSFORMERS LIMITED



### NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the Members of **Tarapur Transformers Limited** will be held at J-20, MIDC, Tarapur Industrial Area, Boisar, Thane 401506 on Thursday 30th September, 2010 at 10.30 a.m to transact with or without modification(s), as may be permissible, the following business:

#### ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010, Profit & Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To declare Dividend on 1,95,00,011 equity shares for the year ended 31st March, 2010.
3. To appoint a Director in place of Mr. Mohan Ranadive, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:-

**“RESOLVED THAT** pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Raman S. Shah & Associates, Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed by the Board of Directors of the Company”.

**“RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to implement this resolution”.

#### SPECIAL BUSINESS:-

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-  
**“RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. R.G. Subramanian, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retirement by rotation as per the provisions of the Articles of Association of the Company.
6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-  
**“RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Vinod Kumar Agrawal, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retirement by rotation as per the provisions of the Articles of Association of the Company.”
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-  
**“RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Anil Kumar Nevatia, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retirement by rotation as per the provisions of the Articles of Association of the Company.”

By Order of the Board of Directors,  
For **Tarapur Transformers Limited**

**Astha Rathi**  
Company Secretary

Thane, 14th August, 2010

#### Registered Office:-

J-20, MIDC, Tarapur Industrial Area  
Boisar, Thane 401506



**NOTES:-**

- a. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under items no. 5, 6 and 7 is annexed hereto.
- b. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY/PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.
- d. (1) The Company has notified closure of register of members and transfer books from 27th September, 2010 to 30th September, 2010 (both days inclusive) for determining the names of members eligible for dividend on equity shares, if declared at the meeting.  
(2) The dividend, if declared, on equity shares at the meeting, will be paid after 30th September, 2010, to those members whose names appear in the statement of beneficiary ownership furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
- e. Members are requested to notify to their Depository participants their change in address.
- f. As per the provisions of the Companies Act, 1956, facility for making nomination is available to the shareholders in respect of the Shares held by them. Nomination Forms can be obtained from the registrar and share transfer agents of the Company.
- g. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their respective copy of the Annual Report to the Meeting and affix their signature at the place provided on the attendance slip annexed to the Proxy form and hand over the slip at the entrance to the place of the Meeting.
- h. Non – Resident Indian Members are requested to inform the Company's registrar and share transfer agents M/s. Bigshare Services Private Limited immediately of -  
(1) The change in the residential status on return to India for permanent settlement.  
(2) The particulars of the bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
- i. Members may kindly note that their bank account details, as furnished by their depositories to the Company, will be printed on their dividend warrant as per the applicable regulations of the depositories and the Company will not entertain any direct request from such members for deletion of or change in such bank account details. Members who wish to change bank account details are therefore requested to advise their depository participants about such change with complete details of bank accounts.
- j. Relevant documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the 22nd Annual General Meeting.
- k. In line with the provisions of amended Clause 32 of the Listing Agreement and circular issued by SEBI, the Company has opted to circulate abridged annual accounts of the Company.

**Explanatory Statement**

As required under Section 173(2) of the Companies Act, 1956, in respect of the items of Special Business mentioned in the Notice:-

**Item No.5**

The Board of Directors of the Company has appointed, pursuant to the provisions of Section 260 of The Companies Act, 1956 Mr. R.G. Subramanian as an Additional Director of the Company with effect from 1st September 2009.

In terms of the provisions of Section 260 of the Companies Act, 1956 Mr. R.G. Subramanian would hold office up to the date of this Annual General Meeting.

The Company has received a Notice in writing from a member proposing the candidature of Mr. R.G. Subramanian for the office of Director of the Company under the provisions of Section 257 of the Act.

## TARAPUR TRANSFORMERS LIMITED



Mr. R.G.Subramanian is a graduate in Engineering (B.E.) and also holds Masters Degree in Business Administration with specialization in Finance and Production.

A brief resume of Mr. R.G.Subramanian, and nature of his expertise in specific functional area is provided in Report of Corporate Governance forming part of the Annual Report.

The Board of Directors is confident that his vast knowledge and experience will be of great value to the Company and hence commends the resolution set out at item no.5 of the notice for your approval.

Save and except Mr. R.G.Subramanian, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

### **Item No.6**

The Board of Directors of the Company has appointed, pursuant to the provisions of Section 260 of The Companies Act,1956 Mr. Vinod Kumar Agrawal as an Additional Director of the Company with effect from 1st September 2009.

In terms of the provisions of Section 260 of the Companies Act, 1956 Mr. Vinod Kumar Agrawal would hold office up to the date of this Annual General Meeting.

The Company has received a Notice in writing from a member proposing the candidature of Mr. Vinod Kumar Agrawal for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr. Vinod Kumar Agrawal is a commerce graduate having to his credit, an experience of more than 24 years in the field of Accounts, Finance and Packaging Industry.

A brief resume of Mr. Vinod Kumar Agrawal, and nature of his expertise in specific functional area is provided in Report of Corporate Governance forming part of the Annual Report.

The Board of Directors is confident that his vast knowledge and experience will be of great value to the Company and hence commends the resolution set out at item no.6 of the notice for your approval.

Save and except Mr. Vinod Kumar Agrawal, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

### **Item No.7**

The Board of Directors of the Company has appointed, pursuant to the provisions of Section 260 of The Companies Act,1956 Mr. Anil Kumar Nevatia as an Additional Director of the Company with effect from 1st September 2009.

In terms of the provisions of Section 260 of the Companies Act, 1956 Mr. Anil Kumar Nevatia would hold office up to the date of this Annual General Meeting.

The Company has received a Notice in writing from a member proposing the candidature of Mr. Anil Kumar Nevatia for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr. Anil Kumar Nevatia is a graduate in Commerce and Fellow Member of the Institute of Chartered Accountants of India. He is a Practicing Chartered Accountant since 1988. He is having more than 20 years of experience in the field of Finance, Audit and Taxation.

A brief resume of Mr. Anil Kumar Nevatia, and nature of his expertise in specific functional area is provided in Report of Corporate Governance forming part of the Annual Report.

The Board of Directors is confident that his vast knowledge and experience will be of great value to the Company and hence commends the resolution set out at item no.7 of the notice for your approval.

Save and except Mr. Anil Kumar Nevatia, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

By Order of the Board of Directors,  
For **Tarapur Transformers Limited**

**Astha Rathi**

Company Secretary

Thane, 14th August, 2010

### **Registered Office:-**

J-20, MIDC, Tarapur Industrial Area

Boisar, Thane 401506



## DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting Twenty Second Annual Report together with the Audited Accounts and Auditors' Report for the year ended 31st March, 2010.

### 1. Initial Public Offering:-

Your Company entered the Capital Market with an Initial Public Offer (IPO) of 85,00,011 Equity Shares of Rs. 10/- each at a premium of Rs. 65/- per share. Your Company's shares were listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on 18th May, 2010. The issue was over subscribed by about 1.65 times.

Your Directors take this opportunity to thank all the investors for their overwhelming response to the IPO and the confidence reposed by them.

### 2. Financial Performance:-

The financial performance of the Company for the Year ended 31st March, 2010 is as summarized below:-

(Rs. in Lacs)

Particulars	2009-2010	2008-2009
<b>Gross Turnover &amp; Other Income</b>	<b>3298.63</b>	2661.38
<b>Profit before Interest, Depreciation &amp; Taxation</b>	<b>343.94</b>	383.84
Less – Interest	<b>(28.41)</b>	(13.49)
Profit before Depreciation & Taxation	<b>315.53</b>	370.35
Less – Depreciation	<b>(50.97)</b>	(34.72)
Profit before tax	<b>264.56</b>	335.63
Less– Provision for Taxation (Including Deferred Tax)	<b>(110.13)</b>	(140.03)
Net Profit for the year	<b>154.43</b>	195.60
Add – Surplus brought forward from previous Year	<b>66.86</b>	34.01
Profit available for Appropriations	<b>221.29</b>	229.61
<b>Appropriations:-</b>		
Transfer to General Reserve	-	75.00
Proposed Dividend	<b>97.50</b>	75.00
Dividend Distribution Tax	<b>16.57</b>	12.75
Balance Carried to Balance Sheet	<b>107.22</b>	66.86

### 3. Performance Review:-

The performance of the Company during the year was satisfactory. The Turnover of the Company increased by 23.98% and stood at Rs. 32.99 crores as compared to Rs. 26.61 crores in the previous year. The profit after tax was lower at Rs. 1.54 crores, compared to Rs. 1.96 crores during 2008-09.

### 4. Share Capital:-

During the year under review, 5,00,00,000 Equity Shares of Rs. 2/- each were consolidated to Rs. 10/- each on 25th September, 2009. Your Company issued 10,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 50/- per share by way of preferential allotment to Bilpower Limited on 19th November, 2009. Further, 85,00,011 Equity Shares of Rs. 10/- each at a premium of Rs. 65/- per share were issued by way of IPO, making total subscribed, issued and paid up Equity Share capital to Rs. 19,50,00,110/- divided into 1,95,00,011 Equity Shares of Rs. 10/- each.



## 5. Dividend:-

Your Directors are pleased to recommend for the approval of the shareholders, a dividend of 5% (Re.0.50 per equity share) on 1,95,00,011 equity shares of Rs.10/- each being enhanced Equity Share Capital after the allotment in IPO for the financial year ended on 31st March, 2010.

## 6. Directors:-

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr.R.G. Subramanian, Mr.Vinod Kumar Agrawal and Mr.Anil Kumar Nevatia were appointed as Additional Directors of the Company with effect from 1st September, 2009 and would hold Office up to the date of ensuing Annual General Meeting.

Mr.Mohan Waman Ranadive, Director of the Company retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. The Notice convening the Annual General Meeting includes the proposals for re-appointment of Directors.

The Company has received notices in writing from members proposing the candidature of above directors.

Brief resumes of the above Directors, nature of their expertise in specific functional areas and names of the Public Limited Companies in which they hold Directorships and Memberships / Chairmanships of Committees of the Board and their shareholding in the Company, as stipulated under Clause 49 of the Listing Agreement are given in the Report on Corporate Governance forming part of the Annual Report.

## 7. Directors' Responsibility Statement:-

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, the Directors, to the best of their knowledge and belief, confirm that:-

- A. In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that there are no material departures from the same.
- B. Appropriate accounting policies have been selected and applied consistently and such judgments & estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the Profit of the Company for the accounting year ended on that date.
- C. Proper & sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing & detecting fraud and other irregularities; and,
- D. The annual accounts of the Company have been prepared on a going concern basis.

## 8. Auditors:-

The present Statutory Auditors of the Company, M/s. Raman S. Shah & Associates, Chartered Accountants, Thane, retire as Statutory Auditors at the conclusion of this Annual General Meeting. They are eligible for re-appointment and the Company has received a Certificate from them that their re-appointment, if made, would be within the limits under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such an appointment within the meaning of sub-sections (3) and (4) of Section 226 of the Companies Act, 1956. Their reappointment is recommended by the board.

## 9. Auditors' Report:-

The notes on accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments under section 217(3) of the Companies Act, 1956.

## 10. Tax Provisions:-

The Company has made adequate provisions as required under the provisions of Income Tax Act, 1961.

## 11. Fixed Deposits:-

During the year ended on 31st March 2010, the Company has not accepted any Fixed Deposits from public under Section 58A & 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.



**12. Corporate Governance:-**

We adhere to the principal of Corporate Governance mandated by the Securities and Exchange Board of India (SEBI) and have implemented all the prescribed stipulations. As required by Clause 49 of the Listing Agreement, a detailed report on Corporate Governance forms part of this Report as **Annexure II**. The Auditors' Certificate on compliance with Corporate Governance requirements by the Company is attached.

**13 Management's Discussion and Analysis Report:-**

A detailed review of the operations, performance and future outlook of the Company and its businesses is given in the Management's Discussion and Analysis Report, which forms of this Report as **Annexure I**.

**14. Energy Conservation and Technology Absorption:-**

In view of the nature of business of the Company which is labour intensive, the information required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988 with respect to conservation of Energy, Technology absorption is not given as electricity purchased and consumption per unit of production is not amenable to logical presentation.

**15. Foreign Exchange earnings and outgo:-**

Your Company earned/spent foreign exchange as under during the year.

Earnings : Rs. Nil

Outgo : Rs. 297.38 lacs

**16. Particulars of Employees:-**

Information in accordance with Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not applicable for the year under review as none of the employees is drawing a salary of Rs.2.00 Lac per month and / or Rs. 24.00 Lac per annum.

**17. Acknowledgement:-**

The Board wishes to place on record its sincere appreciation for the assistance and cooperation received from Bankers, Government Departments and other Business Associates for their continued support towards the conduct of operations of the Company efficiently.

The directors express their gratitude to the shareholders for their continuing confidence in the Company. The directors also acknowledge the hard work and persuasive efforts put in by the employees of the Company in carrying forward Company's vision and mission.

On behalf of the Board of Directors,  
For **Tarapur Transformers Limited**

**Mohan Ranadive**  
Whole Time Director

Thane, 14th August, 2010



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### BACKGROUND

Tarapur Transformers Limited was originally incorporated on 9th day of May 1988 as a Private Limited Company in the Name and Style of "Tarapur Transformers Private Limited" by its erstwhile promoters Shri Praful Dharia, Shri Rajesh Kumar Shah & Shri Praful Shah.

Bilpower Limited and its promoters acquired entire voting rights in the Company in year 2006-07, followed by change in management control and thus Bilpower Limited became the promoter of our Company.

The constitution of the Company was changed to Public limited company with effect from 27th March 2007 and consequently the name was changed to "Tarapur Transformer Limited".

We currently operate through three manufacturing units situated at Boisar, Wada & Vadodara.

### INDUSTRY OVERVIEW

Power is a critical component of any economy's infrastructure without which its development and growth is a big hindrance. An economy's growth, development and ability to handle global competition, all depends on the availability, reliability and quality of the power sector.

The Power Industry constitutes the following segments:

Power Generation

Power Transmission

Power Distribution

#### Indian Transformer Industry

A Transformer is a voltage changer, used to either step down or step up power depending on its installation base. There are largely two categories of transformers based on function, viz., power and distribution transformers. Other special transformers that are differentiated on usage include welding, traction, furnace etc. many players have the capacity to manufacture up to 400kv, however with ultra mega power plants coming up, need for high rating transformers is felt, which has opened doors for 765kv ratings transformers.

**A power transformer** is installed at generation site up to the last substation just before distribution activities commence. This transformer is used to either step up or step down power to match voltage requirements. They are oil filled transformer with its range spanning from 11kv – 765kv. Power Transformer would account for about 65-68 % of the total value of the Transformer Industry.

**A distribution Transformer** is used to transfer power from a substation to the final point of consumption. The basic purpose of a distribution transformer is to provide end users with low voltage power. A distribution transformer could either be oil filled or dry type in nature, with range spanning from 1.1 to 11kv. Distribution transformer would account for the remaining 32-35 % of the total value of the transformer.

**A dry transformer** is used where there is a space constraint and higher chances of occurrence of fire. These are mostly used by industrial & corporate clients at software parks, hotels, hospitals, high rise buildings etc. These transformers are categorized as distribution transformers due to their nature of operation, i.e. at end users locations.

In India many players belong to the unorganized segment of the Industry and cater to small ratings distribution transformer demand. This is due to lack of infrastructure testing facilities, and technical skill sets available with them. However, over a period of time many of these small players moved up the value chain and graduated to the higher rating transformers. Despite this the number of players qualified for the larger variants of transformers is still small to serve upcoming demand expected over the forthcoming years.

### BUSINESS OVERVIEW

Your Company is currently engaged in the areas of manufacturing, rehabilitation, up-gradation, and refurbishment of transformers ranging from power & distribution transformer, Industrial Transformer, Furnace Duty Transformer, Electric Locomotive Transformer, Electric Traction substation Transformer, Dry type transformer, Potential Transformer, Special purpose transformers. We are one of the key players in Indian markets manufacturing & repairing of power & distribution transformers, focusing on quality, timely delivery and customization based on our engineering capabilities without any third party collaboration or technical assistance.

We manufacture Transformers upto 220KV class, with installed capacity of manufacturing of 1840 MVA and repairing of 1800 MVA per annum.



### DISCUSSIONS ON RESULTS OF OPERATIONS

During the current fiscal our company has achieved

- Total Turnover of Rs. 3298.63 Lacs
- Net Profits of Rs. 154.43 Lacs
- Earnings per share (EPS) for the year of Rs. 1.49

### FUTURE OUTLOOK

As the number of competitors in the higher range of power transformers manufacturing is very small, the board foresees a bright future for the company once the project is fully on stream.

### RISK & CONCERNS

Our future results of operations could potentially be affected by the following factors:

- Our ability to successfully commission the Expansion Project at the scheduled time;
- Our ability to manufacture the transformers as per the requirement of our clients;
- Our ability to continuously operate and maintain our manufacturing facilities optimally;
- Our ability to continue to source raw material at competitive rates for our transformer manufacturing plants;
- Our ability to manufacture transformers using the latest technologies in terms of modern materials, components and processes;

### HUMAN RESOURCES

During the year under review, HR undertook several initiatives towards development, enhancement and retention of workforce.

Your Company strongly believes that employees are central to the Company's transformation agenda and that it is important to build capabilities of employees to handle both current and future needs. During the year, the Company worked extensively on identifying the needs of employees across all categories and level. The Company has built a young and vibrant team of highly qualified and competent professionals to meet the emerging business challenges and market competition.

### INTERNAL CONTROL AND THEIR ADEQUACY

The Internal audit was carried out by an independent firm of Chartered Accountants who conduct the audit on the basis of Annual Audit Plan. The process includes review and evaluation of effectiveness of the existing process, controls and compliance. It also ensures adherence to policies and systems, and mitigation of the operational risk perceived for each area under audit. Significant observations including recommendations for improvement of the business process were reviewed by the Management before reporting to the Audit Committee which reviewed the Internal Audit Reports and status of implementation of the agreed action plan.

### CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis, describing the Company's objectives, projections and estimates, are forward-looking statements and progressive within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statements. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

On behalf of the Board of Directors,  
For **Tarapur Transformers Limited**

**Mohan Ranadive**  
Whole Time Director

Thane, 14th August, 2010



**REPORT ON CORPORATE GOVERNANCE**

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

Corporate Governance is the application of best management practices, compliance of law and adherence to ethical standards to achieve the Company's objective of maximizing stakeholders' value and discharge of social responsibility. The Corporate Governance structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees etc. The Company had adopted Corporate Governance and disclosure practices even before these were mandated legislations.

In addition to these, the Company has also adopted the requirements of Corporate Governance under Clause 49 of the Listing Agreements, the disclosure requirements of which are given below:

**Mandatory Requirements:-**

**1. Company's Philosophy on Corporate Governance:-**

The Company's philosophy on Corporate Governance is to observe the highest level of ethics in all its dealings, to ensure the efficient conduct of the affairs of the Company to achieve its goal of maximizing value for all its stakeholders.

**2. Board of Directors (Board):-**

**a) Board Composition:-**

The Board of the Company consists of optimum combination of Executive, Non Executive – Independent Directors, which is in conformity with the requirement of Clause 49 of the Listing Agreement with Stock Exchanges.

The present strength of the Board is six (6) Directors, comprising of Chairman – Non Executive / Promoter Director, one Whole Time Director, one Non Executive / Promoter Director and three Independent & Non Executive Directors. The Board Members possess the skills, expertise & experience necessary to guide the Company.

<b>Name of Directors</b>	<b>Category of Directorship</b>	<b>Designation</b>
Mr. Naresh Kumar Choudhary	Promoter – Non Executive	Chairman
Mr. Rajendra Kumar Choudhary	Promoter – Non Executive	Director
Mr. Mohan Ranadive	Executive	Whole Time Director
*Mr. R.G. Subramanian	Independent – Non Executive	Additional Director
*Mr. Vinod Kumar Agrawal	Independent - Non Executive	Additional Director
*Mr. Anil Kumar Nevatia	Independent – Non Executive	Additional Director

\* Appointed as an Additional Director w.e.f. 01st September, 2009.

**b) Board Meetings and attendance of Directors:-**

During the financial year ended on 31st March 2010, seven (7) Board Meetings were held on the following dates:-

08th May, 2009, 22nd June, 2009, 01st September, 2009, 25th September, 2009, 19th November, 2009, 05th December, 2009, 29th March, 2010.

Agenda papers containing all necessary information / documents are made available to the Board in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Where it is not practicable to attach or send the relevant information as part of Agenda Papers, the same are tabled at the meeting or / and the presentations are made by the concerned managers to the Board. Considerable time is spent by the Directors on discussions and deliberations at the Board Meetings.

The information as specified in Annexure IA to Clause 49 of the Listing Agreement is regularly made available to the Board, whenever applicable, for discussion and consideration.



The attendance at the Board Meetings held during the year and attendance at the last Annual General Meeting, number of directorships in other Public Limited companies and membership in committees across various companies of which the Director is a Member / Chairman are given below: -

Name of Directors	No. of Board Meetings Attended	Attendance at last AGM held on 31st July, 2009	# No. of Directorship held in other Companies	Committee Memberships / Chairmanships	
				Membership	Chairmanship
Mr. Naresh Kumar Choudhary	7	Present	2	-	-
Mr. Rajendra Kumar Choudhary	7	Present	3	3	3
Mr. Mohan Ranadive	7	Present	-	-	-
Mr. R.G. Subramanian	1	-	1	1	-
Mr. Vinod Kumar Agrawal	2	-	1	7	1
Mr. Anil Kumar Nevatia	-	-	1	3	1

# Excluding Private Companies and Companies under Section 25 of the Companies Act, 1956.

The necessary disclosure regarding Committee positions have been made by all the Directors. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all companies in which they are Directors.

**c) Information of Directors' Appointment / Re-appointment:-**

The profile of Directors who are seeking re-appointment / appointment at the Annual General Meeting are furnished below:-

**Mr. Mohan Ranadive** aged – 66 years, designated as “**Whole Time Director**” is a technocrat and holds Licentiate in Electrical Engineering from VJTI Institute, Mumbai. He is having experience in the field of Production and Testing Transformers since 42 years. He is holding 1 (One) equity share of Tarapur Transformers Limited.

**Mr. R.G. Subramanian** aged – 40 years, designated as “**Non Executive & Independent Director**” is a graduate in Engineering (B.E.) and also holds Masters Degree in Business Administration with specialization in Finance and Production. Mr. Subramanian is the member of Remuneration Committee. He does not hold any equity shares of Tarapur Transformers Limited.

Mr. R.G. Subramanian has been appointed as an “**Additional Director**” of the Company w.e.f. 01st September, 2009 by the Board of Directors in its meeting held on 01st September, 2009.

**Mr. Vinod Kumar Agrawal** aged – 55 years, designated as “**Non Executive & Independent Director**” is a Bachelor of Commerce having to his credit, an experience of more than 24 years in the field of Accounts, finance and Packaging Industry. Mr. Vinod Kumar Agrawal is the member of Audit, Shareholders' Grievance and IPO Committee and Chairman of Remuneration Committee. He does not hold any equity shares of Tarapur Transformers Limited.

Mr. Vinod Kumar Agrawal has been appointed as an “**Additional Director**” of the Company w.e.f. 01st September, 2009 by the Board of Directors in its meeting held on 01st September, 2009.

**Mr. Anil Kumar Nevatia** aged – 46 years, designated as “**Non Executive & Independent Director**” is a graduate in Commerce and Fellow Member of the Institute of Chartered Accountants of India. He is a Practicing Chartered Accountant since 1988. He is having more than 20 years of experience in the field of Commerce, Finance, Audit and Taxation. He does not hold any equity shares of Tarapur Transformers Limited. He is a member of the remuneration committee, IPO committee and Shareholders'/Investors' Grievance committee and is chairman of the Audit committee.

Mr. Anil Kumar Nevatia has been appointed as an “**Additional Director**” of the Company w.e.f. 01st September, 2009 by the Board of Directors in its meeting held on 01st September, 2009.



## Committees of the Board of Directors of the Company:-

### 3. Audit Committee:-

#### a) Composition and attendance:-

The Audit Committee comprises of experts specializing in accounting / financial management. The Chairman of the Audit Committee is a Non-executive and Independent Director. The composition and attendance of Audit Committee as on 31st March, 2010 is as follows:-

Name of the Members	Position	Category	Attendance
Mr. Anil Kumar Nevatia	Chairman	Independent & Non Executive Director	1
Mr. Rajendra Kumar Choudhary	Member	Non Executive Director	1
Mr. Vinod Kumar Agrawal	Member	Independent & Non Executive Director	1

The Audit Committee is constituted in accordance with the provisions of Clause 49 of the Listing Agreement and the Companies Act, 1956. All the members of Audit Committee possess knowledge of corporate finance, accounts and company law.

During the financial year 2009-10, one (1) Audit Committee meetings was held on 26th March, 2010.

#### b) Power & Terms of Reference:-

The Power and terms of reference of the Audit Committee are as mentioned in Clause 49 II (C), (D) & (E) of the Listing Agreement entered into with the Stock Exchanges and includes overseeing the Company's financial reporting process, reviewing with the management the financial statements and the adequacy of the internal audit function and to discuss significant internal audit findings, statutory compliance issue and issues related to risk management and compliances. The CFO and the Statutory Auditors are invited to the meeting.

### 4. Remuneration Committee:-

#### a) Composition and attendance:-

The Remuneration Committee as on 31st March 2010 comprises of three members who are Independent & Non Executive Directors. The composition of Remuneration Committee as on 31st March, 2010 is as follows:-

Name of the Members	Position	Category
Mr. Vinod Kumar Agrawal	Chairman	Independent & Non Executive Director
Mr. Anil Kumar Nevatia	Member	Independent & Non Executive Director
Mr. R.G. Subramanian	Member	Independent & Non Executive Director

#### b) Terms of Reference:-

The broad terms of reference of the committee are to appraise the performance of Chairman, Managing Director, Whole Time Directors and Chief Executive Officer, determine and recommend to the Board compensation payable to Chairman, Managing Director, Whole Time Directors and Chief Executive Officer. The Remuneration policy of the Company is based on review of achievements. The remuneration policy is in consonance with the existing industry practice.

#### c) Remuneration Policy:-

Subject to approval of the Board of Directors and subsequent approval by the members at the Annual General Meeting and such authorities as the case may be, remuneration of Chairman, Managing Director, Whole Time Directors, Chief Executive officer is fixed by the Remuneration Committee. The remuneration is decided by the Remuneration Committee taking into consideration various factors such as qualifications, experience, expertise, prevailing remuneration in the competitive industries, financial position of the company etc.

The remuneration structure comprises of basic salary, perquisites, allowances (fixed component), and contribution to provident fund, in accordance with the provisions of the Companies Act, 1956.



**5. Shareholders' / Investors' Grievance Committee:-**

**a) Composition and attendance:-**

The Board has delegated the powers to approve transfer of shares etc. to this Committee of Three (3) Directors. The quorum for functioning of the committee is any two (2) Directors present. The composition of Shareholders' / Investors' Grievance Committee as on 31st March, 2010 is as follows:-

Name of the Members	Position	Category
Mr. Rajendra Kumar Choudhary	Chairman	Non Executive Director
Mr. Vinod Kumar Agrawal	Member	Independent & Non Executive Director
Mr. Anil Kumar Nevatia	Member	Independent & Non Executive Director

**b) Terms of Reference:-**

The Company has a Shareholders' / Investors' Grievance Committee, to look into redressal of Investors Complaints and requests such as delay in transfer of shares, non receipt of Dividend, Annual Report, revalidation of Dividend warrants etc.

The committee deals with various matters relating to –

- Transfer / transmission of shares.
- Issue of share certificate in lieu of lost, sub-divided, consolidated, rematerialized or defaced certificates.
- Consolidation / splitting of folios.
- Review of shares dematerialized and all other related matters.
- Investors' grievance and redressal mechanism and recommend measures to improve the level of investors' services.

The share department of the Company and registrar and transfer agents, Bigshare Services Private Limited attend expeditiously to all grievances / correspondences of the shareholders and investors, received directly or through SEBI, Stock Exchanges, Department of Corporate Affairs, and Registrar of Companies etc. The complaints are generally resolved within 30 days of receipt of letter, except in the cases that are constrained by disputes or legal impediment.

**c) Information on Investor Grievances for the period from 01st April 2009 to 31st March 2010:-**

Brought Forward	Received Afresh	Disposed	Carried Over
Nil	Nil	Nil	Nil

**d) Compliance Officer:-**

Ms. Astha Rathi is the compliance officer for complying with the requirements of SEBI (Prohibition of Insider Trading) Regulation, 1992 and the Listing Agreements with the BSE & NSE.

**6. IPO Committee:-**

**a) Terms of Reference:-**

The IPO Committee of the Board or the Board is authorised to approve, adopt and file the prospectus for the Public Issue as required under Section 60 of the Companies Act, 1956 with the Registrar of Companies, Maharashtra at Mumbai and to make any corrections or alterations therein. The IPO Committee is also authorised to issue notice convening the meeting of the shareholders authorising the issue of the shares, the Public Issue and to comply with all requirements of the Companies Act, 1956 in this regard.

**b) Composition and Attendance:-**

The composition and attendance of IPO Committee as on 31st March, 2010 is as follows:-

Name of the Members	Position	Category	Attendance
Mr. Rajendra Kumar Choudhary	Chairman	Non Executive Director	I
Mr. Vinod Kumar Agrawal	Member	Independent & Non Executive Director	I
Mr. Anil Kumar Nevatia	Member	Independent & Non Executive Director	I

# TARAPUR TRANSFORMERS LIMITED



## 7. Code of Conduct and Ethics for Directors and Senior Management:-

The Company has laid down a code of conduct for all Board members and senior management personnel of the Company. A copy of the Code of conduct is available on the Company's website [www.tarapurtransformers.com](http://www.tarapurtransformers.com)

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Whole Time Director is given below:-

**"I hereby confirm that –**

**The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct and Ethics for Directors and Senior Management in respect of the Financial Year 2009-10"**

**Mohan Ranadive**  
**Whole Time Director**

## 8. General Body Meetings:-

a) Details of the last three Annual General Meetings of the Company are given below:-

Financial Year	AGM	Date	Locations	Time	No. of Special Resolutions Passed
2006-07	19th	22nd September, 2007	J-20, MIDC, Tarapur Industrial Area Boisar, Thane 401506	11.30 am.	Nil
2007-08	20th	31st July, 2008	J-20, MIDC, Tarapur Industrial Area Boisar, Thane 401506	11.30 am.	Nil
2008-09	21st	31st July, 2009	J-20, MIDC, Tarapur Industrial Area Boisar, Thane 401506	10.30 am.	Nil

b) Details of Extra Ordinary General Meetings held during the year

Sr. No.	Date	Locations	Time	No. of Special Resolutions Passed
1	25th September, 2009	J-20, MIDC, Tarapur Industrial Area Boisar, Thane 401506	11.30 am.	2
2	26th October, 2009	J-20, MIDC, Tarapur Industrial Area Boisar, Thane 401506	11.30 am.	1

c) No resolution was put through Postal Ballot during the year under reference.

## 9. Subsidiary Company:-

The Company does not have any material non-listed Indian subsidiary company in term of Clause 49 (III) of the Listing Agreement.

## 10. Compliance with other mandatory requirements:-

### 1) Disclosures:-

#### a) Materially significant related party transactions:-

There were no materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, directors or the management or relatives etc. during the year, that may have potential conflict with interest of the Company at large.

#### b) Disclosure of accounting treatment:-

In the preparation of financial statements, the Company has followed the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India to the extent applicable.



**c) Disclosure of Risk Management:-**

The Company has laid down procedure to inform Board members about the risk assessment and minimization procedure. These would be periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.

**d) CEO / CFO Certification:-**

In line with the requirements of Clause 49 (V) of the Listing Agreement, the Whole Time Director of the Company has submitted the CEO/CFO Certification, certifying to the Board inter alia that the Financial Statements and the Cash Flow Statements for the financial year ended on 31st March, 2010 were reviewed to the best of their knowledge and belief, that they do not contain any untrue statement, omit any material facts, are not misleading statements, together present a true and fair view and are in compliance with applicable laws and regulations.

**e) Statutory Compliance, Penalties and Strictures:-**

The Company was an unlisted company until 31st March, 2010. Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any Statutory Authorities for non compliance of any matter related to the capital markets during last three years.

**11. Means of Communication:-**

Quarterly / Half yearly financial results sent to each shareholder's residence.	No, but published in the newspapers
In Which Newspapers Quarterly, half yearly & annual results were normally Published.	English: Free Press Journal; Marathi: Nav Shakti
Any website, where results or official news are displayed.	www.bseindia.com; www.nseindia.com
Whether Management Discussion & Analysis Report is a part of the Annual Report or not.	Yes, it is part of Annual Report; As Annexure - I

**12. General Shareholder Information:-**

**a) 22nd Annual General Meeting:-**

Date	30th September, 2010
Venue	J-20, MIDC, Tarapur Industrial Area, Boisar, Thane 401506
Day and Time	Thursday, 10.30 am.

**b) Financial Calendar:-**

The Company follows the period of 01st April to 31st March, as the Financial Year.

For the Financial Year 2010-11, Financial Results will be announced as per the following tentative schedule.

1st Quarter ending June 2010	By 14th August 2010
2nd Quarter & Half Year ending September 2010	By 14th November 2010
3rd Quarter ending December 2010	By 14th February 2011
4th Quarter / year ending March 2011	Within 60 days from 31st March 2011
Annual General meeting for the Year 2010-11	By September 2011

**c) Book Closure & Dividend:-**

Date of Book Closure	Monday, 27th September, 2010 to Thursday, 30th September, 2010 (both days inclusive)
Dividend payment date	After 30th September, 2010

**d) Listing:-**

The Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on 18th May, 2010.

**e) Listing Fees to Stock Exchanges:-**

The Company has paid the Listing Fees for the year 2010-11 to both the above exchanges.

# TARAPUR TRANSFORMERS LIMITED



**f) Custodial Fees to Depositories:-**

The Company has paid the custodial fees for the year 2010-11 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**g) Stock Code / Symbol:-**

Bombay Stock Exchange Ltd. (BSE)	533203
National Stock Exchange of India Ltd. (NSE)	TARAPUR EQ
International Securities Identification Number (ISIN)	INE747K01017
Corporate Identity Number (CIN) Allotted by the Ministry of Corporate Affairs (MCA)	U99999MH1988PLC047303

**h) Stock Market Price Data for the year 2009-10:-**

The Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on 18th May, 2010. Therefore, stock market price is not given for the financial year 2009-10.

**i) Registrar and Share Transfer Agent:-**

Share transfers, dividend payment and all other investor related matters are attended to and processed by our Registrar and Share Transfer Agent viz. Bigshare Services Private Limited.

**Bigshare Services Private Limited**

E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400072

Tel. No. (91 22) 28470652; Fax No. (91 22) 28475207

**j) Share Transfer System:-**

Presently, the share transfers received by the R&TA of the Company are processed and returned within a period of 30 days from the date of its receipt, subject to documents being valid and complete in all respect. The Board has delegated the authority for approving the transfers to the registrar & transfer agent subject to approval by Grievance Committee. Shareholders' Grievances and other miscellaneous correspondence on change of address, mandates, etc. received from Members are generally processed by R&TA of the Company within 30 days.

**k) Distribution of Shareholding as on 31st March, 2010:-**

Number of Shareholders	% of Total	Number of Shares	% of Total
8	100.00	11000000	100.00
8	100.00	11000000	100.00

**l) Shareholding pattern (category wise) as on 31st March, 2010:-**

Category	Number of Shares held	% of Total Shareholding
Promoters (Incl. Person Acting in Concert)	11000000	100.00
Mutual Funds	-	-
Financial Institutions / Banks	-	-
NRI / Foreign Institutional Investors	-	-
Bodies Corporate	-	-
Public	-	-
<b>Total</b>	<b>11000000</b>	<b>100.00</b>

**m) Dematerialization of shares and liquidity:-**

- About 99.99% of the shares have been dematerialized as on 31st March 2010.
- Trading in the shares of the Company is permitted in dematerialized form only as per notification issued by SEBI.

**n) Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and its impact on equity:-**

Nil



**o) Plant / Unit locations:-**

The Company has the following manufacturing units –

**Boisar Unit**

J-20, MIDC, Tarapur Industrial Area, Boisar, Dist. Thane 401506.

**Pali Unit**

141, Manor Road, Village Pali, Post- Posheri, Taluka Wada, Dist. Thane.

**Vadodara Unit**

L/25/5, GIDC Industrial Estate, Por-Ramnagamdi, Vadodara.

**p) Address for correspondence:-**

The Compliance Officer

Tarapur Transformers Limited,

J-20, MIDC, Tarapur Industrial Area, Boisar, Dist. Thane 401506.

Email – complianceofficer@tarapurtransformers.com

**Non Mandatory Requirements:-**

**a) Remuneration Committee:-**

Please refer item number 4 under Mandatory requirements.

**b) Shareholder Rights:-**

Company's quarterly financials are published in English newspaper having a wide circulation all over India and in a Marathi newspaper widely circulated in Maharashtra. The quarterly results are also put on the Company's website www.tarapurtransformers.com. The same are not sent to the shareholders of the Company, individually.

By Order of the Board of Directors,  
For **Tarapur Transformers Limited**

**Astha Rathi**

Company Secretary

Thane, 14th August, 2010

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## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

### To The Members of Tarapur Transformers Limited

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 the Listing Agreement entered into, by the Company, with the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on 18th May, 2010.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the condition of corporate Governance Code. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that, such compliance is neither an assurance as to the further viability of the Company, nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **RAMAN S. SHAH & ASSOCIATES**

Chartered Accountants  
Firm Regn. No. 119891W

**(CA. RAMAN S. SHAH)**

Partner

Membership No. 33272

Thane, 14th August, 2010



## AUDITOR'S REPORT

### TO THE MEMBERS OF TARAPUR TRANSFORMERS LIMITED

1. We have audited the attached Balance Sheet of TARAPUR TRANSFORMERS LIMITED as at 31st March, 2010 and also the Profit and Loss Account for the period ended on that date annexed thereto. These financial statements are the responsibility of the 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 auditing standards 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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Further to our comments in the Annexure referred to 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 purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us. The Branch Auditor's Report (s) have been forwarded to us and have been appropriately dealt with;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
  - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
  - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
    - (ii) in the case of the Profit and Loss Account, of the profit for the period ended on that date; and
    - (iii) in the case of Cash Flow of the Cash Flow for the period ended on that date.

For **RAMAN S. SHAH & ASSOCIATES**

Chartered Accountants  
Firm Regn. No. 119891W

**(CA. RAMAN S. SHAH)**

Partner

Membership No. 33272

Mumbai, 10th May, 2010

## ANNEXURE TO AUDITOR'S REPORT

### REFERRED TO IN PARAGRAPH OF OUR REPORT OF EVEN DATE

- 1 In respect of its Fixed Assets
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b. According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner which, in our opinion, is reasonable, having regard to the size of the Company and nature of the assets. , No material discrepancies were noticed on such verification.
  - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- 2 In respect of its Inventories
  - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - b. In our opinion and according to the information & explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.



- 3 In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.  
We are informed that the Company has not taken unsecured loans, from companies, listed in the register maintained under Section 301 of the Companies Act, 1956.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods & services. During the course of our audit, we have not observed any major weaknesses in internal controls.
- 5 As explained to us there has not been any transaction during the year that need to be entered in the register maintained under section 301 of the Companies Act 1956 and exceeding during the year to Rs. 5,00,000 or more in respect of each such party.
- 6 The company has not accepted any deposits from the public. Hence the requirements of clause (vi) of paragraph 4 of the Order is not applicable to the company.
- 7 In respect of internal audit system of the company  
As per information's & explanations given to us & taking into consideration the size and the nature of the business of the company, this clause is not applicable.
- 8 In respect of maintenance of Cost Records u/s 209(1)(d) of the Companies Act, 1956.  
As per information's & explanations given to us & taking into consideration the size and the nature of the business of the company, this clause is not applicable.
- 9 In respect of undisputed statutory dues  
According to the information and explanations given to us, there are no undisputed statutory dues payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess which are outstanding as at for a period of more than six months from the date they became payable.
- 10 In respect of accumulated losses & Cash Losses  
The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- 11 According to the information and explanations given to us the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- 12 In our opinion and according to the information & explanation given to us, no loan and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion, the company is not a Chit fund, Nidhi or mutual benefit Society, hence the requirements of clause (xiii) of paragraph 4 of the order is not applicable to the company.
- 14 The company is not dealing or trading in in shares, securities, debentures and other investments. Hence the requirement of clause (xiv) of paragraph 4 of the Order is not applicable to the company.
- 15 According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16 To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were prima facie, applied by the company during the year for the purposes for which the loans were obtained.
- 17 According to the information and explanations given to us, no funds raised on short-term basis have been used for long-term investment. Similarly, no funds raised on long term basis have been used for short-term investment.
- 18 During the year, the company has not made preferential allotment of shares to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 19 The company has not issued any debentures. Hence the requirements of clause (xix) of paragraph 4 of the Order is not applicable to the company.
- 20 The company has not raised any money by way of public issues during the year.
- 21 In our opinion & according to the information and explanations given to us, a fraud on or by the company has not been noticed or reported during the year.

For **RAMAN S. SHAH & ASSOCIATES**  
Chartered Accountants  
Firm Regn. No. 119891W

**(CA. RAMAN S. SHAH)**  
Partner  
Membership No. 33272

Mumbai, 10th May, 2010



**BALANCE SHEET AS AT 31ST MARCH 2010**

(Rs. in Lacs)

	Schedule	2009-10	2008-09
<b>I. SOURCES OF FUNDS</b>			
<b>1) Shareholders' Funds</b>			
Share Capital	"A"	1100.00	1000.00
Reserves & Surplus	"B"	927.06	386.70
Share Application Money		-	590.00
<b>2) Loan Funds</b>	"C"		
Secured Loans		1653.32	1438.86
Unsecured Loans		758.66	24.50
<b>3) Deferred Tax Liability</b>		108.14	55.54
		<u>4547.18</u>	<u>3495.60</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1) Fixed Assets</b>	"D"		
Gross Block		1613.52	1313.10
Less - Depreciation		226.23	175.26
<b>Net Block</b>		<u>1387.29</u>	<u>1137.84</u>
Capital Work In Progress and Advance on Capital Account		1566.90	747.70
		<u>2954.19</u>	<u>1885.54</u>
<b>2) Investment</b>	E'	-	0.89
<b>3) Current Assets, Loans &amp; Advances</b>	"F"		
Inventories		537.50	655.27
Sundry Debtors		1250.61	1067.33
Cash & Bank Balances		311.75	98.15
Loans & Advances		567.66	317.98
		<u>2667.52</u>	<u>2138.73</u>
<b>Less : Current Liabilities &amp; Provisions</b>	"G"		
Current Liabilities		967.59	355.03
Provisions		164.07	178.87
		<u>1131.66</u>	<u>533.90</u>
<b>Net Current Assets</b>		<u>1535.86</u>	<u>1604.83</u>
<b>4) Miscellaneous Expenditure</b>		57.13	4.34
		<u>4547.18</u>	<u>3495.60</u>
Significant Accounting Policies and Notes to the Accounts	"M"		

Schedules "A" to "M" form part of the accounts

As per our attached report of even date

**For Raman S. Shah & Associates**  
Chartered Accountants  
Firm Registration No. I 19891W

**CA. Raman S. Shah**  
Partner  
Membership No. 33272  
Mumbai, May 10, 2010

**Astha Rathi**  
Company Secretary

**For and on behalf of the Board**  
**N.K. Choudhary**  
Director

**R.K. Choudhary**  
Director

Mumbai, May 10, 2010



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED - 31ST MARCH 2010**

(Rs. in Lacs)

	Schedule	2009-10	2008-09
<b>I INCOME</b>			
Sales		3298.50	2661.25
Other Income	"H"	0.13	0.13
		<u>3298.63</u>	<u>2661.38</u>
<b>II EXPENDITURE</b>			
Cost Of Sales	"I"	2500.87	1878.77
Excise Duty		163.10	179.43
Office & Administrative Expenses	"J"	139.36	92.16
Selling & Distribution Expenses	"K"	21.54	14.85
Financial Expenses	"L"	48.28	26.51
Depreciation		50.97	34.72
Miscellaneous Expenditure W/Off		1.45	1.45
Service Tax		7.56	17.07
Sales Tax		100.94	80.79
		<u>3034.07</u>	<u>2325.75</u>
<b>III PROFIT BEFORE TAX</b>		<b>264.56</b>	<b>335.63</b>
Provision For Taxation			
- Current Tax		(50.00)	(91.12)
Provision For Income Tax - Earlier Year		(7.53)	(18.92)
- Provision For Income Tax - Deferred		(52.60)	(29.99)
		<u>154.43</u>	<u>195.60</u>
<b>IV PROFIT AFTER TAX</b>		<b>154.43</b>	<b>195.60</b>
Balance Brought Forward From Previous Year		66.86	34.01
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>221.29</b>	<b>229.61</b>
<b>Appropriation</b>			
Transfer To General Reserve		-	75.00
Proposed Final Dividend On Equity Shares		97.50	75.00
Tax On Proposed Dividend		16.57	12.75
		<u>107.22</u>	<u>66.86</u>
<b>BALANCE CARRIED TO BALANCE SHEET</b>			
Earning Per Share (Refer Note (B) 8 Of Schedule "M")			
- <b>Basic &amp; Diluted</b>		<b>1.49</b>	<b>0.39</b>
Face Value Of Equity Shares (In Rs.)		<b>10.00</b>	<b>2.00</b>
Significant Accounting Policies And Notes To The Accounts	"M"		

Schedules "A" to "M" form part of the Accounts

As per our attached report of even date

**For Raman S. Shah & Associates**  
Chartered Accountants  
Firm Registration No. I 19891W

**CA. Raman S. Shah**  
Partner  
Membership No. 33272  
Mumbai, May 10, 2010

**Astha Rathi**  
Company Secretary

**For and on behalf of the Board**  
**N.K. Choudhary**  
Director

**R.K. Choudhary**  
Director

Mumbai, May 10, 2010



**CASH FLOW STATEMENT FOR THE YEAR ENDED - 31ST MARCH 2010**

(Rs. in Lacs)

	2009-10	2008-09
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax & Extra Ordinary Items	264.56	335.63
Adjustment for -		
- Deferred Revenue Expenditure	1.45	1.65
- Depreciation	50.97	34.72
- Dividend on Long Term Investment - Trade	(0.13)	(0.13)
- Interest Expenses (Net)	28.41	13.49
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>345.26</b>	<b>385.36</b>
Adjustment for -		
- Debtors, Loans & Advances	(432.96)	(274.48)
- Inventories	117.77	(115.26)
- Current Liabilities and Provisions	612.56	(229.42)
- Miscellaneous Expenditure	(54.24)	-
Cash generated from operations	588.39	(233.80)
Decrease in Provision for Taxation	(98.65)	(70.98)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>489.74</b>	<b>(304.78)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1119.62)	(987.41)
Sale of Investments	0.89	-
Dividend on Long Term Investment - Trade	0.13	0.13
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1118.60)</b>	<b>(987.28)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Total Proceeds from borrowings (Net of repayments)	948.62	1113.67
Proceeds from issue of Shares	600.00	-
Share Application money	(590.00)	201.56
Dividend Paid	(75.00)	-
Corporate Dividend Tax Paid	(12.75)	-
Interest paid (Net)	(28.41)	(13.49)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>842.46</b>	<b>1301.74</b>
Net Increase in Cash and Cash Equivalents	213.60	9.68
Cash and Cash Equivalent at beginning of the year	98.15	88.47
<b>CASH AND CASH EQUIVALENT AT THE END OF THE YEAR</b>	<b>311.75</b>	<b>98.15</b>

- NOTES: 1. All figures in brackets are outflow.  
 2. Previous year's figures have been regrouped wherever necessary.  
 3. Cash and Cash Equivalent is Cash & Bank Balances as per Balance Sheet.

As per our attached report of even date

**For Raman S. Shah & Associates**

Chartered Accountants

Firm Registration No. 119891W

**CA. Raman S. Shah**

Partner

Membership No. 33272

Mumbai, May 10, 2010

**Astha Rathi**

Company Secretary

**For and on Behalf of the Board**

**N.K. Choudhary**

Director

**R.K. Choudhary**

Director

Mumbai, May 10, 2010



**SCHEDULES FORMING PART OF BALANCE SHEET**

(Rs. in Lacs)

	2009-10	2008-09
<b>SCHEDULE (A) - SHARE CAPITAL</b>		
<b>Authorised</b>		
25000000 (50000000) Equity Shares Of Rs 10/- (2/-) Each	<u>2500.00</u>	<u>1000.00</u>
<b>Issued, Subscribed &amp; Paid Up</b>		
11000000 (50000000) Equity Shares Of Rs. 10/- (2/-) Each	<u>1100.00</u>	<u>1000.00</u>
	<u>1100.00</u>	<u>1000.00</u>
<b>SCHEDULE (B) - RESERVES &amp; SURPLUS</b>		
Share Premium	517.21	17.21
General Reserve	279.92	279.92
Capital Reserve	22.71	22.71
Profit & Loss Account	107.22	66.86
	<u>927.06</u>	<u>386.70</u>
<b>SCHEDULE (C) - LOANS FUNDS</b>		
<b>Secured Loans</b>		
Working Capital Facilities	142.88	292.40
Term Loan From Bank	1356.48	1137.10
Other Term Loan	3.24	9.36
Buyers Credit	150.72	-
	<u>1653.32</u>	<u>1438.86</u>
<b>Unsecured Loans</b>		
Interest Free Sales Tax Loan	8.31	9.00
Loan From Holding Company	750.35	15.50
	<u>758.66</u>	<u>24.50</u>

**Notes:**

- 1) Cash credit facilities is secured by hypothecation of all current assets. The facilities are further collaterally secured by Equitable Mortgage of Land and Building at Boisar unit and hypothecation of all Fixed Assets of Boisar unit.
- 2) Term loan is Collaterally secured against part of the Land at Pali Unit and the Movable Fixed Assets of Pali Unit
- 3) Cash Credit and Term Loan Facilities are further secured with Corporate Guarantee given by Holding Company.
- 4) Auto Loans are secured against respective Vehicles.

**SCHEDULE (D) - FIXED ASSETS**

(Rs. in Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As At 1St April, 2009	Addition	Deduction/ Adjustment	As At 31St March 2010	Upto 1St April, 2009	Deduction/ Adjustment	For The Year	As At 31St March 2010	As At 31St March 2010	As At 31St March, 2009
Land ( Lease Hold)	13.03	-	-	13.03	-	-	-	-	13.03	13.03
Factory Building	8.42	-	-	8.42	0.56	-	0.28	0.84	7.58	7.86
Building & Premises	445.67	5.21	-	450.88	23.48	-	7.31	30.79	420.09	422.19
Furniture & Fixture	11.90	4.74	-	16.64	7.76	-	1.01	8.77	7.87	4.14
Computers	2.41	2.15	-	4.56	0.61	-	0.58	1.19	3.37	1.80
Tools & Equipments	4.20	1.24	-	5.44	0.31	-	0.35	0.66	4.78	3.89
Electric Items	27.59	2.77	-	30.36	3.90	-	1.48	5.38	24.98	23.69
Vehicles	45.09	21.67	-	66.76	14.40	-	5.36	19.76	47.00	30.69
Plant & Machinery	593.03	257.46	-	850.49	114.84	-	26.51	141.35	709.14	478.19
Goodwill	155.55	-	-	155.55	7.78	-	7.78	15.56	139.99	147.77
Office Equipment	4.37	0.37	-	4.74	1.34	-	0.23	1.57	3.17	3.03
Air Conditioner	1.84	4.81	-	6.65	0.28	-	0.08	0.36	6.29	1.56
Total	1313.10	300.42	-	1613.52	175.26	-	50.97	226.23	1387.29	1137.84
Capital WIP	747.70	989.96	170.76	1566.90	-	-	-	-	1566.90	747.70
Grand Total	2060.80	1290.38	170.76	3180.42	175.26	-	50.97	226.23	2954.19	1885.54
Previous Year	1073.39	1403.06	415.65	2060.80	140.54	-	34.72	175.26	1885.54	932.86

Note: Capital Work In Progress includes advances on Capital Accounts.



**SCHEDULES FORMING PART OF BALANCE SHEET**

(Rs. in Lacs)

		2009-10	2008-09
<b>SCHEDULE (E) - INVESTMENT</b>			
	<b>Qty.</b>		
<b>Equity Shares, Unquoted (at Cost)</b>		<b>2009-10</b>	<b>2008-09</b>
Co.Op. Bank Of Baroda	(F.V. 10/-)	-	8750
		-	0.89
		-	0.89
<b>SCHEDULE (F) - CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
<b>I Inventories</b>			
(As Taken, Valued & Certified By The Management)			
Raw Material		273.50	338.77
Finished Goods		0.69	49.25
Work-In-Progress		263.31	267.25
		<u>537.50</u>	<u>655.27</u>
<b>II Sundry Debtors</b>			
(Unsecured, Considered Good By The Management)			
Outstanding For Periods Exceeding Six Months		354.22	380.99
Other Debts		896.39	686.34
		<u>1250.61</u>	<u>1067.33</u>
<b>III Cash &amp; Bank Balances</b>			
A. Balance With Scheduled Banks			
In Current Accounts		204.45	26.05
In Deposit Accounts And As Margin		105.01	66.77
		<u>309.46</u>	<u>92.82</u>
B. Cash In Hand		2.29	5.33
		<u>311.75</u>	<u>98.15</u>
<b>IV Loans &amp; Advances</b>			
(Unsecured, Considered Good By The Management)			
Income Tax & Tds		6.47	9.77
Prepaid Expenses		23.54	2.73
Advances Recoverable in Cash or Kind or for Value to be Received		410.51	252.78
Deposits		127.14	52.70
		<u>567.66</u>	<u>317.98</u>
<b>SCHEDULE (G) - CURRENT LIABILITIES &amp; PROVISIONS</b>			
<b>I Current Liabilities</b>			
Sundry Creditors			
- Due To Msme		29.86	14.20
- Due To Others		897.51	293.46
Trade Advance		6.43	22.00
Other Current Liabilities		33.79	25.37
		<u>967.59</u>	<u>355.03</u>
<b>II Provisions</b>			
Provisions For Taxation		50.00	91.12
Proposed Dividend		97.50	75.00
Tax On Proposed Dividend		16.57	12.75
		<u>164.07</u>	<u>178.87</u>



**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

(Rs. in Lacs)

	2009-10	2008-09
<b>SCHEDULE (H) - OTHER INCOME</b>		
Dividend Income	0.13	0.13
	<u>0.13</u>	<u>0.13</u>
<b>SCHEDULE (I) - COST OF SALES</b>		
Opening Stock	655.27	540.00
Purchases	2212.72	1831.64
Stores & Spares Consumed	0.90	2.06
Transportation Charges	29.71	53.35
Insurance Charges	0.64	0.92
Repairs & Maintenance	0.97	2.35
Wages	22.45	19.02
Clearing & Forwarding Charges	-	0.23
Customs Duty	-	1.70
Power & Fuel	24.82	14.85
Other Direct Expenses	90.89	67.92
	<u>3038.37</u>	<u>2534.04</u>
Less - Closing Stock	537.50	655.27
	<u>2500.87</u>	<u>1878.77</u>
<b>SCHEDULE (J) - OFFICE &amp; ADMINISTRATIVE EXPENSES</b>		
Payment To & Provision For Employees		
Salaries, House Rent Allowance And Bonus	72.05	46.59
Contribution / Provision To And For -		
Provident And Other Funds	5.37	4.05
Staff Welfare	3.52	2.73
Travelling & Conveyance	28.55	15.73
Postage, Telegram & Telephone	3.50	2.44
Legal & Professional Charges	11.44	10.96
General Expenses	9.39	4.93
Rent, Rates & Taxes	3.30	3.37
Repairs & Maintenance	0.33	0.28
Printing & Stationery	1.91	1.08
	<u>139.36</u>	<u>92.16</u>
<b>SCHEDULE (K) - SELLING &amp; DISTRIBUTION EXPENSES</b>		
Advertisement Expenses	0.10	3.30
Commission On Sales	3.70	3.96
Bad Debts	1.32	-
Insurance Charges	0.32	0.48
Transportation Charges	14.82	5.43
Business Promotion Expenses	1.28	1.68
	<u>21.54</u>	<u>14.85</u>
<b>SCHEDULE (L) - FINANCIAL EXPENSES</b>		
Interest	28.41	13.49
Bank And Other Financial Charges	19.87	13.02
	<u>48.28</u>	<u>26.51</u>



## SCHEDULE – “M”

### A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES -

#### 1. Basis of Preparation of Financial Statements

The Financial Statements are prepared as per historical cost convention and in accordance with the generally accepted accounting principle in India, the provisions of the Companies Act, 1956 and the applicable accounting standards issued by the ICAI.

#### 2. Use Of Estimates

The preparation of financial statements requires use of estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and the estimate are recognised in the period in which the same are known / materialised

#### 3. Fixed Assets

Fixed assets including leasehold land are recorded at cost. The company capitalises all costs relating to Fixed Assets acquisition and installation and other financial cost till commencement of commercial production. The Company has stated its Fixed assets net of Cenvat/Value Added Tax.

Expenses incurred relating to Pali Unit prior to commencement of commercial production are classified as project development expenditure and disclosed under Capital Work in Progress which will be subsequently allocated to the relevant Fixed Assets on Pro-rata basis depending on the prime cost of assets of Pali Unit.

#### 4. Depreciation / Amortisation

(a) Depreciation on additions to assets is calculated Pro-rata from the date of such additions and similarly on deletion from assets is calculated Pro-rata up to the date of deletion. Depreciation in the case of uninstalled Fixed Assets has not been provided.

(b) Depreciation on assets except to the extent stated in (a) above, has been provided at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956 on straight line method and in accordance with the provisions of section 205(2) (b) of the Companies Act, 1956.

(c) Depreciation on assets, whose actual cost does not exceed Rupees Five Thousand each, has been provided @ 100% p.a.

#### 5. Inventories

(a) Raw materials are valued at cost

(b) Work In Progress is valued at cost plus estimated value of overheads.

(c) Finished goods are valued at cost or net realizable value whichever is lower.

#### 6. Impairment Of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impaired loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired.

#### 7. Foreign Exchange Transactions

(a) Foreign Currency Transactions are expressed in Indian Currency at the rates prevailing on the date of transaction. All The Foreign Currency Liabilities / Assets as at the Balance Sheet date are restated at the applicable exchange rates prevailing at that date.

(b) Exchange differences arising on repayment of liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of the respective Fixed Assets.

#### 8. Accounting Of Cenvat Transactions

Cenvat benefit is accounted for on accrual basis on purchase of material & assets and incurring of expenses and appropriated against payment of excise duty on clearance of finished goods.

#### 9. Taxation

Tax expenses for the year comprise of current tax and deferred tax. Current tax is measured after taking into consideration the deductions and exemptions admissible under the provision of Income Tax Act, 1961 and in accordance with Accounting Standard 22 on “accounting for taxes on income”, issued by ICAI.



Deferred Tax assets or liabilities are recognized for further tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates. At each balance sheet date the company reassesses unrecognized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

**10. Recognition Of Income And Expenditure**

- (a) Incomes & Expenditures are generally accounted on accrual as they are earned or incurred except interest on taxes and duties which are accounted on payment basis or at the time of assessment, whichever is earlier.
- (b) Sales are accounted net of sales discounts, rebates, etc., if any and returns but inclusive of excise duty and service tax, vat, sales tax and freight, insurance.
- (c) Packing material and stores & spares purchased are written off as expenses in the year of purchase.
- (d) Imports are recognized on presentation of Bill of Entry at the Customs on retiring the import document which ever is earlier.

**11. Employee Retirement Benefits**

- (a) Company's contribution to provident fund is charged to Profit & Loss account.
- (b) The Amount of Gratuity liability for the year is charged to Profit & Loss Account.

**12. Deferred Revenue Expenses:**

Deferred revenue expenses include expenses for public issue of share and increase of authorized share capital. These expenses being written off over period of 5 years.

**13. Tax On Dividend**

Tax on distributable profit by way of proposed dividend is accounted in the year to which the declared dividends relates.

**14. Investments**

Investments are stated at cost of acquisition.

**15. Earning Per Share**

The Company reports basic and diluted earning per share (EPS) in accordance with Accounting Standard 20 on "Earning Per Share". Basic and Diluted EPS are computed by dividing the net profit for the year attributable to equity share holders by the number of equity shares outstanding during the year.

**B. NOTES FORMING PART OF THE ACCOUNTS -**

**1. Contingent Liabilities**

Guarantee given to various electricity board Rs. 659.02 Lacs (P.Y guarantee Rs.575.10 Lacs)

**2. C.I.F. Value Of Imports, Expenditures And Earnings In Foreign Currency -**

	(Rs. in Lacs)	
	2009-2010	2008-2009
<b>(A) C.I.F. Value Of Imports</b>		
Raw Material	159.43	15.85
Capital Goods (Including Advances)	137.95	245.91
Total	297.38	261.76
<b>(B) Expenditure In Foreign Currency</b>		
Traveling Expenses	Nil	0.74
<b>(C) Earnings Foreign Currency</b>	Nil	Nil

**3. Segment Reporting**

The Company primarily deals in the Business of Manufacturing, Repair, Refurbishment and Upliftment of Power Transformers and there are no material exports hence there is no primary reportable segment, either product wise or geographical, in the context of Accounting Standard 17 issued by the institute of Chartered Accountants of India.

# TARAPUR TRANSFORMERS LIMITED



## 4. Related Party Disclosures

### (A) The Company Had Transaction With The Following Related Parties:

Sr. No.	Name Of The Related Party	Relationship
1)	Bilpower Limited	Holding Company
2)	Niksan Engineering Company (P) Ltd	Sister Concern
3)	Choudhary Global Ltd.	Sister Concern
4)	Naresh Kumar Choudhary	Key Management Personnel
5)	Rajendra Kumar Choudhary	Key Management Personnel
6)	Mohan W. Randive	Key Management Personnel
7)	Choudhary Stamping	Proprietary Concern of relative of-KMP of Holding Company
8)	Manjulata Choudhary	Relative of KMP

### (B) Related Party Transactions

(Rs. in Lacs)

Sr. No.	Nature of Transactions	Nature of Relationship				Total of Transactions
		Holding Company	Sister Concern	Key Management Personnel (KMP)	Relatives of KMP & their Proprietary Concerns	
1	Purchases of Goods/ Fixed Assets	503.43 (230.21)	55.09 (159.19)	- -	- -	558.52 (389.40)
2	Sale of Goods	- (2.01)	162.78 -	- -	- -	162.78 (2.01)
3	Receiving of Services					
	Payment of Remuneration	-	-	6.51 (6.51)	-	6.51 (6.51)
	Labour Charges	-	-	-	1.30 (1.44)	1.30 (1.44)
4	Finance (Including Loans And Equity Contributions In Cash or Kind)					
	A) Loans & Advances Received	750.35	-	-	-	750.35
	B) Loans & Advances Given	-	-	-	-	-
5	Interest Income	-	3.58	-	-	3.58
6	Outstanding Payable.	1174.23 (104.87)	-	-	-	1174.23 (104.87)
	Receivable	-	0.32	-	-	0.32
7	Share Application Money Recd.	- (500.00)	- (90.00)	-	-	- (590.00)

Note : Figures in brackets relate to previous year.

## 5. Deferred Tax Liability Statement

(Rs. in Lacs)

Particulars	Deferred Tax Liability/Asset As At 1-4-2009	Current Period Changes	Deferred Tax Liability/Asset As At 31-03-2010
Difference Between Book And Tax Depreciation	55.54	52.60	108.14
Deferred Tax Liabilities	55.54	52.60	108.14



**6. Production, Turnover and Stock:-**

(Rs. in Lacs)

Sr. No.	Particulars	Opening Stock	Sales	Closing Stock
1	Transformers Mfg.	49.25	1867.42	0.69
2	Transformers Repairs	-	383.43	-
3	Others (Including Waste, Copper Etc.)	-	1047.65	-
	<b>Total</b>	<b>49.25</b>	<b>3298.50</b>	<b>0.69</b>

**Note:**

Quantities are not given as the transformers sold/ repaired are of varied capacities and specifications hence the numbers of transformers would not be meaningful. In view of this the production column has been omitted as this column normally contains quantities only and not amount.

**7. Raw Material Consumed:-**

The material purchases have been applied towards manufacturing as well as repairs of transformers. Since the material has been used in common facilities towards both and since the requirement of law is to show consumption of raw material for manufacturing, the same has not been given.

**8. Earnings Per Share (EPS)**

(Rs. in Lacs)

Particular	2009-2010	2008-2009
Profit After Tax	<b>154.43</b>	195.60
Weighted Average Number of Equity Shares - Basic & Diluted	<b>10364384</b>	50000000
Earning Per Share (In Rs.) - Basic & Diluted	<b>Rs.1.49</b>	Rs.0.39

**9. Payment to Auditors Included in Legal & Professional Fees Represents:**

(Rs. in Lacs)

Particular	2009-2010	2008-2009
As Auditors	<b>1.64</b>	1.15
Tax Audit Fees	<b>0.52</b>	0.52
Certification & Other Jobs	<b>0.16</b>	0.10
Service Tax	<b>0.24</b>	0.12
<b>Total</b>	<b>2.56</b>	1.89

**10. Managerial Remuneration**

Paid To Executive Director

(Rs. in Lacs)

Particular	2009-2010	2008-2009
Salaries & Contribution To Provident Fund	<b>6.51</b>	6.51
<b>Total</b>	<b>6.51</b>	6.51

11. Term Deposit Receipts wherever obtained are endorsed in favour of banks and government departments against bank guarantee, L/C facility etc.
12. Previous year figures have been regrouped / re cast wherever necessary.
13. Some of the Creditors / Debtors / Loans / Advances are subject to confirmations and resultant reconciliation, if any.
14. Other interest is net of interest income of Rs. 23.35 lacs (P.Y Rs. 31.50 Lacs). Interest Income is gross on which tax has been deducted at same amounting to Rs. 3.87 Lacs (Previous Year Rs.5.93 Lacs).



15 Information required in terms of part IV to schedule VI of the Companies Act, 1956 is attached

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Rs. in Lacs)

**I REGISTRATION DETAILS**

Registration Number (CIN No.)	U99999MH1988PLC047303
State Code	11
Balance Sheet Date	March 31, 2010

**II CAPITAL RAISED DURING THE YEAR**

Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	100.00

**III POSITION OF MOBILIZATION AND DEPLOYMENT OF FUND**

Total Liabilities	4547.18
Total Assets	4547.18

**Sources Of Funds**

Paid Up Capital	1100.00
Reserves & Surplus	927.06
Secured Loans	1653.32
Unsecured Loans	758.66
Deferred Tax Liability	108.14

**Application Of Funds**

Net Fixed Assets	2954.19
Investment	-
Net Current Assets	1535.86
Miscellaneous Expenditure	57.13

**IV PERFORMANCE OF THE COMPANY**

Turnover	3298.63
Total Expenditure	3034.07
Profit before Tax	264.56
Profit after Tax	154.43
Earning per share in Rs. (Basic & Diluted)	1.49
Dividend Rate %	5.00

**V GENERIC NAMES OF THREE PRINCIPAL / SERVICES OF THE COMPANY (as per monetary terms)**

Item Code No. (ITC Code)	85.04
Product Description	Manufacturing, Repair, Refurbishment & Upliftment of Power Transformers

As per our attached report of even date

**For Raman S. Shah & Associates**

Chartered Accountants  
Firm Registration No. 119891W

**CA. Raman S. Shah**  
Partner  
Membership No. 33272  
Mumbai, May 10, 2010

**Astha Rathi**  
Company Secretary

**For and on behalf of the Board**

**N.K. Choudhary**  
Director

**R.K. Choudhary**  
Director

Mumbai, May 10, 2010

If not delivered, please return to:

**TARAPUR TRANSFORMERS LIMITED**

**Corporate Office :** 201, Vikas Chambers, Junction of Link & Marve Road, Malad (West), Mumbai 400 064

Tel. : (91 22) 4089 7777; Fax : (91 22) 2881 1225

Email : [complianceofficer@tarapurtransformers.com](mailto:complianceofficer@tarapurtransformers.com)