

Tirupati Starch & Chemicals Ltd. I N D O R E

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**Nineteenth Annual
Report & Accounts 2004-2005**

TIRUPATI STARCH & CHEMICALS LIMITED

Regd. Office : Shree Ram Chambers, First Floor, 12, Agrawal Nagar, Main Road,
Indore-452001

BOARD OF DIRECTORS

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

COMPANY SECRETARY & FINANCE MANAGER

Shri Bal Krishna Jain,
M.Com., LL.B., F.C.S.

AUDITORS

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

BANKERS

State Bank of India,
Commercial Branch, Indore

REGISTERED OFFICE

Shree Ram Chambers, First Floor, 12, Agrawal Nagar, Main Road, Indore - 452001

WORKS

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

NOTICE

Notice is hereby given that the 19th 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 Wednesday the 28th September'2005 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'2005 and Balance Sheet as at that date.
2. To appoint a Director in place of Shri Prakash Bafna, Wholtime Director, who retires by rotation and being eligible offers himself for reappointment and that he shall continue to hold his office of Wholtime Director and his reappointment as such shall not be deemed to constitute a break in his appointment as Wholtime Director.
3. To appoint a Director in place of Shri Sanjeev Gupta, Wholtime Director, who retires by rotation and being eligible offers himself for reappointment and that he shall continue to hold his office of Wholtime Director and his reappointment as such shall not be deemed to constitute a break in his appointment as Wholtime Director.
4. To appoint a Director in place of Shri Yogesh Kumar Agrawal, Wholtime Director, who retires by rotation and being eligible offers himself for reappointment and that he shall continue to hold his office of Wholtime Director and his reappointment as such shall not be deemed to constitute a break in his appointment as Wholtime 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.

SPECIAL BUSINESS

By order of the Board,
For Tirupati Starch & Chemicals Ltd.,
B.K. Jain,
Company Secretary.

Place : Indore
Date : 03.9.2005

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 Wednesday the 21st Sept.'2005 to Wednesday the 28th Sept.'2005, (Both days inclusive).
3. The members should intimate change in their registered address, if any.

By order of the Board,
For Tirupati Starch & Chemicals Ltd.,
B.K. Jain,
Company Secretary.

Place : Indore
Date : 03.9.2005

DIRECTOR'S REPORT TO THE MEMBERS

Ladies & Gentlemen,

Your Directors have pleasure in presenting 19th Annual Report together with Audited Statements of Accounts for the year ended 31.3.2005.

	2004-2005 (Rs.)	2003-2004 (Rs.)
Gross Profit/(loss) for the year	-2204184	2800537
Less : Depreciation	8007447	7841552
Loss after Depreciation (Before Tax)	-10211631	-5041015
Add/(less): Provision for Deferred tax	3875756	719157
Assets / liabilities		
Loss after tax	-6335875	-4321858
Add : Credit relating to previous years	294545	-
	-6041330	-4321858
Ass/(Less): Debit relating to previous years & Sundry Balances will off	347407	+ 17283
Bonus for earlier year	912	-
	51736	-
Balance of Loss carried to Balance Sheet	6441385	-4304575

PERFORMANCE:

Both the plants (Starch & Dextrose) are running smoothly and satisfactorily at 100% capacity.

Efforts are being made to reduce power consumption by making necessary changes. The D.G. Set is used to produce electricity whenever there is power cut from MPEB.

The Company is planning to expand the existing capacity of the plant in following manner.

1. Extension of existing Maize Crushing capacity from 80.000 MT per day to 160.000 MT per day.
2. Liquid Glucose Plant of 30.000 MT per day capacity.
3. Steam Coal Generation plant for power of 1200 KV capacity.

FINANCE:

The Company is availing a C.C. loan (hypothecation) limit of Rs. 3.75 crore from State Bank of India, Industrial Finance Branch, Indore.

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. Accounting standard - 28, Impairment of assets. Accounting standard - 29, Provisions, Contingent liabilities & Contingent assets.

MANAGEMENT:

Three of your Directors Sarvshri Shri Yogesh Kumar Agrawal, Sanju Gupta and Prakash Bafna 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 Managing/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 2005-2006.

DIRECTORS' RESPONSIBILITY STATEMENT:**The Directors confirm that :**

- (i) in preparation of the Annual Accounts, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures, if any.
- (ii) 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 loss of the Company for the period;
- (iii) 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 detect-

ing fraud and other irregularities;

- (iv) they have prepared Annual Accounts on a going concern basis;

CORPORATE GOVERNANCE:

The Company has complied with all mandatory provisions of Corporate Governance as prescribed under the Listing Agreements of the Stock Exchanges with which the Company is registered. Pursuant to Clause 49 of Listing Agreement with the Stock Exchanges, a separate report on Corporate Governance is given as a part of the Annual Report along with the Auditors' statement on its compliance.

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 - Mamber.
3. Shri Yogesh Kumar Agrawal - Member.

5 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. There 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. 476.63 lacs than the prescribed limits and corporate governance regarding non-inclusion of Non-executive Director.

The Company has moved an application to Central Government u/s. 58 A for exemption from the ceilings fixed under Co's (Acceptance of deposits) rules - 1975. The matter is in consideration & the sanction is awaited.

FIXED DEPOSITS:

Our deposits have exceeded the limit due to repayment of I.D.B.I. loan. The company has moved an application to the Central Government u/s. 58 A for exemption from the ceilings fixed under Co's (acceptance of deposits) rules - 1975

The company is accepting deposits in excess of the ceilings prescribed in rule-3 of the Co's (acceptance of deposits) rules-1975

continuously since 01.04.2000 due to the following reasons :

1. The company has repaid all its term loan obligation including Rs. 438 lacs of Term loan of IDBI where the company was defaulter and it has settled the dues under OTS Schemes of IDBI and to repay the amount under OTS, Directors have brought in additional funds from themselves & their friends & relatives.
2. Further the company has to update its plant since it has become the need of an hour due to globalization & stiff competition.
3. The company has to expand its business as only after expansion it will be able to generate sufficient profit. In this process the company has exceeded the limits. Therefore, in future also the company will require additional funds which will be brought in the form of deposits from Directors, their relatives & their friends. Your Directors are expecting the acceptance by Central Government of request of the company for exemption / extension of time under Section 58A(8) of the Companies Act, 1956.

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 AND 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. 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

Dr. DAMODAR MODI

Dated : 3rd September' 2005.

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 Plateform 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	6320520	6413840
	Total Amount (Rs.)	28205598	29676809
	Rate/Unit (Rs.)	4.46	4.63
b.	Own Generation		
i.	Through Diesel Generator	22846	159060
	Unit per litre of Diesel Oil	3.59	3.58
2.	Coal (Specify quality and where used)		
	Quantity (Tonnes)	11600.920	11629.88
	Total Amount (Rs.)	28718296	27738031
	Average Rate (P MT)	2476	2385
3.	Furnace Oil		
	Quantity (K.Lit)	227.975	215.585
	Total Amount	2489426	2835739
	Average Rate	10.92	13.15

FORM B

B. CONSUMPTION PER UNIT OF PRODUCTION

		Maize Starch Powder	Dextrose Monohydrate	Dextrose Anhydrous	Liquid Dextrose
		Standard	Current Yr.	Previous Yr.	Previous Yr.
Electricity	Unit of any		271.03	256.830	
Furnace Oil	K.Lit		9.78	8.630	
Coal (Special Quali)	Kg.		497.46	465.700	

For and on Behalf of the Board

For Tirupati Starch & Chemicals Ltd

Place : Indore

Dr. DAMODAR MODI

Dated : 3rd September' 2005.

Chairman

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company's philosophy on Corporate Governance is to carry out its activities and operations in a true and fair manner to achieve transparency, accountability and business prosperity. The Board

of Directors of the Company are committed towards discharging their fiduciary responsibility towards enhancing shareholders' value and interest of all other stock-holders.

2. BOARD OF DIRECTORS.

a. Composition of Board of Directors and category of Individual Directors

Name of the Director	Category
Dr. Damodar Modi	Chairman & Managing Director
Shri Ramdas Goyal	Executive Director
Shri Rameshchandra Goyal	Wholetime Director
Shri Yogesh Kumar Agrawal	Wholetime Director
Shri Sanjeev Gupta	Wholetime Director
Shri Prakash Bafna	Wholetime Director
Smt. Pramila Jajodia	Director (Independent non executive Director)
* Smt. Shashilala Mangal	Director (Independent non executive Director)

During the year under review, 5 Board Meeting were held on 29th April' 2004, 29th July' 2004, 4th Sept.'2004, 29th October'2004 & 28th January'2005. The last Annual General Meeting of the Company was held on 30th Sept.'2004.

b. Attendance of each Director at Board Meeting and last Annual General Meeting (AGM)

Name of the Director	No. of Board Meetings	Attendance at the last AGM attended
Dr. Damodar Modi	5	Present
Shri Ramdas Goyal	5	present
Shri Yogesh Kumar Agrawal	4	present
Shri Rameshchandra Goyal	5	present
Shri Sanjeev Gupta	5	present
Shri Prakash Bafna	5	present
Smt. Pramila Jajodia	5	present
Smt. Shashilala Mangal	5	present

c. Notes on Directors seeking appointment/re-appointment

- Shri Prakash Bafna is a Whole-time Director since 01.04.1990. He is from business community having vast experience which will be of immense benefit to the Company.
- Shri Yogesh Agrawal is the Whole-time Director of the company since 30.10.1998. He is a Bachelor of Science & Law and is actively involved in the day to day operations of the Company. His vast experience will be of immense benefit to the Company.
- Shri Sanjeev Gupta is Whole-time Director of the Company since 31.07.1998. He is a Bachelor of Commerce and is and

actively involved in the day to day operations of the Company. His expertise lies in the field of Marketing. His experience will be of immense benefit to the Company.

3. AUDIT COMMITTEE

a. Brief description of terms of reference

The terms of reference of this Committee covers the matters specified under Section 292A of the Companies Act, 1956 and also the matters listed under the Listing Agreement with the Stock Exchanges. The Committee is responsible for effective supervision of the financial operations and ensuring that financial, accounting activities and operating controls are exercised as per the laid down policies and procedures. The Financial Results of every quarter are reviewed by the Committee before being placed to the Board of Directors for its approval. The Company has set up its own in house Internal Audit Team, which reviews the functions and operations of the Company and submits its report to the Company.

b. Constitution of the Committee

The Audit Committee of the Company was constituted by the Board of Directors at its meeting held on 05.09.2001. The Committee comprises of three Directors. The said Committee functions under the Chairmanship of Shri Ramdas Goyal, Shri Sanjeev Gupta & Shri Yogesh Kumar Agrawal were the other members of the Committee. During the year under review, Five Audit Committee meetings were held on 28th April'2004, 28th July' 2004, 3rd September'2004, 28th Oct.'2004 & 27th January'2005. The attendance of members at the meetings was as follows :

Name of the Member	Status	No. of Meetings attended
Shri Ramdas Goyal	Chairman	5
Shri Sanjeev Gupta	Member	5
Shri Yogesh Kumar Agrawal	Member	4
Secretary of : the Committee	Shri B.K. Jain Company Secretary.	

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

a. Composition of the Committee

The Investors' Grievance Committee has been constituted at the meeting of the Board of Directors held on 30.04.2002. The Committee functions under the Chairmanship of Shri Ramdas Goyal Executive Director, Mr. Rameshchandra Goyal and Shri Yogesh Agrawal are the other members of the Committee. During the year, the Committee met four times during the year i.e. 28th April' 2004, 28th July' 2004, 28th October' 2004 & 27th January, 2005. All the members of the Committee attended the above meeting.

- b. Name and Designation of the Compliance Officer
Shri Balkrishna Jain,
Company Secretary

- c. Number of complaints received and resolved
During the year under view, the Company received 50 complaints from Shareholders' Investors'. All the complaints have been resolved to the satisfaction of the shareholders. No complaint was pending as on March 31, 2005. In order to expedite the process of transfers of shares the Board has delegated the powers to approve share transfers to the Share Transfer Committee set up by the Board of Directors.

6. REMUNERATION COMMITTEE

The above Committee has been constituted at the meeting of Board Directors held on 30.04.2002. The committee functions under the Chairmanship of Dr. Damodar Modi, Shri Ramdas Goyal & Shri Yogesh Agrawal are the other members of the committee. During the year the committee met one time on 01.10.2004 at 5.00 p.m.. All the members of the committee attended the above meetings.

The remuneration paid to Managing/Wholetime Directors of the Company in terms of schedule-XIII of the Co's Act-1956 was reviewed.

The Board of Directors of the Company at it's meeting held on 01.10.03 approved the appointment & remuneration of Managing/Whole time Directors of the Company for a period of 5 years w.e.f. 1st October '03 to 30th September '08 which was to be approved by the Share holders in 18th Annual General Meeting of the company held on 30.9.04 as per details below :

1.	Dr. Damodar Modi Managing Director	Rs. 27500.00 plus H.R.A. as per agreement
2.	Shri Ramdas Goyal Executive Director	Rs. 23000.00
3.	Shri Rameshchandra Mangal Wholetime Director	Rs. 22500.00
4.	Shri Rameshchandra Goyal Wholetime Director	Rs. 22500.00
5.	Shri Prakashchandra Bapna Wholetime Director	Rs. 22500.00
6.	Shri Sanjeev Gupta Wholetime Director	Rs. 22500.00

PERQUISITES:

In addition to the salary they will be entitled to perquisites like Provident Fund, Gratuity, Leave Encashment etc. which are exempted perquisites.

The above remuneration shall also be paid as minimum remuneration in case of no profits or inadequate profits.

The Share Holders at the 18th Annual General Meeting held on Thursday the 30th Sept. 2004 have also approved the above remuneration.

neration.

The payment of remuneration to the above Managing/Wholetime Directors for the period from 1st October '2003 to 30th September '2004 was also ratified as per first proviso to section 314 of the Co's Act-1956 at the Annual General Meeting. The committee also confirmed the present remuneration which is in terms of sanction at Annual General meeting. No change in proposed during the year

7. GENERAL BODY MEETINGS

- a. Location and time of the last three Annual General Meetings

Financial	Location	Date	Time Year
2001-2002	Hotel Apsara R.N.T. Marg, Indore	30.9.2002	4.00 p.m.
2002-2003	Hotel Apsara R.N.T. Marg, Indore	30.9.2003	4.00 p.m.
2003-2004	Hotel Apsara R.N.T. Marg, Indore	30.9.2004	4.00 p.m.

- b. There were no Special Resolutions required to be passed through Postal Ballot at any of the above Annual General Meetings. None of the Resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot.

8. DISCLOSURES

- a. The Company has not entered into any transaction of material nature with any related party as described under the Listing Agreement entered into with the Stock Exchanges, that may have potential conflict with the interests of the Company at large.
- b. During the past three years there has been no instance of non compliance by the Company with the requirements of the Stock Exchanges, SEBI or any other statutory authority on any matter related to capital markets.

9. MEANS OF COMMUNICATION

- a. The Company publishes its annual, half yearly and quarterly financial results in the following newspapers
1. Free Press (English)
 2. Chautha Sansar (Hindi)
- b. The information required under the Management Discussion and Analysis Report has been covered by the Directors' Report.

10. GENERAL SHAREHOLDER INFORMATION.

- a. Annual General Meeting
Date : 28.09.2005
Time : 4.00 P.M.
Venue: Hotel Apsara, R.N.T. Marg, Indore.
- b. Financial Calendar (tentative)

Particulars	Date
Unaudited Results of the first quarter ending June 30,2005	Last week of July'2005
Unaudited Results of the second quarter & half year ending September 30, 2005	Last week of October'2005
Unaudited Results of the third quarter & nine months ending December 31, 2005	Last week of January'2006
Unaudited Results for the ending March 31, 2006	Last week of April'2006

c. Dates of book closure
Wednesday 21st September'2005 to Wednesday 28th September'2005 (both days inclusive)

d. Dividend payment date
Not declared

e. Stock Exchange where listed
The Stock Exchange, Mumbai
The Stock Exchange, Ahmedabad,
The Stock Exchange, Indore
The listing fee has been paid to all the above Stock Exchanges for the year 2005-2006.

f. Stock Code : B.S.E. - 524582.
A.S.E. - 61111.
M.P.S.E.-2405.

g. Share Transfer System

The Company has set up a Committee of Board of Directors known as the Share Transfer Committee, which meets once in a month inter alia for approving the transfer of shares. The formalities for transfer of shares in the physical form are completed and the share certificates are despatched to the transferee within thirty days of receipt of transfer documents, provided the documents are complete and the shares under transfer are not under dispute. If however, the transfer documents are not in order, objections are communicated to the transferee within thirty days from the date of receipt of the transfer documents. The trading to Shares in Demat form has not been made compulsory so far. All the Shares are held in physical form. The company has not opted for dematerialisation of shares so far.

h. Shareholding Pattern as on March 31, 2005

Shareholding Pattern as on March 31, 2005 (in accordance with Clause 35 of the Listing Agreement)

Category	No.of shares held	Percengate of shareholding
A Promoter's holding		
1. Promoters*		
- Indian Promoters	3420176	56.13
- Foreign Promoters	Nil	Nil
2. Persons acting in concert #		
Sub-Total	3420176	56.13
B Non-Promoters Holding		
3. Institutional Investors		
a. Mutual Funds and UTI	32100	0.52
b. Bank, Financial Institutions, Insurance Companies (Central/State Govt.Institutions/ Non-Government institutions)	12500	0.21
c. Fils		
Sub-Total	44600	0.74



4.	Others		
a.	Private Corporate Bodies	29400	0.48
b.	Indian Public	2599000	42.66
c.	NRIs/OCBs		
d.	Any other (please specify)		
	Sub-Total	2628400	43.14
	GRAND TOTAL	6093176	100.00

- i. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity
The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.
- j. Plant locations
Vill. Sejwaya, Ghatabillod, Dist. Dhar.
- k. Address for correspondence
All Shareholders should address their correspondence to the Company at its Regd. Office.

Details of the Directors seeking reappointment at the forthcoming Annual General Meeting
(In pursuance of Clause (49VI(A) of the Listing Agreements)

Name of Director	Shri Yogesh Kumar Agrawal	Shri Sanjeev Gupta	Shri Prakash Bafna
Date of Birth	12.05.1963	31.05.1972	07.05.1948
Date of Appointment	30.10.1998	31.07.1998	03.06.1987
Expertise in specific functional areas	hails from a business family	hails from a business family	hails from a business family
Qualifications	B.Sc.	B.Com	B.Sc.
List of other public limited companies in which Directorship held as on 31st March'2004	Nil	Nil	Nil
Chairman/Member of the Committees of the Board across all public companies of which he is a Director as on 9th June, 2004.	Nil	Nil	Nil

Place : Indore
Date : 03.09.05

For and on behalf of the Board
Dr. Damodar Modi
Chairman & Managing Director