

## **Tirupati Foam Limited**

<b>BOARD OF DIRECTORS</b>	: Mr. Venibhai B Purohit Mr. Manharlal A Mehta Mr. Roshan P Sanghavi Mr. Satish A Mehta Mr. Deepak T Mehta Mr. Mukesh B Shah Mr. Mukesh B Kothari
<b>AUDITORS</b>	: Mayank Shah & Associates Chartered Accountants, 706, Mahakant, Opp. V.S. Hospital, Ellisbridge, Ahmedabad – 380 006
<b>COMPANY SECRETARY (Consulting)</b>	: Mr. D.A Rupawala
<b>BANKERS</b>	: Bank of India Ellisbridge Branch Ahmedabad – 380 006
<b>REGISTERED OFFICE</b>	: Tirupati House, 4th Floor, Nr. Topaz Restaurant, University Road, Polytechnic Char Rasta, Ambawadi, Ahmedabad – 380 015 Gujarat, INDIA
<b>FACTORY UNIT 1</b>	: Plot No. 4, Block No. 65, Khatraj, Kalol, Gandhinagar Gujarat
<b>UNIT 2</b>	: Plot No. 4, Echotech-I Extension, Greater Nodia Ind Area Dist: Gautambuddh Nagar, Uttar Pradesh

### **NOTICE**

NOTICE is hereby given that 25th Annual General Meeting of the Members of Tirupati Foam Limited, will be held on Saturday, 29th September, 2012 at 3.00 p.m. at Tirupati House, 4th 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 31st March 2012 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 2012.
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 Shri Roshan Sanghavi as Managing Director of the company for a period of 5 years w.e.f. 1st June, 2012.

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 Shri Satish Mehta as Executive Director of the company for a period of 5 years w.e.f. 1st June, 2012.

Date: 07.09.2012  
Place: Ahmedabad

By order of the Board  
For Tirupati Foam Ltd.,

Roshan P Sanghavi  
Managing Director

Redg. Office:  
Tirupati House, 4th 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 27th September, 2012 to Saturday, 29th September, 2012 (both days inclusive).
3. Explanatory Statement pursuant to 173 (2) of the Companies Act, 1956 is annexed as a part of this Notice
4. 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, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad – 380 006.
5. Additional details in terms of Clause 49 of Listing Agreement in respect of Directors being re-appointed are given as under.
6. 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.

## **EXPLANATORY STATEMENT**

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

### **ITEM NO. 6**

The Board of Directors of the company has revised salary of Mr. Roshan Sanghavi as a Managing Director of the company w. e. f. 1st June, 2012 subject to approval of the members in the Annual General Meeting. Mr. Roshan Sanghavi has been on Board of Directors since long and looking after overall working of the company.

#### **1. TERM**

Five years with effect from 1st June, 2012.

#### **2. REMUNERATION**

Mr. Roshan P. Sanghavi, shall be entitled to the following emoluments, benefits and perquisites subject to the provisions of Section 198,309, 310 and Schedule XIII to the Companies Act, 1956.

##### **i. Salary**

Rs.70, 000/- (Rupees Seventy Thousand only) per month or as may be decided by the Board of Directors from time to time

##### **ii. Minimum Remuneration**

Notwithstanding anything contained above where in any Remuneration financial year during the tenure of Mr. Roshan P. Sanghavi as Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable by the Company to Mr. Roshan P. Sanghavi, shall be subject to the provisions of Section II of Part II of Schedule XIII to the Act or any other law or enactment for the time being or from time to time, in force.

The remuneration committee at their meeting has approved the re-appointment and remuneration of Mr. Roshan P. Sanghavi

Mr. Roshan Sanghavi is interested in the proposed resolution as it pertains to his own appointment.

### **ITEM NO. 7**

The Board of Directors of the company has revised salary of Mr. Satish Mehta as a Executive Director of the company w. e. f. 1st June, 2012 subject to approval of the members in the Annual General Meeting. Mr. Satish Mehta has been on Board of Directors since long and looking after HR functions of the company.

#### **1. TERM**

Five years with effect from 1st June, 2012.

#### **2. REMUNERATION**

Mr. Satish Mehta shall be entitled to the following emoluments, benefits and perquisites subject to the provisions of Section 198,309, 310 and Schedule XIII to the Companies Act, 1956.

##### **iii. Salary**

Rs.70, 000/- (Rupees Seventy Thousand only) per month or as may be decided by the Board of Directors from time to time

##### **iv. Minimum Remuneration**

Notwithstanding anything contained above where in any Remuneration financial year during the tenure of Mr. Satish Mehta as Executive Director, the Company has no profits or its profits are inadequate, the remuneration payable by the Company to Mr. Satish Mehta shall be subject to the provisions of Section II of Part II of Schedule XIII to the Act or any other law or enactment for the time being or from time to time, in force.

The remuneration committee at their meeting has approved the re-appointment and remuneration of Mr. Satish Mehta.

## DIRECTORS' REPORT

Dear Members,

The Board of Directors presents the 25th Annual Report and the Audited Statement of Accounts the Company for the year ended March 31, 2012.

### FINANCIAL RESULTS

The working results of the Company for the year ended 31st March 2012 are as follows:

(Amount in Rs.)

	2011- 2012	2010- 2011
Total Income including other income	<b>61,00,49,338</b>	60,09,91,816
Profit before interest, depreciation and taxation	<b>5,39,01,316</b>	5,31,39,685
Less : Interest	<b>2,53,40,560</b>	1,11,81,243
Less : Depreciation	<b>1,18,03,393</b>	55,51,525
Less: Provision of taxation		
Current Tax (Net)	<b>15,73,100</b>	1,19,25,000
Deferred Tax	<b>36,07,839</b>	56,425
Earlier year income tax	<b>3,20,944</b>	—
Profit after depreciation & taxation	<b>1,12,55,480</b>	2,44,25,492
Add : Opening Balance in P & L A/c	<b>4,47,48,729</b>	3,13,77,703
Add: Prior Year Income	—	—
Available for Appropriation	<b>5,60,04,209</b>	5,58,03,195
Proposed Dividend	<b>52,88,400</b>	79,32,600
Distribution Tax	<b>8,57,911</b>	12,86,866
Transfer to general reserve	<b>2,90,000</b>	18,35,000
Surplus carried Forward	<b>4,95,67,898</b>	4,47,48,729

### OPERATIONS

The Company was able to achieve Sales including other income of Rs.6100.49 Lacs as compared to Rs.6009.91 Lacs for the Previous Year. The Profit before Tax and Depreciation was Rs.539.01 Lacs for period under review as compared to Rs. 531.39 Lacs for the Previous Year.

The Net Profit after making the provision for Depreciation and Taxation stood at Rs.112.55 Lacs as against Rs. 244.25 Lacs for the previous year. The net profit is being lower due to overheads and interest burden of Noida Plant which commence operation during this period.

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 total Capital Expenditure of Rs.15,29,92,388/-.

The production has been started on in November, 2011 at Noida Plant. The directors are pleased to inform that company has achieved standalone turnover of Rs.230.48 Lacs at its new factory from November till 31st March 2012.

### DIVIDEND

The Directors recommend 12% Dividend on Equity Shares for the Year ending 31st March 2012, if approved by the Shareholders at the Annual General Meeting to be held on 29th September 2012.

## 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.

### Reappointment of Managing Director

Mr. Roshan Sanghavi, Managing Director of the company to be re-appointed by Shareholders w.e.f. 1st June, 2012. Necessary resolution for the re-appointment has been included in the notice conveying the ensuing Annual General Meeting.

### Reappointment of Director

Mr. Satish Mehta, Executive Director of the company to be re-appointed by Shareholders w.e.f. 1st June, 2012. Necessary resolution for the re-appointment has been included in the notice conveying the ensuing Annual General Meeting.

## 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:

		2011-2012	2010-2011
1	Electricity		
a)	Purchased		
	Units	Kwh 470495	454130
	Total amount	Rs. 2809348	2516950
	Rate / Unit	Rs. 5.97	5.54
b)	Own Generation		
(i)	Through Diesel Generator		
	Units	17947	14203
	Unit per ltr of Diesel Oil	1.56	1.65
	Cost / Unit	28.75	25.14
(ii)	Through Steam Turbine Generator		
	Units		
	Diesel :		
	Quantity	Ltrs NIL	NIL
	Total Amount	Rs. NIL	NIL
	Average rate	Rs. 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 Rs.663.51 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.

## **COMPLIANCE CERTIFICATE**

The compliance certificate from practicing company secretary obtained as prudent practice and amendments in The Companies Act, 1956 is forming part of Director's Report.

## **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 31st March, 2012 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 31st March 2012 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 these opportunities to appreciate it deeply. The Directors gratefully thank the Shareholders for the confidence reposed in the Company.

**By order of the Board**

**Date: 07.09.2012**  
**Place: Ahmedabad**

**Roshan P. Sanghavi**  
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 2011-12. Specifically the latter half of 2011-12 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 2011-12 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 Net sales of Khatraj Unit and Nodia Unit for the year ended 31st March 2012 were Rs.5825.47 Lacs and Rs.230.48 Lacs respectively. The Profit before Interest, Depreciation & Taxation was Rs.539.01 Lacs for the year under review as compared to Rs. 531.39 Lacs for the previous year. The Company Registered Net Profit after tax and exceptional item of Rs.112.55 Lacs for the year as compared to the Net Profit of Rs. 244.25 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 7 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 2011-12. The dates on which Board Meetings were held are as follows:

1. 30th April, 2011
2. 30th July, 2011
3. 3rd September, 2011
4. 26th September, 2011
5. 31st October, 2011
6. 12th November, 2011
7. 31st January, 2012

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.