

**Tirupati
Starch &
Chemicals Ltd.**



I N D O R E

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**Sixteenth Annual
Report & Accounts 2001-2002**

TIRUPATI STARCH & CHEMICALS LIMITED

Regd. Office : 'Madan Mahal', 12-A, Agrawal Nagar, INDORE-452 001

BOARD OF DIRECTORS

Dr. Damodar Modi	Chairman & Managing Director
Shri Ramdas Goyal	Executive Director
Shri Yogesh Agrawal	Whole-time Director
Shri Prakash Bafna	Whole-time Director
Shri Ramesh Chandra Goyal	Whole-time Director
Shri Ramesh Chandra Mangal	Whole-time Director
Shri Sanjeev Gupta	Whole-time Director
Shri Devkinandan Jajodia	Director

COMPANY SECRETARY & FINANCE MANAGER

Shri Bal Krishna Jain
M.Com., LLB, F.C.S.

AUDITORS

M/s. Sunil Chandra Goyal & Company,
Chartered Accountants,
103, Kanchan Bagh,
Indore (M.P.)

BANKERS

State Bank of India,
Industrial Finance Branch, Indore

REGISTERED OFFICE

'Madan Mahal', 12-A, Agrawal Nagar, Indore - 452 001

WORKS

Village Sejwaya, (Ghatatillod) Distt. Dhar (M.P.)

NOTICE

Notice is hereby given that the 16th Annual General meeting of the Members of Tirupati Starch & Chemicals Ltd., will be held at **Hotel Apsara, R.N.T. Marg, (Ravindra Natyagrah premises)**, Indore on Monday the 30th September'2002 at 4.00 P.M. to transact the following business :

1. To consider and adopt the Directors and Auditors' Report, Audited profit and loss account for the year ended on 31st March'2002 and Balance Sheet as at that date.
2. To appoint a Director in place of Shri Rameshchandra Mangal, wholetime Director, who retires by rotation and being eligible offers himself for reappointment and that he shall continue to hold his office of wholetime Director and his reappointment as such shall not be deemed to constitute a break in his appointment as Wholetime Director.
3. To appoint a Director in place of Shri Devkinandan Jajodia, a Director, who retires by rotation and being eligible offers himself for reappointment and that he shall continue to hold his office of Director and his reappointment as such shall not be deemed to constitute a break in his appointment as Director.
4. To appoint a Director in place of Shri Sanjeev Gupta, Wholetime Director, who retires by rotation and being eligible offers himself for reappointment and that

he shall continue to hold his office of wholetime Director and his reappointment as such shall not be deemed to constitute a break in his appointment as Wholetime Director.

5. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board,

For Tirupati Starch & Chemicals Ltd.,

Place : Indore

B.K. Jain,

Date : 5th September'2002

Company Secretary.

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. The register of members of the Company will remain closed from Monday the 23rd Sept.'2002 to Monday the 30th Sept.'2002, (Both days inclusive).
3. The members should intimate change in their registered address, if any.
4. The members may bring copies of annual report sent to them separately at their registered address for attending the meeting.

DIRECTOR'S REPORT TO THE MEMBERS

Ladies & Gentlemen,

Your Directors have pleasure in presenting 16th Annual Report together with Audited Statements of Accounts for the year ended 31.3.2002.

	2001-2002	2000-2001
	(Rs.)	(Rs.)
Gross Profit for the year	8409097	11356892
Less : Depreciation	7777445	7596304
Profit after Depreciation (Before Tax)	631652	3760588
Less : Provision for Deferred Tax	297589	---
Less : Provision for Taxation (MAT)	---	319000
Less : Provision for Taxation for earlier year	---	165288
Add : Excess provision for Income-tax written back	76072	---
Profit after tax	410135	3276300
Add : Credit relating to previous years	111028	2265
	521163	3278565
Less : Debit relating to previous years	1581614	1058918
Balance of profit/(loss) carried to Balance Sheet	1060451	2219647

PERFORMANCE :

Both the plants (Starch & Dextrose) are running smoothly and satisfactorily at 100% capacity. In addition, Dextrose plant is also used for manufacture of Dextrose Syrup which produces 4000 MT Syrup Annually. As such, the total capacity utilisation of Dextrose Plant has increased.

Efforts are being made to reduce power consumption by making necessary changes. D.G. Set is used to produce electricity to save power consumption.

FINANCE :

The Company is availing a C.C. Loan (hypothecation) of Rs. 250 lacs from State Bank of India, Industrial Finance Branch, Indore.

I.D.B.I. LOAN :

As reported last year, the Industrial Development Bank of India has agreed for one time settlement for Rs. 438 lacs against which a sum of Rs. 200 lacs has been paid. The balance of Rs. 238 lacs will be paid in nine installments of Rs. 26.45 lacs per month commencing from 15th Sep. 2002.

ACCOUNTING STANDARD :

The Institute of Chartered Accountants of India has introduced various Accounting Standards in the year under review to make

the financial statements and disclosure in line with the International accounting practices and disclosures. Most of these Accounting Standards are of mandatory in nature and the company has incorporated them in the accounts accordingly.

Of the various Accounting standards, the main Accounting standards implemented during the year by the company are : Accounting standards 17-segment reporting, Accounting Standard 18, related party disclosure and Accounting standard 22-Accounting for Taxes on income.

MANAGEMENT :

Three of your Directors Sarvshri Rameshchandra Mangal, Devkinandan Jajodia and Sanjeev Gupta retire by rotation. They are eligible and offer themselves for re-appointment and that their re-appointment as such shall not be deemed to constitute a break in their appointment as Director / Wholtime Directors of the Company.

LISTING AGREEMENT WITH STOCK EXCHANGES :

Pursuant to requirements of the listing Agreement, the Company declares that it's Equity Shares are listed on the Stock Exchanges at Indore, Ahmedabad & Mumbai. The Company confirms that it has paid listing fees due to all the above Stock Exchanges for the year 2001-2002.

DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors confirm that :

- in preparation of the Annual Accounts, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures, if any;
- they have selected the accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and for the profit or loss of the Company for the period ;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- they have prepared the Annual Accounts on a going concern basis ;

CORPORATE GOVERNANCE :

The Corporate Governance will become applicable to your company in the Accounting year 2002-2003.

AUDIT COMMITTEE :

The Company has formed an Audit Committee as required U/S 292 A of the Co's Act 1956, as amended by Co's (amendment)

Act-2000. The committee is composed of following Directors :

1. Shri Ramdas Goyal - Chairman
2. Shri Sanjeev Gupta - Member
3. Shri Devkinandani Jajodia - Member

The Committee consists of three Directors out of which two are whole-time Directors. The composition of Board is such that out of eight directors seven directors are whole-time Directors and as such the Company could not nominate two independent Directors in the Audit Committee.

Five meetings of the committee were held during the year.

AUDITORS :

You have to appoint Auditors for the current financial year and to fix their remuneration. M/s. Sunil Chandra Goyal & Co., Chartered Accountants, Indore the Retiring Auditors are eligible for re-appointment. Their appointment if made, will be within the prescribed limit specified u/s. 224 (1B) of the Companies Act - 1956.

COMMENTS ON AUDITORS REPORT :

The remarks in Auditors' Report are self explanatory except related to section 58 A for acceptance of excess deposits of Rs. 55.47 lacs than the prescribed limits.

Your Directors intent to move an application to Central Government for obtaining permission for excess deposits under the above rules.

FIXED DEPOSITS :

The Industrial Development Bank of India has accepted one time settlement of its term loan at Rs. 438 lacs out of which a sum of Rs. 200 lacs has been paid during the year and as such the deposit has exceeded the permissible limits under the Companies (acceptance of deposits) Rules 1975. Your Directors intend to move an application to Central Government for obtaining permission for excess deposits under the above rules.

PARTICULARS OF EMPLOYEES :

There was no employee during the year drawing remuneration in excess of the ceilings prescribed u/s. 217 (2A) of the Companies Act-1956.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION & FOREIGN EXCHANGE EARNINGS :

A statement giving information as required u/s. 217 (1E) of the Companies Act-1956 is annexed and form part of this report (Annexure "A").

ACKNOWLEDGEMENT :

Your Directors wish to express their sincere appreciation for the co-operation and support received from State Bank of India, MPSIDC & IDBI. Your Directors also record their appreciation for the services rendered by the employees at all levels and the Shareholders, Customers & Dealers for their continued co-operation through-out the year.

For and on Behalf of the Board

Place : Indore

Dated : 5th September' 2002.

Dr. DAMODAR MODI

Chairman

ANNEXURE 'A' :

Information pursuant to sec. 217(1)(a) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Directors) Rule 1988 forming part of Directors Report.

A. CONSERVATION OF ENERGY.

- a) Energy Conservation measures taken :
 - i) Correcting the alignment of Main drive.
 - ii) Construction of Sundrying Platform for predrying of Gluten and Grit. Thus saving in Furnace Oil consumption.
- b) Additional investment for reduction of Consumption of energy.
 - i) Installation of Diesel Generator set for own generation of power.
 - ii) Installation of best designed power capacitors for achieving and maintaining power factor.

FORM A :

A. POWER & FUEL CONSUMPTION :

	Current year	Previous year
1. Electricity		
a. Purchased Units	6422414	5929304
Total Amount (Rs.)	27391558	24363955
Rate/Unit (Rs.)	4.26	4.11
b. Own Generation		
i. Through Diesel Generator	16537	69392
Unit		
Unit per liter of Diesel Oil	2.96	3.46
2. Coal (Specify quality and where used)		
Quantity (Tonnes)	12895.240	12061.065
Total Amount (Rs.)	27879264	23995967
Average Rate	2162.00	1989.54
3. Furnace Oil		
Quantity (K.Lit)	259.625	208.610
Total Amount	2658334	2222453
Average Rate	10.24	10.65

FORM B :

B. CONSUMPTION PER UNIT OF PRODUCTION

	Maize Starch Powder, Dextrose Monohydrate		
	Dextrose Anhydrous, Liquid Dextrose		
	Std if any	Current Yr.	Previous Yr.
Electricity	Unit	252.060	256.74
Furnace Oil	K.Lit	10.190	9.03
Coal(Special Quality)	Kg.	506.100	522.25

For and on Behalf of the Board

For Tirupati Starch & Chemicals Ltd.

Place : Indore

Dated : 5th September' 2002.

Dr. DAMODAR MODI

Chairman

AUDITORS' REPORT

The Members of

M/s. TIRUPATI STARCH & CHEMICALS LTD., INDORE

1. We have audited the attached Balance Sheet of M/s. **TIRUPATI STARCH & CHEMICALS LIMITED, INDORE** as at 31st March 2002 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the manufacturing and other companies (Auditors' Report) order 1988 issued by the Company Law Board in terms of Section 227 (4-A) of the Companies Act, 1956, we enclose in annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that ;
 - a) We have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
 - b) In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
 - c) The Balance Sheet and Profit & Loss account referred to in this report are in agreement with the books of account.
 - d) In our opinion the Profit & Loss A/c and Balance Sheet subject to comments given below comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the directors as on 31st March, 2002 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2002 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - f) We have relied upon the representations made to us by the management that.

- (i) Being a complex technical matter, the Stock in Process of Raw Starch has been determined as described in Note - 1(e)(iii)(a) in Schedule 19 forming part of accounts.
- (ii) IDBI has agreed for one time settlement (OTS) vide its letter No.CFD/TSCL/dt.June 5, 2002. As per this settlement The Company is required to deposit Rs. 260 Lacs as Principle and Rs 178 Lacs towards outstanding interest. Balance amount of Rs 15,13,222/- will be provided in the year of settlement. Due to this the interest on IDBI loan is under charged by Rs 15,13,222/- in Profit & Loss Account during the year as described in Note 7 in Schedule 19 forming part of accounts.

Subject to the forgoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Company's Accounting Policies and the Notes thereto as per schedule 19 forming part of Accounts, more particularly, Note No. 1(e)(ii) regarding method of ascertainment & accounting of Inventory of Raw Material lying with other parties, Note No. 1(e)(vi) regarding method of ascertainment & accounting of Inventory of Finished Goods lying with consignee, Note No. 1(j) regarding Non-provision for leave encashment Note No. 1(k) regarding premium paid under Group Gratuity Scheme of LIC charged to Profit & Loss a/c. Note No. 5 regarding no provision of Excise Duty on uncleared stock of Finished Goods amounting to Rs. 1,53,837/- Note No.7 regarding undercharging of IDBI Interest and Note No. 14 regarding Non-reconciliation of Excise records of schedule 19 forming part of accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-

- (i) In so far as it relates to the Balance Sheet of the state of affairs of the company as at 31st March 2002. And
- (ii) In so far as it relates to the Profit and Loss A/c, of the Loss for the year ended on that date.

For **SUNIL CHANDRA GOYAL & CO.,**
CHARTERED ACCOUNTANTS

Place : INDORE

Date : 5th September' 2002

SUNIL GOYAL

PROPRIETOR

M.No. 71809

ANNEXURE TO THE AUDITOR'S REPORT

Ref:- TIRUPATI STARCH & CHEMICALS LTD. REFERRED TO IN PARA (1) OF OUR REPORT OF EVEN DATE (YR. 2001-02)

1. The work of compiling the Fixed Assets register showing other particulars such as location, depreciation etc., is still in progress. Further we are informed that during the year, these assets were physically verified by the management and there were no material discrepancies between the inventory showing the quantitative details and physical existence of the Assets.



2. None of the Fixed Assets have been revalued during the year.
3. According to informations and explanations given to us, the stock of Finished goods, stock in process, spare parts and Raw Materials have been physically verified during the year by the management. **In respect of Stocks sent to consignment basis and lying with third parties these have substantially been confirmed by them, and in absence of some confirmations the stock is based on the basis of records available with the Company & Confirmation by the management, more particularly described in Note 1(e)(vi) of schedule 19 forming part of accounts.**

In respect of Stocks of Raw Material lying with other parties are based on the basis of records available with the company & confirmation by the management, more particularly described in Note 1(e)(ii) of schedule 19 forming part of accounts.

4. According to information and explanations given to us, the procedure of physical verification of stock followed by the management is reasonable and adequate in relation to the size of the company and nature of its business and in our opinion, frequency of verification needs to be increased.
5. According to the informations and explanations given to us, the discrepancies between the physical stock and book records were not material and have been properly dealt with in the books of accounts time to time.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year **subject to note 1(e)(iii)(a) of Schedule 19 forming part of the accounts and Note 5 of Schedule 19 regarding No provision of Excise Duty on uncleared Stock of Finished Goods amounting to Rs. 1,53,837/-.**
7. According to information and explanation given to us, in our opinion, the rate of interest and terms and conditions on which loans have been obtained from Directors and Other Parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company. The Company has not taken any loan from the companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
8. According to information and explanation given to us, the Company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or to Companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
9. According to information and explanations given to us, the Company has given loans or advances in the nature of loans only to its employees and they are generally repaying the principal amount as stipulated except in few cases.
10. According to the information and explanations given to us, there are internal control procedure for the purchase of stores, raw materials including Components, Plant & Machinery, Equipments and other assets and for the sale of goods which in our opinion need to be strengthened further to make them commensurate with the size of the Company and nature of its business.

11. According to the information and explanations given to us, there were no transactions of purchase of goods and materials and sale of goods, material and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and aggregating during the year Rs 50,000/- or more in respect of each party.
12. According to the information and explanations given to us, the Company has a procedure for the determination of unserviceable or damaged stores, raw material and finished goods and the same has not been included in stock.
13. In our opinion and according to the information and explanations given to us, **the Company has not complied with the provisions of section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1957 as it has accepted Excess deposit of Rs 55.47 Lacs as on 31st March, 2002 from the limits specified.**
14. In our opinion and according to the information and explanations given to us reasonable records have been maintained by the Company for the sale and disposal of realisable by-products. No saleable scrap is generated during the process.
15. The company has an internal audit system which in our opinion needs to be strengthened to make it commensurate with the size of the Company and nature of its business.
16. According to the information and explanations given to us the Central Government has not prescribed the maintainance of cost records for the products of the company under section 209(1) (d) of the Companies Act, 1956, for the year under review.
17. Provident Funds dues have generally been regularly deposited with the appropriate authorities. Further we are informed that the provisions of Employees' State Insurance Scheme are not made applicable to the Company.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Wealth-Tax, Sale-Tax, Custom Duty, Excise Duty were outstanding as at 31st March, 2002 for a period of more than 6 months from the date they became payable **subject to note No.2, 5, 6, 13 & 14 of Notes on accounts (Schedule 19).**
19. According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account other than those payable under the contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (o) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.
21. In respect of trading activity of the company there was no damaged goods in closing stock.

**For SUNIL CHANDRA GOYAL & Co.,
CHARTERED ACCOUNTANTS**

Place : Indore
Date : 5th September' 2002

**SUNIL GOYAL
PROPRIETOR**