

*26<sup>th</sup>*  
*Annual Report*  
*2012-2013*

**TIRUPATI FOAM LIMITED**

**REGD. OFFICE :**

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

## **Tirupati Foam Limited**

### **BOARD OF DIRECTORS**

: 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

### **AUDITORS**

: 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, 4th Floor,  
Nr. Topaz Restaurant, University Road,  
Polytechnic Char Rasta, Ambawadi,  
Ahmedabad – 380 015  
Gujarat, INDIA

### **FACTORY**

#### **UNIT 1**

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

#### **UNIT 2**

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

## **NOTICE**

NOTICE is hereby given that 26th Annual General Meeting of the Members of Tirupati Foam Limited, will be held on Monday, 30th September, 2013 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 2013 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 appoint a Director in place of Mr. Mukesh Shah, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Mukesh Kothari, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and fix their remuneration.

Date: 30.05.2013  
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 Tuesday 24th September, 2013 to Monday, 30th September, 2013 (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, 4th 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.

The brief particulars in pursuance of clause 49 of the Listing Agreement of retiring director proposed for reappointment is as under:

Name of Director	Brief Particulars	Details of other Directorship	Details of membership of other company
Mr. Mukesh B. Kothari	Vast experience in business which helps to the company	Nil	Nil
He Holds 51,000 equity shares of the company			
Mr. Mukesh Shah	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	Nil	Nil
He holds 1,12,266 equity shares of the company			

## DIRECTORS' REPORT

Dear Members,

The Board of Directors presents the 26th Annual Report and the Audited Statement of Accounts the Company for the year ended March 31, 2013.

### FINANCIAL RESULTS

The working results of the Company for the year ended 31st March 2013 are as follows:

(Amount in Rs.)

	2012-2013	2011-2012
Total Income including other income	77,37,02,741	61,00,49,338
Profit before financial cost, depreciation and taxation	7,80,75,956	5,39,01,316
Less: Financial Cost	4,75,55,460	2,53,34,560
Less : Depreciation	2,24,01,290	1,18,03,393
Less: Provision of taxation		
Current Tax (Net)	22,51,500	15,73,100
Deferred Tax	4,86,576	36,07,839
Earlier year income tax	(2,00,013)	3,20,944
Profit after depreciation & taxation	55,81,143	1,12,55,480
Add : Opening Balance in P & L A/c	4,95,67,898	4,47,48,729
Available for Appropriation	5,51,49,041	5,60,04,209
Proposed Dividend	—	52,88,400
Distribution Tax	—	8,57,911
Transfer to general reserve	—	2,90,000
Surplus carried Forward	5,51,49,041	4,95,67,898

### OPERATIONS

The Company was able to achieve Sales including other income of Rs.7737.02 Lacs as compared to Rs.6100.49 Lacs for the Previous Year. The Profit before Tax and Depreciation was Rs.305.20 Lacs for period under review as compared to Rs. 285.67 Lacs for the Previous Year.

The Net Profit after making the provision for Depreciation and Taxation stood at Rs.55.81 Lacs as against Rs. 112.55 Lacs for the previous year. The net profit is being lower due to overheads and interest burden of Noida Plant.

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.2,64,08,104/-.

### DIVIDEND

To Conserve financial resources and seeing tough times ahead your Directors deemed proper to skip payment of dividend for current year.

## **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. Mukesh Shah and Mr. Mukesh Kothari, 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:

			2012-2013	2011-2012
1	Electricity			
	a) Purchased			
	Units	Kwh	669212	470495
	Total amount	Rs.	4602956	2809348
	Rate / Unit	Rs.	6.88	5.97
	b) Own Generation			
	(i) Through Diesel Generator			
	Units		25526	17947
	Unit per ltr of Diesel Oil		1.62	1.56
	Cost / Unit		48.50	28.75
	(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.33.23 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.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

Management discussion and analysis on the business and operations of the company is attached herewith and forms part of this Annual Report.

### **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, 2013 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 2013 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**

**Place: Ahmedabad**

**Date: 30.05.2013**

**Roshan P. Sanghavi**

Managing Director



### 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

Indian's economy was expected to grow at around 6% at time the union budget was presented earlier in the year. However it appears that growth rate will be lower. The corporate sector therefore has to brace for another tough year following low growth in 2012-13.

#### Industry Structure and Development

The financial year 2012-13 was a challenging one for most of the economies globally. Flexible Polyurethane Foam industry also remained under pressure and there was no significant growth.

The new manufacturing plant set up at Noida, Uttar Pradesh to later to north India was stabilized and fully operation during the year.

The company with capacity addition could increase its turnover upto Rs.1679.07 Lacs during the year. However interest outgo on term loans and working capital for creation of new facilities amount to Rs. 231.73 Lacs drag down net profits of the company.

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 company's ability to maintain its cash flows and profits in this uncertain environment reflects hard work done by executive directors of the company and its leadership in domestic sales.

The Net sales of Ahmedabad Unit and Nodia unit for the year ended 31st March 2013 were Rs.6002.79 Lacs and Rs.1679.07 Lacs respectively. The Profit before Depreciation & Taxation was Rs.305.20 Lacs for the year under review as compared to Rs. 285.61 Lacs for the previous year. The Company Registered Net Profit after tax and exceptional item of Rs.55.81 Lacs for the year as compared to the Net Profit of Rs. 112.55 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.

7 Board meetings were held during the financial year 2012-13. The dates on which Board Meetings were held are as follows:

1. 30th April, 2012
2. 30th July, 2012
3. 7th September, 2012
4. 12th November, 2012
5. 31st December, 2012
6. 15th February, 2013
7. 30th March, 2013

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.