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# Transformers & Rectifiers (India) Limited

## Board of Directors

Jitendra U. Mamtora	<i>Chairman &amp; Managing Director</i>
Satyen J. Mamtora	<i>Joint Managing Director</i>
Karunaben J. Mamtora	<i>Executive Director</i>
Michael B. Homawalla	<i>Director</i>
Rajendra Shah	<i>Director</i>
Harish Rangwala	<i>Director</i>

## Audit Committee

Jitendra U. Mamtora	<i>Chairman</i>
Michael B. Homawalla	<i>Member</i>
Harish Rangwala	<i>Member</i>

## Bankers

State Bank of India
Bank of Baroda
Andhra Bank

## Auditors

C. C. Chokshi & Co
Chartered accountants
Heritage, Nr.Gujarat Vidhyapith, Ahmedabad-380 014.

## Registered/Corporate Office

Suvey No 344-350, Opp. P. W. D. Stores, Vill : Changodar, Sarkhej Bavla Highway, Tal I : Sanand. Dist : Ahmedabad-382 210.
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## Plants

1. Suvey No 344-350,  
Opp. P. W. D. Stores,  
Vill : Changodar, Ahmedabad
2. Plot No.233, GVMSAV Ltd.  
Odhav, Ahmedabad

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## NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the members of Transformers & Rectifiers (India) Limited will be held on Monday, 11<sup>th</sup> June, 2007 at 11.00 a.m. at the registered office at, Survey No : 344-350, Opp. P.W.D. Stores, Sarkhej Bavla Highway, Vill : Changodar, Talk : Sanand, Dist : Ahmedabad-382 210, to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2007 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To take note of Interim Dividend.
3. To appoint a director in place of Mr. Satyen J. Mamtora who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Rajendra Shah who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications the following resolution as a Ordinary Resolution.

“RESOLVED THAT in supersession of Resolution passed at the General Meeting of the Company held on 10<sup>th</sup> July, 2006, the consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 300 crore.”

7. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit in favour of Banks/Financial Institutions, other investing agencies and holders of other instruments to secure rupee / foreign currency loans (hereinafter collectively referred to as “Loans”) provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company in respect of the said loans, shall not, at any time exceed the limit of Rs.300 crore.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required.”

8. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution

RESOLVED THAT, pursuant to the provisions of Section 198,309,310 and other applicable provisions, if any, of the Companies Act, 1956, read with schedule XIII thereof, consent of the Company be and is hereby accorded to the revision in terms of remuneration payable to Mrs. Karuna Mamtora, Executive Director of the Company, with effect from 01.01.2007, as set out in the Explanatory Statement annexed hereto, for the remaining period of her tenure.

RESOLVED FURTHER THAT, in the event of absence or inadequacy of net profits for the financial year, the salary and perquisites as set out in the Explanatory Statement annexed hereto, shall be treated as the minimum remuneration payable to Mrs. Karuna Mamtara, Executive Director of the Company.”

9. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution

RESOLVED THAT, pursuant to the provisions of Section 198,309,310 and other applicable provisions, if any, of the Companies Act, 1956, read with schedule XIII thereof, consent of the Company be and is hereby accorded to the revision in terms of remuneration payable to Mr. Satyen Mamtara, Executive Director of the Company, with effect from 01.01.2007, as set out in the Explanatory Statement annexed hereto, for the remaining period of his tenure.

RESOLVED FURTHER THAT, in the event of absence or inadequacy of net profits for the financial year, the salary and perquisites as set out in the Explanatory Statement annexed hereto, shall be treated as the minimum remuneration payable to Mr. Satyen Mamtara, Executive Director of the Company.”

10. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to Section 198,269,309,310 and other applicable provisions, if any of the Companies Act, 1956, read with and in accordance with the conditions specified in Schedule XIII of the said Act, the approval of the Company be and is hereby accorded to the re-appointment of Shri Jitendra Mamtara as a Managing Director of the Company with effect from 1<sup>st</sup> January, 2007 for a period of 5 years or till Board resolves otherwise or the Managing Director resigns from the office of Directorship, on the terms and conditions, as set out in the Explanatory Statement annexed hereto

RESOLVED FURTHER THAT Board of Directors be and are hereby authorized to take such steps as may be necessary to give effect to this Resolution.”

11. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution

“RESOLVED THAT in accordance with provisions of Sections 198,269,309,310 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) read with schedule XIII thereof, Mr. Satyen Mamtara be and is appointed as a Joint Managing Director instead of Executive Director of the Company w. e. f. 1<sup>st</sup> April, 2007 for the remaining period of his tenure, on the terms and conditions as agreed in the supplementary agreement, to be entered into between Mr. Satyen Mamtara and the Company.

RESOLVED FURTHER THAT Mr. Satyen Mamtara will be entitled to receive Salary of Rs.3 Lacs per Month, instead of earlier salary of Rs.2.50 lacs per month, w.e.f. 1<sup>st</sup> April, 2007, with no change in other remuneration terms, as mentioned in the earlier remuneration agreement, as stated in the earlier resolution.

RESOLVED FURTHER THAT Board of Directors be and are hereby authorized to take such steps as may be necessary to give effect to this Resolution.”

Place : Changodar, Ahmedabad  
Date : 8<sup>th</sup> May, 2007

On behalf of the Board of Directors

Jitendra U. Mamtara  
Chairman & Managing Director

Registered Office :  
Survey No : 344-350, Opp. P.W.D. Stores,  
Sarkhej Bavlva Highway, Vill : Changodar,  
Tal : Sanand, Dist : Ahmedabad-382 210

## NOTES

- Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed as a part of this Notice.
- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must reach the Registered office of the Company not less than 48 hours.

## EXPLANATORY STATEMENT

[pursuant to Section 173(2) of the Companies Act, 1956]

### ITEM NO. 6 & 7

Under Section 293(1)(d) of the Act, the Board of Directors of a company cannot, except with the consent of the company in general meeting, borrow monies, apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves of the company, that is to say, reserves not set apart for any specific purpose.

Taking into consideration the requirements of additional funds to meet the future capital expenditure and long term working capital needs of the Company, it is expected that the limit, as sanctioned by the shareholders is likely to be exceeded. The consent of the Shareholders is therefore, sought in accordance with the provisions of Section 293(1)(d) of the Act, to enable the Directors to borrow monies to the extent of Rs.300 crore.

The proposed borrowings of the Company need to be secured by way of charge/ mortgage/ hypothecation on the Company's assets in favour of the lenders. As the documents to be executed between the lenders and the Company, it is necessary to pass a resolution under Section 293(1)(a) of the Act, for creation of charges/ mortgages/ hypothecations for an amount not exceeding the borrowing limit of Rs. 300 crore.

The proposed resolutions are in the interest of the Company and your Directors commend the Resolutions in Item Nos. 6 & 7 of the Notice for acceptance of the members.

None of the Directors are interested in the resolutions at Item Nos. 6 and 7 of the accompanying Notice.

### ITEM NO. 8

The Board of Directors at their meeting held on 1<sup>st</sup> January, 2007 had approved the revision in the remuneration payable to Mrs. Karuna Mamtara, Executive Director of the Company, with effect from 1<sup>st</sup> January, 2007, till her appointment period.

The revision in remuneration was made keeping in mind her contribution made to the growth and development of the company, as well as the compensation package prevalent in the Industry.

She will be entitled to the following remuneration:

- (a) Salary Rs. 50,000/- p.m.
- (b) Perquisites : In addition to the salary & performance incentive, the following perquisites shall be allowed to the Executive Director and the total value of perquisites shall be restricted to an amount equal to the annual salary.

### CATEGORY - “A”

- i) **Housing :**  
The Company shall provide furnished accommodation to the Executive Director. If the Executive Director is having his own accommodation, the Company shall pay house rent allowance at the rate of Rs. 10000/- per month, subject to a limit of 20 % of his salary.

The Company shall provide equipments and appliances, furniture, fixtures and furnishing, including maintenance of all, at the residence of the Executive Director at the entire cost of the Company.

The Company shall reimburse the expenses of gas, electricity, water etc. The expenditure on these, valued in accordance with the Income-tax Rules, shall not exceed 10% of the salary.

- ii) **Medical Reimbursement :**  
Medical Expenses actually incurred for self and family shall be reimbursed by the Company under the Mediclaim policy.
- iii) **Leave Travel Concession :**  
The Company shall provide leave travel fare for the Executive Director and her family once in a year, any where in the world, as per the Rules applicable to the Company.
- iv) **Personal Accident Insurance :**  
The Company shall pay Personal Accident Insurance upto Rs.5000/- per annum.
- v) **Club Fee :**  
The Company shall pay and / or Reimburse Fees and Expenses (excluding admission and Life membership fees) of clubs, subject to a maximum of two clubs.

#### CATEGORY - "B"

- i) The Company shall contribute towards Provident Fund/Superannuation Fund/ Annuity Fund provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the Income-tax Act.
- ii) The Company shall pay Gratuity at the rate not exceeding half month's salary for each completed year of service.
- iii) Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per rules of the Company.

The perquisite under this Category shall not be included in the computation of ceiling on remuneration.

#### CATEGORY - "C"

1. The Company shall provide a Car with Driver at the entire cost of the Company for use for the business of the Company.
2. The Company shall provide telephone including mobile phone at the residence of the Executive Director at the entire cost of the Company.
3. The Executive Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. She shall, however, be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meetings of the Board of Directors and/or committees thereof.
4. The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the Managing Director and other Executive Directors of the Company taken together. Provided, however, that in the event of absence or inadequacy of profit, the Executive Director shall be entitled to remuneration mentioned under (a) above and perquisites as above within the minimum remuneration specified in Schedule XIII to the Companies Act, 1956.
5. In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by the Company.
6. The Executive Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company.
7. "Family" means the spouse, dependent children and dependent parents of Executive Director.

8. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be allowed.

Any and All expenditure actually and properly incurred on Company's business shall be reimbursed to the Executive Director. She shall however not be entitled to any Sitting Fees.

The Board recommends the resolution for the approval of shareholders. Except Mrs. Karuna Mamtara, herself and Mr. Jitendra Mamtara and Mr. Satyen Mamtara, relative of her, none of the other Directors are interested or concerned in this resolution.

#### ITEM NO. 9

The Board of Directors at their meeting held on 1<sup>st</sup> January,2007 had approved the revision in the remuneration payable to Mr. Satyen Mamtara, Executive Director of the Company, with effect from 1<sup>st</sup> January,2007, till his appointment period.

The revision in remuneration was made keeping in mind his contribution made to the growth and development of the company, as well as the compensation package prevalent in the Industry.

He will be entitled to the following remuneration:

- (a) Salary Rs. 2,50,000/- p.m.
- (b) Performance Incentive : In addition to the salary, he will also be entitled to performance incentive payment up to an amount equivalent to a maximum of 50% of his gross annual salary computed as per (a) above. This will be in addition to the salary, perquisites and allowances payable for the period of his appointment as may be determined by the Board of Directors of Company. This will start from the financial year 2006-07 and onwards, on year to year basis.
- (c) Perquisites : In addition to the salary & performance incentive, the following perquisites shall be allowed to the Executive Director and the total value of perquisites shall be restricted to an amount equal to the annual salary.

#### CATEGORY - "A"

- i) **Housing :**  
The Company shall provide furnished accommodation to the Executive Director. If the Executive Director is having his own accommodation, the Company shall pay house rent allowance at the rate of Rs. 25000/- per month, subject to a limit of 20 % of his salary.

The Company shall provide equipments and appliances, furniture, fixtures and furnishing, including maintenance of all, at the residence of the Executive Director at the entire cost of the Company.

The Company shall reimburse the expenses of gas, electricity, water etc. The expenditure on these, valued in accordance with the Income-tax Rules, shall not exceed 10% of the salary.

- ii) **Medical Reimbursement :**  
Medical Expenses actually incurred for self and family shall be reimbursed by the Company under the Mediclaim policy.
- iii) **Leave Travel Concession :**  
The Company shall provide leave travel fare for the Executive Director and his family once in a year, any where in the world, as per the Rules applicable to the Company.
- iv) **Personal Accident Insurance :**  
The Company shall pay Personal Accident Insurance upto Rs.10000/- per annum.
- v) **Club Fee :**  
The Company shall pay and / or Reimburse Fees and Expenses (excluding admission and Life membership fees) of clubs, subject to a maximum of two clubs.

### CATEGORY - "B"

- i) The Company shall contribute towards Provident Fund/Superannuation Fund/Annuity Fund provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the Income-tax Act.
- ii) The Company shall pay Gratuity at the rate not exceeding half month's salary for each completed year of service.
- iii) Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per rules of the Company.

The perquisite under this Category shall not be included in the computation of ceiling on remuneration.

### CATEGORY - "C"

1. The Company shall provide a Car with Driver at the entire cost of the Company for use for the business of the Company.
2. The Company shall provide telephone including mobile phone at the residence of the Executive Director at the entire cost of the Company.
3. The Executive Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however, be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meetings of the Board of Directors and/or committees thereof.
4. The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the Managing Director and other Executive Directors of the Company taken together. Provided, however, that in the event of absence or inadequacy of profit, the Executive Director shall be entitled to remuneration mentioned under (a) above and perquisites as above within the minimum remuneration specified in Schedule XIII to the Companies Act, 1956.
5. In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by the Company.
6. The Executive Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company.
7. "Family" means the spouse, dependent children and dependent parents of Executive Director.
8. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be allowed.

Any and All expenditure actually and properly incurred on Company's business shall be reimbursed to the Executive Director. He shall however not be entitled to any Sitting Fees.

The Board recommends the resolution for the approval of shareholders. Except Mr. Satyendra Mamtara, himself and Mr. Jitendra Mamtara and Mrs. Karuna Mamtara, relative of him, none of the other Directors are interested or concerned in this resolution.

### ITEM NO. 10

Shri Jitendra Mamtara was appointed as a Managing Director of the Company for a period of 5 years, whose terms expired on 31/12/2006. He is looking after and managing the day to day operations of the Company. The Board at its meeting held on 1<sup>st</sup> January, 2007 has decided to re-appoint him as a Managing Director of the Company, with effect from 1<sup>st</sup> January, 2007 for a period of 5 years, subject to approval of the shareholders, on the terms and conditions, as mentioned below :  
He will be entitled to the following remuneration:

- (a) Salary Rs. 5,00,000/- p.m.
- (b) Commission - 1% of the Company's Net Profit for each financial year subject to the over all ceiling laid down in Section 198 and 309 of the Companies Act, 1956.
- (c) Perquisites : In addition to the salary, the following perquisites shall be allowed to the Managing Director and the total value of perquisites shall be restricted to an amount equal to the annual salary.

### CATEGORY - "A"

- i) **Housing :**  
The Company shall provide furnished accommodation to the Managing Director. If the Managing Director is having his own accommodation, the Company shall pay house rent allowance at the rate of Rs. 30000/- per month, subject to a limit of 20 % of his salary.  
  
The Company shall provide equipments and appliances, furniture, fixtures and furnishing, including maintenance of all, at the residence of the Managing Director at the entire cost of the Company.  
  
The Company shall reimburse the expenses of gas, electricity, water etc. The expenditure on these, valued in accordance with the Income-tax Rules, shall not exceed 10% of the salary.
- ii) **Medical Reimbursement :**  
Medical Expenses actually incurred for self and family shall be reimbursed by the Company under the Medclaim policy.
- iii) **Leave Travel Concession :**  
The Company shall provide leave travel fare for the Managing Director and his family once in a year, any where in the world, as per the Rules applicable to the Company.
- iv) **Personal Accident Insurance :**  
The Company shall pay Personal Accident Insurance upto Rs.10000/- per annum.
- v) **Club Fee :**  
The Company shall pay and / or Reimburse Fees and Expenses (excluding admission and Life membership fees) of clubs, subject to a maximum of two clubs.

### CATEGORY - "B"

- i) The Company shall contribute towards Provident Fund/Superannuation Fund/Annuity Fund provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the Income-tax Act.
- ii) The Company shall pay Gratuity at the rate not exceeding half month's salary for each completed year of service.
- iii) Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per rules of the Company.

The perquisite under this Category shall not be included in the computation of ceiling on remuneration.

### CATEGORY - "C"

1. The Company shall provide a Car with Driver at the entire cost of the Company for use for the business of the Company.
2. The Company shall provide telephone including mobile phone at the residence of the Managing Director at the entire cost of the Company.
3. The Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however, be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meetings of the Board of Directors and/or committees thereof.

4. The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the Managing Director and other Executive Directors of the Company taken together. Provided, however, that in the event of absence or inadequacy of profit, the Managing Director shall be entitled to remuneration mentioned under (a) above and perquisites as above within the minimum remuneration specified in Schedule XIII to the Companies Act, 1956.
5. In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by the Company.
6. The Managing Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company.
7. "Family" means the spouse, dependent children and dependent parents of Managing Director.
8. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be allowed.

Any All expenditure actually and properly incurred on Company's business shall be reimbursed to the Managing Director. He shall however not be entitled to any Sitting Fees.

The Board recommends the resolution for the approval of shareholders. Except Mr. Jitendra Mamtara, himself and Mr. Satyen Mamtara and Mrs. Karuna Mamtara, relative of him, none of the other Directors are interested or concerned in this resolution.

#### ITEM NO. 11

Mr. Satyen Mamtara is looking after and managing the day to day affairs of the Company. So, it is advisable to appoint him as a Joint Managing Director instead of Executive Director of the Company for the remaining period of tenure, on the terms and conditions as agreed by the Board of Directors of the Company in their meeting held on 2<sup>nd</sup> April, 2007. With this, new position, the Board approve the revision in remuneration, as mentioned in the resolution, with effect from 1<sup>st</sup> April, 2007, till his appointment period.

The revision in remuneration was made keeping in mind his contribution made to the growth and development of the company, as well as the compensation package prevalent in the Industry.

The Board recommends the resolution for the approval of shareholders. Except Mr. Satyen Mamtara, himself and Mr. Jitendra Mamtara and Mrs. Karuna Mamtara, relative of him, none of the other Directors are interested or concerned in this resolution.

Place : Changodar, Ahmedabad  
Date : 8<sup>th</sup> May, 2007

On behalf of the Board of Directors

**Jitendra U. Mamtara**  
Chairman & Managing Director

Registered Office :  
Survey No : 344-350, Opp. P.W.D. Stores,  
Sarkhej Bavla Highway, Vill : Changodar,  
Tal : Sanand, Dist : Ahmedabad-382 210

## DIRECTORS' REPORT

To

**The Members,**

Your Directors take pleasure in presenting before you, the 13<sup>th</sup> Annual Report on the business and operations of your Company together with the Audited Accounts for the year ended on 31<sup>st</sup> March 2007.

#### Financial Highlights

The year 2006-2007 at Transformers & Rectifiers (India) Ltd. was a defining year, marked by events that accelerated growth, as the Company has crossed the turnover of Rs.200 Crores. This year's strong financial results are an indication of this. The turnover grew by 69.14 % and Net Profit before tax by 116.02%.

The initiatives that were undertaken during the year demonstrate the management's ability to steer the Company on the path of sustainable growth and profitability.

During the year under review, the company has registered a turnover of Rs. 25,247.75 lacs against Rs. 15181.58 lacs in last financial year, which shows growth of 66.31% compared to the previous year. The Company earned pre tax profit of Rs. 2,586.15 lacs. After adjusting tax of Rs. 920.40 lacs, the post tax profit works out to Rs. 1,665.75 lacs. This translates into EPS of Rs. 23.91.

(Amount Rs in lacs)

	2006-2007	2005-2006
<b>Total Income (inclusive of Excise)</b>	25247.75	15181.58
<b>Gross Profit Before Depreciation</b>	2744.70	1280.90
Depreciation	158.55	83.74
<b>Profit Before Tax</b>	<b>2586.15</b>	<b>1197.16</b>
Taxation	920.40	431.82
<b>Profit after Tax</b>	<b>1665.75</b>	<b>765.34</b>
Add : Balance of Profit brought forward from previous year	1230.50	713.88
Less: Capitalised by issue of Bonus Shares	NIL	32.11
<b>Profit Available for Appropriations</b>	<b>2896.25</b>	<b>1447.11</b>
<b>Appropriations :</b>		
Dividend on Equity Shares	127.65	102.26
Dividend Tax	17.90	14.34
Transferred to General Reserve	250.00	100.00
Balance Carried to Balance Sheet	2500.69	1230.51

#### Dividend

Your Directors of the Company have declared and paid Interim dividend of Rs.1.80 per share (18%) for the FY. 2006-07, as approved in the Board meeting held on 19<sup>th</sup> March, 2007, as compared to Rs. 1.50 per share (15%) declared in the last year. The said dividend shall be treated as final dividend for the FY. 2006-07.

#### Future Prospects

Your company is operating in the high growth infrastructure segment viz. Power Generation and Distribution. The segment is poised for a sustained, long term high growth, and accordingly, your company's prospects are really bright. The company is having orders worth Rs. 308 crores in hand. More fresh orders are flowing in. The company had also got prestigious orders from reputed Government and Non Government bodies like National Thermal Power Corporation Limited, NEG-Micon, Transmission Corporation of Andhra Pradesh, Karnataka Power Transmission Corporation, Tamilnadu Electricity Board, Torrent Power, Power Grid Corporation, Maharashtra State Electricity Transmission Corporation and various other corporates. All this makes the company to sail towards new high in coming years. In the year 2006-07, your company has acquired the manufacturing facility of M/s Transformers and Rectifiers India, the proprietorship concern of Mr. Jitendra Mamtara, which is located at Odhav. This facility has been significantly

renovated and upgraded in the same fiscal year and has started regular manufacturing from December, 2006. Further, your company has also carried out a de-bottlenecking exercise at the existing Changodar facility during the year under review. Hence, effectively, the total installed capacity between the existing Changodar Unit and Odhav unit has gone up to 7200 MVA per annum.

Your company has also firmed up an expansion project involving setting up of a new unit at Changodar having the capacity of manufacturing, in the first phase, transformers upto 400 KV Class, having installed capacity of around 8000 MVA per annum. Initially, this project was planned to be commissioned in the fiscal year 2007-08. However since your company had been focusing on upgradation and capacity expansion at the existing locations as above, the implementation of the new unit at Changodar has been delayed. The company has already started the implementation of the said project and construction contract has already been awarded to Shapoorji Pollonji & Co. Limited. It is targeted that this unit will become operational by June, 2008. This will increase the production capacity from 7200 MVA to 15200 MVA. p.a.

### Finance

The consortium consisted of SBI, Bank of Baroda & Andhra Bank with SBI as our lead banker. The banks have played an proactive role in the growth of our company.

### HR Initiatives

We consider people our key differentiator. We have introduced effective process for inducting, developing and retaining key talent. Some of our processes are outsourced to strong consulting firms such as T.V.Rao Learning Systems. We endeavour to build a performance driven work culture that is enjoyable and offers interesting challenges. We are in the process of introducing a competency and skill based training and development structure that would help individuals to grow, contribute and achieve outstanding results for themselves and the organisation. We have taken effective training initiatives for both in-house and outside training. We send our people for training to the best technical and management institutes in the country.

With a new dimension to strategic thinking the company is coming up with its first issue of In house magazine to provide integration of two way communication between the management and employees.

The Industrial Relation between the management & the workers are harmonious and conducive for company growth.

### Quality Initiatives

Holistic quality improvement is given great emphasis. We look for quality not only in our products and inputs but also in our processes and culture. We use the ISO documentation as the central building block for our quality. These are supplemented by various initiatives such as 5S, Kaizen etc.

### Corporate Social Responsibility

We are alive to the organisational responsibility to the society at large. We have formed a trust that would be an enabler to carry out this activity. We also organise blood donation camps and financially help causes that benefit society.

### Directors

Mr. Jitendra Mamtara, Chairman and Managing Director of the Company was re-appointed as Managing Director of the Company, with effect from 1<sup>st</sup> January, 2007, for another period of 5 years. Same way, looking at the expansion and growth plan of the Company, Mr. Satyen Mamtara was appointed as Joint Managing Director of the Company, with effect from 1<sup>st</sup> April, 2007.

Mr. Satyen Mamtara and Mr. Rajendra Shah, retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### Fixed Deposit

The Company has not accepted any Fixed Deposits during the year under review, as per the Section 58A of the Companies Act, 1956.

### Audit Committee

The Company has reconstituted the Audit Committee as on 2<sup>nd</sup> August, 2006, as required under Section 292A of the Companies Act, 1956 and with this, Audit Committee consisting of Mr. Jitendra Mamtara, as a Chairman and Mr. Harish Rangwala and Mr. Michael Homawalla, as a members of the Committee.

### Enhancement of Capital

During the year, the Company has enhanced its Authorised Share Capital to Rs.15 crores. The Promoters has taken 1,57,260 equity shares on preferential allotment basis at a price of Rs.130/- per share. The Company has taken over the whole business of Transformers & Rectifiers, a proprietorship concern of Mr. Jitendra Mamtara and against which 1,17,085 shares were allotted at a price of Rs.130/- per share. With both these allotment, paid-up capital of the Company has been enhanced to Rs.7,09,18,650/-.

### Takeover activities

During the year, the Company has acquired 100% stake of M/s. Transweld Mechanical Engineering Works Ltd., with investment of Rs.32.50 Lacs and 51% of M/s. Transpares Limited, with investment of Rs. 137.19 Lacs. Thus, the Company has strengthened its position by acquiring both the Companies. Same way, the Company has taken over the whole business of Transformers & Rectifiers, a proprietorship concern of Mr. Jitendra Mamtara. With this acquisition, the Company has gone for back ward intergration, which will help the company in procuring major accessories required for manufacture of different range of Transformers. This will also enhance the quality of products and profitability of the Company, in future.

### Subsidiary Company

During the year, the Company has acquired 100% stake of M/s. Transweld Mechanical Engineering Works Ltd. and 51% of Transpares Limited. By virtue of both the acquisition, both the company's become a Subsidiary of the Company. M/s. Transweld Mechanical Engineering Works Ltd., became wholly owned Subsidiary Company, w.e.f. 1<sup>st</sup> August, 2006 and M/s. Transpares Limited became Subsidiary Company, w.e.f. 3<sup>rd</sup> October, 2006.

The Directors' Report and statement of accounts along with Auditor's Report for the year ended 31<sup>st</sup> March, 2007 of both the Company, forms part of this report and are attached.

### Consolidated Accounts

The Company has prepared consolidated Financial Statements as per the Accounting Standard on Consolidated Financial Statements (AS21) issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements along with the Auditors' Report have been annexed with this Annual Report.

### Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibilities Statement, it is hereby confirmed that :

- in the preparation of the Annual accounts for the financial year ended 31<sup>st</sup> March, 2007 the applicable accounting standards had been followed along with proper explanation relating to material departure.
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2007 and of the profit of the company for the said period.
- proper and 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 and detecting fraud and other irregularities; and
- the directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2007 on a going concern basis.

### Information Pursuant to Section 217 of the Companies Act, 1956

Some of the employees coming within the purview of the provisions of Sub-Section (2A) of Section 217 of the Companies Act, 1956, as amended by Companies (Particulars of Employees Rules, 1975). Particulars are furnished in an annexure, forming part of this report.

In accordance with the requirements of section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Report of Board of Directors Rules, 1988 the information relating to conservation of energy, technology absorption and foreign exchange earning and out go is annexed.

### Auditors & Auditors' Report

M/s. C. C. Chokshi & Co., Ahmedabad the auditors of the Company, hold their office until the conclusion of the ensuing Annual General Meeting, and are recommended for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. You are requested to re-appoint auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

Notes forming part of the accounts are self explanatory as far as Auditor's Report is concerned and therefore, it do not require any further comments.

### Acknowledgements

The directors thank the clients, vendors and bankers for their continued support of your company's growth. The Directors also place on record their appreciation of the contributions made by the employees at all levels, who through their competence, hard work, solidarity, cooperation and support, have enabled the company to achieve growth.

The Board is confident that the Company will continue to make rapid growth in the coming year.

Place : Changodar, Ahmedabad  
Date : 8<sup>th</sup> May, 2007

On behalf of the Board of Directors

Jitendra U. Mamora  
Chairman & Managing Director

### Annexure to the Directors' Report

Information as per Section 217 (1) (c) read with company's (Disclosures of particulars in the report of Board of Directors) rules, 1988 and forming part of the Directors report for the year ended on 31st March, 2007.

#### 1. Conservation of Energy :-

a. Energy conservation measures taken :

The Company has an ongoing study to identify and implement energy saving system to reduce energy consumption and cost of production. All new Equipment & Machinery is installed based upon optimum utilisation of energy.

b. Additional investment and proposals, if any being implemented for reduction of energy consumption of energy : NIL.

c. Impact of measure at (a) & (b) above for reduction of energy consumption and consequent impact on the production of goods : NIL.

d. Details of total & per unit consumption of energy are as follows.

Particulars	2006-2007	2005-2006
Total Consumption	12,10,866 Units	9,21,162 Units
Total Cost	Rs. 59,25,460/-	Rs. 42,01,491/-
Cost per Unit	Rs. 4.89 / Unit	Rs. 4.57 / Unit

#### 2. Technology Absorption :-

The company has not taken any technology in particular or entered into any technology agreement during the period hence the information required as per Form B is not applicable to the company.

#### 3. Foreign Exchange Earnings & Outgo :-

Particulars	2006-2007	2005-2006
<i>Foreign Exchange Earned</i>		
Export of Goods	Rs. 5,81,78,205/-	Rs. 3,41,32,352/-
<i>Foreign Exchange Spent</i>		
Foreign Travel Expenses	Rs. 20,62,218/-	Rs. 4,53,290/-
Import of Goods & Services	Rs. 13,93,91,221/-	Rs. 1,77,00,144/-



Some of the employees coming within the purview of the provisions of Sub-Section (2A) of Section 217 of the Companies Act, 1956, as amended by Companies (Particulars of Employees Rules, 1975). Particulars are furnished in an annexure, forming part of this report.

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors Report for the year ended on 31st March 2007.

Sr No	Name of	Age (year)	Qualification	Date of Commencement of Employment	Designation / Nature of Duties	Experience in year	Gross Remuneration in Rs.	Last Employment held with Designation	Share Holding in %
<b>A. Employed throughout the year and was in receipt of remuneration which in the aggregate was not less than Rs. 24,00,000/- p.a.</b>									
1	Mr. Jitendra Mamtora	61	B. E. (Electrical)	11/07/1994	Chairman & Managing Director	38 Yrs	3,390,000	Running Proprietary Business	89.23%
<b>B. Employed for a part of the year and was in receipt of remuneration which in the aggregate was not less than Rs. 2,00,000/- p.m.</b>									
2	Mr. Satyen Mamtora	32	Diploma in Engineering	11/07/1994	Joint Managing Director	8 Yrs	3,413,000	--N. A.--	0.98%

Note : 1. Gross Remuneration includes Salary, City Compensatory Allowance, House Rent Allowance, Extra Allowance, contribution to provident fund but excludes Gratuity.

2. Both the employees are relative of Mrs. Karuna Mamtora, Executive Director of the Company.

3. All employments are contractual only.

**On behalf of The Board of Directors**

Place : Changodar, Ahmedabad  
Date : 8<sup>th</sup> May, 2007

**Jitendra U. Mamtora**  
Chairman & Managing Director

## AUDITOR'S REPORT

To  
The Members,  
Transformers & Rectifiers (India) Limited,  
Ahmedabad.

We have audited the attached Balance Sheet of TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED as at 31st March 2007, the Profit and Loss Account and also the Cash Flow Statement for the year 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.

- 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.
- As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
- Further to our comments in the Annexure referred to above, we report that:
  - 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;
  - In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examinations of those books;
  - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - 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 sub-section (3C) of Section 211 of the Companies Act, 1956;
  - On the basis of written representations received from the directors as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon 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:
    - in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2007;
    - in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Ahmedabad  
Date : 8<sup>th</sup> May, 2007

For : C. C. Chokshi & Co.  
Chartered Accountants

H. P. Shah  
Partner  
Membership No. 33331

## ANNEXURE TO THE AUDITOR'S REPORT

### REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- i. The nature of Company's activities during the year have been such that clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
- ii.
  - (a) The Company has maintained proper records showing full particulars, including situation of its fixed assets. The quantity details are being updated.
  - (b) As explained to us, the company has designed a phased program of verification of fixed assets to cover all the items over a period of three years which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, some part of fixed assets was physically verified by the management during the year. According to information and explanations given to us, no material discrepancies were noticed by the management on such verification.
  - (c) The Company has not disposed off a substantial part of fixed assets during the year.
- iii.
  - (a) Physical verification of inventory has been conducted during the year, by the management at reasonable intervals, except raw materials lying with the job-workers. Attention is invited to Note No. 8 of Schedule 22 of Notes on Accounts.
  - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - (c) The Company is maintaining proper records of inventory. Discrepancies noticed on physical verification have been properly dealt with in the books of account.
- iv.
  - (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - (b) The company has taken unsecured loans from six parties covered in the Register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of such loans aggregates to 580.43 Lacs and 435.80 Lacs respectively.
  - (c) In our opinion, the rate of interest and other terms and conditions on which such loans have been taken are not, prima facie, prejudicial, to the interest of the company.
  - (d) The terms of repayment of the principal amount and the interest thereon have not been stipulated.
- v. In our opinion and according to the information and explanations 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 for the sale of goods and services. Though the internal control system for recording the materials purchased needs to be strengthened. As informed to us necessary actions are being taken by the company. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- vi.
  - (a) In our opinion and according to the information and explanations given to us, transactions that need to be entered into a Register in pursuance of 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 in respect of such parties during the year have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
- vii. The Company has not accepted deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under.
- viii. Internal audit is carried out by a firm of Chartered Accountants. On the basis of the reports made by them to the management, in our opinion, the Internal Audit System is commensurate with the size and nature of its business.
- ix. The company is not required to maintain Cost records under section 209(1)(d) of the Companies Act, 1956 and therefore clause (viii) relating to its maintenance is not applicable
- x. According to the information and explanations given to us in respect of statutory and other dues:
  - (a) The Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including

- Provident Fund, Investor Education and Protection Fund, Sales-tax, Customs Duty, Excise Duty, Income-tax, Wealth-tax, Service-tax, cess and any other statutory dues during the year.
- (b) There are no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Sales-tax, Customs Duty, Excise Duty, Income-tax, Wealth-tax, Service-tax, cess were outstanding, as at 31<sup>st</sup> March, 2007 for a period more than six months from the date they became payable.
  - (c) There are no dues of Sales-tax, Income-tax, Customs Duty, Wealth-tax, Service-tax, Cess and any other statutory dues which have not been deposited on account of any dispute. The company has not deposited Excise Duty of Rs. 27.08 Lacs which is disputed and pending before the Assistant / Joint Commissioner and Commissioner of Central Excise.
- xi. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the financial year under report and the immediately preceding financial year.
  - xii. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks.
  - xiii. According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  - xiv. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
  - xv. According to the information and explanation 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.
  - xvi. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short term basis have, prima facie, not been used during the year for long term investment.
  - xvii. According to the information and explanations given to us, the Company has made preferential allotment of equity shares to a party covered in the Register maintained under section 301 of the Companies Act, 1956. In our opinion the price at which the equity shares have been issued is not prejudicial to the interest of the company.
  - xviii. No debentures have been issued by the company and hence the question of creating the securities or charges in respect thereof does not arise.
  - xix. During the year the Company has not raised money by public issue.
  - xx. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

Place : Ahmedabad  
Date : 8<sup>th</sup> May, 2007

For : C. C. Choksi & Co.  
Chartered Accountants

H. P. Shah  
Partner

### Balance Sheet As At 31<sup>st</sup> March, 2007

SCHEDULE	AS AT 31.03.2007 Rs.	AS AT 31.03.2006 Rs.
<b>SOURCES OF FUNDS :</b>		
<b>1. SHAREHOLDERS ' FUNDS</b>		
Share Capital	70,918,650	68,175,200
Reserves & Surplus	<u>332,290,734</u>	<u>147,350,595</u>
	403,209,384	215,525,795
<b>2. LOAN FUNDS :</b>		
Secured Loans	229,095,965	154,303,822
Unsecured loans	<u>48,736,893</u>	<u>19,765,067</u>
Defered Tax Liability (Net)		
(See note no. 15 of Schedule 22)	13,397,048	14,766,862
<b>TOTAL :</b>	<b><u>694,439,290</u></b>	<b><u>404,361,546</u></b>
<b>APPLICATION OF FUNDS :</b>		
<b>1. FIXED ASSETS :</b>		
Gross Block	210,465,011	152,543,584
Less : Depreciation	<u>56,220,126</u>	<u>41,402,605</u>
Net Block	154,244,885	111,140,979
Add :- Capital work in progress	<u>50,308,429</u>	<u>9,821,953</u>
(See note no. 6 of Schedule 22)	204,553,314	120,962,932
<b>2. INVESTMENTS :</b>		
	17,969,000	NIL
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES :</b>		
Inventories	393,653,15	310,061,025
Sundry Debtors	689,662,937	518,076,793
Cash & Bank Balances	142,685,568	65,258,183
Loans & Advances	<u>56,753,741</u>	<u>37,288,650</u>
Less :	1,282,755,361	930,684,651
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	<u>810,982,685</u>	<u>647,810,864</u>
<b>NET CURRENT ASSETS</b>	471,772,676	282,873,787
<b>4. MISCELLANEOUS EXPENDITURE :</b>		
(To the extent not written off)	144,300	524,827
<b>TOTAL :</b>	<b><u>694,439,290</u></b>	<b><u>404,361,546</u></b>
<b>Significant Accounting Policies</b>	21	
<b>Notes on Accounts</b>	22	

As per our attached report of even date.

For and on behalf of Board of Directors

For : C. C. Chokshi & Co.  
Chartered Accountants

Jitendra U. Mamtora  
Chairman & M. D.

Satyen J. Mamtora  
Director

H.P.Shah  
Partner

Karunaben J. Mamtora  
Director

Place : Ahmedabad  
Dated : 8<sup>th</sup> May, 2007

Place : Ahmedabad  
Dated : 28<sup>th</sup> April, 2007

### Profit & Loss Account for the year ended 31<sup>st</sup> March, 2007

SCHEDULE	2006-2007 Rs.	2005-2006 Rs.
<b>INCOME</b>		
Gross Sales	2,505,658,039	1,485,886,248
Less : Cenvat Duty recovered on sales (See note 7 of Schedule 22)	<u>336,186,012</u>	<u>203,232,316</u>
<b>Net Sales</b>	2,169,472,027	1,282,653,932
Trading Sales	1,185,000	12,717,000
Service Income	9,303,222	12,890,719
Other Income	8,629,038	6,664,456
Increase/(Decrease) in stock of Finished goods and Process Stock	14	14
	105,492,217	87,781,131
<b>Total</b>	<b><u>2,294,081,504</u></b>	<b><u>1,402,707,238</u></b>
<b>EXPENDITURE</b>		
Trading Goods Purchased	1,723,237	18,654,987
Raw Materials Consumed	1,692,036,013	1,103,085,575
Manufacturing Expenses	35,790,216	22,353,877
Payments To And Provision For Employees	35,760,565	24,622,071
Selling, Distribution, Administrative and Other Expenses	183,636,040	84,718,145
Loss On Account Of Flood (See note 9 of Schedule 22)	18,150,813	-
Finance Charges	52,515,064	21,182,472
Depreciation & Amortisation	15,854,786	8,373,929
<b>Total</b>	<b><u>2,035,466,734</u></b>	<b><u>1,282,991,056</u></b>
<b>Profit Before Tax</b>	258,614,770	119,716,182
Provision For Taxation	91,880,186	41,106,449
Short Provision Of Taxation Of Earlier Years	160,146	2,075,282
<b>Profit After Tax</b>	166,574,438	76,534,451
Balance Brought Forward From Previous Year	123,050,595	71,387,860
Less: - Capitalised By Issue Of Bonus Shares	-	3,211,200
<b>Total</b>	<b><u>289,625,033</u></b>	<b><u>144,711,111</u></b>
<b>Appropriations :</b>		
Proposed Dividend	-	10,226,280
Interim Dividend Paid	12,765,358	-
Tax on Dividend Paid	1,790,342	1,434,236
Transferred To General Reserve	25,000,000	10,000,000
Balance Carried To Balance Sheet	250,069,333	123,050,595
<b>Total</b>	<b><u>289,625,033</u></b>	<b><u>144,711,111</u></b>
<b>Earning Per Share (Basic &amp; Diluted) (Rs.)</b> (See note no. 14 of Schedule 22 )	23.91	11.41
<b>Significant Accounting Policies</b>	21	
<b>Notes on Accounts</b>	22	

As per our attached report of even date.

For and on behalf of Board of Directors

For : C. C. Chokshi & Co.  
Chartered Accountants

Jitendra U. Mamtora  
Chairman & M. D.

Satyen J. Mamtora  
Director

H.P.Shah  
Partner

Karunaben J. Mamtora  
Director

Place : Ahmedabad  
Dated : 8<sup>th</sup> May, 2007

Place : Ahmedabad  
Dated : 28<sup>th</sup> April, 2007

### Schedule forming part of the Accounts

	Amount (Rs.) AS AT 31.03.2007	Amount (Rs.) AS AT 31.03.2006
<b>SCHEDULE : 1</b>		
<b>Share Capital</b>		
<b>Authorised :</b>		
15,000,000 (8,000,000) Equity Shares of Rs. 10/- each	150,000,000	80,000,000
<b>Total</b>	<b>150,000,000</b>	<b>80,000,000</b>
<b>Issued, Subscribed and Paid up:</b>		
7,091,865 (6,817,520) Equity Shares of Rs. 10/- each fully paid up	70,918,650	68,175,200
<b>Total</b>	<b>70,918,650</b>	<b>68,175,200</b>

Notes: Of the above shares,

- (i) 1,910,720 equity shares have been allotted as fully paid up by way of bonus shares by capitalisation of Securities Premium Rs.9,396,000/-, General reserve Rs.6,500,000/- and Surplus in Profit and Loss account Rs.3,211,200/-.
- (ii) 157,260 equity shares have been issued on preferential basis.
- (iii) 117,085 equity shares have been issued pursuant to a contract without payment being received in cash.
- (iv) The Authorised Share Capital was increased from Rs. 8 Cr. to 15 Cr. Pursuant to a resolution passed at Annual General Meeting Held on 10th July 2006

### SCHEDULE : 2

#### Reserve & Surplus

<b>Securities Premium Account</b>		
As Per last Balance Sheet	14,300,000	9,396,000
Less: Capitalised by issue of Bonus shares	-	9,396,000
Add: Premium on issue of 274,345 (130,000) Equity Shares	32,921,401	14,300,000
	<u>47,221,401</u>	<u>14,300,000</u>
<b>General Reserve</b>		
As per last balance sheet	10,000,000	6,500,000
Less: Capitalised by issue of bonus shares	-	6,500,000
Add : Amount transferred from Profit and Loss Account	25,000,000	10,000,000
	<u>35,000,000</u>	<u>10,000,000</u>
Surplus in Profit & Loss Account	250,069,333	123,050,595
<b>Total</b>	<b>332,290,734</b>	<b>147,350,595</b>

	Amount (Rs.) AS AT 31.03.2007	Amount (Rs.) AS AT 31.03.2006
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### SCHEDULE : 3

#### Secured Loans

From Banks		
Corporate Loan	-	6,410,000
Cash Credit Accounts (Note: 1)	141,904,146	134,510,176
Term Loan - I (Note : 2)	61,347,169	7,743,979
Term Loan - II (Note: 3)	5,211,884	-
Working Capital Demand Loan (Note: 4)	16,010,000	-
Hire Purchase Loans (Note : 5)	4,057,372	5,156,433
Interest Accrued and Due	565,394	483,234
<b>Total</b>	<b>229,095,965</b>	<b>154,303,822</b>

Notes: -

1. Secured by hypothecation of current assets of the company on paripassu basis and also collaterally secured by legal mortgage on paripassu basis on immovable property situated at Changodar and in addition to above secured by pledge of equity shares of promoters and personal guarantee of some directors.
2. Secured by hypothecation of specific fixed assets acquired under the term loan and also collaterally secured by legal mortgage on paripassu basis on immovable property situated at Changodar and in addition to above secured by pledge of equity shares of promoters and personal guarantee of some directors.
3. Secured by first charge on specific immovable property of the Company situated at Moraiya, both present and future.
4. Secured by hypothecation of entire current assets of the company on paripassu basis and also collaterally secured by legal mortgage on paripassu basis on immovable property situated at Changodar and in addition to above secured by pledge of equity shares of promoters and personal guarantee of some directors.
5. Secured by lien on vehicles purchase under hire purchase agreements.
6. Payable within 12 months out of the above loans is Rs.32,417,058/- (Previous year Rs. 25,400,000/- )

### SCHEDULE : 4

#### Unsecured Loans

Loan from Directors	43,579,523	10,958,550
Sales Tax Deferment	5,157,370	8,806,517
<b>Total</b>	<b>48,736,893</b>	<b>19,765,067</b>

Notes: -

1. Payable within 12 months out of the above loans is Rs.5,157,370/- (Previous year : - Rs. 4,403,257/-)



## SCHEDULE : 5 FIXED ASSETS

(Amount Rs.)

Sr. No.	ASSETS	GROSS BLOCK (At Cost)			DEPRECIATION & AMORTISATION				NET BLOCK		
		As at 1.4.2006	Additions	Deductions	As at 31.3.2007	As at 1.4.2006	For the year ended 31.3.2007	Adjustments	As at 31.3.2007	As at 31.3.2007	As at 31.3.2006
1	Goodwill (See Note No.3 of Schedule 22)	-	11,906,608	-	11,906,608	-	2,381,322	-	2,381,322	9,525,286	-
2	Land	2,021,726	6,214,042	-	8,235,768	-	-	-	-	8,235,768	2,021,726
3	Building	44,042,887	1,495,461	-	45,538,348	9,077,336	1,197,678	-	10,275,014	35,263,334	34,965,552
4	Plant & Machinery	69,563,808	19,808,753	-	89,372,561	19,583,526	7,861,444	-	27,444,970	61,927,591	49,980,281
5	Electrifications	5,462,423	3,561,430	-	9,023,853	1,669,896	723,611	-	2,383,507	6,630,346	3,792,527
6	Furniture & Fixtures & Office Equipments	9,592,832	3,825,388	-	13,418,220	2,304,604	763,544	-	3,068,148	10,350,072	7,288,228
7	Computer & Accessories	7,017,669	1,586,011	-	8,603,680	5,019,005	698,329	-	5,717,334	2,886,346	1,998,664
8	Computer Software	2,635,200	25,200	-	2,660,400	647,494	662,545	-	1,310,039	1,350,361	1,987,706
9	Vehicals	12,207,039	12,073,259	2,574,725	21,705,573	3,100,744	1,566,313	1,037,265	3,629,792	18,075,781	9,106,295
	<b>TOTAL</b>	<b>152,543,584</b>	<b>60,496,152</b>	<b>2,574,725</b>	<b>210,465,011</b>	<b>41,402,605</b>	<b>15,854,786</b>	<b>1,037,265</b>	<b>56,220,126</b>	<b>154,244,885</b>	<b>111,140,979</b>
	Previous Year	109,075,786	43,943,198	475,400	152,543,584	33,260,851	8,373,929	232,175	41,402,605	111,140,979	75,814,935
	Capital work in progress									50,308,429	9,281,953

## Notes:

- Fixed assets include Rs. 9,346,385/- (Previous Year Rs. 8,868,118/-) being cost of asset purchased on hire purchase basis on which the vendors have a lien.
- Additions to fixed assets includes interest of Rs. 568,386/- (Previous Year Rs. 500,170/-) capitalised.
- Capitl work in progress includes Rs. 7,741,974/- on account of advance against Capital Expenditure (Previous Year Rs. 1,701,457/-).



Amount (Rs.) AS AT 31.03.2007

Amount (Rs.) AS AT 31.03.2006

SCHEDULE : 6 Investments (At Cost)		Amount (Rs.) AS AT 31.03.2007	Amount (Rs.) AS AT 31.03.2006
<b>Long Term Investments</b>			
Investment in Subsidiary Companies (Unquoted)			
In Equity shares (Fully paid up)			
548,760 shares of Transpans Limited of Rs. 10/- each			
250,000 shares of Transweld Mechanical Engineering Works Limited of Rs. 10 each			
3,250,000			
<b>Current Investments</b>			
Units of Mutual funds			
100,000 Units of SBI Blue Chip Fund of Rs. 10/- each			
Total			
1,000,000			
17,969,000			
<b>Unquoted Investments</b>			
Cost price			
16,969,000			
Cost price			
1,000,000			
Repurchase value			
1,079,000			

## SCHEDULE : 7 Inventories

(Raw materials, Process stock and Finished goods are valued at lower of cost and net realisable value)

Stock in -Trade	130,193,340	170,561,467
Raw Materials		
(Including Goods in Transit Rs. 19,460,351/- (Previous year Rs. 37,402,640/-))		
Finished Goods	27,386,277	965,946
Process Stock	217,605,498	138,533,612
Damaged Stock (at net realisable value)	18,468,000	-
<b>Total</b>	<b>393,653,115</b>	<b>310,061,025</b>



	Amount (Rs.) AS AT 31.03.2007	Amount (Rs.) AS AT 31.03.2006
<b>SCHEDULE : 8</b>		
<b>Sundry Debtors</b>		
(Unsecured - Considered Good)		
Debts outstanding for a period exceeding 6 months	55,688,846	45,840,575
Others Debts	633,974,091	472,236,218
<b>Total</b>	<b><u>689,662,937</u></b>	<b><u>518,076,793</u></b>

Notes: Other debts includes Rs. Nil (Previous year : Rs. 2,268,294/- ) due from proprietary firm in which director of the company is a proprietor. [Maximum Balance outstanding during the year : - Nil (Previous Year : -Rs. 6,931,295/-)]

### SCHEDULE : 9 Cash & Bank Balances

Cash on hand	133,857	38,302
Balances with Scheduled Banks:		
In Current Accounts	6,736,411	137,031
In Fixed Deposit Accounts (Lodged with banks as securities for guarantees given by the bankers)	135,815,300	65,082,850
<b>Total</b>	<b><u>142,685,568</u></b>	<b><u>65,258,183</u></b>

### SCHEDULE : 10 Loans & Advances

(Unsecured, considered good unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received	13,766,338	17,499,394
Advances to suppliers	5,827,955	5,676,209
Other Advances	2,072,532	934,398
Deposits and balances with government and other authorities	27,168,629	5,826,012
Other deposits	6,816,265	6,125,170
Interest receivable	1,102,022	1,227,467
	<u>56,753,741</u>	<u>37,288,650</u>
Considered Doubtful	318,798	318,798
Less: - Provision	<u>318,798</u>	<u>318,798</u>
	-	-
<b>Total</b>	<b><u>56,753,741</u></b>	<b><u>37,288,650</u></b>



	Amount (Rs.) AS AT 31.03.2007	Amount (Rs.) AS AT 31.03.2006
<b>SCHEDULE : 11</b>		
<b>Current Liabilities &amp; Provisions</b>		
<b>A. Current Liabilities</b>		
Sundry Creditors :		
a) Small Scale Industrial Undertaking (to the extent identified with available information)	2,161,615	22,159,365
b) Others	<u>523,720,273</u>	<u>463,426,271</u>
	525,881,888	485,585,636
Due to Subsidiary Companies	35,586,850	-
Advance From Customers	157,008,073	120,794,781
Other Liabilities	45,730,867	19,433,656
Investor Education and Protection fund		
Unclaimed Dividends	220	220
Interest accrued but not due on loans	1,317,608	1,076,312
<b>Total (A)</b>	<b><u>765,525,506</u></b>	<b><u>626,890,605</u></b>

#### Note :

There is no amount due and outstanding as at balance sheet date to be credited to Investor Education and Protection Fund

#### B. Provisions

Proposed Dividend	-	10,226,280
Tax On Proposed Dividend	-	1,434,236
Provision For Gratuity	-	148,688
Provision For Leave Encashment	1,147,074	512,848
Provision For Taxation (Net Of Advance Tax Paid )	44,310,105	8,598,207
<b>Total (B)</b>	<b><u>45,457,179</u></b>	<b><u>20,920,259</u></b>
<b>Total (A+B)</b>	<b><u>810,982,685</u></b>	<b><u>647,810,864</u></b>

### SCHEDULE : 12 Miscellaneous Expenses

(To the extent not written off or adjusted)

Deferred Exhibition Expenses	332,427	664,853
Less : Written Off	<u>332,427</u>	<u>332,426</u>
	-	332,427
Share Issue Expense	192,400	240,500
Less : Written Off	<u>48,100</u>	<u>48,100</u>
	144,300	192,400
<b>Total</b>	<b><u>144,300</u></b>	<b><u>524,827</u></b>

	Amount (Rs.) 2006-07	Amount (Rs.) 2005-06
<b>SCHEDULE : 13</b>		
<b>Other Income</b>		
Interest Received (TDS of Rs.928,621/-) (Previous Year - Rs. 255,000/-)	5,126,472	4,131,374
Dividend Received From Subsidiary Companies	1,097,520	-
Insurance Claim Received	235,847	-
Foreign Exchange Gain (Net)	-	1,095,652
Bad Debts Recovered	40,000	-
Miscellaneous Income	2,129,199	1,437,430
<b>Total</b>	<b><u>8,629,038</u></b>	<b><u>6,664,456</u></b>

**SCHEDULE : 14**  
**Increase/(Decrease) in closing stock of**  
**Finished Goods and Process stock**

<b>Closing Stock</b>		
Finished Goods	27,386,277	965,946
Process Stock	217,605,498	138,533,612
	<u>244,991,775</u>	<u>139,499,558</u>
<b>Less : Opening Stock</b>		
Finished Goods	965,946	14,828,088
Process Stock	138,533,612	36,890,339
	<u>139,499,558</u>	<u>51,718,427</u>
<b>Total</b>	<b><u>105,492,217</u></b>	<b><u>87,781,131</u></b>

**SCHEDULE : 15**  
**Raw Materials Consumed**

Opening Stock	170,561,467	120,540,416
Less : Vat credit availed	313,884	-
	<u>170,247,583</u>	<u>120,540,416</u>
Add : Purchases (Net of Cenvat Credit)	1,651,981,770	1,153,106,626
Less : Closing Stock	130,193,340	170,561,467
<b>Total</b>	<b><u>1,692,036,013</u></b>	<b><u>1,103,085,575</u></b>

**SCHEDULE : 16**  
**Manufacturing Expenses**

Power & Fuel	8,250,315	6,574,711
<b>Repairs :</b>		
Plant and Machinery	6,043,607	2,704,284
Factory Building	1,228,241	331,282
	<u>7,271,848</u>	<u>3,035,566</u>
Tools Purchase	1,641,596	1,830,427
Workers Wages	9,455,408	7,943,045
Testing Charges & Other Manufacturing Expenses	5,407,314	2,859,156
Cenvat Duty provided on Stocks (See note 7 of Schedule 22)	3,763,735	110,972
<b>Total</b>	<b><u>35,790,216</u></b>	<b><u>22,353,877</u></b>

	Amount (Rs.) 2006-07	Amount (Rs.) 2005-06
<b>SCHEDULE : 17</b>		
<b>Payment to and Provisions for Employees</b>		
Salaries, Bonus, Gratuity, etc.	31,061,513	20,810,110
Contribution to Provident and other funds	1,927,331	1,904,591
Employee welfare expenses	2,771,721	1,907,370
<b>Total</b>	<b><u>35,760,565</u></b>	<b><u>24,622,071</u></b>

**SCHEDULE : 18**  
**Selling, Distribution, Administrative and Other Expenses:**

Selling Expenses	23,102,120	7,817,642
Advertisement Expenses	2,387,871	331,354
Stationary, Printing, Postage and Telephone Expenses	3,870,368	3,922,331
Insurance	2,858,290	1,745,754
Rent	230,666	145,150
<b>Repairs :</b>		
Office Building	484,253	6,683
Others	883,631	114,958
	<u>1,367,884</u>	<u>121,641</u>
Rates and taxes	47,338	90,286
Travelling Expenses & Conveyance	16,761,526	14,107,934
Bank charges	19,076,815	7,800,070
Legal & Professional Charges	9,561,443	7,342,474
Audit Fees	400,000	308,660
Sales Commission	25,073,298	9,909,321
Late delivery charges	50,811,590	841,765
After sales expenses	5,757,160	4,012,220
Provision for Loss on Onerous Contract	4,612,629	-
General charges	9,244,276	4,290,698
Bad debts written off	266,109	8,344,136
Foreign Exchange Loss (Net)	5,011,124	-
Cenvat Duty Expense	2,022,598	4,997,257
Penalty under Excise	-	9,889
Customs Duty Expense	-	2,035,038
Advance Licenses for import duty benefits written off	-	5,621,976
Provision for Doubtful Advances	-	318,798
Loss on Sale of Fixed Assets	792,409	5,050
Assets Written Off	-	218,175
<b>Miscellaneous Expenses written off :</b>		
Deferred Exhibition Expense	332,426	332,426
Share Issue Expenses	48,100	48,100
	<u>380,526</u>	<u>380,526</u>
<b>Total</b>	<b><u>183,636,040</u></b>	<b><u>84,718,145</u></b>

	Amount (Rs.) 2006-07	Amount (Rs.) 2005-06
<b>SCHEDULE : 19</b>		
<b>Finance Charges</b>		
Interest on fixed loans from :		
Banks	29,219,006	15,257,534
Directors	<u>5,102,461</u>	<u>575,340</u>
	34,321,467	15,832,874
Interest - Others	177	876,426
Bill discounting charges	18,193,420	4,473,172
<b>Total</b>	<b><u>52,515,064</u></b>	<b><u>21,182,472</u></b>

**SCHEDULE : 20**  
**Provision for Taxation**

Current Tax (Including Wealth Tax)	91,500,000	40,500,000
Deferred Tax	(1,369,814)	(993,551)
Fringe Benefit Tax	1,750,000	1,600,000
<b>Total</b>	<b><u>91,880,186</u></b>	<b><u>41,106,449</u></b>

**SCHEDULE - 21**  
**Significant Accounting Policies :**

- 1) **Accounting Convention**  
The accounts are prepared on historical cost basis and based on accrual method of accounting and applicable Accounting Standards.
- 2) **Use of Estimates**  
The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on date of the financial statement and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialized.
- 3) **Fixed Assets**
  - a) Tangible Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes and levies, freight and other incidental expenses related to acquisition and installation of the respective assets.
  - b) Certain computer software costs are capitalised and recognised as intangible assets in terms of Accounting Standard 26 on intangible assets based on materiality, accounting prudence and significant economic benefits expected to flow therefrom for a period longer than 1 year. Capitalised cost include direct cost of implementation and expenses directly attributable to the implementation.
  - c) The Company evaluates the impairment losses on the fixed assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such assets are considered to be impaired the impairment loss is then recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the smallest level for which there are separately identifiable cash flows.
- 4) **Depreciation and Amortisation**
  - a) Depreciation on fixed assets is provided on Straight Line Method in accordance with Section 205 (2) (b) of the Companies Act, 1956 at the rate and in the manner prescribed in schedule XIV of the said Act.
  - b) Computer software costs capitalised are amortised using the Straight Line Method over estimated useful life of 3 to 5 years, as estimated at the time of capitalisation.
- 5) **Investments**
  - a) Long Term investments are stated at cost and provision is made to recognise any diminution in value, other than that of temporary nature.
  - b) Current investments are carried at lower of cost and market value. Diminution in value is charged to the profit and loss account.
- 6) **Inventories**
  - a) Raw materials, Process stock and Finished Goods are valued at lower of cost or net realisable value.
  - b) Cost for Raw materials is determined on Weighted Average/FIFO basis, net of cenvat credit availed.
  - c) Cost for Finished Goods and Process Stock is determined taking material cost[Net of cenvat credit availed] labour and relevant appropriate overheads and cenvat duty.
- 7) **Revenue Recognition**  
In appropriate circumstances, Revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.
- 8) **Sales/Service Income**  
Sales are accounted on despatch of goods. Export sales are accounted on the basis of date of Bill of lading. Sales value is inclusive of Cenvat Duty and but does not include other recoveries such as insurance charges, transport charges etc. Service income excludes service tax.
- 9) **Cenvat credit**  
Cenvat credit is accounted for on accrual basis on purchase of eligible inputs, capital goods and services.





- 10) **Foreign Currency Transactions**  
Transactions in foreign currency are recorded at the exchange rates prevailing at the time the transactions are effected. The gain or loss due to exchange rates prevailing at the year end, if any, is taken into account. Exchange difference related to fixed assets are adjusted in cost of fixed assets.
- 11) **Prior Period Expenses/Income**  
Material items of prior period expenses/income are disclosed separately.
- 12) **Employees Benefits**  
Gratuity liability is accounted for on the basis of valuation made by Life Insurance Corporation of India in respect of eligible employees of the Company. Company's Contribution to Provident Fund are charged to Profit & Loss Account. Provision for Leave Encashment is made on Actuarial Basis.
- 13) **Borrowing Cost**  
Interest and other costs in connection with the borrowings of the funds to the extents related/attribution to the acquisition /construction of qualifying fixed assets are capitalised upto the date when such assets are ready for their intended use and other borrowing costs are charged to Profit And Loss Account.
- 14) **Miscellaneous Expenditure**  
a) Preliminary expenses are amortised over a period of ten years.  
b) Exhibition expenses are amortised over a period of five years.  
c) Shares issue expenses incurred are amortised over a period of five years.
- 15) **Taxes on Income**  
Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with provision of Income Tax Act, 1961.  
Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or subsequently enacted as on the balance sheet date. The Deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future.
- 16) **Leases**  
Lease transaction entered into on or after April 1, 2001:  
a) Assets acquired under lease where the company has substantially all risk and rewards incidental to ownership are classified as finance leases. Such assets are capitalised at the inception of lease at the lower of fair value or the present value of minimum lease payment and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability of each period.  
b) Assets acquired on lease where a significant portion of risk and rewards incidental to ownership is retained by the lessor are classified as operating lease. Lease rental are charged to the profit and loss account on accrual basis..
- 17) **Earnings Per Share**  
The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year.
- 18) **Provisions, Contingent Liabilities and Contingent Assets**  
Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

**SCHEDULE - 22****Note Forming Part of Accounts :**

1. Contingent liabilities not provided for in respect of :

(Amt. in Rs.)

Particulars	As At 31st March 2007	As At 31st March 2006
a) Disputed demand of Central Excise Department.	2,709,316	-
b) Guarantee given by bankers on behalf of company.	487,110,524	275,247,807
c) Performance Guarantees given by company.	20,659,200	1,361,500
d) Import duty benefit towards duty free import of raw materials made in respect of which export obligations are yet to be discharged.	3,137,539	-
e) Claims against Company not acknowledged as debts.	Amount not ascertained	Amount not ascertained

2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 6,408,053/- [Previous year Rs. 1,038,471/-].

3. Purchase of Business:

During the year, effective from 1<sup>st</sup> August 2006, the Company has purchased entire business of M/s Transformers & Rectifiers (India), a proprietorship concern, situated at Plot No. 233, GVMSA Industrial Estate, Odhav, Ahmedabad on a going concern basis with all assets and liabilities for the consideration of Rs. 15,221,050/-. The difference in consideration paid to M/s Transformers & Rectifiers (India) in excess of Net Assets value amounting to Rs. 11,906,608/- has been shown as Goodwill to be amortised over a period of 5 years.

4. Foreign currency exposures not hedged by derivative instruments as at 31
- <sup>st</sup>
- March 2007 on exports amounts to Rs.16,023,292/- and on imports amounts to Rs.15,862,517/-.

5. In view of the purchase of business since 1
- <sup>st</sup>
- August 2006, the current year's figures are not comparable with previous year's figures. Previous year's figures have been regrouped wherever necessary.

6. Capital Work In Progress includes preoperative expenditure pending allocation to a project under implementation till 31
- <sup>st</sup>
- March, 2007 are as under.

(Amt. in Rs.)

Preoperative Expenses	As at 31 <sup>st</sup> March, 2007
Legal & Professional	2,358,247
Electricity Charges	231,906
Interest	95,822
<b>Total</b>	<b>26,85,975</b>

7. Cenvat duty shown as a deduction from the Gross Sales represents the amount of cenvat duty collected on sales. Cenvat duty expensed represents the difference between excise duty element in the amounts of closing stocks & opening stocks and excise duty paid which is not recoverable from sales.

8. The stock of Raw materials amounting to Rs. 50,270,701/- was lying with the job workers for further processing at the close of the year. Out of that confirmations have been received for Rs. 49,607,303/-.

**9. Loss on account of Flood comprises of: (Amount in Rs.)**

Particulars	2006-2007
Cost of Raw Material and Stock in process damaged on account of Flood	58,221,109
Less : Salvage Value of Stock Damaged On Account Of Flood	18,468,000
	<b>39,753,109</b>
Add : Repairs to building & other expenses on account of flood	3,397,704
	<b>43,150,813</b>
Less : Insurance Claim Received	25,000,000
<b>Total</b>	<b>18,150,813</b>

**10. Profit and Loss includes**
**a) Managing Director's Remuneration (One) (Amount in Rs.)**

Particulars	2006-2007	2005-2006
Salary	3,300,000	672,000
House Rent Allowance	90,000	Nil
<b>Total</b>	<b>33,90,000*</b>	<b>6,72,000</b>

\* Includes Rs. 990,000 which is subject to approval in the Annual General Meeting.

**b) Executive Director's Remuneration (Two) (Amount in Rs.)**

Particulars	2006-2007	2005-2006
Salary	2,466,000	1,728,000
House Rent Allowance	105,000	Nil
Performance Incentive	1,238,000	Nil
<b>Total</b>	<b>3,809,000**</b>	<b>1,728,000</b>

\*\*Includes Rs. 1,721,000 which is subject to approval in the Annual General Meeting.

**c) Auditor's Remuneration: (Amount in Rs.)**

Particulars	2006-2007	2005-2006
Audit Fees	400,000	308,660
Taxation Matters & Others	200,646	-

**11. Names of Small Scale Industrial Undertaking whose dues are outstanding for more than 30 days are:-**

- [i] Skyjet Engineering Company [ii] Baroda Bushings & Insulators [iii] Ravi Enterprise

**12. Tax assessment of the company under Income Tax Act 1961, has been completed up to Financial Year 2003-04 and the sales tax assessment up to Financial Year 2002-03.**
**13. Leases:-**
**(A) Finance Lease**

(i) In accordance with Accounting Standard 19 "Leases" issued by the Institute of Chartered Accountants of India, the assets acquired on finance lease on or after April 1<sup>st</sup>, 2001 are capitalised and a loan liability recognized. Consequently, depreciation is provided on such assets, installments paid are allocated to the liability and the interest is charged to the Profit & Loss Account.

(ii) a) Assets acquired on Lease agreements mainly comprise of Cars. The agreements provide for reimbursement of taxes, levy etc. imposed by authorities in future. There are no exceptional / restrictive covenants in the Lease Agreements.

**b) The minimum installments as at 31<sup>st</sup> March, 2007 and the present values at 31<sup>st</sup> March, 2007 of minimum installments in respect of assets acquired under the Lease Agreements are as follows :**

(Amount in Rs.)

Minimum Installments	2006-2007
1) Payable not later than year	1,880,027
2) Payable later than 1 year and not later than 5 years	2,514,442
3) Payable later than 5 years	NIL
Total minimum installments	4,394,469
Less : Future finance charges	337,097
Present value of minimum installments	4,057,372
<b>Present value of minimum installments</b>	
1) Payable not later than year	1,682,923
2) Payable later than 1 year and not later than 5 years	23,74,449
3) Payable later than 5 years	NIL
Total present value of minimum installments	4,057,372

**(B) Operating Lease**

Lease rentals charged to revenue for lease agreements for the right to use the following assets are

Particulars	2006-07	2005-06
Office Premises	Rs. 165,000	Rs. 145,150
Godown	Rs. 65,666	NIL

The Lease agreements are executed for a period of 11 months with a renewal clause and also provide for termination at will by either party by giving prior notice.

**14. Earning Per Share**

Particulars	2006-07 (Rs.)	2005-06 (Rs.)
Profit After Tax as per Profit & Loss Account (a)	166,574,438	76,534,451
Weighted Average Number of Equity Shares (b)	6,967,422	6,706,041
Nominal Value of Equity Shares	10	10
EPS (Basic & Diluted) (a)/(b)	23.91	11.41

**15. Components of Deferred Tax Liability are as under:**

Particulars	As at 31 <sup>st</sup> March, 2007 (Rs.)	As at 31 <sup>st</sup> March, 2006 (Rs.)
<b>(A) Deferred Tax Liability</b>		
Difference between book and tax depreciation	15,463,130	14,934,899
Deferred Revenue Expenditure	-	111,895
	15,463,130	15,046,794
<b>(B) Deferred Tax Assets</b>		
Disallowance under Income Tax Act 1961	2,066,082	279,932
<b>(C) Net Deferred Tax Liability</b>	<b>13,397,048</b>	<b>14,766,862</b>

**16. Segment Reporting**

The company operates in a single segment i.e. "Electric Transformer". In the context of Accounting Standard 17, on Segment Reporting issued by Institute of Chartered Accountant of India, is considered to constitute one single primary segment.

**17. Related party transactions**
**(a) Names of related parties and description of relationship:**

Sr. No.	Nature of Relationship	Name of Related Parties
1	Subsidiaries	Transpares Ltd. (Since 3 <sup>rd</sup> October 2006) Transweld Mechanical Engineering Works Ltd. (Since 1 <sup>st</sup> August 2006)
2	Associate Companies/ Enterprises	Transformers & Rectifiers India (Refer Note No. 3 of Schedule 22) Allied Electrical Industries Mr. Jitendra U. Mamtora (HUF)
3	Key Management Personnel	Mr. Jitendra U. Mamtora Mr. Satyen J. Mamtora Mrs. Karuna J. Mamtora
4	Relative of Key Management Personnel	Ms. Janki Jitendra Mamtora Mr. Dilip Mamtora Mr. Bipin Mamtora

**b) Details of transactions with related parties:**

Nature of Transaction	Associate Companies/Enterprises/ Subsidiaries		Key Management Personnel & Relatives of such Personnel		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
<b>(A) Volume of Transactions</b>						
<b>1) Service Received</b>						
Transformers & Rectifiers (India)	14,605	NIL			14,605	NIL
Transweld Mech. Eng. Works Ltd.	5,783,630	NIL			5,783,630	NIL
Allied Electrical Industries	582,039	NIL			582,039	NIL
<b>2) Service Rendered</b>						
Transformers & Rectifiers (India)	3,013,667	7,836,209			3,013,667	7,836,209
<b>3) Purchase Of Goods</b>						
Transpares Ltd.	44,352,686	21,089,399			44,352,686	21,089,399
Transweld Mech. Eng. Works Ltd.	64,599,356	27,565,619			64,599,356	27,565,619
Transformers & Rectifiers (India)	19,983,586	605,468			19,983,586	605,468
<b>4) Sale Of Goods</b>						
Transweld Mech. Eng. Works Ltd.	870,914	45,313			870,914	45,313
Transformers & Rectifiers (India)	353,783	5,748,488			353,783	5,748,488
Allied Electrical Industries	564,168	13,040			564,168	13,040
<b>5) Capital Goods Purchased</b>						
Transweld Mech. Eng. Works Ltd.	1,761,786	NIL			1,761,786	NIL
<b>6) Loans Taken/Repaid And Interest Thereon</b>						
<b>i) Mr. Jitendra U. Mamtora</b>						
Loan taken			45,890,781	17,581,916	45,890,781	17,581,916
Loan repaid			36,343,950	(22,840,000)	36,343,950	(22,840,000)
Interest			750,072	NIL	750,072	NIL

Balance at 31st March			10,588,009	291,106	10,588,009	291,106
Balance at 1st April			291,106	5,549,190	291,106	5,549,190
<b>ii) Mr. Satyen J. Mamtora</b>						
Loan taken			2,028,958	49,490	2,028,958	49,490
Loan repaid			1,958,850	(43,650)	1,958,850	(43,650)
Interest			(40,506)	NIL	(40,506)	NIL
Balance at 31st March			35,442	5,840	35,442	5,840
Balance at 1st April			5,840	NIL	5,840	NIL
<b>iii) Mrs. Karuna J. Mamtora</b>						
Loan taken			2,191,732	136,600	2,191,732	136,600
Loan repaid			35,000	NIL	35,000	NIL
Interest			58,364	NIL	58,364	NIL
Balance at 31st March			2,365,915	150,818	2,365,915	150,818
Balance at 1 <sup>st</sup> April			150,818	14,218	150,818	14,218
<b>iv) Mr. Jitendra U. Mamtora (HUF)</b>						
Loan taken	18,714,254	NIL			18,714,254	NIL
Loan repaid	NIL	(25,000)			NIL	(25,000)
Interest	431,971	NIL			431,971	NIL
Balance at 31st March	19,146,225	NIL			19,146,225	NIL
Balance at 1st April	NIL	25,000			NIL	25,000
<b>7) Managerial Remuneration</b>						
Mr. Satyen J. Mamtora			3,413,000	672,000	3,413,000	672,000
Mr. Jitendra U. Mamtora			3,390,000	1,440,000	3,390,000	1,440,000
Mrs. Karuna J. Mamtora			396,000	288,000	396,000	288,000
<b>8) Dividend Paid</b>						
Mr. Jitendra U. Mamtora			20,590,781	428,840	20,590,781	428,840
Mr. Satyen J. Mamtora			228,644	4,949	228,644	4,949
Mrs. Karuna J. Mamtora			631,092	13,660	631,092	13,660
Mr. Jitendra U. Mamtora (HUF)	1,489,376	291,106			1,489,376	291,106
Ms. Janki J. Mamtora			50,358	50,358	50,358	1,090
Mr. Bipin Mamtora			462	210	462	210
Mr. Dilip Mamtora			462	210	462	210
<b>9) Equity Contribution</b>						
Mr. Jitendra U. Mamtora			10,010,000	15,600,000	10,010,000	15,600,000
Mr. Jitendra U. Mamtora (HUF)			10,433,800	NIL	10,433,800	NIL
<b>10) Shares Issued Towards Purchase Of Business</b>						
Mr. Jitendra Mamtora			15,221,050	NIL	15,221,050	NIL

**(B) Balance at the end of the period**

<b>1) Current Liabilities</b>						
• Allied Electrical Industries	1,145,065	287,141			1,145,065	287,141
• Transpares Works Ltd.	15,432,413	8,878,978			15,432,413	8,878,978
• Transweld Mechanical Engineering Works Ltd.	20,154,437	9,868,718			20,154,437	9,868,718

**18. Information pursuant to the provisions of paragraphs 3,4C & 4D of Part II of Schedule VI to the Companies Act, 1956**

a) Particulars of Capacity: (As certified by management)

Particulars	Unit	Year Ended	
		31st March, 2007	31st March, 2006
Licensed Capacity	MVA	N.A.	N.A.
Installed Capacity	MVA	7,200*	5,400

\*Includes 1200 MVA per annum capacity @ Transformers &amp; Rectifiers (India). Refer Note 3 of Schedule 22.

(b) Details of Products Manufactured, Turnover, Opening Stock and Closing Stock and Purchase and Sales of traded items:

Product/ Year	Opening stock		Production Quantity (Nos.)	Turnover		Closing Stock	
	Quantity (Nos.)	Amount (Rs.)		Quantity (Nos.)	Amount (Rs.)	Quantity (Nos.)	Amount (Rs.)
<b>1) Electric Transformer</b>							
2006-07	2	965,946	325	309	2,169,472,027	18	27,386,277
2005-06	10	14,828,088	235	243	1,282,653,932	2	965,946

Product/ Year	Opening stock		Purchase Quantity (Nos.)	Turnover		Closing Stock	
	Quantity (Nos.)	Amount (Rs.)		Quantity (Nos.)	Amount (Rs.)	Quantity (Nos.)	Amount (Rs.)
<b>2) Trading items</b>							
a) Electric Transformer							
2006-07	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2005-06	NIL	NIL	14	14	12,717,000	NIL	NIL
b) Other							
2006-07	NIL	NIL	NIL	NIL	1,185,000	NIL	NIL
2005-06	NIL	NIL	NIL	NIL	NIL	NIL	NIL

(c) Particulars of Raw Material consumed:

INDIGENOUS	UNIT	2006-2007		2005-2006	
		Qty	Value (Rs.)	Qty	Value (Rs.)
Copper Wire	Kgs	1,436,527	431,106,863	1,145,643	295,367,810
Lamination	Kgs	2,826,612	620,033,966	1,817,078	441,648,167
Transformer Oil	Lts	3,250,838	125,401,521	2,338,506	84,032,897
Radiators	Nos	2,033	42,638,412	1,413	33,220,764
Others	-	-	472,855,251	-	248,815,937
<b>Total</b>			<b>1,692,036,013</b>		<b>1,103,085,575</b>

d) Value of Imported and Indigenous Raw Materials and tools and percentage thereof to the total consumption

Particulars	Particulars	Value (Rs) 2006-07	Percentage (%)	Value (Rs) 2005-06	Percentage (%)
Raw Materials	Imported	136,624,013	8.07	56,023,931	5.08
	Indigenous	1,555,412,000	91.93	1,045,986,644	94.92
<b>Total</b>		<b>1,692,036,013</b>	<b>100.00</b>	<b>1,103,085,575</b>	<b>100.00</b>
Tools	Imported	NIL	0.00	665,131	33.29
	Indigenous	1,641,596	100.00	1,165,296	66.71
<b>Total</b>		<b>1,641,596</b>	<b>100.00</b>	<b>1,830,427</b>	<b>100.00</b>

e) C.I.F Value of Imports :

Particulars	2006-2007 (Rs.)	2005-2006 (Rs.)
i] Raw Materials	136,624,013	56,023,931
ii] Capital Goods	2,767,208	3,551,369
iii] Tools	Nil	665,131

f) Expenditure in Foreign Currency :

Particulars	2006-2007 (Rs.)	2005-2006 (Rs.)
i] Traveling	2,062,218	453,290
ii] Other	701,720	242,730

g) Earnings in Foreign Currency :

Particulars	2006-2007 (Rs.)	2005-2006 (Rs.)
i] FOB Value of Export	5,81,78,205	6,00,92,334



19. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE  
AS PER SCHEDULE VI OF THE COMPANIES ACT, 1956.

<b>1. REGISTRATION DETAILS :</b>			
Registration No.	: 22460	State Code No.	: 04
Balance Sheet Date	: 31.03.2007		
<b>2. CAPITAL RAISED DURING THE YEAR :</b>			
Public Issue	: Nil	Bonus Issue	: Nil
Right Issue	: Nil	Private Placement	: Nil
Preferential Allotment	: Rs. 20,443,800		
<b>3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS :</b>			
Total Liabilities	: Rs. 1,505,421,975	Total Assets	: Rs. 1,505,421,975
<b>SOURCES OF FUNDS:</b>			
Paid up Capital	: Rs. 70,918,650	Reserve & Surplus	:Rs. 332,290,734
Secured Loans	: Rs. 229,095,965	Unsecured Loans	:Rs. 48,736,893
Deferred Tax Liability	: Rs. 13,937,048		
<b>APPLICATION OF FUNDS:</b>			
Net Fixed Assets	: Rs. 204,553,314	Investment	: Rs. 17,969,000
Net Current Assets	: Rs. 471,772,676	Misc. Expenditure	: Rs. 144,300
Accumulated Losses	: Rs. Nil		
<b>4. PERFORMANCE OF COMPANY:</b>			
Total Income	: Rs. 2,294,081,504	Total Expenditure	: Rs. 2,035,466,734
Profit Before Tax	: Rs. 258,614,770	Profit After Tax	: Rs. 166,574,438
Earning per share	: Rs. 23.91	Dividend Rate	: 18%
<b>5. GENERATIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY:</b>			
Item Code No.	8504		
Product Description	Electric Transformer		

As per our attached report of even date.

For and on behalf of Board of Directors

For : C. C. Chokshi & Co.  
Chartered AccountantsJitendra U. Mamtora  
Chairman & M. D.Satyen J. Mamtora  
DirectorH.P.Shah  
PartnerKarunaben J. Mamtora  
DirectorPlace : Ahmedabad  
Dated : 8<sup>th</sup> May, 2007Place : Ahmedabad  
Dated : 28<sup>th</sup> April, 2007

## CASH FLOW STATEMENT

Particulars	Amount (Rs.)	2006-07 (Rs.)	Amount (Rs.)	2005-06 (Rs.)
<b>(A) Cash Flow From Operating Activities</b>				
Profit before tax		258,614,770		119,716,182
<b>Adjustments for:</b>				
(Profit) / Loss On Sale Of Fixed Assets	792,409		5,050	
Assets Written Off	-		218,175	
Unrealised Foreign Exchange (Gains)\Losses	603,111		(21,960)	
Provision For Onerous Contracts.	4,612,629		-	
Provision For Doubtful Advances	-		318,798	
Dividend Income	(1,097,520)		-	
Interest Income	(5,126,472)		(3,085,099)	
Depreciation and Amortisation	15,854,786		8,373,929	
Finance Charges	52,515,064		21,182,472	
Miscellaneous Expenditure Written Off	380,526		380,526	
		68,534,533		27,371,891
Operating Profit Before Working Capital Changes		327,149,303		147,088,073
<b>Adjustment For :</b>				
Trade & Other Receivables	(240,636,016)		(307,069,529)	
Inventories	(78,530,619)		(137,802,182)	
Trade & Other Payables	87,166,368		331,430,259	
		(232,000,267)		(113,441,452)
Cash Generated From Operations		95,149,036		33,646,621
Direct Taxes Paid		(48,982,526)		(45,176,900)
<b>NET CASH FROM OPERATING ACTIVITIES-(A)</b>		<b>46,166,510</b>		<b>(11,530,279)</b>
<b>(B) Cash Flow From Investing Activities</b>				
Purchase Of Fixed Assets	(73,432,160)		(44,145,488)	
Sale Of Fixed Assets	15,000		20,000	
Long Term Investment In Subsidiaries	(16,969,000)		-	
Increase In Deferred Revenue Expenditure	-		(240,500)	
Dividend Received	1,097,520		-	
Interest Received	5,251,917		2,742,881	
Purchase Of Business	1,242,769		-	
<b>NET CASH USED IN INVESTING ACTIVITIES-(B)</b>		<b>(82,793,954)</b>		<b>(41,623,107)</b>
<b>(C) Cash Flow From Financing Activities</b>				
Proceeds From Borrowings	234,736,761		79,859,217	
Repayment Of Borrowings	(133,209,061)		(16,752,446)	
Proceeds From Equity Share Capital	20,443,799		15,600,000	
Finance Charges Paid	(52,432,904)		(20,316,887)	
Dividends Paid	(26,216,216)		(5,446,526)	
<b>NET CASH FROM FINANCING ACTIVITIES-(C)</b>		<b>43,322,379</b>		<b>52,943,358</b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>		<b>6,694,935</b>		<b>(210,028)</b>
<b>ADD : CASH &amp; CASH EQUIVALENTS-OPENING BALANCE</b>		<b>175,333</b>		<b>385,361</b>
<b>CASH &amp; CASH EQUIVALENTS-CLOSING BALANCE</b>		<b>6,870,268</b>		<b>175,333</b>

Note:

1 Cash and cash equivalents includes:	2006-07 (Rs.)	2005-06 (Rs.)
Cash on hand	133,857	38,302
With Scheduled banks:		
In Current Accounts	6,736,411	137,031
Total	<b>6,870,268</b>	<b>175,333</b>

2. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
3. The previous year's figures have been regrouped wherever necessary to make them comparable with this year figures.

As per our attached report of even date.

For and on behalf of Board of Directors

For : C. C. Chokshi & Co.  
Chartered Accountants

Jitendra U. Mamtora  
Chairman & M. D.

Satyen J. Mamtora  
Director

H.P.Shah  
Partner

Karunaben J. Mamtora  
Director

Place : Ahmedabad  
Dated : 8<sup>th</sup> May, 2007

Place : Ahmedabad  
Dated : 28<sup>th</sup> April, 2007

## Statement Pursuant To Section 212 Of The Companies Act, 1956 Relating To Subsidiary Companies

Sr. No.	Name of the Subsidiary	Transweld Mechanical Engineering Works Ltd.	Transpares Limited
1	Financial Year of the Subsidiary Company ended on	31 <sup>st</sup> March, 2007	31 <sup>st</sup> March, 2007
2	Share of the Subsidiary held on the above date a. Number of Equity Shares b. Face Value c. Extent of Holding	250,000 Rs. 10/- 100%	548,760 Rs. 10/- 51%
3	Net aggregate amount of profit/loss of the subsidiary for the above financial year so far as they concern the members of the company a) dealt with in the accounts of the company for the period ended 31 <sup>st</sup> march, 2007 b) not dealt with in the accounts of the company for the period ended 31 <sup>st</sup> March, 2007	- Rs. 4,681,009/-	Rs. 6,006,981/- Rs. 6,252,164/-
4	Net aggregate amount of the profit/loss of the subsidiary for the previous financial years so far as they concern the members of the company. a) dealt with in the accounts of the company for the period ended 31 <sup>st</sup> march, 2006 b) not dealt with in the accounts of the company for the period ended 31 <sup>st</sup> March, 2006	Not Applicable	Not Applicable
5	Material changes between the end of the subsidiary's financial year and 31 <sup>st</sup> March, 2007 (i) Fixed Assets (ii) Investment made (iii) Money lent by the Subsidiary (iv) Money borrowed by the Subsidiary Company other than for meeting current liabilities (v) Investment disposal (vi) Share capital	Not Applicable	Not Applicable

On behalf of Board of Directors

Date : 8<sup>th</sup> May, 2007  
Place : Changodar, Ahmedabad

Jitendra U. Mamtora  
Chairman & Managing Director

Satyen J. Mamtora  
Director

Karunaben J. Mamtora  
Director

## Transweld Mechanical Engineering Works Ltd.

(Formerly known as Transweld Mechanical Engineering Works Private Limited.)

### Board of Directors

Mr. Satyen Mamtora *Chairman*

Mr. Mahendra Vyas *Director*

Mr. Michael Homawalla *Director*

### Bankers

State Bank of India

Odhav Branch, Ahmedabad

### Auditors

D. R. Thakkar & Co.

Chartered Accountant, Ahmedabad

### Registered Office/Plant

44-C, Ashwamegh Industrial Estate,

Changodar, Taluka - Sanand,

Dist. Ahmedabad, Gujarat.

## DIRECTORS' REPORT

To  
The Members,  
Transweld Mechanical Engineering Works Limited

Your Directors have pleasure in presenting the 12th Annual Report along with the Audited Accounts of the Company for the year ended on 31st March, 2007.

(Amount Rs in lacs)

Particulars	2006-2007	2005-2006
<b>Total Income</b>	608.29	466.98
Operating profit	89.49	49.60
Financial charges	19.33	6.10
Depreciation	7.87	4.35
Profit/(Loss) before tax	<b>62.29</b>	<b>39.15</b>
Less: Provision for tax	11.25	8.87
Less: Deferred Tax (Asset)/Liability	4.23	3.79
Less: Income Tax	0.00	0.00
Net Profit/(Loss) after tax	<b>46.81</b>	<b>26.49</b>
Profit brought forward	42.30	15.81
Balance c/f to Balance-sheet	<b>89.11</b>	<b>42.30</b>

### Results of Operation

The company has achieved more than 30% jump in Turnover for the year, due to boom in Engineering Industry, which stood at Rs. 608.29 Lacs as compared to last year's of Rs. 466.98 Lacs. Due to higher turnover, the Company has achieved Net profit before Tax of Rs. 62.29 lacs as compared to last year's profit of Rs. 39.15 lacs, which shows growth of almost 59% as compared to last year. Net profit after Tax stood at Rs. 46.81 Lacs, as compared to Rs. 26.49, which is 76% more than that of last year.

### Dividend

In view to conserve the resources for future development, the Directors of the Company have not recommended any dividend for the year ended on 31/03/2007.

### Future Prospects

Looking to the current economic growth and growth of transformer industry, your company is expected to tap the vast opportunities in the sector and will achieve healthy growth in the future

### Finance

The State Bank of India has played an proactive role in the growth of our company.

### Change of ownership due to Transfer Shares

During the year, the Company's 100% of holding is taken over by M/s Transformers & Rectifiers (India) Ltd, from different shareholders. By virtue of this transfer of Shares, the Company became Wholly owned Subsidiary Company of M/s Transformers & Rectifiers (India) Ltd., with effect from 1<sup>st</sup> August, 2006.

### Change of Name

The Company's holding Company M/s Transformers & Rectifiers (India) Ltd. is a Public Ltd. Co. , the Company has altered its Articles of Association of the Public Ltd. Co. and has changed its name by converting into Public Ltd. Co., as approved by the members in their meeting held on 17<sup>th</sup> January,2007 and also by Registrar of Companies, Gujarat as on 21<sup>st</sup> February, 2007. By virtue of this, the Company is now called as 'Transweld Mechanical Engineering Works Limited'.

### Directors

Mr. Michael B. Homawalla was appointed as an Additional Director of the Company with effect from 9<sup>th</sup> November, 2006. Additional Director is proposed to be re-appointed as Director in the ensuing Annual General Meeting.

Mr. Mahendra Vyas retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

### Fixed Deposits

The Company has not accepted any Fixed Deposits, from the public, during the year under review, as per the Section 58A of the Companies Act,1956.

### Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act,1956 your Directors confirm the following :

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31<sup>st</sup> March,2007.
- Your Directors have taken proper and sufficient care for 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.
- Your Directors have prepared the attached statements of accounts for the year ended 31<sup>st</sup> March,2007 on a going concern basis.

### The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Information under Section 217(1)(e) of the Companies Act,1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules,1988, are forming part of the Director's Report.

### Particulars of Employees

Particulars of employees under section 217 (2A) of the Companies Act 1956 and the rules framed there under is not applicable this year, as there were no employees drawing the remuneration of Rs. 24 Lacs or more, paid in respect of persons employed through out the financial year or to whom remuneration of Rs.2 lac or more per month, paid in respect of persons employed for part of the financial year.

### Secretarial Compliance Certificate

In accordance with Section 383A of the Companies Act,1956, and Companies (Compliance Certificate) Rule, 2001, the Company has obtained a certificate from a Secretary in whole time practice confirming that the Company has complied with various provisions of the Companies Act, 1956 and copy of such certificate is annexed to this Report.

### Auditors & Auditors' Report

M/s. D. R. Thakkar & Co., Ahmedabad the auditors of the Company, hold their office until the conclusion of the ensuing Annual General Meeting, and are recommended for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956. You are requested to re-appoint auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

Notes forming part of the accounts are self explanatory as far as Auditor's Report is concerned and therefore, it do not require any further comments.

### Acknowledgement

The Directors extend their sincere thanks to the Bankers, Central Government and State Government Authorities, Customers, Valued Shareholders , Staff members and all other associated with the Company, for their co-operation, continued support and confidence reposed by them in the Company.

Date: 27<sup>th</sup> April, 2007

Place: Changodar, Ahmedabad

On behalf of Board of Directors

Mahendra Vyas  
Director



## Annexure to the Directors' Report

Information under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

### 1. Conservation of Energy and Technology Absorption :-

Even though, erratic power supply position, the consumption of electricity per unit of production remains the same, as that of last year mainly due to strict vigilance on power consumption. However, the company has no control over the pricing as the energy is sourced from public distribution system.

Total energy consumption and energy consumption per unit :

Power and Fuel Consumption	2006-2007	2005-2006
<b>Electricity :</b>		
(a) Purchased		
Units (Kwh)	296,613	2,63,900
Total Amount	Rs. 1,730,028	Rs. 13,46,605
Rate/Unit	Rs. 5.83	Rs. 5.10
(b) Own Generation through Diesel Genset		
Units (Kwh)	-	-
Total Amount	-	-
Rate/Unit	-	-

### 2. Research & Development and Technology absorption :-

The Company has not taken any technology in particular or entered into any technology agreement during the period. During the year, no further development is done for research.

### 3. Foreign Exchange Earnings & Outgo :-

The Company has neither earned nor spend any foreign currency, during the year as well as in last year.

## SECRETARIAL COMPLIANCE CERTIFICATE

Registration No. of the Company : 04 – 26055 (CIN- U55101GJ1995PTC026055)  
Authorised Capital - 25.00 Lacs

To,  
The Members  
Transweld Mechanical Engineering Works Limited

I have examined the Registers, records, books and papers of **Transweld Mechanical Engineering Works Limited (formerly known as Transweld Mechanical Engineering Works Private Limited)** as required to be maintained under the Companies Act, 1956 and rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2007. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year :

- The Company has kept and maintained the registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
- The Company has filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Gujarat, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
- The Company being limited company, has paid-up capital of Rs. 25.00 Lacs as on 31<sup>st</sup> March, 2007. This conversion from Pvt. Ltd. Co. into Ltd. Co. and results in to change of name from 'Transweld Mechanical Engineering Works Private Ltd.' to 'Transweld Mechanical Engineering Works Ltd.' was approved by the members in their meeting held on 17/11/2007. New certificate for change of name has been approved as on 21/2/2007, by the ROC, Gujarat.
- The Board of Directors duly met 6 times on 1<sup>st</sup> April, 2006, 22<sup>nd</sup> June, 2006, 1<sup>st</sup> August, 2006, 9<sup>th</sup> November, 2006, 26<sup>th</sup> December, 2006 and 10<sup>th</sup> February, 2007 and the proceedings were properly recorded and signed the Minutes book maintained for the purpose. The Company has not passed any Board resolution by circulation.
- The Company has not closed its Register of members during the financial year.
- The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2006 was held on 15<sup>th</sup> July, 2006 and the resolution passed thereat were duly recorded in the minutes book maintained for the purpose.
- One Extra-Ordinary General Meeting was held on 17th January, 2007 during the financial year and the resolutions passed thereat were duly recorded in the Minutes book maintained for the purpose.
- The Company has not advanced any loans or given any guarantees or provided any securities to its directors or persons or firms or companies referred to under Section 295 of the Companies Act, 1956, since company became Public Ltd. Co.
- The Company has duly complied with the provisions of Section 297 of the Companies Act, 1956 in respect of contracts specified in that section.
- The Company has made necessary entries in the register maintained under section 301 of the Companies Act, 1956.
- As there were no instances falling within the purview of Section 314 of the Companies Act, 1956, the Company was not required to obtain any approvals from the Board of Directors, members or Central Government, as the case may be.
- The Company has no issued any duplicate share certificates during the financial year.
- The Company :
  - has delivered all the certificates on lodgment of 250000 shares for transfers, in accordance with the provisions of the Act. There was no allotment/ transmission of securities during the financial year.
  - has not deposited any amount in a separate Bank account, as no dividend was declared during the financial year.
  - was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - has no unpaid dividend amount, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid and as are required to be transferred to Investor Education and Protection Fund;
  - duly complied with the requirements of section 217 of the Companies Act, 1956.

14. The Board of Directors of the Company is duly constituted. Mr. Michael Homawalla was appointed as Additional Director of the Company, w.e.f. 9<sup>th</sup> November, 2006, after complying necessary provisions under the Act. There was no appointment of alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director / Whole-time Director/ Manager during the financial year.
16. The Company has not appointed sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities as may be prescribed under the various provisions of the Companies Act, 1956, during the financial year.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares/ debentures/ other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There were no redemption of preference shares/debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits falling within the purview of Section 58A of the Companies Act, 1956, during the financial year.
24. The amount borrowed by the Company from Banks and others during the financial year ending 31<sup>st</sup> March, 2007, are within the borrowed limits of the Company.
25. The Company has not made Investment, loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for that purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the object of the company during the year under scrutiny.
28. The Company has altered the provisions of the memorandum with respect to name of the company during the year under scrutiny and complied with the provisions of the Act. The new name, as mentioned above is effective from 21<sup>st</sup> February, 2007, after obtaining necessary approval from the Registrar of Companies, Gujarat.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has adopted whole new set of Articles of Association of Public Ltd. Co., as approved by the members in their meeting held on 17/01/2007 and complied with the provisions of the Act, by filing amendments with the Registrar of Companies, Gujarat.
31. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and also no fines and penalties or any other punishment imposed on the Company in such cases, during the financial year.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not deducted any contribution towards Provident Fund, as prescribed pursuant to section 418 of the Company's Act, during the financial year.

Place : Ahmedabad  
Date : 27<sup>th</sup> April, 2007

Company Secretary : Tapan Shah  
C.P.No. : 2839

## Annexure A

### Registers as maintained by the Company

1. Register of Members u/s 150 of the Companies Act, 1956.
2. Register of Directors' shareholding u/s 307 of the Companies Act, 1956.
3. Register of Directors', Managing Director, Manager and Secretary u/s 303 of the Companies Act, 1956.
4. Register of Contracts, Companies and Firms in which Directors of the Company are interested u/s 301 of the Companies Act, 1956.
5. Register of Charge u/s 143 of the Companies Act, 1956.
6. Minutes book of Board of Directors u/s 193(1) of the Companies Act, 1956.
7. Minutes book of the proceeding of General Meeting u/s 193(1), 196(1) of the Companies Act, 1956.
8. Register of Attendance for Board Meetings and General Meetings.
9. Register of Transfer of Shares.

Place : Ahmedabad  
Date : 27<sup>th</sup> April, 2007

Company Secretary : Tapan Shah  
C.P.No. : 2839

**Annexure B**

Forms and Returns as filed by the Company with the Registrar of Companies, Gujarat, Regional Director, Central Government or other authorities during the financial year ending on 31<sup>st</sup> March, 2007.

• With Registrar of Companies

Sl No.	Form No.	Relevant Section	Description	Date of Filing	Whether filed within prescribed time Yes/No	If delay in filing, whether Requisite additional fees paid yes/no
1.	20B	159(1)	Schedule V made up to 15/7/2006	02/08/2006	Yes	No
2.	62	383A(1)	Compliance Certificate for the financial year 2005-06.	04/08/2006	Yes	No
3.	23AC & 23ACA	220(1)	Balance sheet made up to 31.03.2006	17/08/2006	No	Yes
4.	32	303(2)	Appointment of Mr. Michael B. Homawalla as Additional Director of the Co., w.e.f. 09/11/2006	23/12/2006	No	Yes
5.	23 & change of name Application	192	Application for change of name of the Co. u/s 21, in EGM held on 17/1/07 – for new name- 'Transweld Mechanical Engineering Works Ltd.' & adoption of new set of AOA of the Company	17/02/2006	No	Yes
6	62	As per Schedule IV under the Act.	Statement in lieu of Prospectus for Conversion Pvt. Ltd Co. into Public Ltd. Co.	17/02/2006	Yes	No
7	8	125/127/130/135	Modification of charge with SBI through Supp. Agree. of Loan Cum Hypo. & Deed of Mort. by deposit of Title deeds dated 12/02/2007 for enhancement of financial limit from Rs. 157.50 Lacs to Rs.215.00 Lacs.	09/03/2007	Yes	No

• With Regional Director, Central Government or other authorities  
Not Applicable.

Place : Ahmedabad  
Date : 27<sup>th</sup> April, 2007

Company Secretary : Tapan Shah  
C.P.No. : 2839

**AUDITOR'S REPORT**

To  
The Shareholders,  
Transweld Mechanical Engineering Works Ltd.  
Ahmedabad.

We have audited the attached Balance Sheet of Transweld Mechanical Engineering Works Ltd. as at 31<sup>st</sup> March 2007, the Profit and Loss Account the Profit and Loss Account for the year 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.

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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

1. 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;
2. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examinations of those books;
3. The Balance Sheet, Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
4. In our opinion, the Balance Sheet, Profit & 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;
5. On the basis of written representations received from the directors of the Company as at 31<sup>st</sup> March, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2007 from appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
6. 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:
  - a) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31<sup>st</sup> March, 2007;
  - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date;

Place : Ahmedabad  
Date : April 27<sup>th</sup>, 2007

For : D. R. Thakkar & Co.  
Chartered Accountants

[Dipak R. Thakkar]  
Proprietor

## ANNEXURE TO THE AUDITOR'S REPORT

### Statement Referred To In Paragraph Above Of Our Report Of Even Date

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of information available.  
 (b) According to the information and explanation given to us, the fixed 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) Non of the fixed assets have been disposed off during the year.
2. (a) As explained to us, the inventories have been physically verified by the management at reasonable intervals, during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business.  
 (b) In our opinion and according to the information and explanation give to us, the procedures of physical verification of inventory 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 maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of stocks, as compared to book records.
3. (a) The Company has taken loan from one party, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1019777/- and the year-end balance of loan taken from such party was Rs. NIL. We are informed that the company has not granted any loans secured or unsecured, firms, other parties listed in the register maintained under section 301 of the Companies Act.  
 (b) In our opinion, the rate of interest and other terms and conditions on which such loans have been taken are not, prima facie, prejudicial, to the interest of the company.  
 (c) The terms of repayment of the principal amount have not been stipulated. The company has been regular in the payment of interest.
4. In our opinion and according to the information and explanations 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, and fixed assets and for the sale of goods. In our opinion and according to the explanations given to us, there is no continuing failure to correct major weaknesses in internal controls.
5. (a) According to the information and explanations give to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Company 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 rupees five lakhs in respect of such parties during the year have been made at prices at which are reasonable having regard to prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the Company has not accepted deposits from the public. Accordingly the requirement of clause (vi) of paragraph 4 of The Companies (Auditor's Report) Order 2003 is not applicable to the company.
7. In our opinion, the Internal Audit System is commensurate with the size of the company and the nature of its business.
8. As informed to us the company is not required to maintain the cost records pursuant to rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Company Act, 1956 in respect of product produced by the company.
9. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, employees' state insurance, income tax, Sales tax, welth tax, custom duty, excise duty, cess and any other material statutory dues applicable to it.  
 (b) According to the information and explanations given to us, there are no undisputed statutory dues payable in respect of provident fund, employees, state insurance, income-tax, sales-tax, wealth tax, custom duty, excise duty, cess which are outstanding as at 31-03-2007 for a period of more than six month from the date they become payable.  
 (c) According to the information and explanations given to us, there are no dues of of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
10. In our opinion, the accumulated losses of the company are not more that fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and 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 debanture holder.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the requirement of clause (xii) of paragraph 4 of the The Companies (Auditor's Report) Order 2003 is not applicable to the company.
13. The company is not a Chit Fund, Nidhi or Mutual Benefit Society, Accordingly the requirements of item (xiii) of paragraph 4 of The Companies (Auditor's Report) Order 2003 is not applicable to the company.
14. In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of The Companies (Auditors Report) Order, 2003 are not applicable to the company.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by other from bank or financial institutions.
16. As per information and explanations given to us, term loans were applied for the purpose of which 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. Simiparly, no funds raised on long term basis have been used for short-term investment.
18. According to the information and explanations given to us no preferential allotment of shares has been made by the company to companies, firms or otehr parties listed in the register maintained under sections 301 of the Companies Act, 1956.
19. The company has not issued any debentures. Accordingly the requirements of clause (xix) of paragraph 4 of The Companies (Auditors Report) Order 2003 is not applicable to the company.
20. The company has not raised any money by public issue. Accordingly the requirements of clause (xx) of paragraph 4 of The Companies (Auditor's Report) Order 2003 is not applicable to the company.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the Course of our audit.

Place : Ahmedabad  
Date : April 27<sup>th</sup>, 2007

For : D. R. Thakkar & Co.  
Chartered Accountants

[Dipak R. Thakkar]  
Proprietor

Balance Sheet As At 31<sup>st</sup> March, 2007

SCHEDULE	AS AT 31.03.2007 Rs.	AS AT 31.03.2006 Rs.
<b>SOURCES OF FUNDS :</b>		
<b>1. SHAREHOLDERS' FUNDS</b>		
Share Capital	1 2,500,000	2,500,000
Reserves & Surplus	2 8,910,898	4,229,889
<b>2. LOAN FUNDS :</b>		
Secured Loans	3 18,011,655	13,939,599
Unsecured loans	4 -	1,019,777
Deferred Tax Liability	1,240,014	816,583
<b>TOTAL</b>	<b>30,662,567</b>	<b>22,505,848</b>
<b>APPLICATION OF FUNDS :</b>		
<b>1. FIXED ASSETS :</b>		
Gross Block	5 20,230,300	18,628,727
Less : Depreciation & Amortisation	1,699,357	912,008
Net Block	18,530,943	17,716,719
<b>2. INVESTMENTS : (at cost)</b>		
	-	-
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES :</b>		
Inventories	6 7,045,966	6,290,444
Sundry Debtors	7 20,298,499	11,549,461
Cash & Bank Balances	8 464,131	240,136
Loans & Advances	9 1,084,446	861,762
	28,893,042	18,941,803
Less :		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Liabilities :		
Creditors for Goods	10 14,522,786	9,675,689
Creditors for Expenses	394,815	360,130
Advance from Customers	-	2,882,125
Duties & Taxes	11 288,329	434,938
Provisions	12 1,558,192	803,848
	16,764,122	14,156,730
<b>NET CURRENT ASSETS</b>	<b>12,128,920</b>	<b>4,785,073</b>
<b>4. MISCELLANEOUS EXPENDITURE :</b>		
(To the extent not written off)	13 2,704	4,056
<b>TOTAL</b>	<b>30,662,567</b>	<b>22,505,848</b>
Significant Accounting Policies	19	
Notes on Accounts	20	

As per our attached report even date

For : D. R. Thakkar & Co.  
Chartered AccountantsDipak R. Thakkar  
PartnerPlace : Ahmedabad  
Dated : 27<sup>th</sup> April, 2007

For &amp; on Behalf of Board of Directors

Satyen J. Mamtora  
ChairmanMahendra S. Vyas  
DirectorMichael B. Homawalla  
DirectorPlace : Ahmedabad  
Dated : 27<sup>th</sup> April, 2007Profit & Loss Account for the year ended 31<sup>st</sup> March, 2007

SCHEDULE	2006-2007 Rs.	2005-2006 Rs.
<b>INCOME</b>		
Gross Sales & Job Works	66,866,176	50,872,972
Less : Excise Duty	5,559,525	6,637,264
Net Sales	61,306,651	44,235,708
Other Income	14 148,685	685,347
Variance in Stock	15 (741,500)	1,776,705
Closing Stock of Scrap	115,640	-
	<b>60,829,476</b>	<b>46,697,760</b>
<b>EXPENDITURE</b>		
Raw Materials Consumed	16 40,295,614	32,170,396
Manufacturing & Direct Expenses	17 10,467,371	8,246,452
Administration & Selling Expenses	18 1,115,093	1,320,090
Finance Charges	1,933,321	609,716
Depreciation & Amortisation	787,349	435,129
Preliminary Expenses W/off.	1,352	1,352
	<b>54,600,100</b>	<b>42,783,135</b>
Profit for the year before taxation	6,229,376	3,914,625
Less : Provision for taxation	1,107,990	886,580
Income Tax	16,946	-
Deferred Tax liability of the year	423,431	379,098
Profit After Tax	4,681,009	2,648,947
Add : Balance Brought forward from the Previous Year	4,229,889	1,580,942
Balance Carried forward to Balance Sheet	8,910,898	4,229,889
<b>Earning per Share : Basic &amp; Diluted</b>	<b>18.72</b>	<b>39.73</b>
Significant Accounting Policies	19	
Notes on Accounts	20	

As per our attached report even date

For : D. R. Thakkar & Co.  
Chartered AccountantsDipak R. Thakkar  
PartnerPlace : Ahmedabad  
Dated : 27<sup>th</sup> April, 2007

For &amp; on Behalf of Board of Directors

Satyen J. Mamtora  
ChairmanMahendra S. Vyas  
DirectorMichael B. Homawalla  
DirectorPlace : Ahmedabad  
Dated : 27<sup>th</sup> April, 2007

## Schedule forming part of the Accounts

	Amount (Rs.) AS AT 31.03.2007	Amount (Rs.) AS AT 31.03.2006
<b>SCHEDULE : 1</b>		
<b>Share Capital</b>		
Authorised Capital : 250,000 Equity Shares of Rs. 10/- each (Of above shares 200000 shares were increased during the Previous Financial Year)	2,500,000	2,500,000
<b>Total</b>	<b>2,500,000</b>	<b>2,500,000</b>
Issued , Subscribed and Paid up Capital : 2,50,000 Equity Shares of Rs. 10/- each fully paid up (Of above shares 200000 shares were issued and paid up during the Previous Financial Year)	2,500,000	2,500,000
<b>Total</b>	<b>2,500,000</b>	<b>2,500,000</b>
<b>SCHEDULE : 2</b>		
<b>Reserves &amp; Surplus</b>		
Profit & Loss Account Opening Balance	4,229,889	1,580,942
Add :Profit During The Year	4,681,009	2,648,947
<b>Total</b>	<b>8,910,898</b>	<b>4,229,889</b>
<b>SCHEDULE : 3</b>		
<b>Secured Loans</b>		
(Secured against Hypothecation of Stock & Equitable mortgage of Fixed Assets & Personal Guarantee of Chairman & M.D.)		
State Bank Of India	7,558,179	3,520,288
State Bank of India Term Loan	10,453,476	10,419,311
<b>Total</b>	<b>18,011,655</b>	<b>13,939,599</b>
<i>Notes:-</i>		
1. Payable within 12 months out of the above loans is Rs. 20,04,000/- (Previous Year Rs. 13,36,000/-)		
<b>SCHEDULE : 4</b>		
<b>Unsecured Loans</b>		
Loans from Members :	-	1,019,777
<b>Total</b>	<b>-</b>	<b>1,019,777</b>

Sr. No.	ASSETS	GROSS BLOCK (At Cost)		DEPRECIATION & AMORTISATION		NET BLOCK	
		As at 1.4.2006	*Additions During the Year	Deduction During the Year	As at 31.3.2007	For the Year ended 31.03.07	As at 31.3.2007
1.	Factory Land	149,560	-	-	-	149,560	149,560
2.	Factory Building	10,015,905	-	-	691,254	9,324,651	9,659,182
3.	Plant & Machineries	5,455,618	706,433	-	653,966	5,508,085	5,078,590
4.	Electrical Installation	2,774,833	849,943	-	319,234	3,305,542	2,612,285
5.	Furniture & Fixtures	165,611	-	-	22,562	143,049	153,532
6.	Office Equipments	52,850	27,600	-	6,794	73,656	49,870
7.	Computer & Computer Accessories	14,350	17,597	-	5,547	26,400	13,700
	<b>TOTAL :</b>	<b>18,628,727</b>	<b>1,601,573</b>	<b>-</b>	<b>912,008</b>	<b>18,530,943</b>	<b>17,716,719</b>
	Previous Year	13,077,143	15,074,216	9,522,632	435,129	17,716,719	12,600,264

\* Addition in Plant &amp; Machinery net of Excise Duty.

	Amount (Rs.) AS AT 31.03.2007	Amount (Rs.) AS AT 31.03.2006
<b>SCHEDULE : 6</b>		
<b>Inventories</b>		
(As Taken, valued and certified by the management )		
Raw Materials	4,063,826	2,682,444
Work in Process	2,866,500	3,608,000
Stock Of Scrap	115,640	-
<b>Total</b>	<u>7,045,966</u>	<u>6,290,444</u>

**SCHEDULE : 7****Sundry Debtors**

Unsecured, Considered Good :		
Alphanippon Innovatives Ltd.	9,600	6,000
N.S. Enterprise	-	278,806
Savas Engineering Company	61,551	61,551
Savas Engg. Co. Pvt. Ltd.	72,911	72,911
S.S. Enterprise	-	207,477
Transformers & Rectifiers (India) Ltd.	20,154,437	10,922,716
	<u>20,298,499</u>	<u>11,549,461</u>
* Notes of the above :		
Unconsidered , considered good		
Outstanding for more than 6 months	144,062	140,462
Others	20,154,437	11,408,999
<b>Total</b>	<u>20,298,499</u>	<u>11,549,461</u>

**SCHEDULE : 8****Cash & Bank Balances**

Cash On hand	14,752	58,123
Balance with Schedule Bank in Current Account :		
State Bank of India, Changodar	449,379	35,282
In Fixed Deposit Account (Lodged with banks as securities)	-	146,731
<b>Total</b>	<u>464,131</u>	<u>240,136</u>

	Amount (Rs.) AS AT 31.03.2007	Amount (Rs.) AS AT 31.03.2006
<b>SCHEDULE : 9</b>		
<b>Loans &amp; Advances</b>		
Unsecured, Considered Good :		
Advance Recoverable in cash or kind for the value to be received :		
FDR Interest Receivable	7,847	-
Prepaid Insurance Expenses	74,586	-
Prepaid Machine Maintenance expenses	15,671	-
Prepaid Expenses	750	41,572
	<u>98,854</u>	<u>41,572</u>
Advance to Creditors :		
Asian Paints ( India ) Ltd.	-	28,074
Gurukrupa Engineering	151,000	151,000
Hi Tech Industries	94,379	-
Linc Digital Systems Pvt. Ltd.	-	21,300
Simple Software Services	-	2,835
Subhash Fabricators	-	-
	<u>245,379</u>	<u>203,209</u>
Deposits :		
GEB Power Deposit	621,892	15,000
Excise Receivable on Capital Goods	40,800	107,168
Excise (Cenvat)	38,759	490,978
Excise PLA	411	411
Other Deposits	34,457	-
Service Tax (Cenvat)	1,694	1,224
Shivshakti Gas Corporation ( Deposit)	2,200	2,200
	<u>740,213</u>	<u>616,981</u>
<b>Total</b>	<u>1,084,446</u>	<u>861,762</u>

**SCHEDULE : 10****Current Liabilities & Provisions**

Sundry Creditors :		
Creditors for Goods		
Aashirvad Enterprise	-	5,825
Amdavad Oxygen & Equipment Services	-	500
Asian Paints Ltd.	12,938	-
Berger Paints India Ltd.	-	1,690
Chandresh Cables Limited	-	11,932
CMC Hardware Store	77,953	123,770
Excel Pneumatics	37,480	10,319
Ganesh Welding & Engineering Works	57,016	-
Gayatri Gas Company	30,978	63,229
Gayatri Industrial Gases	45,390	-
Gurukrupa Trading Co.	2,000	1,260
Hetal Tools	26,827	4,568
Hinglaj Paints	11,328	-
Hi-Tech Industries	-	82,572
Jainam Sales Corporation	69,110	99,256

	Amount (Rs.) AS AT 31.03.2007	Amount (Rs.) AS AT 31.03.2006
Jay Industries	797,847	173,897
Jay Jyoti Gas Agency	11,384	-
Jay Kuldevi Enterprise	-	2,900
Jay Sales Corporation	20,981	5,000
Jay Shree Krishna Electrical & Hardwares	380	6,186
K Sons Engineers	1,200	-
Linc Digital Systems Pvt. Ltd.	6,265	-
Monarch Steel	10,391,012	7,765,061
Nirajkumar Shinh	500	-
Neelesh Steel	-	1,405
Parekh Steels	75,920	266,500
Patel Control & Engineering Works	1,250	265
Patel Electric Works	2,830	1,905
Rajratna Electrodes Pvt. Ltd.	439,284	405,324
Rajiv Machine Tools	-	11,069
Rajal Enterprise	13,432	4,816
Rajesh Steel Industries	2,430	-
Rosalee Colours Pvt. Ltd.	9,121	-
Samrat Pipe & Fittings	1,438,614	156,254
Sanjay Sales	150,710	37,250
Sarika Paints Limited	-	20,937
Shivshakti Industries	9,300	7,365
Shyam Sales Corporation	-	5,830
S.R. Enterprise	-	159,398
Shyam Electricals	12,220	22,660
Steel Traders	126,009	143,879
Super Stainless Steel	530,150	-
Technoquip Engineers Pvt. Ltd.	50,725	28,500
Vijay Fasteners	6,122	11,920
W. Diamant India Ltd	54,080	-
Vijay Trading Co.	-	32,447
<b>Total</b>	<b>14,522,786</b>	<b>9,675,689</b>
Creditors for Expenses		
Alpha Nippon Innovatives Ltd.	1,584	1,584
Arbuda Engineering & Fabricators	6,205	-
Agarwal Kothari & Agarwal	-	13,224
Ansi Computer Service	-	400
Bahvani Motors	-	840
Bharat Motor Weigh Bridge	1,410	-
Bharat Sanchar Nigam Ltd.	4,550	-
Bombay Intelligence Security Ltd.	-	15,656
Chaudhari Industries	270	-
Chehar Roadways	-	1,900
Chimanbhai Rajjibhai Chavda	49,399	-
Gaggar Enterprise Pvt. Ltd.	6,375	-
Govindgiri	6,052	-
Ibrahim Ushmanbhai bukhari	-	1,439
Jagruti Electrics Stores	10,773	9,891
Jay Mahisagar Roadlines	41,462	6,162
Kuldevi Enterprise	3,275	-
Marfatia G.C. Sharma	57,902	148,923
Narayan Electricals	420	-
Prince Roadways	-	480
Priyank Metal Industries	17,766	18,721

	Amount (Rs.) AS AT 31.03.2007	Amount (Rs.) AS AT 31.03.2006
Safex Engineering Pvt. Ltd.	5,510	5,510
Satyanarayan Enterprises	-	5,402
Secure Safety Service	14,265	2,500
Shekhar Electricals	15,427	-
Shiv Shakti Electronics	3,281	-
Shakti Gas Agency	-	4,235
Shivaji Becharji Solanki	-	7,251
Shree Bajarang Transport	-	3,527
Shyam Enterprise	780	-
Siddhi Printers	6,400	-
Solanki Ramanbhai Chhanaji	-	7,798
Shiv Shakti Electricals	-	18,502
Tejabadur Prasad	52,597	43,686
Umeshkumar Rameshwar Sharma	15,051	-
Umson Industries	67,534	-
Urja Engineers	-	11,268
Utkal Engineers	6,527	29,634
Vishwakarma Engineering Works	-	1,597
<b>Total</b>	<b>394,815</b>	<b>360,130</b>
Advance from Customers :		
Transformers & Rectifiers ( India )	-	2,882,125
<b>Total</b>	<b>-</b>	<b>2,882,125</b>

#### SCHEDULE : 11 Duties & Taxes

T.C.S & T.D.S	33,313	64,372
Vat Output Tax	255,016	-
Sales Tax	-	370,566
<b>Total</b>	<b>288,329</b>	<b>434,938</b>

#### SCHEDULE : 12 Provisions

Provision for taxation (including Fringe Benefit Tax of Rs. 13131/- and net of advance tax paid)	1,364,611	772,180
Audit Fees Payable	22,450	21,550
Providend Fund	21,192	-
Outstanding Expenses	149,939	10,118
<b>Total</b>	<b>1,558,192</b>	<b>803,848</b>

#### SCHEDULE : 13 Miscellaneous Expenses

Preliminary Expenses	4,056	5,408
Less: 1/10th part Written Off	1,352	1,352
<b>Total</b>	<b>2,704</b>	<b>4,056</b>



	Amount (Rs.) 2006-2007	Amount (Rs.) 2005-2006
<b>SCHEDULE : 14</b>		
<b>Other Income</b>		
Vatav-Kasar	23,717	-
Micellaneous Income	8,849	-
Scrap Sales	-	685,347
Service Tax Credit of Prior Period	79,825	-
Insurance Claim Received	20,600	-
Interest on FDR	15,694	-
<b>Total</b>	<b>148,685</b>	<b>685,347</b>

**SCHEDULE : 15**  
**Variation in Stock**

Closing Stock of WIP	2,866,500	3,608,000
Less : Opening Stock of WIP	3,608,000	1,831,295
<b>Total</b>	<b>(741,500)</b>	<b>1,776,705</b>

**SCHEDULE : 16**  
**Raw Material Consumed**

Opening Stock of Raw Materials	2,682,444	2,484,171
Add: Purchases (Net of Cenvat Credit & Discount Rate Off)	41,676,996	32,368,669
	44,359,440	34,852,840
Less: Closing Stock of Raw Materials	4,063,826	2,682,444
<b>Total</b>	<b>40,295,614</b>	<b>32,170,396</b>

	Amount (Rs.) 2006-2007	Amount (Rs.) 2005-2006
<b>SCHEDULE : 17</b>		
<b>Manufacturing &amp; Other Direct Expenses</b>		
Freight Inward Expenses	639,456	323,315
Factory Expenses	289,891	297,212
Electrical Maintenance Expenses	1,144	-
Machine Maintenance	851,997	581,282
Power-Fuel Electricity	1,806,733	1,438,216
Labour Welfare Expenses	112,750	126,306
Stores, Spares & Tools	540,655	698,961
Labour Charges	6,206,969	4,688,101
Loading - unloading Expenses	-	30,500
Repairs - Others	-	3,445
Testing Charges	17,776	54,910
Packing Charges	-	4,204
<b>Total</b>	<b>10,467,371</b>	<b>8,246,452</b>

**SCHEDULE : 18**  
**Administration & Selling Expenses**

Audit Fees	22,450	21,550
Building Repairs	10,660	9,911
Computer Maintenance	2,835	5,837
Bank Charges	26,799	156,251
Freight Charges ( Outward )	516,860	410,396
Legal & Professional Charges	58,648	201,711
Rents, Rates & Insurance Expenses	109,611	83,346
Office Expenses	28,469	12,130
Other Repairs	2,612	-
Uniform Expenses	-	9,125
Training Expenses	-	3,000
Post & Telegram Expenses	294	2,032
Telephone Expenses	45,347	46,968
Printing & Stationary Expenses	25,293	12,741
Travelling Expenses	-	5,490
Conveyance Expenses	28,007	32,573
Boni Expenses	9,371	8,371
Medical Expenses	14,802	9,473
Membership Expenses	-	5,000
Exise Duty (Interest) Expenses	3,383	60,507
Consultancy & Supervision Charges	9,100	38,440
Vatav Kasar	-	35,981
Security Charges	181,804	137,757
Fringe Benefit Tax Expenses	17,748	10,500
Professional Tax	1,000	1,000
<b>Total</b>	<b>1,115,093</b>	<b>1,320,090</b>

**SCHEDULE - 19****Significant Accounting Policies :**

- 1 **Accounting Convention**  
The accounts are prepared on historical cost basis and based on accrual method of accounting, and applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of The Companies Act 1956.
- 2 **Use of Estimates**  
The preparation of financial statements requires the managements to make estimates and assumptions that affect the reported amount of assets and liabilities on the date the financial statements and the reported amounts of income and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized.
- 3 **Fixed Asset**
  - a) Fixed Assets are stated at cost of acquisition less accumulated depreciation. All cost attributable to bring the fixed assets to a making condition are capitalized. MODVAT/CENVAT credit received/receivable due to purchase of fixed assets is deducted from the cost. When assets are sold or discarded, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting there from is included in Profit And Loss Account.
  - b) None of the fixed assets have been revalued during the year.
- 4 **Depreciation**
  - a) Depreciation on fixed assets is provided on SLM method under Sec. 202 (2) (b) at the rate and in the manner prescribed in schedule XIV to The Companies Act, 1956.
  - b) Depreciation on additions/disposals during the year is provided on prorata basis according to the period during which assets are put to use.
- 5 **Revenue Recognition**
  - a) Sales are recognized when goods are supplied and are recorded net of trade discounts, rebates, sales tax and excise duties.
  - b) Interest income is accounted on its accrual on a time on proportionate basis taking into account the amount out standing and rate applicable.
  - c) Other items of revenue recognized are in accordance with The Accounting Standard 'Revenue Recognition' - (AS-9) issued by The Institute of Chartered Accountant of India. Accordingly other income is recognized when no significant uncertainty as to its determination or realization exists.
- 6 **Inventories**
  - a) Raw materials , Work in process and Finished Goods are valued at lower of cost or net realizable value.
  - b) Cost of Raw Material is determined on FIFO basis, net of cenvat credit availed .
  - c) Cost of Finished Goods and Work in Process is determined taking material cost [Net of cenvat credit availed], labour and relevant appropriate overheads.
- 7 **Cenvat**  
Cenvat benefit is accounted for on accrual basis on purchase of eligible inputs, capital goods and services..
- 8 **Expenses**  
Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.
- 9 **Miscellaneous expenditure written off**  
Preliminary expense are amortized over a period of ten year.
- 10 **Foreign Currency Transactions**  
There are no foreign currency transactions during the year.

11. **Taxes on Income**
  - a) Tax expense comprises both current and deferred taxes.
  - b) Provision is made for income tax liability which is likely to arise on the results for the year at the current rate of tax in accordance with the provisions of the Income Tax Act, 1961.
  - c) In accordance with Accounting Standard 'Accounting For Taxes On Income'-(AS-22) issued by The Institute of Chartered Accountant of India, amount of the deferred tax for timing difference between book profit and tax profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date.
12. **Impairment of Assets**  
Provisions for loss/gains on impairment of assets is not provided according to accounting standard AS-28 'Impairment of Assets' issued by the Institute of Chartered Accountants of India.

## SCHEDULE - 20

### Note Forming Part of Accounts

- Contingent liabilities not provided : Rs. NIL ( Previous Year Rs. NIL )
- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil (Previous year Rs. 7.51 Lacs).
- Previous year figures are regrouped and recast whenever necessary, so as to make them comparable with current year figures.
- Auditors Remuneration :

(Amount in Rs.)

Particulars	2006-07	2005-06
As an Auditor For Taxation & Others	22,450 -	21,550 -

- Managerial Remuneration : Rs. NIL (Previous Year Rs. NIL)
- Confirmation of balances received / to be received from debtors, creditors and loans and advances are required to be reconciled whenever necessary and suitably adjusted.
- Calculation of Earnings Per Share [EPS] :

The numerators and denominators used to calculate the basic and diluted EPS as follows

(Amount in Rs.)

Particulars	2006-07	2005-06
a) Profit after Taxation	4,681,009	2,648,947
b) Basic and weighted number of equity shares outstanding during the year	250,000	66,667
c) Nominal value of equity share	10	10
d) Earning Per Share (Basic and Diluted)	18.72	39.73

- Figures have been rounded to the nearest rupee value.
- Deferred Tax :
  - Consequent to the issuance of Accounting Standard 22 'Accounting for Taxes on Income' The Institute of Chartered Accountant of India, the Company has recognized the deferred tax liability aggregating to Rs. 423,431/- in the profit and loss account in the current year.
  - Break up of Deferred Tax Liabilities and Deferred Tax Assets into major components of the respective balances are as under:

(Amount in Rs.)

Particulars	As at 01.04.2006	Additions during the year	As at 31.03.2007
<b>Deferred Tax Liabilities :</b>	816,583	423,431	1,240,014
On account of timing differences			
[i] Depreciation			
[ii] Others	NIL	NIL	NIL
<b>TOTAL</b>	816,583	423,431	1,240,014
<b>Deferred Tax Assets :</b>	NIL	NIL	NIL
Net Deferred Tax Liability / ( Asset )	816,583	423,431	1,240,014

## 10. Related party transactions : -

(a) Names of related parties and description of relationship:

Sr. No.	Nature of Relationship	Name of Related Parties
1	Subsidiary	Transformers & Rectifiers (India) Ltd. (Since 1 <sup>st</sup> August,2006)
2	Associate Companies/ Enterprises	Transpares Limited
3	Key Management Personnel	Mrs. Karunaben J. Mamtara

b) Details of transactions with related parties:

Nature of Transaction	Holding Company & Associate Companies/Enterprises		Key Management Personnel & Relatives of such Personnel		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
<b>(A) Volume of Transactions</b>						
<b>1) Service Received</b> Transformers & Rectifiers (India) Ltd.	4,680	NIL			4,680	NIL
<b>2) Sale of Goods</b> Transformers & Rectifiers (India) Ltd.	71,276,352	NIL			71,276,352	NIL
<b>3) Purchase of Fixed Assets</b> Transformers & Rectifiers (India) Ltd.	896,280	NIL			896,280	NIL
<b>4) Loan Taken/Repaid and interest thereon</b> Mrs. karunaben J. mamtara Loan Taken Loan Repaid <i>Balance at 31st March</i> <i>Balance at 1st April</i>						
			NIL 1,919,777 NIL 1,919,777	NIL NIL NIL 1,919,777	NIL 1,919,777 NIL 1,919,777	NIL NIL NIL 1,919,777

11. Information required by Part II of Schedule VI to the Companies Act, 1956

a) Quantitative and value analysis of stock, production and sales turnover of finished goods:

Particulars	Unit	M.S. Tank		M.S. Core Channel	
		2006-07	2005-06	2006-07	2005-06
Opening Stock	Nos	NIL	NIL	NIL	NIL
Production	Nos	56	56	94	107
Sales	Nos	56	56	94	107
Closing Stock	Nos	NIL	NIL	NIL	NIL

b). Particulars of Consumption of major Raw Materials :

Statement showing Quantitative details for the year 2006-2007

Unit [Kgs.]

Items	Opening Stock		*Receipts		*Consumption		Closing Stock	
	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount
Plates	51,363	1,469,051	875,265	32,479,970	874,595	32,140,537	52,033	1,808,484
Flats	4,900	117,623	38,217	1,425,284	40,309	1,468,931	2,808	73,976
Channels	2,980	87,608	44,955	1,711,605	45,097	1,704,017	2,838	95,196
Angles	2,496	59,826	22,364	541,734	23,032	546,079	1,828	55,481
<b>TOTAL</b>	<b>61,739</b>	<b>1,734,108</b>	<b>980,801</b>	<b>36,158,593</b>	<b>983,033</b>	<b>35,859,564</b>	<b>59,507</b>	<b>2,033,137</b>

\* Including Cenvat

Statement showing Quantitative details for the year 2005-2006 :

Unit [Kgs.]

Items	Opening Stock		*Receipts		*Consumption		Closing Stock	
	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount
Plates	50,065	1,578,707	757,034	22,142,938	755,736	2,225,594	51,363	1,469,051
Flats	6,054	169,771	76,494	2,223,316	77,648	2,275,464	4,900	117,623
Channels	9,515	286,023	67,125	1,995,311	73,660	2,193,726	2,980	87,608
Angles	4,185	114,571	24,005	613,198	25,694	667,943	2,496	59,826
<b>TOTAL</b>	<b>69,819</b>	<b>2,149,072</b>	<b>924,658</b>	<b>26,974,763</b>	<b>932,738</b>	<b>27,389,727</b>	<b>61,739</b>	<b>1,734,108</b>

- c) Particulars of consumption of principal Imported Raw Material during the year Rs. NIL (Previous Year NIL)  
 d) C.I.F. Value of Imports Rs. NIL (Previous Year Rs. NIL)  
 e) Expenditure and earnings in Foreign Currency Rs. NIL (Previous Year Rs. NIL)

12. Details of expenditure incurred on employees who were in receipt of remuneration at the rate not less than Rs. 24,00,000/- per annum or Rs. 2,00,000/- per month when employed for the part of the year : NIL. (Previous Year Rs. NIL)
13. Remittance made on account of dividend in Foreign currency: Current year Rs. NIL (Previous year Rs. NIL)
14. The balance due to directors during the year (Maximum Balance Rs. NIL and Minimum Balance Rs. NIL)
15. Sundry creditors includes Rs. NIL due to Small Scale & Ancillary industrial undertaking (Previous year Rs Nil)
16. As per the practice consistently followed, Cenvat Duty on finished goods lying in the plants at the end of the year is neither included in expenditure nor valued in such stock, but is accounted for on clearance of goods. This has no effect on profit/loss for the year.

Signature to Schedules 1 to 20 As per our report attached.

For & on Behalf of Board of Directors

For : D. R. Thakkar & Co.  
Chartered Accountants

Satyen J. Mamtora  
Chairman

Mahendra S. Vyas  
Director

Dipak R. Thakkar  
Partner

Michael B. Homawalla  
Director

Place : Ahmedabad  
Dated : 27<sup>th</sup> April 2007

Place : Ahmedabad  
Dated : 27<sup>th</sup> April 2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE  
AS PER SCHEDULE VI OF THE COMPANIES ACT, 1956.

1. **REGISTRATION DETAILS :**  
 Registration No. : 26055 State Code No. : 04  
 Balance Sheet Date : 31.03.2007
2. **CAPITAL RAISED DURING THE YEAR :**  
 Public Issue : Nil Bonus Issue : Nil  
 Right Issue : Nil Private Placement : Nil  
 Preferential Allotment : Nil Rs. 2000000
3. **POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS :**  
 Total Liabilities : Rs. 30,662,567 Total Assets : Rs. 30,662,567
- SOURCES OF FUNDS:**  
 Paid up Capital : Rs. 2,500,000 Reserve & Surplus : Rs. 8,910,898  
 Secured Loans : Rs. 18,011,655 Unsecured Loans : Nil  
 Deferred Tax Liability : Rs. 1,240,014
- APPLICATION OF FUNDS:**  
 Net Fixed Assets : Rs. 18,530,943 Investment : Nil  
 Net Current Assets : Rs. 12,128,920 Misc. Expenditure : Rs. 2,704  
 Accumulated Losses : Rs. Nil
4. **PERFORMANCE OF COMPANY:**  
 Total Income : Rs. 60,829,476 Total Expenditure : Rs. 54,600,100  
 Profit Before Tax : Rs. 6,229,376 Profit After Tax : Rs. 4,681,009  
 Earning per share : Rs. 18.72 Dividend Rate : Nil
5. **GENERATIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY:**  
 Item Code No. : N.A.  
 Product Description : Transformer Tank and Core Channel.

As per our attached report even date

For & on Behalf of Board of Directors

For : D. R. Thakkar & Co.  
Chartered Accountants  
Dipak R. Thakkar  
Partner  
Place : Ahmedabad  
Dated : 27<sup>th</sup> April, 2007

Satyen J. Mamtora  
Chairman

Mahendra S. Vyas  
Director

Michael B. Homawalla  
Director

Place : Ahmedabad  
Dated : 27<sup>th</sup> April, 2007

**CASH FLOW STATEMENT**

PARTICULARS	2006-07 (Rs.)
(A) Cash Flow From Operating Activities	
Profit before tax	6,229,376
Adjustments for:	
Interest Income	(15,694)
Depreciation	787,349
Finance Charges	1,933,321
Miscellaneous Expenditure Written Off	1,352
	<b>2,706,328</b>
Operating Profit Before Working Capital Changes	8,935,704
Adjustment For :	
Trade & Other Receivables	(8,824,991)
Inventories	(755,522)
Trade & Other Payables	2,026,503
	<b>(7,554,010)</b>
Cash Generated From Operations	1,381,694
Direct Taxes Paid	(545,636)
	<b>836,058</b>
<b>NET CASH FROM OPERATING ACTIVITIES-(A)</b>	
(B) Cash Flow From Investing Activities	
Purchase Of Fixed Assets	(1,601,573)
Interest Received	15,694
<b>NET CASH USED IN INVESTING ACTIVITIES-(B)</b>	<b>(1,585,879)</b>
(C) Cash Flow From Financing Activities	
Proceeds From Borrowings	5,575,056
Repayment Of Borrowings	(2,522,777)
Finance Charges Paid	(1,931,732)
<b>NET CASH FROM FINANCING ACTIVITIES-(C)</b>	<b>1,120,547</b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>370,726</b>
Add : CASH EQUIVALENTS-OPENING BALANCE	93,405
<b>CASH &amp; CASH EQUIVALENTS-CLOSING BALANCE</b>	<b>464,131</b>

Note:

1 Cash and cash equivalents includes:	2006-07 Rs.
Cash on hand	14,752
With Scheduled banks:	
In Current Accounts	449,379
<b>Total</b>	<b>464,131</b>

2 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting .

As per our attached report even date

For & on Behalf of Board of Directors

For : D. R. Thakkar & Co.  
Chartered Accountants  
Dipak R. Thakkar  
Partner  
Place : Ahmedabad  
Dated : 27<sup>th</sup> April, 2007

Satyen J. Mamtora  
Chairman

Mahendra S. Vyas  
Director  
Michael B. Homawalla  
Director  
Place : Ahmedabad  
Dated : 27<sup>th</sup> April, 2007

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# Transpares Limited

(Formerly known as Transpares Private Limited)

## Board of Directors

Mr. Hitendra Doshi	<i>Chairman &amp; Managing Director</i>
Mr. Michael Homawalla	<i>Director</i>
Mrs. Karuna Mamtora	<i>Director</i>
Mrs. Akanksha Mamtora	<i>Director</i>

## Bankers

State Bank of India  
Odhav Branch,  
Ahmedabad

## Auditors

C. C. Chokshi & Co  
Chartered accountants  
Heritage, Nr.Gujarat Vidhyapith,  
Ahmedabad-380 014.

## Registered Office/Plant

14/15, Ashwamegh Industrial Estate,  
Sarkhej Bavla Highway,  
Changodar, Taluka- Sanand,  
Dist. Ahmedabad,  
Gujarat.

## DIRECTORS' REPORT

To  
The Members,  
Transpares Limited

Your Directors have pleasure in presenting the 12th Annual Report along with the Audited Accounts of the Company for the year ended on 31st March, 2007.

(Amount Rs in lacs)

Particulars	2006-2007	2005-2006
Total Income	907.77	741.09
Operating profit	217.98	184.08
Financial charges	21.54	8.27
Depreciation	9.13	7.02
Profit/(Loss) before tax	187.31	168.79
Less: Provision for tax	65.68	45.02
Net Profit/(Loss) after tax	122.59	123.77
Profit brought forward	144.65	141.50
<b>Appropriation :</b>		
Transfer to General Reserve	20.00	10.00
Interim Dividend Paid (Including Dividend Tax)	24.54	-
Proposed Dividend(Including Dividend Tax)	-	24.54
Balance C/f to Balance-sheet	222.70	230.73

### Results of Operation

The company has achieved more than 22% jump in Total income for the year, due to boom in Engineering Industry, which stood at Rs. 907.77 Lacs as compared to last year's of Rs. 741.09 Lacs. Due to higher turnover, the Company has achieved Net profit before Tax of Rs. 187.31 lacs as compared to last year's profit of Rs. 168.79 lacs, which shows growth of almost 11% as compared to last year. Due higher provision of tax, net profit after tax remains almost same that of last year.

### Dividend

Your Directors of the Company have declared and paid Interim dividend of Rs. 2/- per shares (20%) for the FY. 2006-07, as approved in the Board meeting held on 19<sup>th</sup> March, 2007, as compared to Rs. 2/- declared in the last year. The said dividend shall be treated as final dividend for the FY. 2006-07.

### Future Prospects

Looking to the current economic growth and growth of transformer industry, your company is expected to tap the vast opportunities in the sector and will achieve healthy growth in the future. The Company is coming up with major expansion for automation of the existing line of production with an investment of Rs. 50.00 millions. This will increase the production capacity by 5 times.

### Finance

The State Bank of India has played an proactive role in the growth of our company.

### Change of Ownership due to Transfer Shares

During the year, the Company's 51% of holding is taken over by M/s Transformers & Rectifiers (India) Ltd, from different shareholders. By virtue of this transfer of Shares, the Company became Subsidiary Company of M/s Transformers & Rectifiers (India) Ltd., with effect from 3<sup>rd</sup> October, 2006.

### Change of Name

The Company's holding Company M/s Transformers & Rectifiers (India) Ltd. is a Public Ltd. Co., the Company has altered its Articles of Association of the Public Ltd. Co. and has changed its name by converting into Public Ltd. Co., as approved by the members in their meeting held on 17<sup>th</sup> January, 2007 and also by Registrar of Companies, Gujarat as on 1<sup>st</sup> March, 2007. By virtue of this, the Company is now called as 'Transpares Limited'.

### Directors

Mr. Michael B. Homawalla was appointed as an Additional Director of the Company with effect from 3rd October, 2006. Mrs. Karuna Mamtara and Mrs. Akanksha Mamtara were appointed as an Additional Directors of the Company with effect from 21st October, 2006. At the same time, Mr. Kantilal Mamtara has ceased to be director due to his sad demise. The Board of Directors appreciated the contribution made by him during his tenure. Additional Directors are proposed to be re-appointed as Director in the ensuing Annual General Meeting.

Mr. Hitendra Doshi was appointed as Chairman and Managing Director of the Company, w.e.f. 1<sup>st</sup> April, 2007 for a period of 5 years, on the terms and conditions, as mentioned in the Notice of AGM. The Board of Directors are confident about the capabilities and performance of Mr. Hitendra Doshi.

### Fixed Deposits

The Company has not accepted any Fixed Deposits, from the public, during the year under review, as per the Section 58A of the Companies Act, 1956.

### Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956 your Directors confirm the following :

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31<sup>st</sup> March, 2007.
- Your Directors have taken proper and sufficient care for 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.
- Your Directors have prepared the attached statements of accounts for the year ended 31<sup>st</sup> March, 2007 on a going concern basis.

### The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Information under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are forming part of the Director's Report.

### Particulars of Employees

Particulars of employees under section 217 (2A) of the Companies Act, 1956 and the rules framed there under is not applicable this year, as there were no employees drawing the remuneration of Rs. 24 Lacs or more, paid in respect of persons employed through out the financial year or to whom remuneration of Rs.2 lacs or more per month, paid in respect of persons employed for part of the financial year.

### Secretarial Compliance Certificate

In accordance with Section 383A of the Companies Act, 1956, and Companies (Compliance Certificate) Rule, 2001, the Company has obtained a certificate from a Secretary in whole time practice confirming that the Company has complied with various provisions of the Companies Act, 1956 and copy of such certificate is annexed to this Report.

### Auditors & Auditors' Report

M/s. C. C. Chokshi & Co., Ahmedabad the auditors of the Company, hold their office until the conclusion of the ensuing Annual General Meeting, and are recommended for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956. You are requested to re-appoint auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

Notes forming part of the accounts are self explanatory as far as Auditor's Report is concerned and therefore, it do not require any further comments.

**Acknowledgement**

The Directors extend their sincere thanks to the Bankers, Central Government and State Government Authorities, Customers, Valued Shareholders, Staff members and all other associated with the Company, for their co-operation, continued support and confidence reposed by them in the Company.

Date: 8<sup>th</sup> May, 2007

Regd. Office  
14/15, Ashwamegh Industrial Estate,  
Sarkhej Bavla Highway, Changodar, Tal. Sanand, Ahmedabad

On behalf of board of directors

**Hitendra Doshi**  
Chairman & Managing Director

**Annexure to the Directors' Report**

Information under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

**1. Conservation of Energy :-**

a. Energy conservation measures taken :

The Company has an ongoing study to identify and implement energy saving system to reduce energy consumption and cost of production. All new Equipment & Machinery is installed based upon optimum utilisation of energy.

b. Additional investment and proposals, if any being implemented for reduction of energy consumption of energy : NIL.

c. Impact of measure at (a) & (b) above for reduction of energy consumption and consequent impact on the production of goods : NIL.

d. Details of total & per unit consumption of energy are as follows.

Particulars	2006-2007	2005-2006
Total Consumption	1569521 Units	206643 Units
Total Cost	Rs. 286,710/-	Rs. 1,3-24,882/-
Cost per Unit	Rs. 5.47 / Unit	Rs. 6.41 / Unit

**2. Research & Development and Technology absorption :-**

During the year, no further development is done for research. The company has not taken any technology in particular or entered into any technology agreement during the period hence the information required under this is not applicable to the company.

**3. Foreign Exchange Earnings & Outgo :-**

The Company has neither earned nor spend any foreign currency, during the year as well as in last year.



## SECRETARIAL COMPLIANCE CERTIFICATE

Registration No. of the Company : 04 - 24841 (CIN-U31102GJ1995PTC024841)  
 Authorised Capital - 200.00 Lacs

To,  
 The Members  
 Transpares Limited

I have examined the Registers, records, books and papers of **Transpares Limited (formerly known as Transpares Private Limited)** as required to be maintained under the Companies Act, 1956, and rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2007. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained the registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Gujarat, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being limited company, has paid-up capital of Rs. 107.60 Lacs as on 31<sup>st</sup> March, 2007. This conversion from Pvt. Ltd. Co. into Ltd. Co. and results into change of name from 'Transpares Private Ltd.' to 'Transpares Ltd.' was approved by the members in their meeting held on 17/1/2007. New certificate for change of name has been approved as on 1/3/2007, by the ROC, Gujarat.
4. The Board of Directors duly met 6 times on 1<sup>st</sup> April, 2006, 18th August, 2006, 3<sup>rd</sup> October, 2006, 21st October, 2006, 26<sup>th</sup> December, 2006 and 19th March, 2007 and the proceedings were properly recorded and signed the Minutes book maintained for the purpose. The Company has not passed any Board resolution by circulation.
5. The Company has kept record date as of 20/3/2007 for payment of Interim dividend @ 20% for the financial year 2006-07 and complied with the provisions of the Act.
6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2006 was held on 9<sup>th</sup> September, 2006 and the resolution passed thereat were duly recorded in the minutes book maintained for the purpose.
7. One Extra-Ordinary General Meeting was held on 17th January, 2007 during the financial year and the resolutions passed thereat were duly recorded in the Minutes book maintained for the purpose.
8. The Company has not advanced any loans or given any guarantees or provided any securities to its directors or persons or firms or companies referred to under Section 295 of the Companies Act, 1956, since company became Public Ltd. Co.
9. The Company has complied with the provisions of Section 297 of the Companies Act, 1956 in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under section 301 of the Companies Act, 1956.
11. As there were no instances falling within the purview of Section 314 of the Companies Act, 1956, the Company was not required to obtain any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Company has no issued any duplicate share certificates during the financial year.

13. The Company :
  - (i) has delivered all the certificates on lodgment of 549260 shares for transfers, in accordance with the provisions of the Act. There was no allotment/ transmission of securities during the financial year.
  - (ii) has declared dividend for the financial year 2005-06, after AGM and interim dividend for the FY. 2006-07, but paid the same to shareholders directly, without depositing in a separate bank account.
  - (iii) has paid the dividend to all the members within a period of 5 days from the date of declaration and there is no unclaimed dividend.
  - (iv) has no unpaid dividend amount, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid and as are required to be transferred to Investor Education and Protection Fund;
  - (v) duly complied with the requirements of section 217 of the Companies Act, 1956.
14. The Board of Directors of the Company is duly constituted. Mrs. Karuna Mamtara and Mrs. Akanksha Mamtara were appointed as Additional Directors of the Company w.e.f. 21st October, 2006 and Mr. Michael Homawalla was appointed as Additional Director of the Company, w.e.f. 3<sup>rd</sup> October, 2006 while Mr. Kantilal Mamtara has ceased to be director due to his sad demise w.e.f. 21st October, 2006, after complying necessary provisions under the Act. There was no appointment of alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director / Whole-time Director/ Manager during the financial year. However, w.e.f. 1<sup>st</sup> April, 2007, Mr. Hitendra Doshi was appointed as Managing Director of the Company, after complying necessary provisions under the Companies Act, 1956.
16. The Company has not appointed sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities as may be prescribed under the various provisions of the Companies Act, 1956, during the financial year.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares/ debentures/ other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There were no redemption of preference shares/ debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits falling within the purview of Section 58A of the Companies Act, 1956, during the financial year.
24. The amount borrowed by the Company from Banks and others during the financial year ending 31<sup>st</sup> March, 2007, are within the borrowed limits of the Company .
25. The Company has not made Investment, loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for that purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the object of the company during the year under scrutiny.
28. The Company has altered the provisions of the memorandum with respect to name of the company during the year under scrutiny and complied with the provisions of the Act. The new name, as mentioned above is effective from 1st March, 2007, after obtaining necessary approval from the Registrar of Companies, Gujarat.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.

30. The Company has adopted whole new set of Articles of Association of Public Ltd. Co., as approved by the members in their meeting held on 17/01/2007 and complied with the provisions of the Act, by filing amendments with the Registrar of Companies, Gujarat.
31. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and also no fines and penalties or any other punishment imposed on the Company in such cases, during the financial year.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not deducted any contribution towards Provident Fund, as prescribed pursuant to section 418 of the Company's Act, during the financial year.

Place : Ahmedabad  
Date : 8<sup>th</sup> May, 2007

Company Secretary : Tapan Shah  
C.P.No. : 2839

## Annexure A

### Registers as maintained by the Company

1. Register of Members u/s 150 of the Companies Act,1956.
2. Register of Directors' shareholding u/s 307 of the Companies Act,1956.
3. Register of Directors', Managing Director, Manager and Secretary u/s 303 of the Companies Act,1956.
4. Register of Contracts, Companies and Firms in which Directors of the Company are interested u/s 301 of the Companies Act,1956.
5. Register of Charge u/s 143 of the Companies Act,1956.
6. Register of Investment u/s 49 of the Companies Act,1956.
7. Minutes book of Board of Directors u/s 193(1) of the Companies Act,1956.
8. Minutes book of the proceeding of General Meeting u/s 193(1), 196(1) of the Companies Act,1956.
9. Register of Attendance for Board/ General Meetings.
10. Register of transfer of shares.

Place : Ahmedabad  
Date : 8<sup>th</sup> May, 2007

Company Secretary : Tapan Shah  
C.P.No. : 2839

## Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Gujarat, Regional Director, Central Government or other authorities during the financial year ending on 31<sup>st</sup> March, 2007

- With Registrar of Companies

Sl No.	Form No.	Relevant Section	Description	Date of Filing	Whether filed within prescribed time Yes/No	If delay in filing, whether Requisite additional fees paid Yes/No
1.	8	125/127/130/135	Modification of charge with SBI through Mort. by deposit of Title deeds dated 31/3/06 for enhancement of financial limit to Rs.162.15 Lacs.	26/04/2006	Yes	No
2.	8	125/127/130/135	Modification of charge with SBI through Supp. Agree. of Loan Cum Hypo. deeds dated 31/3/06 for enhancement of financial limit to Rs.162.15 Lacs.	26/04/2006	Yes	No
3.	23AC & 23ACA	220(1)	Balance sheet made up to 31.03.2006	13/09/2006	Yes	No
4.	62	383A(1)	Compliance Certificate for the financial year 2005-06.	12/09/2006	Yes	No
5.	20B	159(1)	Schedule V made up to 9/9/2006	12/09/2006	Yes	No
6	32	303(2)	Appointment of Mr. Michael B. Homawalla as Additional Director of the Co., w.e.f. 03/10/2006	23/12/2006	No	Yes
7	32	303(2)	Appointment of Mrs. Karuna Mamtara & Mrs. Akanksha Mamtara as Additional Directors & resignation of Mr. Kantilal Mamtara as Director of the Co., w.e.f. 21/10/2006	28/12/2006	No	Yes
8	23 & Change of Name Application	192	Application for change of name of the Co. u/s 21, in EGM held on 17/1/07 – for new name-‘Transpares Ltd.’ & adoption of new set of AOA of the Co.	17/02/2007	No	Yes
9	62	As per Schedule iv under the Act.	Statement in lieu of Prospectus for Conversion of Pvt. Ltd Co. into Public Ltd Co.	19/02/2007	Yes	No

- With Regional Director, Central Government or other authorities Not Applicable.

Place : Ahmedabad  
Date : 8<sup>th</sup> May, 2007

Company Secretary : Tapan Shah  
C.P.No. : 2839

## AUDITOR'S REPORT

To,  
The Members,  
Transpares Limited

We have audited the attached Balance Sheet of TRANSPARES LIMITED as at 31st March 2007, the Profit and Loss Account and also the Cash Flow Statement for the year 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.

- 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.
- As required-by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
- Further to our comments in the Annexure referred to above, we report that:
  - 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;
  - In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examinations of those books;
  - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - 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 sub-section (3C) of Section 211 of the Companies Act, 1956;
  - On the basis of written representations received from the directors as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon 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:
    - in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2007;
    - in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Ahmedabad  
Date : 8<sup>th</sup> May, 2007

For : C. C. Choksi & Co.  
Chartered Accountants

H. P. Shah  
Partner  
Membership No. 33331

## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

- i The nature of Company's activities during the year have been such that clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
- ii. (a) The Company has maintained proper records showing full particulars, including situation of its fixed assets. The quantity details are being updated.  
(b) As explained to us, the company has during the year designed a phased program of verification of fixed assets to cover all the items over a period of three years which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, some part of fixed assets was physically verified by the management during the year. According to information and explanations given to us, no material discrepancies were noticed by the management on such verification.  
(c) The Company has not disposed off a substantial part of fixed assets during the year. ,
- iii. (a) Physical verification of inventory has been conducted during the year, by the management at reasonable intervals.  
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.  
(c) The Company is maintaining proper records of inventory. Discrepancies noticed on physical verification have been properly dealt with in the books of account.
- iv. The Company has not taken or granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- v. In our opinion and according to the information and explanations 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 for the sale of goods and services. Though the internal control system for recording the materials purchased needs to be strengthened. As informed to us necessary actions are being taken by the company. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- vi. (a) In our opinion and according to the information and explanations given to us, transactions that need to be entered into a Register in pursuance of 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 in respect of such parties during the year have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
- vii. The Company has not accepted deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under.
- viii. Internal audit is carried out by a firm of Chartered Accountants. On the basis of the reports made by them to the management, in our opinion, the Internal Audit System is commensurate with the size and nature of its business.
- ix. The company is not required to maintain Cost records under section 209(1)(d) of the Companies Act, 1956 and therefore clause (viii) relating to its maintenance is not applicable.
- x. According to the information and explanations given to us in respect of statutory and other dues:
  - (a) The Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Protection Fund, Sales-tax, Customs Duty, Excise Duty, Income-tax, Wealth-tax, Service-tax, cess and any other statutory dues during the year.
  - (b) There are no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Sales-tax, Customs Duty, Excise Duty, Income-tax, Wealth-tax, Service-tax, cess were outstanding, as at 31<sup>st</sup> March, 2007 for a period more than six months from the date they became payable.
  - (c) There are no dues of Sales-tax, Excise duty, Customs Duty, Income-tax, Wealth-tax, Service-tax, Cess and any other statutory dues which have not been deposited on account of any dispute.

- xi. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the financial year under report and the immediately preceding financial year.
- xii. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks.
- xiii. According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiv. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
- xv. 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.
- xvi. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- xvii. During the period covered under our report, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956
- xviii. No debentures have been issued by the company and hence the question of creating the securities or charges in respect thereof does not arise.
- xix. During the year the Company has not raised money by public issue.
- xx. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

Place : Ahmedabad  
Date : 8<sup>th</sup> May, 2007

For : C. C. Choksi & Co.  
Chartered Accountants

H. P. Shah  
Partner  
Membership No. 33331

Balance Sheet As At 31<sup>st</sup> March, 2007

SCHEDULE	AS AT 31.03.2007 Rs.	AS AT 31.03.2006 Rs.
<b>SOURCES OF FUNDS :</b>		
<b>1. SHAREHOLDERS' FUNDS</b>		
Share Capital	10,760,000	10,760,000
Reserves & Surplus	26,959,990	17,154,663
<b>2. LOAN FUNDS :</b>		
Secured Loans	21,471,945	10,117,919
Deferred Tax Liability (Net) (See note no. 8 of Schedule 21)	677,883	2,061,245
<b>TOTAL :</b>	<b>59,869,818</b>	<b>40,093,827</b>
<b>APPLICATION OF FUNDS :</b>		
<b>1. FIXED ASSETS :</b>		
Gross Block	20,995,205	19,625,973
Less : Depreciation & Amortisation	3,510,109	2,597,291
Net Block	17,485,096	17,028,682
Add :- Capital work in progress	1,044,670	68,806
<b>2. INVESTMENTS :</b>	1,125,000	1,125,000
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES :</b>		
Inventories	11,543,557	4,350,852
Sundry Debtors	42,898,773	36,659,699
Cash & Bank Balances	3,895,013	1,742,096
Loans & Advances	906,258	791,946
	59,243,601	43,544,593
Less : <b>CURRENT LIABILITIES &amp; PROVISIONS</b>	19,135,768	21,816,980
<b>NET CURRENT ASSETS</b>	40,107,833	21,727,613
<b>4. MISCELLANEOUS EXPENDITURE :</b> (To the extent not written off)	107,219	143,726
<b>TOTAL :</b>	<b>59,869,818</b>	<b>40,093,827</b>
Significant Accounting Policies	20	
Notes on Accounts	21	

As per our attached report of even date

For : C. C. Chokshi & Co.  
Chartered AccountantsH.P.Shah  
PartnerPlace : Ahmedabad  
Dated : 8th May, 2007

For and on behalf of Board of Directors

Hitendra M. Doshi  
Chairman & M. D.Karunaben J. Mamtora  
DirectorAkanksha S. Mamtora  
DirectorPlace : Ahmedabad  
Dated : 27th April, 2007Profit & Loss Account for the year ended 31<sup>st</sup> March, 2007

SCHEDULE	2006-2007 Rs.	2005-2006 Rs.
<b>INCOME</b>		
Gross Sales	101,433,543	85,825,384
Less : Cenvat Duty recovered on sales (See note 3 of Schedule 21)	14,470,530	11,880,733
<b>Net Sales</b>	86,963,013	73,944,651
Service Income	-	897,089
Other Income	191,848	101,031
Closing Stock :		
Increase/(Decrease) in stock of Finished goods and Process Stock	3,621,703	(833,678)
<b>Total</b>	<b>90,776,564</b>	<b>74,109,093</b>
<b>EXPENDITURE</b>		
Raw Materials Consumed	47,447,179	42,650,695
Manufacturing Expenses	12,354,660	9,165,677
Payments to and Provision for Employees Selling, Distribution, Administrative and Other Expenses	1,406,095	989,468
Finance charges	7,770,018	2,895,402
Depreciation & Amortisation	2,154,564	827,379
	912,818	701,548
<b>Total</b>	<b>72,045,334</b>	<b>57,230,169</b>
<b>Profit before tax</b>	<b>18,731,230</b>	<b>16,878,924</b>
Provision for Taxation	6,471,085	4,372,497
Short provision of taxation of earlier years	1,000	129,519
<b>Profit after tax</b>	<b>12,259,145</b>	<b>12,376,908</b>
Balance brought forward from previous year	14,464,663	14,149,573
<b>Total</b>	<b>26,723,808</b>	<b>26,526,481</b>
<b>Appropriations :</b>		
Transferred to General Reserve	2,000,000	1,000,000
Interim Dividend Paid	2,152,000	-
Tax on Interim Dividend	301,818	-
Proposed Dividend	-	2,152,000
Tax on proposed Dividend	-	301,818
Balance Carried to Balance Sheet	22,269,990	23,072,663
<b>Total</b>	<b>26,723,808</b>	<b>26,526,481</b>
Earning Per Share (Basic & Diluted) (Rs.)	11.39	11.50
(See note no. 7 of Schedule 21 )		
Significant Accounting Policies	20	
Notes on Accounts	21	

As per our attached report of even date

For : C. C. Chokshi & Co.  
Chartered AccountantsH.P.Shah  
PartnerPlace : Ahmedabad  
Dated : 8th May, 2007

For and on behalf of Board of Directors

Hitendra M. Doshi  
Chairman & M. D.Karunaben J. Mamtora  
DirectorAkanksha S. Mamtora  
DirectorPlace : Ahmedabad  
Dated : 27th April, 2007

## Schedule forming part of the Accounts

	Amount (Rs.) As At 31.03.2007	Amount (Rs.) As At 31.03.2006
<b>SCHEDULE : 1</b>		
<b>Share Capital</b>		
<b>Authorised :</b>		
2,000,000 Equity Shares of Rs. 10/- each	20,000,000	20,000,000
<b>Total</b>	<b><u>20,000,000</u></b>	<b><u>20,000,000</u></b>
<b>Issued, Subscribed and Paid up:</b>		
1,076,000 Equity Shares of Rs. 10/- each fully paid up	10,760,000	10,760,000
<b>Total</b>	<b><u>10,760,000</u></b>	<b><u>10,760,000</u></b>

*Notes: Of the above shares,*

- (i) 860,800 equity shares were allotted as fully paid up by way of bonus shares by capitalisation of surplus in Profit and Loss account.
- (ii) 548,760 equity shares are held by holding company M/s Transformers & Rectifiers (India) Limited & its nominees.

### SCHEDULE : 2 Reserve & Surplus

<b>General Reserve</b>		
As per last balance sheet	2,690,000	1,690,000
Add : Amount transferred from Profit and Loss Account	2,000,000	1,000,000
	4,690,000	2,690,000
Surplus in Profit & Loss Account	22,269,990	23,072,663
Less: Capitalised by issue of bonus shares	-	8,608,000
	22,269,990	14,464,663
<b>Total</b>	<b><u>26,959,990</u></b>	<b><u>17,154,663</u></b>

### SCHEDULE : 3 Secured Loans

<b>From Banks:</b>		
Cash Credit Account (Note : 1)	19,529,269	8,210,871
Term Loan (Note : 2)	1,600,024	1,270,482
Hire Purchase loans (Note : 3)	324,023	636,566
Interest Accrued and Due	18,629	-
<b>Total</b>	<b><u>21,471,945</u></b>	<b><u>10,117,919</u></b>

*Notes: -*

1. Secured by hypothecation of entire current assets of the company and also collaterally secured by legal mortgage on Land, Building and Plant & machinery and is further secured by personal guarantee given by some directors.
2. Secured by hypothecation of specific fixed assets acquired under the term loan and also collaterally secured by legal charge over entire current assets of the company and is further secured by personal guarantee given by some directors.
3. Secured by lien on vehicles purchased under hire purchase agreements.
4. Payable within 12 months out of the above loans is Rs. 1,841,392/- (Previous Year : Rs. 1,504,682/-)

Sr. No.	ASSETS	GROSS BLOCK (At Cost)		DEPRECIATION AND AMORTISATION		NET BLOCK	
		As at 1.4.2006	As at 31.3.2007	As at 1.4.2006	As at 31.3.2007	As at 31.3.2007	As at 31.3.2006
1	Land	601,584	790,084	-	-	790,084	601,584
2	Building	7,033,452	7,122,450	631,469	199,989	6,290,992	6,401,983
3	Plant & Machinery	8,039,371	8,962,321	1,430,284	403,915	1,834,199	6,609,087
4	Electrifications	1,378,794	1,414,619	241,756	66,150	307,906	1,137,038
5	Furniture & Fixtures & Office Equipments	813,028	855,675	26,535	51,312	77,847	786,493
6	Computer & Accessories	275,135	365,447	77,250	50,414	127,664	197,885
7	Vehicals	1,484,609	1,484,609	189,997	141,038	331,035	1,294,612
	<b>TOTAL</b>	<b>19,625,973</b>	<b>20,995,205</b>	<b>2,597,291</b>	<b>912,818</b>	<b>17,485,096</b>	<b>17,028,682</b>
	Previous Year	10,112,735	19,625,973	2,075,804	701,548	2,597,291	17,028,682
	Capital Work In Process					1,044,670	68,806

*Notes:*  
1. Fixed assets include Rs. 1,392,907/- (Previous Year Rs. 1,392,907/-) being cost of assets purchased on hire purchase basis on which the vendors have a lien.  
2. Capital Work in progress includes Rs. 1,044,670/- on account of advance against Capital Expenditure. (Previous Year Rs. NIL)

	Amount (Rs.) As At 31.03.2007	Amount (Rs.) As At 31.03.2006
<b>SCHEDULE : 5</b>		
<b>Investment (At Cost)</b>		
<u>Long term investments</u>		
Unquoted - Non Trade :		
In Equity shares (Fully paid up)		
1,250 Shares of The Bhagyodaya Co-operative Bank Ltd. of Rs. 100/- each	125,000	125,000
<u>Current investments</u>		
Units of Mutual funds		
100,000 SBI Blue Chip Fund of Rs.10/- each	1,000,000	1,000,000
<b>Total</b>	<b><u>1,125,000</u></b>	<b><u>1,125,000</u></b>
Unquoted investments	Cost price 125,000	125,000
Mutual Funds	Cost price 1,000,000	1,000,000
Repurchase Price	1,079,000	1,076,000

**SCHEDULE : 6****Inventories**

(Raw materials, Process stock and finished goods are valued at lower of cost and net realisable value)

Stock- in -Trade		
Raw Materials [Including Goods In Transit Rs. Nil (Previous year Rs. 2,967,516/-)]	7,639,587	4,068,585
Finished Goods	2,524,384	114,480
Process Stock	1,379,586	167,787
<b>Total</b>	<b><u>11,543,557</u></b>	<b><u>4,350,852</u></b>

**SCHEDULE : 7****Sundry Debtors (Unsecured)**

<u>Exceeding Six months</u>		
Considered Good	1,321,740	4,261,455
Considered Doubtful	3,604,622	-
Less : Provision for Doubtful Debts	<u>3,604,622</u>	<u>-</u>
	1,321,740	4,261,455
<u>Others Debts</u>		
Considered good	41,577,033	32,398,244
<b>Total</b>	<b><u>42,898,773</u></b>	<b><u>36,659,699</u></b>

**SCHEDULE : 8****Cash & Bank Balances**

Cash and cheques on Hand	30,890	35,897
<u>Balances with Scheduled Banks:</u>		
In Current Accounts	664,123	1,706,199
In Deposit Account	3,200,000	-
<b>Total</b>	<b><u>3,895,013</u></b>	<b><u>1,742,096</u></b>

	Amount (Rs.) As At 31.03.2007	Amount (Rs.) As At 31.03.2006
<b>SCHEDULE : 9</b>		
<b>Loans &amp; Advances</b>		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	109,557	63,694
Advances to suppliers	19,309	123,036
Loans and advances to staff	156,007	-
Deposits and balances with government and other authorities	567,535	554,366
Other deposits	53,850	50,850
<b>Total</b>	<b><u>906,258</u></b>	<b><u>791,946</u></b>

**SCHEDULE : 10****Current Liabilities & Provisions**

<b>A. Current Liabilities</b>		
Sundry Creditors :		
a) Small scale industrial undertaking (to the extent identified with available information)	-	-
b) Others	<u>9,895,670</u>	<u>14,747,451</u>
	9,895,670	14,747,451
Other Liabilities	<u>1,442,494</u>	<u>883,289</u>
<b>Total (A)</b>	<b><u>11,338,164</u></b>	<b><u>15,630,740</u></b>
<b>B. Provisions</b>		
Proposed Dividend	-	2,152,000
Tax on proposed dividend	-	301,818
Provision for Gratuity	283,047	-
Provision for taxation (Net of advance tax paid )	7,514,557	3,732,422
<b>Total (B)</b>	<b><u>7,797,604</u></b>	<b><u>6,186,240</u></b>
<b>Total (A+B)</b>	<b><u>19,135,768</u></b>	<b><u>21,816,980</u></b>

**SCHEDULE : 11****Miscellaneous Expenses**

(To the extent not written off or adjusted)

Preliminary Expenses	1,438	2,157
Less : Written off	<u>719</u>	<u>719</u>
	719	1,438
Share Issue Expense	142,288	177,500
Less : Written off	<u>35,788</u>	<u>35,212</u>
	106,500	142,288
<b>Total</b>	<b><u>107,219</u></b>	<b><u>143,726</u></b>

	Amount (Rs.) 2006-2007	Amount (Rs.) 2005-2006
<b>SCHEDULE : 12</b>		
<b>Other Income</b>		
Interest Received (Tax deducted at source Rs. Nil)	9,234	-
Rent Received	24,000	-
Scrap Sales	131,114	101,031
Dividend Income	27,500	-
<b>Total</b>	<b><u>191,848</u></b>	<b><u>101,031</u></b>

**SCHEDULE : 13**  
**Increase / (Decrease) in closing stock of**  
**Finished Goods and Process stock**

<b>Closing Stocks</b>		
Finished Goods	2,524,384	114,480
Process Stock	1,379,586	167,787
	<u>3,903,970</u>	<u>282,267</u>
<b>Less : Opening Stocks</b>		
Finished Goods	114,480	651,595
Process Stock	167,787	464,350
	<u>282,267</u>	<u>1,115,945</u>
<b>Total</b>	<b><u>3,621,703</u></b>	<b><u>(833,678)</u></b>

**SCHEDULE : 14**  
**Raw Materials Consumed**

Opening Stock	4,068,585	1,410,839
Add : Purchases (Net of Cenvat Credit)	51,018,181	45,308,441
Less : Closing Stock	7,639,587	4,068,585
<b>Total</b>	<b><u>47,447,179</u></b>	<b><u>42,650,695</u></b>

**SCHEDULE : 15**  
**Manufacturing Expenses**

Power & Fuel	1,578,371	1,324,882
Job Work Charges & Other Mfg. Expenses	8,918,725	6,288,184
Repairs :		
- Plant and Machinery	388,808	318,057
- Factory Building	42,435	5,000
	<u>431,243</u>	<u>323,057</u>
Workers Wages	1,054,804	1,218,732
Testing Charges	14,358	10,822
Cenvat Duty provided on Stocks (See note 3 of Schedule 21)	357,159	-
<b>Total</b>	<b><u>12,354,660</u></b>	<b><u>9,165,677</u></b>

	Amount (Rs.) 2006-2007	Amount (Rs.) 2005-2006
<b>SCHEDULE : 16</b>		
<b>Payment to and Provisions for Employees :</b>		
Salaries, Bonus, Gratuity ,etc.	1,311,844	885,182
Contribution to Provident and other funds	83,251	104,286
Employee welfare expenses	11,000	-
<b>Total</b>	<b><u>1,406,095</u></b>	<b><u>989,468</u></b>

**SCHEDULE : 17**  
**Selling, Distribution, Administrative and Other Expenses**

Selling Expenses	1,610,567	1,362,936
Stationary, Printing, Postage and Telephone Expenses	155,576	146,578
Insurance	99,491	112,768
Repairs Others	17,490	16,910
Rates and taxes	55,023	1,000
Travelling Expenses & Conveyance	363,927	276,140
Bank charges	50,913	96,712
Legal & Professional Charges	188,609	323,376
Audit Fees	112,240	25,000
Sales Commission	328,193	123,265
Membership & Subscription Fees	1,000	2,350
Security service charges	241,163	102,892
After sales services	61,940	29,344
General charges	382,334	2,005
Bad debts written off	269,862	75,020
Provision for Doubtful Debts	3,604,622	-
Cenvat Duty Expense	-	122,061
Sales Tax Expenses	190,161	-
Penalty under Sales tax	400	1,000
Loss on Sale of Fixed Assets	-	40,114
Preliminary Expense	719	719
Share Issue Expenses	35,788	35,212
<b>Total</b>	<b><u>7,770,018</u></b>	<b><u>2,895,402</u></b>

**SCHEDULE : 18**  
**Finance Charges**

Interest on fixed loans from Banks	1,899,198	758,670
Interest - Others	125,969	52,868
Bill discounting charges	129,397	15,841
<b>Total</b>	<b><u>2,154,564</u></b>	<b><u>827,379</u></b>

**SCHEDULE : 19**  
**Provision for Taxation**

Current Tax (Including Wealth Tax)	7,800,000	3,819,300
Deferred Tax	(1,383,362)	516,513
Fringe Benefit Tax	54,447	36,684
<b>Total</b>	<b><u>6,471,085</u></b>	<b><u>4,372,497</u></b>



**SCHEDULE - 20****Significant Accounting Policies :**

- 1 **Accounting Convention**  
The accounts are prepared on historical cost basis and based on accrual method of accounting and applicable Accounting Standards.
- 2 **Use of Estimates**  
The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on date of the financial statement and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialized.
- 3 **Fixed Assets**
  - a) Tangible Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes and levies, freight and other incidental expenses related to acquisition and installation of the respective assets.
  - b) The Company evaluates the impairment losses on the fixed assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such assets are considered to be impaired the impairment loss is than recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the smallest level for which there are separately identifiable cash flows.
- 4 **Depreciation and Amortisation**
  - a) Depreciation on fixed assets is provided on Straight Line Method in accordance with Section 205 (2) (b) of the Companies Act, 1956 at the rate and in the manner prescribed in schedule XIV of the said Act.
- 5 **Investments**
  - a) Long Term investments are stated at cost and provision is made to recognise any diminution in value, other than that of temporary nature.
  - b) Current investments are carried at lower of cost and market value. Diminution in value is charged to the profit and loss account.
- 6 **Inventories**
  - a) Raw materials, Process stock and Finished Goods are valued at lower of cost or net realisable value.
  - b) Cost for Raw materials is determined on FIFO basis, net of cenvat credit availed.
  - c) Cost for Finished Goods and Process Stock is determined taking material cost [Net of cenvat credit availed] labour and relevant appropriate overheads and cenvat duty.
- 7 **Revenue Recognition**  
In appropriate circumstances, Revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.
- 8 **Sales/Service Income**  
Sales are accounted on despatch of goods. Sales value is inclusive of Cenvat Duty and but does not include other recoveries such as insurance charges, transport charges etc. Service income excludes service tax.
- 9 **Cenvat credit**  
Cenvat credit is accounted for on accrual basis on purchase of eligible inputs, capital goods and services.
- 10 **Prior Period Expenses/Income**  
Material items of prior period expenses/income are disclosed separately.
- 11 **Employees Benefits**  
Company's Contribution to Provident Fund are charged to Profit & Loss Account. Gratuity liability is accounted for on Actuarial Basis.

- 12 **Borrowing Cost**  
Interest and other costs in connection with the borrowings of the funds to the extents related/attribution to the acquisition/construction of qualifying fixed assets are capitalised upto the date when such assets are ready for their intended use and other borrowing costs are charged to Profit And Loss Account.
- 13 **Miscellaneous Expenditure**
  - a) Preliminary expense are amortised over a period of ten years.
  - b) Shares issue expenses incurred are amortised over a period of five years.
- 14 **Taxes on Income**  
Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with provisions of Income Tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or subsequently enacted as on the balance sheet date. The Deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future.
- 15 **Leases**  
Lease transaction entered into on or after April 1, 2001:
  - a) Assets acquired under lease where the company has substantially all risk and rewards incidental to ownership are classified as finance leases. Such assets are capitalised at the inception of lease at the lower of fair value or the present value of minimum lease payment and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability of each period.
  - b) Assets acquired on lease where a significant portion of risk and rewards incidental to ownership is retained by the lessor are classified as operating lease. Lease rental are charged to the profit and loss account on accrual basis.
- 16 **Earnings Per Share**  
The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year.
- 17 **Provisions, Contingent Liabilities and Contigent Assets**  
Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

## SCHEDULE - 21

### Note Forming Part of Accounts

- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 90,45,000/- [Previous year 10,44,670/-].
- Previous year's figures have been regrouped wherever necessary to make them comparable with the figures of this year.
- Cenvat duty shown as a deduction from the Gross Sales represents the amount of excise duty collected on sales. Cenvat duty provided on stock expensed under Schedule – 15, "Manufacturing expenses", represents the difference between excise duty element in the amounts of closing stocks & opening stocks.
- Profit and Loss includes

a) Managing Director's Remuneration (Amount in Rs.)

Particulars	2006-07	2005-06
Salary	400,000/-	400,000/-

b) Auditor's Remuneration: (Amount in Rs.)

Particulars	2006-07	2005-06
<u>Statutory Auditors</u>		
Audit Fees	112,240/-	11,224/-
<u>Erstwhile Auditors</u>		
Audit Fees	16,836/-	13,224/-
Taxation Matters	-	28,061/-

- Tax assessment of the company under Income Tax Act 1961, has been completed up to Financial Year 2003-2004 and the sales tax assessment up to Financial Year 2002-2003
- Leases:-
  - Finance Lease
    - In accordance with Accounting Standard 19 "Leases" issued by the Institute of Chartered Accountants of India, the assets acquired on finance lease on or after April 1<sup>st</sup>, 2001 are capitalised and a loan liability recognized. Consequently, depreciation is provided on such assets, installments paid are allocated to the liability and the interest is charged to the Profit & Loss Account.
    - a) Assets acquired on Lease agreements mainly comprise of Cars. The agreements provide for reimbursement of taxes, levy etc. imposed by authorities in future. There are no exceptional / restrictive covenants in the Lease Agreements.
    - b) The minimum installments as at 31<sup>st</sup> March, 2007 and the present values at 31<sup>st</sup> March, 2007 of minimum installments in respect of assets acquired under the Lease Agreements are as follows:

### Minimum Installments (Amount in Rs.)

1) Payable not later than year	241,368
2) Payable later than 1 year and not later than 5 years	101,783
3) Payable later than 5 years	NIL
Total minimum installments	343,151
Less : Future finance charges	19,128
Present value of minimum installments	324,023

### Present value of minimum installments

1) Payable not later than year	226,094
2) Payable later than 1 year and not later than 5 years	97,929
3) Payable later than 5 years	-
Total present value of minimum installments	324,023

### 7. Earning per Equity Share (Amount in Rs.)

Particulars	2006-07	2005-06
Profit after tax as per Profit & Loss Account (a)	12,259,145	12,376,908
Weighted average number of Equity Shares (b)	1,076,000	1,076,000
Nominal Value of Equity Shares (Rs.)	10	10
EPS (Basic & Diluted) (Rs.) (a)/(b)	11.39	11.50

### 8. Components of Deferred Tax Liability are as under (Amount in Rs.)

	As at 2006-07	As at 2005-06
<b>Deferred Tax Liability:</b>		
Difference between book and tax depreciation	1,999,302	2,061,245
Deferred Revenue Expenditure	-	-
<b>Total (A)</b>	1,999,302	2,061,245
<b>Deferred Tax Assets</b>		
Disallowance under Income Tax Act, 1961	1,321,419	-
<b>Total (B)</b>	1,321,419	-
<b>Net Deferred Tax Liability</b>	677,883	2,061,245

### 9. Segment Reporting

The company is in the business of Pressed Steel Radiators. In the context of Accounting Standard 17, on Segment Reporting issued by Institute of Chartered Accountant of India, is considered to constitute one single primary segment.

- The company was originally incorporated on 2nd March, 1995 under the Companies Act 1956, as Transpares Private Limited. The name of the said company is changed to Transpares Limited with effect from 1st March, 2007 as per certificate issued by Assistant Registrar of Companies (Gujarat, Dadranagar and Havelli) pursuant to Section 23(1) of Companies Act, 1956.

## 11. Related party transactions :-

## (a) Names of related parties and description of relationship:

Sr. No.	Nature of Relationship	Name of Related Parties
1	Holding Company	Transformers & Rectifiers (India) Ltd. (Since 3 <sup>rd</sup> October,2006)
2	Fellow Subsidiary	Transweld Mechanical Engineering Works Ltd.
3	Associate Companies/ Enterprises	Transformers & Rectifiers (India) Transpower
4	Key Management Personnel	Mr. Hitendra M. Doshi

## b) Details of transactions with related parties:

Nature of Transaction	Holding Company & Associate Companies/Enterprises		Key Management Personnel & Relatives of such Personnel		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
<b>(A) Volume of Transactions</b>						
1) Service Received						
Transformers & Rectifiers (India) Ltd.	24,000	897,089			24,000	897,089
2) Purchase of Goods						
Transformers & Rectifiers (India) Ltd.	14,423	NIL			14,423	NIL
3) Sale of Goods						
Transformers & Rectifiers (India) Ltd.	44,376,690	32,439,869			44,376,690	32,439,869
Transformers & Rectifiers (India)	2,570,149	12,608,469			2,570,149	12,608,469
4) Managerial Remuneration						
Hitendra M. Doshi			400,000	400,000	400,000	400,000
5) Dividend Paid						
Transformers & Rectifiers (India) Ltd.	1,097,520	NIL			1,097,520	NIL
Hitendra M.Doshi			2,129,480	215,200	2,129,480	215,200
<b>(B) Balance at the end of the period</b>						
1) Current Assets						
Transformers & Rectifiers (India) Ltd.	15,432,413	11,350,231			15,432,413	11,350,231
Transformers & Rectifiers (India)	NIL	3,567,510			NIL	3,567,510
Transpower	2,320	NIL			2,320	NIL

## 12. Information pursuant to the provisions of paragraphs 3,4C &amp; 4D of Part II of Schedule VI to the Companies Act, 1956

## (a) Particulars of Capacity: (As certified by management)

Particulars	Unit	Year Ended	
		31-03-2007	31-03-2006
Licensed Capacity :	Tonne	N.A.	N.A.
Installed Capacity	Tonne	960	750

## (b) Details of Products Manufactured, Turnover, Opening Stock and Closing Stock:

Product/ Year	Opening stock		Production	Turnover		Closing Stock	
	Quantity (Nos.)	Amount (Rs.)		Quantity (Nos.)	Amount (Rs.)	Quantity (Nos.)	Amount (Rs.)
<b>1) Press Steel Radiators</b>							
2006-07	144	114,480	21,802	21,646	86,963,013	300	2,524,384
2005-06	540	651,595	11,942	1,238	73,944,651	144	114,480

## (c) Particulars of Raw Material Consumed :

INDIGENOUS	UNIT	2006-2007		2005-2006	
		Qty	Value (Rs.)	Qty	Value (Rs.)
CRCA	Kgs	1,134,639	43,171,348	1,228,737	41,588,796
Others	Kgs	-	4,275,831	-	1,061,899
<b>Total</b>			<b>47,447,179</b>		<b>42,650,695</b>

## (d) Value of Imported and Indigenous Raw Material and percentage thereof to the total consumption

Particulars	Particulars	Value (Rs) 2006-07	Percentage (%)	Value (Rs) 2005-06	Percentage (%)
Raw Materials	Imported	NIL	0	NIL	0
	Indigenous	47,447,179	100	44,864,705	100
<b>Total</b>		<b>47,447,179</b>		<b>44,864,705</b>	

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE  
AS PER SCHEDULE VI, PART IV, OF THE COMPANIES ACT, 1956.**

<b>1. REGISTRATION DETAILS :</b>			
Registration No.	: 24841	State Code No.	: 04
Balance Sheet Date	: 31.03.2007		
<b>2. CAPITAL RAISED DURING THE YEAR :</b>			
Public Issue	: Nil	Bonus Issue	: Nil
Right Issue	: Nil	Private Placement	: Nil
Preferential Allotment	: Nil		
<b>3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS :</b>			
Total Liabilities	: Rs. 59,869,818	Total Assets	: Rs. 59,869,818
<b>SOURCES OF FUNDS:</b>			
Paid up Capital	: Rs. 10,760,000	Reserve & Surplus	:Rs. 26,959,990
Secured Loans	: Rs. 21,471,945	Unsecured Loans	:Rs. Nil
Deferred Tax Liability	: Rs. 677,883		
<b>APPLICATION OF FUNDS:</b>			
Net Fixed Assets	: Rs. 18,529,766	Investment	: Rs. 1,125,000
Net Current Assets	: Rs. 40,107,833	Misc. Expenditure	: Rs. 107,219
Accumulated Losses	: Rs. Nil		
<b>4. PERFORMANCE OF COMPANY:</b>			
Total Income	: Rs. 90,776,564	Total Expenditure	: Rs. 72,045,334
Profit Before Tax.	: Rs.18,731,230	Profit After Tax	: Rs. 12,259,145
Earning per share	: Rs. 11.39	Dividend Rate	: 20%
<b>5. GENERATIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY:</b>			
Item Code No.	8504		
Product Description	: - Press Steel Radiators		

As per our attached report of even date

For and on behalf of Board of Directors

For : C. C. Chokshi & Co.  
Chartered AccountantsHitendra M. Doshi  
Chairman & M. D.Karunaben J. Mamtora  
DirectorH.P.Shah  
PartnerAkanksha S. Mamtora  
DirectorPlace : Ahmedabad  
Dated : 8th May, 2007Place : Ahmedabad  
Dated : 27<sup>th</sup> April, 2007

**CASH FLOW STATEMENT**

PARTICULARS	2006-07 (Rs.)
<b>(A) Cash Flow From Operating Activities</b>	
Profit before tax	18,731,230
<b>Adjustments for:</b>	
Interest income	(9,234)
Dividend Income	(27,500)
Provision for Doubtful Debts	3,604,622
Depreciation & Amortisation	912,818
Finance charges	2,154,564
Miscellaneous expenditure written off	36,507
	<b>6,671,777</b>
Operating Profit before Working capital changes	25,403,007
<b>Adjustment for :</b>	
Trade & other receivables	(13,158,008)
Inventories	(7,192,705)
Trade payables	(3,987,005)
	<b>(24,337,718)</b>
Cash generated from operations	<b>1,065,289</b>
Direct taxes paid	(4,095,836)
<b>NET CASH FROM OPERATING ACTIVITIES-(A)</b>	<b>(3,030,547)</b>
<b>(B) Cash flow from Investing activities</b>	
Purchase of fixed Assets	(2,345,096)
Dividend Received	27,500
Interest received	9,234
<b>NET CASH USED IN INVESTING ACTIVITIES-(B)</b>	<b>(2,308,362)</b>
<b>(C) Cash flow from financing activities</b>	
Proceeds from borrowings	13,348,122
Repayment of Borrowings	(2,000,267)
Proceeds from Equity share Capital	-
Finance charges paid	(2,148,393)
Dividends paid	(4,907,636)
<b>NET CASH USED IN FINANCING ACTIVITIES-(C)</b>	<b>4,291,826</b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS-(A+B+C)</b>	<b>(1,047,083)</b>
<b>ADD : CASH &amp; CASH EQUIVALENTS-OPENING BALANCE</b>	<b>1,742,096</b>
<b>CASH &amp; CASH EQUIVALENTS-CLOSING BALANCE</b>	<b>695,013</b>

Note:

1 Cash and cash equivalents includes:	2006-07 (Rs.)
Cash on hand	30,890
With Scheduled banks:	
In Current Accounts	664,123
<b>Total</b>	<b>695,013</b>

2. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our attached report of even date

For and on Behalf of Board of Directors

For : C. C. Chokshi & Co.  
Chartered AccountantsHitendra M. Doshi  
Chairman & M. D.Karunaben J. Mamtora  
DirectorH.P.Shah  
PartnerAkanksha S. Mamtora  
DirectorPlace : Ahmedabad  
Dated : 8th May, 2007Place : Ahmedabad  
Dated : 27<sup>th</sup> April, 2007

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,  
The Board of Directors  
Transformers & Rectifiers (India) Limited

We have audited the attached Consolidated Balance Sheet of **Transformers & Rectifiers (India) Limited** ("the Company") and its subsidiaries, as at 31<sup>st</sup> March 2007 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of a subsidiary company Transweld Mechanical Engineering Works Limited, whose financial statements reflect total assets of Rs. 595.56 lacs as at 31<sup>st</sup> March 2007 and total revenues of Rs. 613.07 lacs and net cash inflows amounting to Rs. 3.70 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of report of other auditors on separate financial statements and on other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31<sup>st</sup> March, 2007;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated profit of the Company and its subsidiaries for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

For C. C. CHOKSHI & CO.  
Chartered Accountants

Place: Ahmedabad  
Date: 14th May, 2007

H. P. Shah  
Partner  
Membership No.33331

## CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Balance Sheet as at 31st March, 2007

	SCHEDULE	AS AT 31.03.2007 Rs.	
<b>SOURCES OF FUNDS :</b>			
<b>1. SHAREHOLDERS ' FUNDS</b>			
Share Capital	1	70,918,650	
Reserves & Surplus	2	<u>345,241,909</u>	416,160,559
<b>2. MINORITY INTEREST</b>			
			18,482,796
<b>3. LOAN FUNDS</b>			
Secured Loans	3	268,579,565	
Unsecured Loans	4	<u>48,736,893</u>	317,316,458
Deferred Tax Liability (Net)			
(See note no. 12 of Schedule 22)			15,314,945
<b>TOTAL :</b>		<u><b>767,274,758</b></u>	
<b>APPLICATION OF FUNDS :</b>			
<b>1. FIXED ASSETS</b>			
Gross Block	5	251,613,299	
Less : Depreciation & Amortisation		<u>61,427,031</u>	
Net Block		190,186,268	
Add :- Capital Work In Progress		<u>51,306,951</u>	241,493,219
(See note no. 6 of Schedule 22)			
<b>2. INVESTMENTS</b>			
	6		2,125,000
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	411,635,525	
Sundry Debtors	8	717,273,359	
Cash & Bank Balances	9	147,044,712	
Loans & Advances	10	<u>58,744,445</u>	
Less :		1,334,698,041	
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	11	<u>811,295,725</u>	
<b>NET CURRENT ASSETS</b>			523,402,316
<b>4. MISCELLANEOUS EXPENDITURE</b>			
	12		254,223
(To the extent not written off)			
<b>TOTAL :</b>		<u><b>767,274,758</b></u>	
Significant Accounting Policies	21		
Notes on Accounts	22		

As per our attached report of even date.  
For C. C. Chokshi & Co.Jitendra U. Mamtora  
Chartered Accountants  
Chairman & M. D.H.P.Shah  
PartnerPlace : Ahmedabad  
Date : 14th May, 2007For and on behalf of board of directors  
Satyen J. MamtoraDirector  
Karunaben J. Mamtora  
DirectorPlace : Ahmedabad  
Date : 14th May, 2007

## Consolidated Profit &amp; Loss Account for the year ended 31st March, 2007

	SCHEDULE	AS AT 31.03.2007 Rs.	
<b>INCOME</b>			
Gross Sales		2,538,981,731	
Less : Cenvat Duty recovered on sales (See note 7 of Schedule 22)		<u>337,464,132</u>	
<b>Net Sales</b>			2,201,517,599
Trading Sales			1,185,000
Service Income			9,303,222
Other Income	13		7,630,625
Increase in stock of Finished goods and Process Stock	14		<u>105,098,554</u>
<b>Total</b>			<u><b>2,324,735,000</b></u>
<b>EXPENDITURE</b>			
Trading Goods Purchased			1,723,237
Raw Materials Consumed	15		1,679,258,177
Manufacturing Expenses	16		49,832,978
Payments To And Provision For Employees	17		36,584,627
Selling, Distribution, Administrative and Other Expenses	18		186,790,265
Loss On Account Of Flood (See note 9 of Schedule 22)			18,150,813
Finance Charges	19		54,962,360
Depreciation & Amortisation			<u>16,847,592</u>
<b>Total</b>			<u><b>2,044,150,049</b></u>
<b>Profit Before Tax</b>			<u><b>280,584,951</b></u>
Provision For Taxation	20		99,898,180
Short Provision Of Taxation Of Earlier Years			<u>177,092</u>
<b>Net Profit Before Minority Interest</b>			<u><b>180,509,679</b></u>
Less: - Minority Interest			4,256,823
<b>Net Profit After Minority Interest</b>			<u><b>176,252,856</b></u>
Balance Brought Forward From Previous Year			123,050,595
Add : Balance in Profit & Loss Account on acquisition			19,874,029
<b>Less :</b>			
Share of Minority interest in Pre acquisition Profit			7,635,472
Adjusted against cost of investment made in subsidiary company			<u>12,238,557</u>
<b>Available For Appropriation</b>			<u><b>299,303,451</b></u>
<b>Appropriations :</b>			
Interim Dividend Paid			13,819,839
Tax on Dividend			2,092,160
Transferred To General Reserve			26,020,000
Balance Carried To Balance Sheet			<u>257,371,452</u>
<b>Total</b>			<u><b>299,303,451</b></u>
<b>Earning Per Share (Basic &amp; Diluted) (Rs.)</b>			<u><b>25.30</b></u>
(See note no. 11 of Schedule 22)			
Significant Accounting Policies	21		
Notes on Accounts	22		

As per our attached report of even date.

For C. C. Chokshi & Co.  
Chartered AccountantsH.P.Shah  
PartnerPlace : Ahmedabad  
Date : 14th May, 2007

For and on behalf of board of directors

Jitendra U. Mamtora  
Chairman & M. D.Director  
Karunaben J. Mamtora  
DirectorPlace : Ahmedabad  
Date : 14th May, 2007

## Schedule forming part of the Consolidated Accounts

As At  
31.03.2007 (Rs.)

### SCHEDULE : 1 Share Capital

Authorised :	
15,000,000 (8,000,000) Equity Shares of Rs. 10/- each	150,000,000
<b>Total:</b>	<b>150,000,000</b>

Issued and Subscribed :	
7,091,865 (6,817,520) Equity Shares of Rs. 10/- each fully paid up	70,918,650
<b>Total</b>	<b>70,918,650</b>

#### Notes:

Of the above shares,

- (i) 1,910,720 equity shares have been allotted as fully paid up by way of bonus shares by capitalisation of Securities Premium Rs.9,396,000/-, General reserve Rs.6,500,000/- and Surplus in Profit and Loss account Rs.3,211,200/-.
- (ii) 157,260 equity shares have been issued on preferential basis.
- (iii) 117,085 equity shares have been issued pursuant to a contract without payment being received in cash.
- (iv) The Authorised Share Capital was increased from Rs. 8 Cr. to 15 Cr. Pursuant to a resolution passed at Annual General Meeting Held on 10th July 2006.

### SCHEDULE : 2 Reserve & Surplus

Securities Premium Account	
As Per last Balance Sheet	14,300,000
Add: Premium on issue of 274,345 (130,000) Equity Shares	32,921,401
	47,221,401
Capital Reserve On Consolidation	4,629,056
General Reserve	
As per last balance sheet	10,000,000
Add : Amount transferred from Profit and Loss Account	26,020,000
	36,020,000
Surplus in Profit & Loss Account	257,371,452
<b>Total</b>	<b>345,241,909</b>

As At  
31.03.2007 (Rs.)

### SCHEDULE : 3 Secured Loans

From Banks :	
Cash Credit Accounts (Note: 1)	168,991,594
Term Loan - I (Note : 2)	73,419,298
Term Loan - II (Note: 3)	5,211,884
Working Capital Demand Loan (Note: 4)	16,010,000
Hire Purchase Loans (Note : 5)	4,381,395
Interest Accrued and Due	565,394
<b>Total</b>	<b>268,579,565</b>

#### Notes: -

1. In case of Parent company Rs.1,41,904,146/- is secured by hypothecation of current assets on paripassu basis and also collaterally secured by legal mortgage on paripassu basis on immovable property situated at Changodar and in addition to above secured by pledge of equity shares of promoters and personal guarantee of some directors.  
In case of Subsidiary companies Rs.27,087,448/- is secured by hypothecation of entire current assets of the company and also collaterally secured by legal mortgage on Land, Building and Plant & machinery and is further secured by personal guarantee given by some directors.
2. In case of Parent company Rs.61,347,169/- is secured by hypothecation of specific fixed assets acquired under the term loan and also collaterally secured by legal mortgage on paripassu basis on immovable property situated at Changodar and in addition to above secured by pledge of equity shares of promoters and personal guarantee of some directors.  
In case of Subsidiary companies Rs. 12,072,129/- is Secured by hypothecation of specific fixed assets acquired under the term loan and also collaterally secured by legal charge over entire current assets of the company and is further secured by personal guarantee given by some directors.
3. Secured by first charge on specific immovable property situated at Moraiya, both present and future.
4. Secured by hypothecation of entire current assets of the company on paripassu basis and also collaterally secured by legal mortgage on paripassu basis on immovable property at Changodar and in addition to above secured by pledge of equity shares of promoters and personal guarantee of some directors.
5. Secured by lien on vehicles purchased under hire purchase agreement.
6. Payable within 12 months out of the above loans is Rs.36,262,450/-

### SCHEDULE : 4 Unsecured Loans

Loan From Directors	43,579,523
Sales Tax Deferment	5,157,370
<b>Total</b>	<b>48,736,893</b>

#### Notes: -

1. Payable within 12 months out of the above loans is Rs. 5,157,370/-

SCHEDULE : 5		Fixed Assets		GROSS BLOCK (At Cost)		DEPRECIATION			NET BLOCK	
				As at 1.4.2006	Additions	Deductions	As at 31.3.2007	As at 1.4.2006	For the year ended 31.3.2007	Adjustments
Sr. No.	ASSETS	As at 1.4.2006	Additions	Deductions	As at 31.3.2007	As at 1.4.2006	For the year ended 31.3.2007	Adjustments	As at 31.3.2007	As at 31.3.2007
1	Goodwill	-	11,906,608	-	11,906,608	-	2,381,322	-	2,381,322	9,525,286
2	Land	2,961,370	6,214,042	-	9,175,412	-	-	-	-	9,175,412
3	Building	61,181,242	1,495,461	-	62,676,703	10,278,345	1,519,381	-	11,797,726	50,878,977
4	Plant & Machinery	83,981,980	20,488,996	-	104,470,976	21,677,449	8,254,705	-	29,932,154	74,538,822
5	Electrifications	9,885,049	4,139,808	-	14,024,857	2,152,775	866,877	-	3,019,652	11,005,205
6	Furniture & Fixtures & Office Equipments	10,671,569	3,835,518	-	14,507,087	2,376,732	798,033	-	3,174,765	11,332,322
7	Computer & Accessories	7,318,066	1,660,411	-	8,978,477	5,120,136	726,556	-	5,846,692	3,131,785
8	Computer Software	2,641,885	41,112	-	2,682,997	649,041	664,852	-	1,313,893	1,369,104
9	Vehicles	13,691,648	12,073,259	2,574,725	23,190,182	3,362,226	1,635,866	1,037,265	3,960,827	19,229,355
	<b>TOTAL</b>	<b>192,332,809</b>	<b>61,855,215</b>	<b>2,574,725</b>	<b>251,613,299</b>	<b>45,616,704</b>	<b>16,847,592</b>	<b>1,037,265</b>	<b>61,427,031</b>	<b>190,186,268</b>
	Capital work in progress									51,306,951

**Notes:**

1. Fixed assets include Rs 10,739,292/- being cost of asset purchased on hire purchase basis on which the vendors have a lien.
2. Additions to fixed assets includes interest of Rs. 568,386/- capitalised.
3. Capital work in progress includes Rs 8,786,644/- on account of advance against Capital Expenditure.

As At  
31.03.2007 (Rs.)**SCHEDULE : 6  
Investments (At Cost)**Current Investments

Unquoted		
1,250 Shares of The Bhagyodaya Co-operative Bank Ltd. of Rs.100/- each		125,000
Units of Mutual funds		
200,000 Units of SBI Blue Chip Fund of Rs. 10/- each		2,000,000
	<b>Total</b>	<b>2,125,000</b>
Unquoted Investments	Cost price	125,000
Mutual Funds	Cost price	2,000,000
	Repurchase value	2,158,000

**SCHEDULE : 7  
Inventories**

Stock- in -Trade		
Raw Materials [Including Goods In Transit Rs. 19,460,351/-]		141,742,649
Finished Goods		29,910,661
Process Stock		221,398,575
Damaged Stock (at net realisable value)		18,583,640
	<b>Total</b>	<b>411,635,525</b>

**SCHEDULE : 8  
Sundry Debtors**

(Unsecured - Considered Good)		
Debts outstanding for a period exceeding 6 months		60,759,270
Others Debts		660,118,711
Less : Provision for bad debts		3,604,622
	<b>Total</b>	<b>717,273,359</b>

**SCHEDULE : 9  
Cash & Bank Balances**

Cash On Hand		179,499
Balances with Scheduled Banks:		
In Current Accounts		7,849,913
In Fixed Deposit Accounts (Lodged with banks as securities for guarantees given by the bankers)		139,015,300
	<b>Total</b>	<b>147,044,712</b>



	As At 31.03.2007 (Rs.)
<b>SCHEDULE : 10</b>	
<b>Loans &amp; Advances</b>	
(Unsecured, considered good unless otherwise stated)	
Advances recoverable in cash or in kind or for value to be received	13,875,895
Advances to suppliers	6,092,643
Other Advances	2,319,546
Deposits and balances with government and other authorities	28,474,177
Other deposits	6,872,315
Interest receivable	1,109,869
	<u>58,744,445</u>
Considered Doubtful	318,798
Less: - Provision	318,798
	<u>-</u>
<b>Total</b>	<b><u>58,744,445</u></b>

**SCHEDULE : 11**  
**Current Liabilities & Provisions**

**A. Current Liabilities**

## Sundry Creditors :

a) Small Scale Industrial Undertaking (to the extent identified with available information)	2,161,615
b) Others	548,533,544
	<u>550,695,159</u>

Advance From Customers	157,008,073
Other Liabilities	47,655,271
Investor Education and Protection fund	
Unclaimed Dividends	220
Interest accrued but not due on loans	1,317,608
<b>Total (A)</b>	<b><u>756,676,331</u></b>

**Note :**

- There is no amount due and outstanding as at balance sheet date to be credited to Investor Education and Protection Fund

**B. Provisions**

Provision For Gratuity	283,047
Provision For Leave Encashment	1,147,074
Provision For Taxation (Net of Advance Tax Paid)	53,189,273

<b>Total (B)</b>	<b><u>54,619,394</u></b>
<b>Total (A+B)</b>	<b><u>811,295,725</u></b>

	As At 31.03.2007 (Rs.)
<b>SCHEDULE : 12</b>	
<b>Miscellaneous Expenses</b>	
(To the extent not written off or adjusted)	
Deferred Exhibition Expenses	337,921
Less : Written Off	<u>334,498</u>
	3,423
Share Issue Expense	334,688
Less : Written Off	<u>83,888</u>
	250,800
<b>Total</b>	<b><u>254,223</u></b>
	<b>Amount (Rs.) 2006-2007</b>

**SCHEDULE : 13**  
**Other Income**

Interest Received ( Tax Deducted At Source Rs.928,621/- )	5,143,553
Dividend Received	13,751
Insurance Claim Received	256,447
Bad Debts Recovered	40,000
Scrap Sales	23,430
Miscellaneous Income	2,153,444
<b>Total</b>	<b><u>7,630,625</u></b>

**SCHEDULE : 14**  
**Increase in closing stock of  
Finished Goods and Process stock**

Closing Stock :	
Finished Goods	29,910,661
Process Stock	<u>221,514,216</u>
	251,424,877
Less : Opening Stock	
Finished Goods	1,599,300
Process Stock	<u>144,727,023</u>
	146,326,323
<b>Total</b>	<b><u>105,098,554</u></b>

**SCHEDULE : 15**  
**Raw Materials Consumed**

Opening Stock	179,132,301
Less : Vat Credit Availed	<u>313,884</u>
	178,818,417
Add : Purchases (Net of Cenvat Credit)	1,642,182,409
Less : Closing Stock	<u>141,742,649</u>
<b>Total</b>	<b><u>1,679,258,177</u></b>

	Amount (Rs.) 2006-2007
<b>SCHEDULE : 16</b>	
<b>Manufacturing Expenses</b>	
Power & Fuel	10,859,109
Job Work Charges & Other Mfg. Expenses	10,362,602
<i>Repairs</i>	
Plant and Machinery	6,309,308
Factory Building	1,234,241
	<u>7,543,549</u>
Tools Purchase	1,641,596
Workers Wages	9,965,409
Testing Charges & Other Manufacturing Expenses	5,428,680
Cenvat Duty provided on Stocks (See note 7 of Schedule 22)	4,032,033
<b>Total</b>	<b><u>49,832,978</u></b>

**SCHEDULE : 17**  
**Payment to and Provisions for Employees**

Salaries, Bonus, Gratuity, etc.	31,834,476
Contribution to Provident and other funds	1,978,430
Employee welfare expenses	2,771,721
<b>Total</b>	<b><u>36,584,627</u></b>

	Amount (Rs.) 2006-2007
<b>SCHEDULE : 18</b>	
<b>Selling, Distribution, Administrative &amp; Other Expenses</b>	
Selling Expenses	24,263,859
Advertisement Expenses	2,387,871
Insurance	2,957,718
Stationary, Printing, Postage and Telephone Expenses	3,985,385
Rent	230,666
<i>Repairs</i>	
Office Building	484,253
Others	884,323
	<u>1,368,576</u>
Rates and taxes	88,324
Travelling Expenses & Conveyance	17,019,732
Bank Charges	19,147,682
Legal & Professional Charges	9,724,032
Audit Fees	574,466
Sales Commission	25,401,491
Late Delivery Charges	50,811,590
After Sales Expenses	5,781,231
Provision For Loss On Onerous Contract	4,612,629
General Charges	9,749,592
Bad Debts Written Off	266,109
Foreign Exchange Loss (Net)	5,011,124
Cenvat Duty Expense	2,025,981
Sales Tax Expenses	190,161
Penalty Under Sales Tax	100
Loss On Sale Of Fixed Assets	792,409
<i>Miscellaneous Expenses written off</i>	
Deferred Exhibition Expense	333,328
Share Issue Expenses	66,209
	<u>399,537</u>
<b>Total</b>	<b><u>186,790,265</u></b>

**SCHEDULE : 19**  
**Finance Charges**

Interest on fixed loans from :	
Banks	31,562,273
Directors	5,102,461
	<u>36,664,734</u>
Interest - Others	28,793
Bill discounting charges	18,268,833
<b>Total</b>	<b><u>54,962,360</u></b>

**SCHEDULE : 20**  
**Provision for Taxation**

Current Tax (Including Wealth Tax)	99,221,990
Deferred Tax	(1,116,047)
Fringe Benefit Tax	1,792,237
<b>Total</b>	<b><u>99,898,180</u></b>

**SCHEDULE : 21****Significant Accounting Policies of Consolidated Accounts****1 Accounting Convention**

The consolidated financial statements are prepared on historical cost basis and based on accrual method of accounting and applicable Accounting Standards by consolidating the accounts of Parent Company with its subsidiaries in accordance with generally accepted accounting principles and in consonance with Accounting Standard 21 (Consolidated financial Statements) issued by the Institute of Chartered Accountants of India.

**2 Principles of Consolidation**

- a) The financial statements of the Parent Company and its Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised profits/losses on intra-group transactions. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the Balance Sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the consolidated entities. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.
- b) The difference between the cost of investment in the Subsidiaries, over the net assets at the time of acquisition of shares in the Subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

**3 Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on date of the financial statement and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialized.

**4 Fixed Assets**

- a) Tangible Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes and levies, freight and other incidental expenses related to acquisition and installation of the respective assets.
- b) Certain computer software costs are capitalised and recognised as intangible assets in terms of Accounting Standard 26 on intangible assets based on materiality, accounting prudence and significant economic benefits expected to flow therefrom for a period longer than 1 year. Capitalised cost include direct cost of implementation and expenses directly attributable to the implementation.
- c) The Parent Company and its Subsidiaries evaluate the impairment losses on the fixed assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such assets are considered to be impaired the impairment loss is then recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the smallest level for which there are separately identifiable cash flows.

**5 Depreciation and Amortisation**

- a) Depreciation on fixed assets is provided on Straight Line Method in accordance with Section 205 (2)(b) of the Companies Act, 1956 at the rate and in the manner prescribed in schedule XIV of the said Act.
- b) Computer software costs capitalised are amortised using the Straight Line Method over estimated useful life of 3 to 5 years, as estimated at the time of capitalisation.

**6 Investments**

- a) Long Term investments are stated at cost and provision is made to recognise any diminution in value, other than that of temporary nature.
- b) Current investments are carried at lower of cost and market value. Diminution in value is charged to the profit and loss account.

**7 Inventories**

- a) Raw materials, Process stock and Finished Goods are valued at lower of cost or net realisable value.
- b) Cost for Raw materials is determined on Weighted Average/FIFO basis, net of cenvat credit availed.
- c) Cost for Finished Goods and Process Stock is determined taking material cost [Net of cenvat credit availed] labour and relevant appropriate overheads and cenvat duty.

**8 Revenue Recognition**

In appropriate circumstances, Revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.

**9 Sales/Service Income**

Sales are accounted on despatch of goods. Export sales are accounted on the basis of date of Bill of lading. Sales value is inclusive of Cenvat Duty and but does not include other recoveries such as insurance charges, transport charges etc. Service income excludes service tax.

**10 Cenvat credit**

Cenvat credit is accounted for on accrual basis on purchase of eligible inputs, capital goods and services.

**11 Foreign Currency Transactions**

Transactions in foreign currency are recorded at the exchange rates prevailing at the time the transactions are effected. The gain or loss due to exchange rates prevailing at the year end, if any, is taken into account. Exchange difference related to fixed assets are adjusted in cost of fixed assets.

**12 Prior Period Expenses/Income**

Material items of prior period expenses/income are disclosed separately.

**13 Employees Benefits**

In case of the Parent company the Gratuity liability is accounted for on the basis of valuation made by Life Insurance Corporation of India in respect of eligible employees of the Company. Contribution to Provident Fund are charged to Profit & Loss Account. Provision for Leave Encashment is made on Actuarial Basis. In case of Transpraes Limited (subsidiary company) the Company's Contribution to Provident Fund are charged to Profit & Loss Account. Gratuity liability is accounted for on Actuarial Basis.

**14 Borrowing Cost**

Interest and other costs in connection with the borrowings of the funds to the extents related/attributed to the acquisition / construction of qualifying fixed assets are capitalised upto the date when such assets are ready for their intended use and other borrowing costs are charged to Profit And Loss Account.

**15 Miscellaneous Expenditure**

- a) Preliminary expenses are amortised over a period of ten years.
- b) Exhibition expenses are amortised over a period of five years.
- c) Shares issue expenses incurred are amortised over a period of five years.

**16 Taxes on Income**

Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with provision of Income Tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or subsequently enacted as on the balance sheet date. The Deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future.

**17 Leases**

Lease transaction entered into on or after April 1, 2001:

- a) Assets acquired under lease where the Parent company and its Subsidiaries have substantially all risk and rewards incidental to ownership are classified as finance leases. Such assets are capitalised at the inception of lease at the lower of fair value or the present value of minimum lease payment and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability of each period.
- b) Assets acquired on lease where a significant portion of risk and rewards incidental to ownership is retained by the lessor are classified as operating lease. Lease rental are charged to the profit and loss account on accrual basis.

**18 Earnings Per Share**

The Parent Company and its Subsidiaries reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year.

**19 Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

**SCHEDULE : 22****Notes Forming part of Consolidated Accounts**

## 1. Details of Subsidiaries

The consolidated financial statements (CFS) comprise the financial statements of the parent company, Transformers and Rectifiers (India) Limited and the following subsidiaries:

Name of the Subsidiary	Country of incorporation	Proportion of ownership interest	Date of investment
Transweld Mechanical Engineering Works Limited	India	100 %	1 <sup>st</sup> Aug 2006
Transpares Limited	India	51 %	2 <sup>nd</sup> Oct 2006

This being the first year of consolidation, corresponding/previous year's figures have not been given.

## 2. Contingent liabilities not provided for in respect of :

Particulars	As at 31 <sup>st</sup> March, 2007 (Rs.)
a) Disputed demand of Central Excise Department.	2,709,316
b) Guarantee given by bankers on behalf of company.	487,110,524
c) Performance Guarantees given by company.	20,659,200
d) Import duty benefit towards duty free import of raw materials made in respect of which export obligations are yet to be discharged.	3,137,539
e) Claims against Company not acknowledged as debts.	Amount not ascertained

## 3. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 15,453,053 .

## 4. Purchase of Business

During the year, effective from 1<sup>st</sup> August 2006, the Company has purchased entire business of M/s Transformers & Rectifiers (India), a proprietorship concern, situated at Plot No. 233, GVMISA Industrial Estate, Odhav, Ahmedabad on a going concern basis with all assets and liabilities for the consideration of Rs. 15,221,050. The difference in consideration paid to M/s Transformers & Rectifiers (India) in excess of Net Assets value amounting to Rs. 11,906,608 has been shown as Goodwill to be amortised over a period of 5 years.

5. Foreign currency exposures not hedged by derivative instruments as at 31<sup>st</sup> March 2007 on exports amounts to Rs. 16,023,292 and on imports amounts to Rs.15,862,517.6. Capital Work In Progress includes preoperative expenditure pending allocation to a project under implementation till 31<sup>st</sup> March, 2007 are as under.

Preoperative Expenses	Amount (Rs.) 2006-2007
Legal & Professional	2,358,247
Electricity Charges	231,906
Interest	95,822
<b>Total</b>	<b>26,85,975</b>

## 7. Cenvat duty shown as a deduction from the Gross Sales represents the amount of cenvat duty collected on sales. Cenvat duty expensed represents the difference between excise duty element in the amounts of closing stocks &amp; opening stocks and excise duty paid which is not recoverable from sales.

## 8. The stock of Raw materials amounting to Rs. 50,270,701 was lying with the job workers for further processing at the close of the year. Out of that confirmations have been received for Rs. 49,607,303.

## 9. Loss on account of Flood comprises of:

Particulars	Amount (Rs.) 2006-2007
Cost of Raw Material and Stock in process damaged on account of Flood	58,221,109
Less : Salvage Value of Stock damaged on account of Flood	18,468,000
	<b>39,753,109</b>
Add : Repairs to building & other expenses on account of flood	3,397,704
	<b>43,150,813</b>
Less : Insurance Claim Received	25,000,000
<b>Total :</b>	<b>18,150,813</b>

## 10. Leases

## (A) Finance Lease

(i) In accordance with Accounting Standard 19 "Leases" issued by the Institute of Chartered Accountants of India, the assets acquired on finance lease on or after April 1<sup>st</sup>, 2001 are capitalised and a loan liability recognized. Consequently, depreciation is provided on such assets, installments paid are allocated to the liability and the interest is charged to the Profit & Loss Account.

(ii) a) Assets acquired on Lease agreements mainly comprise of Cars. The agreements provide for reimbursement of taxes, levy etc. imposed by authorities in future. There are no exceptional / restrictive covenants in the Lease Agreements.  
b) The minimum installments as at 31<sup>st</sup> March, 2007 and the present values at 31<sup>st</sup> March, 2007 of minimum installments in respect of assets acquired under the Lease Agreements are as follows :

(Amount in Rs.)

Minimum Installments	
1) Payable not later than year	2,121,395
2) Payable later than 1 year and not later than 5 years	2,616,225
3) Payable later than 5 years	NIL
Total minimum installments	4,737,620
Less : Future finance charges	356,225
Present value of minimum installments	4,381,395
<b>Present value of minimum installments</b>	
1) Payable not later than year	1,909,017
2) Payable later than 1 year and not later than 5 years	24,72,378
3) Payable later than 5 years	NIL
Total present value of minimum installments	4,381,395

## (B) Operating Lease

Lease rentals charged to revenue for lease agreements for the right to use the following assets are :

Particulars	2006-07
Office Premises	Rs. 165,000
Godown	Rs. 65,666

The Lease agreements are executed for a period of 11 months with a renewal clause and also provide for termination at will by either party by giving prior notice.

## 11. Earning Per Share:

Particulars	2006-07
Profit After Tax as per Profit & Loss Account (a)	Rs. 176,252,856
Weighted Average Number of Equity Shares (b)	Rs. 6,967,422
Nominal Value of Equity Shares	Rs. 10
EPS (Basic & Diluted) (a)/(b)	Rs. 25.30

## 12. Components of Deferred Tax Liability are as under:

(Amount in Rs.)

Particulars	As At 31st March, 2007
(A) Deferred Tax Liability:	
Difference between book and tax depreciation	18,702,446
Deferred Revenue Expenditure	-
	18,702,446
(B) Deferred Tax Assets	
Disallowance under Income Tax Act 1961	3,387,501
(C) Net Deferred Tax Liability	15,314,945

## 13. Related party transactions :-

(a) Names of related parties and description of relationship:

Sr No	Nature of Relationship	Name of Related Parties
1	Associate Companies/ Enterprises	Transformers & Rectifiers India (Refer Note No. 4 of Schedule 22) Allied Electrical Industries Mr. Jitendra U. Mamtora (HUF)
2	Key Management Personnel	Mr. Jitendra U. Mamtora Mr. Satyen J. Mamtora Mrs. Karuna J. Mamtora Mr. Hitendra M. Doshi
3	Relative of Key Management Personnel	Ms. Janki Jitendra Mamtora Mr. Dilip Mamtora Mr. Bipin Mamtora

(b) Details of transactions with related parties:

Nature of Transaction	Subsidiary / Associate Companies / Enterprises	Key Management Personnel & Relatives of such Personnel	Total
(A) Volume of Transactions			
1) Service Received			
Transformers & Rectifiers (India)	14,605		14,605
Allied Electrical Industries	582,039		582,039
2) Service Rendered			
Transformers & Rectifiers (India)	3,013,667		3,013,667
3) Sale Of Goods			
Transformers & Rectifiers (India)	2,570,149		2,570,149
Allied Electrical Industries	564,168		564,168
4) Loans Taken/Repaid And Interest Thereon			
i) Mr. Jitendra U. Mamtora			
Loan taken		45,890,781	45,890,781
Loan repaid		36,343,950	36,343,950
Interest		750,072	750,072
Balance at 31st March		10,588,009	10,588,009
Balance at 1st April		291,106	291,106
ii) Mr. Satyen J. Mamtora			
Loan taken		2,028,958	2,028,958
Loan repaid		1,958,850	1,958,850
Interest		(40,506)	(40,506)

Balance at 31st March		35,442	35,442
Balance at 1st April		5,840	5,840
iii) Mrs. Karuna J. Mamtora			
Loan taken		2,191,732	2,191,732
Loan repaid		35,000	35,000
Interest		58,364	58,364
Balance at 31st March		2,365,915	2,365,915
Balance at 1st April		150,818	150,818
iv) Mr. Jitendra U. Mamtora (HUF).			
Loan taken	18,714,254		18,714,254
Loan repaid	NIL		NIL
Interest	431,971		431,971
Balance at 31st March	19,146,225		19,146,225
Balance at 1st April	NIL		NIL
5) Managerial Remuneration			
Mr. Satyen J. Mamtora		3,413,000	3,413,000
Mr. Jitendra U. Mamtora		3,390,000	3,390,000
Mrs. Karuna J. Mamtora		396,000	396,000
Mr. Hitendra M. Doshi		200,000	200,000
6) Dividend Paid			
Mr. Jitendra U. Mamtora		20,590,781	20,590,781
Mr. Satyen J. Mamtora		228,644	228,644
Mrs. Karuna J. Mamtora		631,092	631,092
Mr. Jitendra U. Mamtora (HUF).	1,489,376		1,489,376
Ms. Janki J. Mamtora		50,358	50,358
Mr. Bipin Mamtora		462	462
Mr. Dilip Mamtora		462	462
Mr. Hitendra M. Doshi		2,129,480	2,129,480
7) Equity Contribution			
Mr. Jitendra U. Mamtora		10,010,000	10,010,000
Mr. Jitendra U. Mamtora (HUF)		10,433,800	10,433,800
8) Shares Issued Towards Purchase Of Business			
Mr. Jitendra Mamtora		15,221,050	15,221,050
(B) Balance at the end of the period			
1) Current Liabilities			
Allied Electrical Industries		1,145,065	1,145,065
2) Current Assests			
Transpower		2,320	2,320

As per our attached report of even date.

On Behalf of Board of Directors

For C. C. Chokshi & Co.  
Chartered AccountantsJitendra U. Mamtora  
Chairman & M. D.Satyen J. Mamtora  
DirectorH.P.Shah  
PartnerKarunaben J. Mamtora  
DirectorPlace : Ahmedabad  
Date : 14th May, 2007Place : Ahmedabad  
Date : 14th May, 2007

## CONSOLIDATED CASH FLOW STATEMENT

PARTICULARS	Amount (Rs.) 2006-07
(A) Cash Flow From Operating Activities	
Profit before tax	280,584,951
Adjustments for:	
(Profit) / Loss On Sale Of Fixed Assets	792,409
Unrealised Foreign Exchange (Gains)/Losses	603,111
Provision For Onerous Contracts.	4,612,629
Dividend Income	(13,750)
Interest Income	(5,143,553)
Depreciation & Amortisation	16,847,592
Finance Charges	54,962,360
Miscellaneous Expenditure Written Off	399,537
	73,060,335
Operating Profit Before Working Capital Changes	353,645,286
Adjustment For :	
Trade & Other Receivables	(234,664,574)
Inventories	(81,115,430)
Trade & Other Payables	66,802,216
	(248,977,788)
Cash Generated From Operations	104,667,498
Direct Taxes Paid	(49,560,211)
<b>NET CASH FROM OPERATING ACTIVITIES-(A)</b>	<b>55,107,287</b>
(B) Cash Flow From Investing Activities	
Purchase Of Fixed Assets	(74,737,278)
Sale Of Fixed Assets	15,000
Long Term Investment In Subsidiaries	(16,969,000)
Dividend Received	13,750
Interest Received	5,268,998
Purchase Of Business	1,242,769
<b>NET CASH USED IN INVESTING ACTIVITIES-(B)</b>	<b>(85,165,761)</b>
(C) Cash Flow From Financing Activities	
Proceeds From Borrowings	243,258,411
Repayment Of Borrowings	(144,518,055)
Proceeds From Equity Share Capital	20,443,800
Finance Charges Paid	(54,891,759)
Dividends Paid	(27,572,514)
Investment	
<b>NET CASH FROM FINANCING ACTIVITIES-(C)</b>	<b>36,719,883</b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>6,661,409</b>
<b>ADD : CASH &amp; CASH EQUIVALENTS-OPENING BALANCE</b>	<b>1,368,003</b>
<b>CASH &amp; CASH EQUIVALENTS-CLOSING BALANCE</b>	<b>8,029,412</b>

Note	Amount (Rs.) 2006-07
1 Cash And Cash Equivalents Includes:	
Cash On Hand	179,499
With Scheduled Banks:	
In Current Accounts	7,849,913
Total	<b>8,029,412</b>

- 2 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our attached report of even date.

On Behalf of Board of Directors

For C. C. Chokshi & Co.  
Chartered Accountants

Jitendra U. Mamtora  
Chairman & M. D.

Satyen J. Mamtora  
Director

H.P.Shah  
Partner

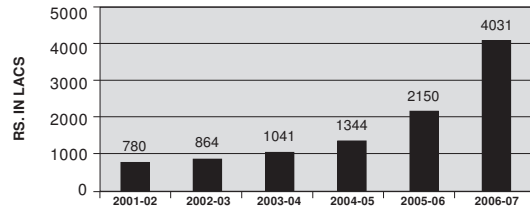
Karunaben J. Mamtora  
Director

Place : Ahmedabad  
Date : 14th May, 2007

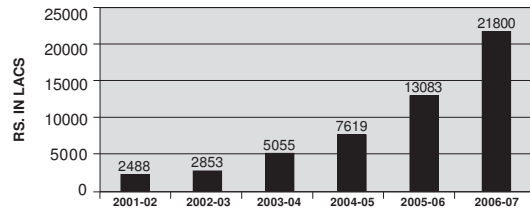
Place : Ahmedabad  
Date : 14th May, 2007



### NETWORTH



### TURNOVER



### SEGMENTWISE SALES

