

18TH ANNUAL REPORT

2004-2005



TIRUPATI FOAM LIMITED

REGD. OFFICE :-
502, Harekrishna Complex,
Opp. Kothawala Flats, Pritamnagar, Ellisbridge,
Ahmedabad - 380 006.

BOARD OF DIRECTORS

Mr. Venibhai B. Purohit
Mr. Manharlal A. Mehta
Mr. Roshan P. Sanghvi
Mr. Babulal N. Shah
Mr. Satish A. Mehta
Mr. Deepak T. Mehta
Mr. Mukesh B. Shah
Mr. Mukesh B. Kothari

AUDITORS

M/s. Mayank Shah & Associates
Chartered Accountants
706/708, Mahakant,
Opp: V.S. Hospital,
Ahmedabad.

COMPANY SECRETARY (Consulting)

D.A. Rupawala.

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BANKERS

Bank of India
Ellisbridge Branch

REGISTERED OFFICE

502, Harekrishna Complex,
Opp. Kothawala Flats, Ellisbridge,
Ahmedabad - 380 006.

FACTORY

1023, Kalol - Mehsana Highway,
Rajpur, Kadi,
Mehsana,
Gujarat.

1024/13 Plot No.4
Block No.65, Khatraj,
Kalol, Mehsana,
Gujarat.

NOTICE

NOTICE is hereby given that Eighteenth Annual General Meeting of the Members of Tirupati Foam Limited, will be held on Friday, 30th September, 2005 at 11.00 a.m. at 502 Harekrishna Complex, Opp Kothawala Flats, Ellis bridge, Ahmedabad-06 to transact following business. :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005 and Profit and Loss Account for the year ended on that date together with the Director's Report and Auditor's Report thereon.
2. To declare dividend on Equity Shares for the year end 31 st March 2005.
3. To appoint a Director in place of Mr. Venibhai Purohit, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Mukesh Kothari, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and fix their remuneration.

By order of the Board
FOR TIRUPATI FOAM LTD.,

Date : 02-09-2005
Place : Ahmedabad

Roshan P Sanghvi
Managing Director

Regd. Office:
502, Hare Krishna Complex,
Opp. Kothawala Flats,
Ellis bridge, Ahmedabad - 06.

NOTES :

1. 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. Under the provisions of Companies Act, 1956, voting is by show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs.50,000/-
2. The Proxies should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, 16th September, 2005 to Tuesday, 27th September, 2005 (both days inclusive).
4. The Company's shares are listed at Ahmedabad and Vadodara Stock Exchanges and BSE(*Indonext*). The Company has paid the listing fees to Ahmedabad and Vadodara Stock Exchanges for the Financial Year 2004-05, in time.

DIRECTORS REPORT

To,
The Members
Tirupati Foam Limited
 Ahmedabad

The Managing Director presents the Eighteenth Annual Report and the Audited Statement of Accounts the Company for the year ended March 31, 2005.

FINANCIAL RESULTS :

The working results of the Company for the year ended 31st March 2005 are as follows:

	2004-05 (Rs. in Lacs)	2003-2004 (Rs. in Lacs)
Total Income	3338.57	2891.68
Gross Profit before Depreciation and Taxation	165.97	216.15
Less : Depreciation	65.62	69.39
Taxation	(25.50)	53.54
Net Profit after Depreciation & Taxation	74.85	93.22
Add : Opening Balance in P & L A/c	30.38	33.18
Less : Prior Year Income Tax provision	(0.34)	0.40
Available for Appropriation	104.89	126.80
Proposed Dividend	41.06	41.06
Distribution Tax	5.76	5.36
Transfer to General Reserve	40.00	50.00
Surplus carried Forward	18.07	30.38

OPERATIONS:

The Company was able to achieve Sales of Rs.3338.57 Lacs as compared to Rs.2891.68 Lacs for the Previous Year. The Profit before Tax and Depreciation was Rs.165.97 Lacs for period under review as compared to Rs.216.15 Lacs for the Previous Year.

The Net Profit after making the provision for Depreciation and Taxation stood at Rs. 74.85 Lacs as against Rs. 93.22 Lacs for the previous year.

Your Directors are please to report that in spite of fierce competition the company was able to perform well due to well accepted quality products and well established marketing network of dealers throughout the India.

During the year company as incurred Capital Expenditure of Rs. 73,62,156/-.

DIVIDEND:

The Directors recommend 12 % Dividend on Equity Shares for the Year ending 31 st March 2005, if approved by the Shareholders at the Annual General Meeting to be held on 30th September, 2005.

PROSPECTS

The Directors are pleased to inform you that your Company has started additional manufacturing capacity in full operation.

Hence we are hopeful of achieving higher turnover and operating performance during current financial year due to launching of Value added products like Quilted Foam, Bonded Foam, profile mattresses etc.

STOCK EXCHANGE

The Company's shares are listed on Ahmedabad and Vadodara Stock Exchanges; and BSE (Indonext) the Company has paid necessary listing fees for the year 2005-2006.

INSURANCE

All the properties and assets of the company are adequately insured.

PROJECTIONS VERSUS PERFORMANCE

The Financial projections for the year ended 31st March 2005 are not indicated in the company's prospectus dated 7th January 1997 and thus comparison to the actual performance for the year is not required.

The company has utilized funds raised through Public Issue of Equity Shares for the same purpose as stated in prospectus dated 7th January 1997.

DIRECTORS :

Mr. Venibhai B. Purohit & Mr. Mukesh B. Kothari, who retires by rotation as Directors of the Company but being eligible offers themselves for re appointment.

Information pursuant to Section 217 of the Companies Act, 1956

- a) Conservation of energy & technology absorption information pursuant to Clause (e) subscription (i) of section 217 of the Companies Act, 1956 read with the Companies (disclosure of particulars in the Report of Board of Directors) Rules 1988 as below.

ENERGY CONSUMPTION:

Total energy consumption and energy consumption per unit of production are as under:

		<u>2004-2005</u>	<u>2003-2004</u>
1 Electricity			
a) Purchased			
Units	Kwh	326122	287154
Total amount	Rs.	1601493	1423806
Rate/Unit	Rs.	4.91	4.96
b) Own Generation			
(i) Through Diesel Generator			
Units		7204	8881
Unit per ltr of Diesel Oil		1.03	1.30
Cost / Unit		26.74	17.81
(ii) Through Steam Turbine			
Generator Units Diesel : Quantity	Ltrs.	Nil	Nil
Total Amount	Rs.	Nil	Nil
Average rate	Rs.	Nil	Nil

TECHNOLOGY ABSORPTION AND ENERGY CONSERVATION:

The Company does not deploy any foreign technology. The Management of the company is well conversant with technology.

As power and energy expenditure are not main cost constituent of company's overall product costing so at present company is not required to take conservation measures.

- a) There is no Foreign exchange earnings. The Foreign exchange out go on account of raw materials imports are 487.70 Lacs.
- b) Particulars of employees

The information required to be submitted under section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of employees) rules 1975 is not applicable as there is no employees drawing the stipulated remuneration.

AUDITORS:

The Members are requested to appoint Auditors for the current year and fix their remuneration. The Auditors of the company M/s. Mayank Shah & Associates Chartered Accountants are to retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

PERSONNEL :

Relations between the employees and the Management continued to be cordial during the period under review. The Directors hereby place on record their appreciation of the efficient and loyal services rendered by the company's employees at all level.

CORPORATE GOVERNANCE:

A separate Report on Corporate Governance is produced as a part of this Annual Report along with the Auditor's statement on its compliance as prescribed after the amended listing Agreement of the Stock Exchanges with which your Company is listed.

DIRECTORS RESPONSIBILITY STATEMENT :

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

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
2. Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates, which are reasonable and prudent, so as to give true and fair view of the state of affairs of the company at the end of the financial year ended on 31st March, 2005.
3. Your Director 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.
4. Your Directors have prepared the attached statements of accounts for the year ended 31st March 2005 on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

Management Discussion and Analysis Report as required under the listing agreements with the stock exchanges is enclosed as Annexure 'A' Certain statements in the 'Management Discussion and Analysis Report' section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

FORMATION OF VARIOUS COMMITTEES:

Details of various committees constituted by the Board of Directors are given in the Corporate Governance Report annexed and forms part of this report.

APPRECIATION:

Your Directors wish to place on record their appreciation of the continued support provided to your Company by Customers, Suppliers, Bankers, Employees and all other such concerned people who have enable the Company to achieve success in these difficult times. The Directors gratefully thank the Shareholders for the confidence reposed in the Company.

By order of the Board

Date : 02-09-2005
Place : Ahmedabad

Roshan P Sanghvi
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENT:

The financial year 2004-05 was a challenging one for most of the economies globally. Flexible Polyurethane Foam industry also remained under pressure and there was no significant growth.

Your Company registered a sales growth of 15 %during the year.

Inspite of competition from imported as well as low cost producers, our Company was able to sustain its performance by introduction of new products and improvement in product efficiency. The brand "Sweet dream" of the company was extensively advertised through various modes and dealership network and loyalty helped the company to achieve targets during the year.

2. OPPORTUNITIES,THREATS,RISKS,CONCERN& FUTURE OUTLOOK:

There is considerable scope for growth of pufoam industry because of increased usage of foam products in day-to-day life. However competition from importers and unorganized sector has been increasing day by day. Therefore the Indian industry will have to really strive hard to sustain against global competition as well as competition from unorganized markets. The steep competition has led to reduction in prices and increased expenses on promotional front. Therefore, the Company has to resort to an aggressive marketing campaign and thereby fetching higher volumes in the products positioned in lower and middle category segment at one hand and the higher realization from the products positioned in premium segment.

3. SEGMENT WISE PERFORMANCE:

As such the Company deals only in one segment - Flexible polyurethane foams, hence there is no specific differential information pertaining to this section.

4. FINANCIAL PERFORMANCE:

The sales for the year ended 31st March 2005 were Rs. 3338.57 as compared to Rs. 2891.68 for the previous year. The Profit before Depreciation & Taxation was Rs. 165.97 for the year under review as compared to Rs. 216.15 for the previous year. The Company Registered Net Profit after tax of Rs. 74.85 for the year as compared to the Net Profit of Rs. 93.22 during the previous year.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has adequate Internal control systems commensurate with its size and operations to ensure orderly and efficient conduct of business while safeguarding the assets, quality, safety, procurements, finance and accounts and reducing and detecting error.

The Company also has appointed an external firm of Chartered Accountants to supplement the efficient Internal Audit.

6. MATERIAL DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS FRONT:

The Company routinely undertakes employee development activities keeping in mind the professional requirements of the employees as well as the growth of the Company.

The Industrial Relations were cordial throughout the year with no incidence of strike or lockouts.

CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance practices by introducing the new Clause 49 in the listing agreement with the Stock Exchanges. Clause 49 lays down several corporate governance practices that listed companies are required to adopt. Most of the practices laid down in Clause 49 requires mandatory compliance and there are some more provisions which are voluntary for adoption. Your Company had achieved compliance with the mandatory requirements of Clause 49 of the listing agreements. This report sets out the compliance status of the Company during the Financial Year 2004-05 and till date in current year, with respect to the conditions of the corporate governance set out in Clause 49.

PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Philosophy on Corporate Governance aims at attainment of the highest level of transparency, accountability and equity in the functioning of the Company vis-à-vis interactions with employees, shareholders, creditors and customers. The objectives of the Company is not only to meet the Statutory requirements of the code but also go well beyond it by instituting such systems and procedures as are in accordance with the latest global trend of making management completely transparent and institutionally sound.

BOARD OF DIRECTORS

The Company's board comprises of 8 Directors with a mix of executive/non-executive and promoter/independent directors. The composition of Board complies with the requirements of the corporate governance code with more than 50% of the Directors being non-executive Directors and more than 33% of the Directors being independent Directors.

11 Board meetings were held during the financial year 2004-05. The dates on which Board Meetings held 15/04/04, 30/04/04, 15/05/04, 17/07/04, 31/07/04, 06/09/04, 30/09/04, 31/10/04, 31/01/05, 15/02/05 & 31/03/05.

The table below provides the composition of the Board, their attendance at Board Meetings & AGM and number of other directorship, chairmanship/membership of other companies.

A. The Constitution of the Board as on 31-3-2005.

Name of the Director	Category	No. of other Directorship held in public companies in India.	No. of other Company Board committees of which Member/Chairman	Board meeting attended	Attendance at the last AGM
Mr. Venibhai B. Purohit	Chairman & Independent Director-NED	0	0	5	Yes
Mr. Manharlal A Mehta	Vice Chairman & Independent Director-NED	0	0	7	Yes
Mr Roshan P Sanghvi	Managing Director	0	0	11	Yes
Mr. Babulal N. Shah	Jt. Managing Director	0	0	11	Yes
Mr. Deepak T. Mehta	Executive Director	0	0	11	Yes
Mr. Satish A. Mehta	Executive Director	0	0	11	Yes
Mr. Mukesh B. Shah	Independent & NED	0	0	9	Yes
Mr. Mukesh B. Kothari	Independent & NED	0	0	8	Yes

Notes :

1. This number excludes the directorships/committee memberships held in private companies and also of the Company.
2. As required by the Companies Act, 1956 and Clause 49 of Listing Agreement, none of the directors hold directorship in more than 15 public companies, membership of board committees (audit / remuneration/investors grievance committees) in excess of 10 and chairmanship of board committees as aforesaid in excess of 5.

None of the Non-executive Directors has any pecuniary relationship. Non-executive Directors have no transaction with the company. The details of sitting fees, commission and remuneration paid to each director appear later under the disclosure relating to Remuneration to Directors.

The Directors seeking Reappointment in the forthcoming Annual General Meeting are Mr. Venibhai B. Purohit & Mr. Mukesh B. Kothari.

DETAILS OF DIRECTORS BEING REAPPOINTED

As per the statute, two-third of the Directors should be retiring Directors, One-third of these retiring Directors are required to retire every year and if eligible, these Directors qualified for re-appointment.

Accordingly Mr. Venibhai B. Purohit and Mr. Mukesh B. Kothari retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

A brief resume of Directors appointed/eligible for re-appointment are as follows:

Mr. Venibhai B. Purohit, aged about 69 years has vast experience in business which helps to the company. He is not on board of any other public company as Director.

Mr. Mukesh B. Kothari, aged about 38 years has vast experience in business which helps to the company. He is not on board of any other public company as Director.

REMUNERATION TO DIRECTORS

Name of Director	Sitting Fees	Salary & Perks	Total Rs.
Mr. Venibhai B. Purohit	-----	-----	-----
Mr. Manharlal A. Mehta	-----	-----	-----
Mr. Roshan P. Sanghvi	-----	120000	120000
Mr. Babulal N. Shah	-----	60000	60000
Mr. Deepak T. Mehta	-----	72000	72000
Mr. Satish A. Mehta	-----	120000	120000
Mr. Mukesh B. Shah	-----	-----	-----
Mr. Mukesh B. Kothari	-----	-----	-----

AUDIT COMMITTEE

The Audit Committee was constituted in Board Meeting. The committee comprises of Mr. Venubhai B. Purohit, as the Chairman of the Committee and Mr. Manharlal A. Mehta, Mr. Mukesh B. Kothari, as Members.

The above composition meets all the requirements of Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956. The Manager (Operation) acts as the Secretary of the Audit Committee.