

22nd Annual Report 2008-2009

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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
Gujarat, INDIA

FACTORY

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

NOTICE

NOTICE is hereby given that 22nd Annual General Meeting of the Members of Tirupati Foam Limited, will be held on Wednesday, 30th September, 2009 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 2009 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 2009.
3. To appoint a Director in place of Mr. Mukesh B. Shah, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Mukesh B. Kothari, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and fix their remuneration.

Date: 05-09-2009
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 Sanghvi
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. 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 Wednesday 24th September, 2009 to Tuesday, 30th September, 2009 (both days inclusive).

4. 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 2008-09, in time.
5. Additional details in terms of Clause 49 of Listing Agreement in respect of Directors being re-appointed are given as under.

DIRECTORS' REPORT

Dear Members,

The Managing Director presents the 22nd Annual Report and the Audited Statement of Accounts the Company for the year ended March 31, 2009.

FINANCIAL RESULTS :

The working results of the Company for the year ended 31st March 2009 are as follows:

	<u>2008- 2009</u> <u>(Rs. In Lacs)</u>	<u>2007-2008</u> <u>(Rs. In Lacs)</u>
Total Income including other income	4546.05	4700.57
Gross Profit before depreciation and tax	260.70	339.76
Less : Depreciation	59.43	50.06
Less: Provision of taxation		
Current Tax	72.00	114.00
Fringe Benefit Tax	2.30	1.65
Deferred Tax	(7.51)	19.32
Add. Exceptional Item	-	108.57
Net Profit after depreciation & taxation	134.48	257.30
Add : Opening Balance in P & L A/c	204.32	53.43
Less : Prior Year Income tax provision	-	(0.58)
Add: Prior Year Income	-	-
Available for Appropriation	338.81	310.14
Proposed Dividend	88.14	68.44
Distribution Tax	14.98	11.63
Transfer to general reserve	10.10	25.75
Surplus carried Forward	225.59	204.32

OPERATIONS:

The Company was able to achieve Sales of Rs.4546.05 Lacs as compared to Rs.4700.57 Lacs for the Previous Year. The Profit before Tax and Depreciation was Rs.260.70 Lacs for period under review as compared to Rs.339.76 Lacs for the Previous Year.

The Net Profit after making the provision for Depreciation and Taxation stood at Rs.134.48 Lacs as against Rs.257.30 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.27,52,874/-.

DIVIDEND:

The Directors recommend 20 % Dividend on Equity Shares for the Year ending 31st March 2009, if approved by the Shareholders at the Annual General Meeting to be held on 30th September, 2009.

FIXED DEPOSIT :

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

ISSUE OF SHARES

The Company has converted 9,85,000 convertible equity warrants into 9,85,000 equity shares of Rs. 10/- each fully paid up with share premium Rs. 26/- share during the year. The paid up share capital increased by Rs. 98,50,000/- and share premium account has credited by Rs. 2,56,10,000/-

PROSPECT

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 2009-2010.

INSURANCE

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

DIRECTORS :

Mr. Mukesh B. Shah & Mr. Mukesh B. Kothari 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>2008-2009</u>	<u>2007-2008</u>
1	Electricity			
	a) Purchased			
	Units	Kwh	370816	376764
	Total amount	Rs.	2107062	1847898
	Rate / Unit	Rs.	5.68	4.90
	b) Own Generation			
	(i) Through Diesel Generator			
	Units		12935	13783
	Unit per ltr of Diesel Oil		2.39	1.81
	Cost / Unit		20.77	19.55
	(ii) Through Steam Turbine Generator			
	Units			
	Diesel :			
	Quantity	Lts	NIL	NIL
	Total Amount	Rs	NIL	NIL
	Average rate	Rs	NIL	NIL

AUDIT COMMITTEE

The Audit Committee consisting of promoter Mr. Venubhai Purohti, Mr. Manharlal A. Mehta and Mr. Mukesh B. Kothari, Satisfying the requirements of section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchange.

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 towards imports of Raw materias and Expenses are Rs. 803.52 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 & AUDITORS REPORT

M/s. Mayank Shah & Associates Chartered Accountants are to retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Notes forming part of the accounts are self explanatory and therefore, do not require any further comments.

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, 2009.
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 2009 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 enabled 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: 05-09-2009

Place: Ahmedabad

Roshan P. Sanghvi
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

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.

1. INDUSTRY STRUCTURE AND DEVELOPMENT:

The financial year 2008-09 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 flat sales 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 2009 were Rs.4528.58 as compared to Rs.4698.43 for the previous year. The Profit before Depreciation & Taxation was Rs.260.70 for the year under review as compared to Rs.339.76 for the previous year. The Company Registered Net Profit after tax and exceptional item of Rs. 134.48 for the year as compared to the Net Profit of Rs.257.30 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 2008-09 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.

7 Board meetings were held during the financial year 2008-09. The dates on which Board Meetings were held are as follows :

1. 30th April, 2008
2. 31st July, 2008
3. 1st September 2008
4. 30th September, 2008
5. 10th October, 2008
6. 31st October, 2008
7. 31st January, 2009

The names and categories of the Directors of the board, their attendance at Board Meetings held during the year and the numbers of Directorship and Committee Chairperson / Membership held by them in other companies is given below. Other Directorship do not include alternate directorship, directorship of private limited companies and of the companies incorporated outside India. Chairmanship / Membership of Board Committee include only audit and shareholders/investors grievance committee.

A. The constitution of the Board as on 31-03-2009

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	5	Yes
Mr. Roshan P Sanghvi	Managing & Executive Director	0	0	7	Yes
Mr. Babulal N. Shah	Jt. Managing & Executive Director	0	0	7	Yes
Mr. Deepak T. Mehta	Executive & Director Executive	0	0	6	Yes
Mr. Satish A. Mehta	Executive Director & Executive	0	0	7	Yes
Mr. Mukesh B. Shah	Director & Independent	0	0	6	Yes
Mr. Mukesh B. Kothari	Director & Independent	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. Mukesh B. Shah & 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. Mukesh B. Shah and Mr. Mukesh B. Kothari retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.