

21st Annual Report 2007-2008



TIRUPATI FOAM LIMITED

REGD. OFFICE :

"TIRUPATI" House, 4th Floor, Nr. Topaz Restaurant,
University Road, Polytechnic Char Rasta, Ambawadi,
Ahmedabad-380 015. Gujarat, INDIA.

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, Mahakant,
Opp. V.S. Hospital, Ellisbridge,
Ahmedabad – 380 006

COMPANY SECRETARY (Consulting)

D.A Rupawala

BANKERS

Bank of India
Ellisbridge Branch
Ahmedabad – 380 006

REGISTERED OFFICE

"Tirupati House," 4th Floor,
Nr. Topaz Restaurant, University Road,
Polytechnic Char Rasta, Ambawadi,
Ahmedabad – 380 015

FACTORY

Plot No. 4,
Block No. 65, Khatraj,
Kalol, Mehsana,
Gujarat

NOTICE

NOTICE is hereby given that 21st Annual General Meeting of the Members of Tirupati Foam Limited, will be held on Tuesday, 30th September, 2008 at 3.30 p.m. at Tirupati House, 4th Floor, Nr. Topaz Restaurant, University Road, Polytechnic Char Rasta, Ambawdi, Ahmedabad – 380 015 to transact following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 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 31st March 2008.
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. Manharlal Mehta, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to section 269,198,309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956(including any statutory modification or re-enactment thereof) and subject to such other approvals if any, as may be required the consent and approval of the company be and is hereby accorded to the reappointment of Mr. Babulal N Shah, as Jt. Managing Director of the company for a period of 5 years w.e.f. 1st August, 2008.

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

“RESOLVED THAT pursuant to section 269,198,309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956(including any statutory modification or re-enactment thereof) and subject to such other approvals if any, as may be required the consent and approval of the company be and is hereby accorded to the reappointment of Mr. Deepak Mehta, as Executive Director of the company for a period of 5 years w.e.f. 1st August, 2008.

Date: 01-09-2008
Place : Ahmedabad

By order of the Board
FOR TIRUPATI FOAM LTD.,

Regd. Office:
Tirupati House, 4th Floor,
Nr. Topaz Restaurant, University Road,
Polytechnic Char Rasta, Ambawadi,
Ahmedabad – 380 015

Roshan P S anghvi
Managing Director

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. Explanatory Statement pursuant to 173 (2) of the Companies Act, 1956 is annexed as a part of this Notice.
3. The Proxies should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday 24th September, 2008 to Tuesday, 30th September, 2008 (both days inclusive).
5. The Company's shares are listed at Ahmedabad and Vadodara Stock Exchanges and Bombay Stock Exchange Limited (*Indonext*). The Company has paid the listing fees to Ahmedabad and Vadodara Stock Exchanges for the Financial Year 2007-08, in time.

EXPLANATORY STATEMENT

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

ITEM NO. 6

The Board of Directors of the company has reappointment of Mr. Babulal Shah as a Jt. Managing Director of the company w. e. f. 1st August, 2008 subject to approval of the members in the Annual General Meeting. Mr. Babulal Shah has been on Board of Directors since long and looking after Administrative & HR functions of the company.

Mr. Babulal Shah, Jt. Managing Director be paid monthly remuneration upto Rs.5,000/- p.m. and Board of Directors have authority to revised remuneration as and when need arises during his tenure for the period of 5 years.

Accordingly the resolution at item no.6 is proposed for approval of the Members for payment of remuneration to Mr. Babulal Shah as Director.

Mr. Babulal Shah is interested in the proposed resolution as it pertains to his own appointment.

ITEM NO. 7

The Board of Directors of the company has reappointment of Mr. Deepak Mehta as a Executive Director of the company w. e. f. 1st August, 2008 subject to approval of the members in the Annual General Meeting. Mr. Deepak Mehta has been on Board of Directors since long and looking after dealers and marketing functions of the company.

Mr. Deepak Mehta, Executive Director be paid monthly remuneration of Rs.6,000/- p.m. and Board of Directors have authority to revised remuneration as and when need arises during his tenure for the period of 5 years.

Accordingly the resolution at item no.7 is proposed for approval of the Members for payment of remuneration to Mr. Deepak Mehta as Executive Director.

Mr. Deepak Mehta is interested in the proposed resolution as it pertains to his own appointment..

DIRECTORS' REPORT

Dear Members,

The Managing Director presents the 21st Annual Report and the Audited Statement of Accounts the Company for the year ended March 31, 2008.

FINANCIAL RESULTS :

The working results of the Company for the year ended 31st March 2008 are as follows:

	<u>2007- 2008</u> <u>(Rs. in Lacs)</u>	<u>2006-2007</u> <u>(Rs. in Lacs)</u>
Total Income including other income	4699.11	4307.86
Gross Profit before depreciation and tax	339.76	237.14
Less : Depreciation	56.06	61.16
Less: Provision of taxation		
Current Tax	114.00	69.08
Fringe Benefit Tax	1.65	2.22
Deferred Tax	19.32	(5.69)
Add. Exceptional Item	108.57	0
Net Profit after depreciation & taxation	257.30	110.36
Add : Opening Balance in P & L A/c	53.43	24.08
Less : Prior Year Income tax provision	(0.58)	(0.45)
Add: Prior Year Income	0	0
Available for Appropriation	310.14	133.99
Proposed Dividend	68.44	61.59
Distribution Tax	11.63	10.46
Transfer to general reserve	25.75	8.50
Surplus carried Forward	204.32	53.43

OPERATIONS:

The Company was able to achieve Sales of Rs.4698.43 Lacs as compared to Rs.4305.83 Lacs for the Previous Year. The Profit before Tax and Depreciation was Rs.339.76 Lacs for period under review as compared to Rs.237.14 Lacs for the Previous Year.

The Net Profit after making the provision for Depreciation and Taxation stood at Rs.257.30 Lacs as against Rs.110.36 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.1,53,70,369/-.

DIVIDEND:

The Directors recommend 20 % Dividend on Equity Shares for the Year ending 31st March 2008, if approved by the Shareholders at the Annual General Meeting to be held on 30th September, 2008.

FIXED DEPOSIT :

The Company has not accepted any deposit under the provision of Section 58-A of the Companies Act, 1956 as applicable.

PROSPECTUS

The Directors are pleased to inform you that your Company has started current year in very promising way. The manufacturing capacity is fully operational. The cost of the raw material and general increase in overhead expenses the profits for the current period will be under pressure. However directors are taking various cost controls measures to maintain performance of the company.

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 2008-2009.

INSURANCE

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

PROJECTIONS VERSUS PERFORMANCE

The Financial projections for the year ended 31st March 2008 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 Purohit & Mr. Manharlal Mehta, who retires by rotation as Director of the Company but being eligible offers himself 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 and forming part of this report as given in Annexure.

ENERGY CONSUMPTION :

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

		<u>2007-2008</u>	<u>2006-2007</u>
1	Electricity		
	a) Purchased		
	Units	Kwh 376764	363457
	Total amount	Rs. 1847898	1798760
	Rate / Unit	Rs. 4.90	4.94
	b) Own Generation		
	(i) Through Diesel Generator		
	Units	13783	4.94
	Unit per ltr of Diesel Oil	1.81	1.00
	Cost / Unit	19.55	36.72
	(ii) Through Steam Turbine Generator		
	Units		
	Diesel :		
	Quantity	Lts 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 Rs.32.59 Laes.

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:

The Company has adopted Corporate Governance practices and has complied with all the mandatory requirements as specified under clause 49 of the Listing Agreement by SEBI. As required under the listing agreement, a separate Report on Corporate Governance forms part of this Annual Report. The certificate from statutory Auditors of the Company regarding compliance of conditions of Corporate Governance is part of this report and is annexed.

The Board of Directors supports the basic principles of corporate governance. In addition to this, the board lays strong emphasis on transparency, accountability and integrity.

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, 2008.
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 2008 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: 01-09-2008
Place: Ahmedabad

Roshan P. Sanghvi
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENT:

The financial year 2007-08 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 9 %during the year.

Despite falling prices and intense competition from imported as well as low cost producers, your Company was able to sustain its performance due to 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 under review.

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 2008 were Rs.4698.43 as compared to Rs.4305.83 for the previous year. The Profit before Depreciation & Taxation was Rs.339.76 for the year under review as compared to Rs.237.14 for the previous year. The Company Registered Net Profit after tax of Rs.257.30 for the year as compared to the Net Profit of Rs.110.36 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 2007-08 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 2007-08. The dates on which Board Meetings held 30/04/07, 09/07/07, 31/07/07, 25/08/2008, 02/09/07, 29/09/07, 30/09/2007, 30/10/07, 21/01/08, 14/02/08, 29/02/2008.

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 31.03.2008

Name of the Director	Category	No. of other Directorship held in public companies in India.	No. of other Board committees of which Member / Chairman	Board meeting attended	Attendance at the last AGM
Mr. Venibhai B. Purohit	Chairman & Independent Director	0	0	7	Yes
Mr. Manharlal A Mehta	Vice Chairman & Independent Director	0	0	8	Yes
Mr. Roshan P Sanghvi	Managing & Executive Director	0	0	11	Yes
Mr. Babulal N. Shah	Jt. Managing & Executive 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	Executive Director & Executive Director	0	0	6	Yes
Mr. Mukesh B. Kothari	Director & Independent Director	0	0	6	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 Purohit & Mr. Manharlal Mehta.

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 Purohit and Mr. Manharlal Mehta 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 Purohit, aged about 75 years has vast experience in business which helps to the company. He is not on board of any other public company as Director.

Mr. Manharlal Mehta aged about 57 is having 30 years experience in trading of stainless steel utensils, electrical goods and mechanical products. He is on the Board since public issue of the company. Company has been benefited through his advising suggestion.

REMUNERATION TO DIRECTORS

Name of Director	Sitting Fees	Salary & Perks	Total Rs.
Mr. Venibhai B. Purohit	—	—	—
Mr. Manharlal A. Mehta	—	—	—
Mr. Roshan P. Sanghvi	—	1,50,000	1,50,000
Mr. Babulal N. Shah	—	60,000	60,000
Mr. Deepak T. Mehta	—	72,000	72,000
Mr. Satish A. Mehta	—	1,50,000	1,50,000
Mr. Mukesh B. Shah	—	—	—
Mr. Mukesh B. Kothari	—	—	—

Information placed before the Board of Directors:

All major decisions regarding resource mobilization, capital expenditure, etc. are considered by the Board, in addition to day-to-day matters, which are statutorily required to be placed before the Board of Directors for its approval. Following information is regularly put up before the Board for its consideration and approval:

- Review of operational results
- Quarterly financial results
- Minutes of the meeting of Audit Committee, Remuneration Committee as well as Shareholder's/Investors' Grievance Committee of the Board.
- Compliance with various statutory requirements.

The Board is informed of all material, financial and commercial decision from time to time.