

**23<sup>rd</sup>**  
**Annual Report**  
**2009-2010**

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**Tirupati Foam**  
**Limited**

## **Tirupati Foam Limited**

### **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)**

Mr. D.A Rupawala

### **BANKERS**

Bank of India  
Ellisbridge Branch  
Ahmedabad – 380 006

### **REGISTERED OFFICE**

Tirupati House, 4<sup>th</sup> Floor,  
Nr. Topaz Restaurant, University Road,  
Polytechnic Char Rasta, Ambawadi,  
Ahmedabad – 380 015  
Gujarat, INDIA

### **FACTORY**

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

### **PROPOSED FACTORY**

Plot No. 4, Echotech I,  
Extension Greater Nodia Ind Area  
Dist: Gautambuddh Nagar,  
Uttar Pradesh

## **NOTICE**

**NOTICE** is hereby given that 23<sup>rd</sup> Annual General Meeting of the Members of **Tirupati Foam Limited**, will be held on Thursday, 30<sup>th</sup> September, 2010 at 3.30 p.m. at Tirupati House, 4<sup>th</sup> Floor, Nr. Topaz Restaurant, University Road, Polytechnic Char Rasta, Ambawadi, Ahmedabad – 380 015 to transact following business.

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2010 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<sup>st</sup> March 2010.
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.

Date: 07.09.2010  
Place: Ahmedabad

By order of the Board  
For Tirupati Foam Ltd.,

Roshan P Sanghvi  
Managing Director

Redg. Office:  
Tirupati House, 4<sup>th</sup> Floor,  
Nr. Topaz Restaurant, University Road,  
Polytechnic Char Rasta, Ambawadi,  
Ahmedabad – 380 015

### **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.

THE PROXIES SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

CORPORATE MEMBERS INTENDING TO SEND THEIR AUTHORISED REPRESENTATIVES ARE REQUESTED TO SEND A DULY CERTIFIED COPY OF THE BOARD RESOLUTION AUTHORISING THEIR REPRESENTATIVES TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING.

2. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday 27<sup>th</sup> September, 2010 to Thursday, 30<sup>th</sup> September, 2010 (both days inclusive).
3. Members are requested to notify promptly any change in their addresses to our Registrar and Transfer Agent viz. Sharepro Services (India) Private Limited, 416-420, 4<sup>th</sup> Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad – 380 006.
4. Additional details in terms of Clause 49 of Listing Agreement in respect of Directors being re-appointed are given as under.
5. Shareholders intending to require information about Accounts to be explained in the meeting are requested to inform the company at least 7 days in advance of the Annual General Meeting.

## **DIRECTORS' REPORT**

Dear Members,

The Board of Directors presents the 23<sup>rd</sup> Annual Report and the Audited Statement of Accounts the Company for the year ended March 31, 2010.

### **FINANCIAL RESULTS**

The working results of the Company for the year ended 31<sup>st</sup> March 2010 are as follows:

	(Amount in `)	
	<b><u>2009- 2010</u></b>	<b><u>2008- 2009</u></b>
Total Income including other income	<b>49,27,66,499</b>	45,46,05,108
Gross Profit before depreciation and tax	<b>3,54,98,880</b>	2,60,70,596
Less : Depreciation	<b>54,94,274</b>	59,43,148
Less: Provision of taxation		
Current Tax	<b>1,06,25,000</b>	72,00,000
Fringe Benefit Tax	<b>0.00</b>	2,30,000
Deferred Tax	<b>(12,66,070)</b>	(7,51,002)
Net Profit after depreciation & taxation	<b>2,06,36,676</b>	1,34,48,450
Add : Opening Balance in P & L A/c	<b>2,25,59,156</b>	2,04,32,645
Add: Prior Year Income	<b>43,810</b>	0.00
Available for Appropriation	<b>4,32,39,642</b>	3,38,81,095
Proposed Dividend	<b>88,14,000</b>	88,14,000
Distribution Tax	<b>14,97,939</b>	14,97,939
Transfer to general reserve	<b>15,50,000</b>	10,10,000
Surplus carried Forward	<b>3,13,77,703</b>	2,25,59,156

### **OPERATIONS**

The Company was able to achieve Sales including other income of `4927.66 Lacs as compared to `4546.05 Lacs for the Previous Year. The Profit before Tax and Depreciation was `354.99 Lacs for period under review as compared to `260.70 Lacs for the Previous Year.

The Net Profit after making the provision for Depreciation and Taxation stood at `206.37 Lacs as against `134.48 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 has incurred Capital Expenditure of `84,76,976/-.

### **NEW FACTORY**

The company has started setting up of new factory at Plot No. 4, Echotech I, Extension Greater Nodia Ind Area Dist: Gautambuddh Nagar, Uttar Pradesh at the total cost of Rs.38.25 Crores with the help of internal accruals and term financing from banks / institute to cater the Northern Indian Market.

### **DIVIDEND**

The Directors recommend 20 % Dividend on Equity Shares for the Year ending 31<sup>st</sup> March 2010, if approved by the Shareholders at the Annual General Meeting to be held on 30<sup>th</sup> September, 2010.

### **FIXED DEPOSIT**

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

## INSURANCE

The assets of the company are adequately insured against the loss of fire and other risks which considered necessary by the management.

## DIRECTORS

At the ensuing Annual General Meeting, Mr. Venibhai Purohit and Mr. Manharlal Mehta, Director of the Company retire by rotation and being eligible seek 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>2009-2010</u>	<u>2008-2009</u>
1	Electricity			
	a) Purchased			
	Units	Kwh	391622	370816
	Total amount	`	2348278	2107062
	Rate / Unit	`	6.00	5.68
	b) Own Generation			
	(i) Through Diesel Generator			
	Units		13447	12935
	Unit per ltr of Diesel Oil		1.37	2.39
	Cost / Unit		26.67	20.77
	(ii) Through Steam Turbine Generator			
	Units			
	Diesel :			
	Quantity	Ltrs	NIL	NIL
	Total Amount	`	NIL	NIL
	Average rate		NIL	NIL

## AUDIT COMMITTEE

The Audit Committee consisting of Independent Directors Mr. Venibhai Purohit, 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 material, capital goods and expenses are `518.26 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 retires at the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept the office if re-appointed.

The auditors have qualified their report for non compliance of Accounting Standard AS-15 regarding non provision of gratuity. The directors are taking adequate steps to ascertain gratuity and make provision from current year. The non provision of gratuity will not have material impact on profits of the company.

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

## **CORPORATE GOVERNANCE**

Your company is committed to the tenets of good Corporate Governance and has taken adequate steps to ensure that the requirements of Corporate Governance as laid down in Clause 49 of the Listing Agreement are complied with.

A separate report of Corporate Governance and a Management Discussion and Analysis Report are being published as a part of the Annual Report of the company.

The Auditors of the company have certified that conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement are complied by the company and their Certificate is annexed to the Report on Corporate Governance.

## **HUMAN RESOURCE**

The company considers its employees as its most valuable assets. The company focuses on building an organization through induction and development of talent to meet current and future needs.

## **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. There are no material departures from the applicable accounting standards.
2. 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 31<sup>st</sup> March, 2010 and of the profit of the company for that period.
3. proper and sufficient care has been taken 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; and
4. the statements of accounts for the year ended 31<sup>st</sup> March 2010 have been prepared on a going concern basis.

## **ACKNOWLEDGEMENT**

Your Directors would like to appreciate the efforts of the company's employees for their continued co-operation and unstinted support extended to the Company. The support of all lenders including Commercial Banks, vendors and buyers has also been invaluable to the company's performance and your directors take this opportunities to appreciate it deeply. The Directors gratefully thank the Shareholders for the confidence reposed in the Company.

Date: 07.09.2010  
Place: Ahmedabad

By order of the Board

Roshan P. Sanghvi  
Managing Director

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **DISCLAIMER**

Readers are cautioned that this discussion and analysis contains forward looking statements that involve risks and uncertainties. The company undertakes no obligations to publicly update or revised any forward looking statements, whether as a result of new information, future events, or otherwise. Actual results, performance or achievements, risks and opportunities could differ materially from those expressed or implied in these forward looking statements.

### **OVERVIEW**

Although volatile and uneven, the Indian economy recovered in 2009-10. Specifically the latter half of 2009-10 saw a significant improvement with the positive turnaround of the industrial and external trade segments of the Indian economy.

### **Industry Structure and Development**

The financial year 2009-10 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.

### **Opportunities, Threats, Risks, Concern& Future Outlook**

There is considerable scope for growth of ufoam 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.

### **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.

### **Financial Performance**

The sales for the year ended 31<sup>st</sup> March 2010 were ` 4878.34 Lacs as compared to ` 4528.58 Lacs for the previous year. The Profit before Depreciation & Taxation was ` 354.99 Lacs for the year under review as compared to ` 260.70 Lacs for the previous year. The Company Registered Net Profit after tax and exceptional item of ` 206.37 Lacs for the year as compared to the Net Profit of ` 134.48 Lacs during the previous year.

### **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.

### **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**

### **Company's Philosophy on Code of Corporate Governance**

The company's philosophy on Corporate Governance is to attain the highest level of transparency, accountability and integrity. This objectives extends, not merely to meet with statutory requirements but also to go beyond them by putting into place procedures and systems which are in accordance with best practices for governance. The board of directors supports the board principles of Corporate Governance and lays strong emphasis on its trusteeship role to align and direct the actions of the organizations to achieve its avowed objectives of transparency, accountability and integrity.

### **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.

6 Board meetings were held during the financial year 2009-10. The dates on which Board Meetings were held are as follows:

1. 14<sup>th</sup> April, 2009
2. 29<sup>th</sup> April, 2009
3. 31<sup>st</sup> July, 2009
4. 5<sup>th</sup> September, 2009
5. 31<sup>st</sup> October, 2009
6. 30<sup>th</sup> January, 2010

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 31.03.2010**

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	6	Yes
Mr. Manharlal A Mehta	Vice Chairman & Independent Director	0	0	5	Yes
Mr Roshan P Sanghvi	Managing & Executive Director	0	0	6	Yes
Mr. Babulal N. Shah	Jt. Managing & Executive Director	0	0	5	Yes



Mr. Deepak T. Mehta	Executive & Director	0	0	6	Yes
Mr. Satish A. Mehta	Executive Director &	0	0	6	Yes
Mr. Mukesh B. Shah	Executive Director & Independent	0	0	5	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. Venibhai Purohit and Mr. Manharlal Mehta.

**Details of Directors being re-appointed**

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. Manharlal A Mehta, aged about 60 years is Diploma in Mechanical Engineering & in Automobile Engineering and is having 33 years experience in manufacturing stainless steel utensils & electronic items. He is not on board of any other public company as Director.

Mr. Venibhai Purohit, aged about 72 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. Roshan P. Sanghvi	---	2,40,000	2,40,000
Mr. Babulal N. Shah	---	84,000	84,000
Mr Deepak T. Mehta	---	1,08,000	1,08,000
Mr. Satish A. Mehta	---	2,40,000	2,40,000

**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.

### **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.

The terms of reference of Audit Committee are wide enough covering the matters specified for Audit Committee under the Listing Agreement. The Auditors of the Company and Senior personnel are invited to attend the meetings of the Audit Committee.

Meeting and the attendance during the year:

There were 4 meetings of the Audit Committee held during the period 2009-10. The attendance of each members of the Committee is given below.

Name of the Director	Category	No. Of Meeting attend
Mr.Venibhai B. Purohit	Chairman & Independent Director	4
Mr.Manharlal A. Mehta	Vice- Chairman & Independent Director	4
Mr. Mukesh B. Kothari	Director & Independent Director	4

The Audit Committee was held on 04.09.2010 to consider and recommend to the Board the Audited Financial Results for the period ended 31<sup>st</sup> March 2010.

### **Investors' Grievance Committee**

The Shareholders Grievance Committee as a sub-committee of the Board has been constituted by the Board of Directors to focus on servicing of shareholder requirements. The committee comprises of Mr. Venibhai B. Purohit as the Chairman of the Committee and Mr. Manharlal A. Mehta and Mr. Mukesh B Kothari as Members.

There were 4 meetings of the Grievance Committee held during the period 2009-10. The attendance of each member of the Committee is given below.

Name of the Director	Category	No. of Meeting attend
Mr. Venibhai B. Purohit	Chairman & Independent Director	4
Mr. Manharlal A. Mehta	Vice chairman & Independent Director	4
Mr. Mukesh B. Kothari	Director & Independent Director	4

Mr. Deepak T Mehta, Executive Director provides secretarial support to the Committee and is also the designated Compliance Officer for such matters.

The equity shares of the Company are compulsorily traded in electronic form on the stock exchanges and hence the handling of physical transfer of shares is minimal.

There were no pending transfers of equity shares as at 31<sup>st</sup> March 2010.

### **Remuneration Committee**