

22nd
Annual Report
2008-2009

TIRUPATI FOAM LIMITED

REGD. OFFICE :

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

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)

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

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

NOTICE

NOTICE is hereby given that 22nd Annual General Meeting of the Members of Tirupati Foam Limited, will be held on Wednesday, 30th September, 2009 at 3.30 p.m. at Tirupati House, 4th Floor, Nr. Topaz Restaurant, University Road, Polytechnic Char Rasta, Ambawdi, Ahmedabad – 380 015 to transact following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 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 2009.
3. To appoint a Director in place of Mr. Mukesh B. Shah, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Mukesh B. Kothari, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and fix their remuneration.

Date: 05-09-2009
Place : Ahmedabad

By order of the Board
FOR TIRUPATI FOAM LTD.,

Regd. Office:
Tirupati House, 4th Floor,
Nr. Topaz Restaurant, University Road,
Polytechnic Char Rasta, Ambawadi,
Ahmedabad – 380 015

Roshan P Sanghvi
Managing Director

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. Under the provisions of Companies Act, 1956, voting is by show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs.50,000/-
2. The Proxies should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday 24th September, 2009 to Tuesday, 30th September, 2009 (both days inclusive).

4. The Company's shares are listed at Ahmedabad and Vadodara Stock Exchanges and Bombay Stock Exchange Limited (*Indonext*). The Company has paid the listing fees to Ahmedabad and Vadodara Stock Exchanges for the Financial Year 2008-09, in time.
5. Additional details in terms of Clause 49 of Listing Agreement in respect of Directors being re-appointed are given as under.

DIRECTORS' REPORT

Dear Members,

The Managing Director presents the 22nd Annual Report and the Audited Statement of Accounts the Company for the year ended March 31, 2009.

FINANCIAL RESULTS :

The working results of the Company for the year ended 31st March 2009 are as follows:

| | <u>2008- 2009</u> <u>(Rs. in Lacs)</u> | <u>2007-2008</u> <u>(Rs. in Lacs)</u> |
|--|---|--|
| Total Income including other income | 4546.05 | 4700.57 |
| Gross Profit before depreciation and tax | 260.70 | 339.76 |
| Less : Depreciation | 59.43 | 50.06 |
| Less: Provision of taxation | | |
| Current Tax | 72.00 | 114.00 |
| Fringe Benefit Tax | 2.30 | 1.65 |
| Deferred Tax | (7.51) | 19.32 |
| Add. Exceptional Item | - | 108.57 |
| Net Profit after depreciation & taxation | 134.48 | 257.30 |
| Add : Opening Balance in P & L A/c | 204.32 | 53.43 |
| Less : Prior Year Income tax provision | - | (0.58) |
| Add: Prior Year Income | - | - |
| Available for Appropriation | 338.81 | 310.14 |
| Proposed Dividend | 88.14 | 68.44 |
| Distribution Tax | 14.98 | 11.63 |
| Transfer to general reserve | 10.10 | 25.75 |
| Surplus carried Forward | 225.59 | 204.32 |

OPERATIONS:

The Company was able to achieve Sales of Rs.4546.05 Lacs as compared to Rs.4700.57 Lacs for the Previous Year. The Profit before Tax and Depreciation was Rs.260.70 Lacs for period under review as compared to Rs.339.76 Lacs for the Previous Year.

The Net Profit after making the provision for Depreciation and Taxation stood at Rs.134.48 Lacs as against Rs.257.30 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 as incurred Capital Expenditure of Rs.27,52,874/-.

DIVIDEND:

The Directors recommend 20 % Dividend on Equity Shares for the Year ending 31st March 2009, if approved by the Shareholders at the Annual General Meeting to be held on 30th September, 2009.

FIXED DEPOSIT :

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

ISSUE OF SHARES

The Company has converted 9,85,000 convertible equity warrants into 9,85,000 equity shares of Rs. 10/- each fully paid up with share premium Rs. 26/- share during the year. The paid up share capital increased by Rs. 98,50,000/- and share premium account has credited by Rs. 2,56,10,000/-

PROSPECT

The Directors are pleased to inform you that your Company has started current year in very promising way. The manufacturing capacity is fully operational. The cost of the raw material and general increase in overhead expenses the profits for the current period will be under pressure. However directors are taking various cost controls measures to maintain performance of the company.

STOCK EXCHANGE

The Company's shares are listed on Ahmedabad and Vadodara Stock Exchanges and BSE(*Indonext*); the Company has paid necessary listing fees for the year 2009-2010.

INSURANCE

All the properties and assets of the company are adequately insured.

DIRECTORS :

Mr. Mukesh B. Shah & Mr. Mukesh B. Kothari who retires by rotation as Director of the Company but being eligible offers himself for 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>2008-2009</u> | <u>2007-2008</u> |
|---|--------------------------------------|------------------|------------------|
| 1 | Electricity | | |
| | a) Purchased | | |
| | Units | Kwh 370816 | 376764 |
| | Total amount | Rs. 2107062 | 1847898 |
| | Rate / Unit | Rs. 5.68 | 4.90 |
| | b) Own Generation | | |
| | (i) Through Diesel Generator | | |
| | Units | 12935 | 13783 |
| | Unit per ltr of Diesel Oil | 2.39 | 1.81 |
| | Cost / Unit | 20.77 | 19.55 |
| | (ii) Through Steam Turbine Generator | | |
| | Units | | |
| | Diesel : | | |
| | Quantity | Lts NIL | NIL |
| | Total Amount | Rs NIL | NIL |
| | Average rate | Rs NIL | NIL |

AUDIT COMMITTEE

The Audit Committee consisting of promoter Mr. Venubhai Purohti, 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.

- There is no Foreign exchange earnings. The Foreign exchange out go towards imports of Raw materias and Expenses are Rs. 803.52 lacs
- 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 are to retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

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

PERSONNEL :

Relations between the employees and the Management continued to be cordial during the period under review. The Directors hereby place on record their appreciation of the efficient and loyal services rendered by the company's employees at all level.

CORPORATE GOVERNANCE:

The Company has adopted Corporate Governance practices and has complied with all the mandatory requirements as specified under clause 49 of the Listing Agreement by SEBI. As required under the listing agreement, a separate Report on Corporate Governance forms part of this Annual Report. The certificate from statutory Auditors of the Company regarding compliance of conditions of Corporate Governance is part of this report and is annexed.

The Board of Directors supports the basic principles of corporate governance. In addition to this, the board lays strong emphasis on transparency, accountability and integrity.

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.
2. Your Directors have selected 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, 2009.
3. Your Director have taken proper and sufficient care 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.
4. Your Directors have prepared the attached statements of accounts for the year ended 31st March 2009 on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

Management Discussion and Analysis Report as required under the listing agreements with the stock exchanges is enclosed as Annexure 'A' Certain statements in the 'Management Discussion and Analysis Report' section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

FORMATION OF VARIOUS COMMITTEES:

Details of various committees constituted by the Board of Directors are given in the Corporate Governance Report annexed and forms part of this report.

APPRECIATION:

Your Directors wish to place on record their appreciation of the continued support provided to your Company by Customers, Suppliers, Bankers, Employees and all other such concerned people who have unable the Company to achieve success in these difficult times. The Directors gratefully thank the Shareholders for the confidence reposed in the Company.

By order of the Board

Date: 05-09-2009
Place: Ahmedabad

Roshan P. Sanghvi
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report as required under the listing agreements with the stock exchanges is enclosed as Annexure-A Certain Statements in the Management Discussion and Analysis Report section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

1. INDUSTRY STRUCTURE AND DEVELOPMENT:

The financial year 2008-09 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.

2. OPPORTUNITIES, THREATS, RISKS, CONCERN & FUTURE OUTLOOK:

There is considerable scope for growth of pufoam 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.

3. 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.

4. FINANCIAL PERFORMANCE:

The sales for the year ended 31st March 2009 were Rs.4528.58 as compared to Rs.4698.43 for the previous year. The Profit before Depreciation & Taxation was Rs.260.70 for the year under review as compared to Rs.339.76 for the previous year. The Company Registered Net Profit after tax and exceptional item of Rs. 134.48 for the year as compared to the Net Profit of Rs.257.30 during the previous year.

5. 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.

6. 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

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance practices by introducing the new Clause 49 in the listing agreement with the Stock Exchanges. Clause 49 lays down several corporate governance practices that listed companies are required to adopt. Most of the practices laid down in Clause 49 requires mandatory compliance and there are some more provisions which are voluntary for adoption. Your Company had achieved compliance with the mandatory requirements of Clause 49 of the listing agreements. This report sets out the compliance status of the Company during the Financial Year 2008-09 and till date in current year, with respect to the conditions of the corporate governance set out in Clause 49.

PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Philosophy on Corporate Governance aims at attainment of the highest level of transparency, accountability and equity in the functioning of the Company vis-à-vis interactions with employees, shareholders, creditors and customers. The objectives of the Company is not only to meet the Statutory requirements of the code but also go well beyond it by instituting such systems and procedures as are in accordance with the latest global trend of making management completely transparent and institutionally sound.

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 2008-09. The dates on which Board Meetings were held are as follows :

1. 30th April, 2008
2. 31st July, 2008
3. 1st September 2008
4. 30th September, 2008
5. 10th October, 2008
6. 31st October, 2008
7. 31st January, 2009

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 31-03-2009

| 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 | 7 | Yes |
| Mr. Manharlal A Mehta | Vice Chairman & Independent Director | 0 | 0 | 5 | Yes |
| Mr. Roshan P Sanghvi | Managing & Executive Director | 0 | 0 | 7 | Yes |
| Mr. Babulal N. Shah | Jt. Managing & Executive Director | 0 | 0 | 7 | Yes |
| Mr. Deepak T. Mehta | Executive & Director Executive | 0 | 0 | 6 | Yes |
| Mr. Satish A. Mehta | Executive Director & Executive | 0 | 0 | 7 | Yes |
| Mr. Mukesh B. Shah | Director & Independent | 0 | 0 | 6 | 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. Mukesh B. Shah & Mr. Mukesh B. Kothari.

DETAILS OF DIRECTORS BEING REAPPOINTED

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. Mukesh B. Shah and Mr. Mukesh B. Kothari 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. Mukesh B. Shah, aged about 48 years in Under Graduate having 27 year experience in trading of stainless steel utensils, electrical goods and mechanical products, He is on the Board since public issue of the company.

Mr. Mukesh B. Kothari aged 44 years is Under Graduate having 20 year experience in marketing of stainless steel utensils. He is on the Board since public issue of the company. Company has been benefited through his advising suggestion.

REMUNERATION TO DIRECTORS

| Name of Director | Sitting-Fees | Salary & Perks | Total Rs. |
|-----------------------|--------------|----------------|-----------|
| Mr. Roshan P. Sanghvi | — | 1,50,000 | 1,50,000 |
| Mr. Babulal N. Shah | — | 60,000 | 60,000 |
| Mr. Deepak T. Mehta | — | 72,000 | 72,000 |
| Mr. Satish A. Mehta | — | 1,50,000 | 1,50,000 |

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 2008-09. The attendance of each members of the Committee is given below.

| Name of the Director | Category | No. Of Meeting attend |
|-------------------------|---------------------------------------|-----------------------|
| Mr. Venubhai 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 05.09.2009 to consider and recommend to the Board the Audited Financial Results for the period ended 31st March 2009.

SHAREHOLDERS' 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 2008-09. 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 31st March 2009.

REMUNERATION COMMITTEE

The Remuneration Committee as a sub-committee of the Board was constituted by the Board of Directors to determine and recommend to Board, the company's policies on remuneration packages for executive and non-executive directors. 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.

During the year, the remuneration committee met once in which all the three members were present.

The company pays remuneration to its Managing Director by way of Salary, Perquisites and allowances, as approved by the members in the General Meeting. The details of remuneration paid to directors are provided elsewhere in this report under the head Remuneration to Directors.

Subsidiary Companies

The company does not have any subsidiary.

Risk Management

The company manages risks as an integral part of its decision making process and has a structured framework for risk assessment and minimization procedures.

CEO/CFO Certification

In terms of the requirements of Clause 49 (v) of the Listing Agreement the CEO have submitted necessary certificate to the Board at its meeting held on 4th September, 2009 stating the particulars specified under the said clause.

GENERAL BODY MEETINGS

Details of the ~~last~~ three Annual General Meetings are as under:

| AGM | Date | Time | Venue | No. of special Resolution passed |
|----------------------|-----------------------|-------------|--|----------------------------------|
| 19 th AGM | 30 CS 2006 | 11.00 a. m. | 502, Harekrishna Complex Opp. Kothawala Flats, Ellisbridge, Ahmedabad-380 006. | — |
| 20 th AGM | 30 CS 2007 | 11.00 a. m. | 502, Harekrishna Complex Opp. Kothawala Flats, Ellisbridge, Ahmedabad-380 006. | — |
| 21 st AGM | 29 CS 2008 | 11.00 a. m. | "TIRUPATI" House, 4th Floor, Nr. Topaz Restaurant, Ambawadi Ahmedabad-380 015. | — |

The special resolution indicated above was passed by show of hands. The Company has not passed any resolution through postal ballot during the year under reference.

DISCLOSURES

- There were no materially significant related party transaction i.e. transactions of the company of material nature with its promoters the directors of the management their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large. The related party transactions are duly disclosed in the Notes on Accounts to the Balance Sheet
- There were no cases of non-compliances by the company and no penalties, strictures were imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last year
- No treatment different from the Accounting Standards, prescribed by the Institute of Chartered Accountants of India, has been followed in the preparation of Financial Statements
- The company has complied with the mandatory requirements of Clause 49 of the Listing Agreement
- The company at present has adopted the non-mandatory requirements in regard to constitution of Remuneration Committee.

Secretarial Audit

Pursuant to Clause 14(C) of the Listing Agreement with Stock Exchanges, certificate on half yearly basis has been filed with the Stock Exchanges for due compliance of share transfer formalities by the company obtain from qualified company secretary.

A qualified practicing company secretary carried out quarterly secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital. The audits confirmed the total issued / paid-up capital is in agreement with the aggregate of total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Means of Communication with shareholders:

- (i) Quarterly Results : Quarterly and half yearly results were taken on record by the Board of Directors and submitted to the Stock Exchanges in terms of the requirements of clause 41 of the Listing Agreement. The results were also published in two leading newspapers, Western Times (Both edition Gujarati & English)

(ii) Website : www.tirupatifoam.com
(iii) Compliance Officer : Mr. Deepak T Mehta
Add: Tirupati House, 4th Floor, Nr. Topaz Restaurant,
University Road, Polytechnic Char Rasta,
Ambawadi, Ahmedabad – 380 015
E-mail: tirufoam@tirupatifoam.com
Tel. No: 079 – 26304652

MEANS OF COMMUNICATION

During the year, quarterly, half-yearly and annual financial results of the Company were submitted to the stock exchanges immediately after the conclusion of the Board Meetings and were also published within 48 hours in Western Times (Both edition Gujarati & English).

SHAREHOLDERS' INFORMATION

Registered Office: Tirupati House, 4th Floor, Nr. Topaz Restaurant,
University Road, Polytechnic Char Rasta,
Ambawadi, Ahmedabad – 380 015
Phone: 079-26304652 – 55

Plants: Plot No 4, Block No. 65, Khatrej, Kalol, Mehsana Gujarat.

Date, time, venue of Annual General Meeting

The 22nd Annual General Meeting of the members of the Company is scheduled to be held on Wednesday, the 30th September 2009 at 3.30 p.m. at Tirupati House, 4th Floor, Nr. Topaz Restaurant, University Road, Polytechnic Char Rasta, Ambawadi, Ahmedabad, – 380 015. All the members are invited to attend the meeting.

The Members/Proxies who intend to attend the meeting are requested to bring the Attendance Slip sent herewith duly filed in to the meeting.

Financial calendar

- Financial year for 2009-2010
- Results were announced on
 - Quarter ending June 2009 July 2009
 - Quarter ending September 2009 October 2009
 - Quarter ending December 2009 January 2010
 - Quarter ending March 2010 April 2010
 - Annual General Meeting 2009-10 September 2010

Book Closure Dates : Thursday, 24th September, 2009 to
Wednesday, 30th September 2009 (both days inclusive)

Annual General Meeting : Wednesday 30th September 2009

Details of Shares

Types of Shares : Equity Shares
No. Of paid up shares : 44,07,000
Market lot of shares : 1 share

Stock Code : Name of Stock Exchange Code No.
Ahmedabad Stock Exchange 61062
Vadodara Stock Exchange NIL
Bombay Stock Exchange 590035
(Indonext)

Listing : The Company's shares are listed and traded on the Stock Exchanges at Ahmedabad and Vadodara The Company has paid Listing fees for both Bombay Stock Exchange(Indonext),Vadodara Stock exchange and Ahmedabad Stock Exchange for Financial Year 2009-10.

Stock Data :

The Shares are not traded on Ahmedabad and Vadodara Stock Exchanges during the year hence monthly share price data are not given.

The Shares are occasionally traded on Bombay Stock Exchange (Indonext) platform. The Share price are as under:

| Month | No. of Shares | Highest | Lowest |
|-----------|---------------|---------|--------|
| April | 25 | 46.20 | 46.20 |
| May | 149 | 54.75 | 46.20 |
| June | 245 | 65.10 | 55.10 |
| July | 163 | 80.65 | 63.50 |
| August | 10 | 76.65 | 76.65 |
| September | 10 | 72.85 | 65.80 |
| October | 31 | 75.00 | 63.20 |
| November | 14 | 73.00 | 66.15 |
| December | 3 | 68.90 | 62.25 |

Shares held in physical and dematerialized form

The Company's shares are compulsorily traded in dematerialized mode. As on 31st March, 2009, 93.32% share were held in dematerialized form and balance 6.68 % shares were held in physical form. Those shareholders whose shares are held in physical form are requested to dematerialize the same at the earliest in their own interest. The demat security code (ISIN) for the equity shares is INE7115G01015 (For both NSDL & CDSL)

Distribution of Shareholding as on 31st March 2009

| No.of shares held | No.of members | Percentage | No.of shares held | Percentage |
|-------------------|---------------|------------|-------------------|------------|
| Upto 500 | 782 | 77.81 | 162550 | 3.64 |
| 501 - 1000 | 79 | 7.86 | 73302 | 1.64 |
| 1001 - 2000 | 37 | 3.68 | 59103 | 1.32 |
| 2001 - 3000 | 22 | 2.19 | 55136 | 1.23 |
| 3001 - 4000 | 3 | 0.30 | 10339 | 0.23 |
| 4001 - 5000 | 5 | 0.50 | 24285 | 0.54 |
| 5001 - 10000 | 13 | 1.29 | 85200 | 1.91 |
| Above 10000 | 64 | 6.37 | 4001585 | 89.49 |

Category wise distribution of shareholding as on 31st March, 2009

| Description | No.of members | | No.of shares | |
|-----------------------------------|---------------|----|--------------|-------|
| | Nos. | % | Nos. | % |
| Resident Individual (incl.HUF) | 939 | 94 | 2047636 | 46.46 |
| Directors & Relatives | 47 | 5 | 2302450 | 52.25 |
| Non Resident Individual | | | | |
| Bodies Corporate | 18 | 1 | 56914 | 1.29 |
| Mutual Fund,Nationalise Bank etc. | | | | |
| Clearing Member Pool A/c. | | | | |

Detail of Dividend

The Board of Directors has proposed dividend Rs.2 per share having Nominal value of Rs. 10 each. The dividend will be paid on 15th October, 2009 if approved at the Annual General Meeting.

Outstanding GDRs/ADRs/Warrants/any other Convertible Instruments.

Nil

Nomination facility.

It is in the interest of the Shareholders to appoint nominee for their investments in the Company. Those members who are holding shares in physical mode and has not appointed nominee or want to change the nomination, are requested to send us nomination form duly filled in and signed by all the joint holders.

Appointment of Registrar & Transfer Agent

In terms of SEBI circular D&CC/FITTC/CIR-15/2002 dated December 27, 2002, the Company has appointed M/s. Pinnacle Shares Registry Pvt.Ltd. of Ahmedabad (details as mentioned below) as our Share Transfer Agent (R&T Agent) effective from 30th July, 2003 for physical as well as dematerialized shares.

Changes in Shareholders details

In case you are holding your shares in dematerialized form (e.g. in electronic mode), communication regarding change in address, bank account details, change in nomination, dematerialization of your share certificates or other inquiries should be addressed to your DP where you have opened your Demat Account, quoting your client ID number. In case of physical holding of shares, any communication for change of any details should be address to our R&T agent of the company M/s. Pinnacle Share Registry Pvt.Ltd., as per address mentioned below.

Investors Communication

Share Transfers/Dematerialization or other queries relating to Shares of the Company should be addressed to:

M/s. Pinnacle Shares Registry Pvt.Ltd.
Unit: Tirupati Foam Ltd.,
Near Ashoka Mills, Naroda Road, Ahmedabad-25.
e-mail : investor.service@psrpl.com

CHIEF EXECUTIVE OFFICER'S CERTIFICATE

The Board of Directors
Tirupati Foam Limited
Ahmedabad

Re: Financial Statements for the year 2008-09 - Certification by CEO

I Deepak T. Mehta, Executive Director of Tirupati Foam Limited, on the basis of review of the financial statements and the Cash Flow Statement for the financial year ending 31st March, 2009 and to the best of my knowledge and belief, I hereby certify that:

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of my knowledge and belief, no transaction entered into by the Company during the year ended 31st March, 2009 which is fraudulent, illegal or violative of the Company's Code of Conduct.
4. I accept responsibility for establishing and maintaining internal controls, I have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which I am aware, in the design or operation of the internal control systems and that I have taken the required steps to rectify these deficiencies.
5. I further certify that:
 - a. there have been no significant changes in internal control during this year.
 - b. there have been no significant changes in accounting policies during this year.
 - c. there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems.

DEEPAK T. MEHTA
Executive Director

Place: Ahmedabad
Date: 05.09.2009

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
TIRUPATI FOAM LIMITED

We have examined the compliance of conditions of corporate governance by Tirupati Foam Limited (the Company) for the year ended 31st March 2009 as stipulated in Clause 49 of the listing agreement of the Company with Stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above-mentioned listing agreements.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Mayank Shah & Associates
Chartered Accountants**

**Place: Ahmedabad
Date: 05/09/2009**

**(M.S.SHAH)
PARTNER
M.NO. 44093**

AUDITOR'S REPORT

To,
The Members of
TIRUPATI FOAM LIMITED.

We have audited the attached Balance Sheet of **TIRUPATI FOAM LIMITED** as at 31st March, 2009 and also the Profit and Loss Account and the Cash Flow Statement 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.

1. We conducted our audit in accordance with auditing standards generally accepted in India. These 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 as amended by The Companies (Auditor's Report) Amendment Order, 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the annexure referred to in paragraph 2 above, we report that:
 - a. We have obtained all the information 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 account as required by law have been kept by the company so far as it appears from our examination of the books;
 - c. The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report complies with the accounting standards referred to in Sub – section 3 [c] of section 211 of the Companies Act, 1956, except as-15 (Revised-2005).

- e. On the basis of written representations received from the Directors, and taken on record by Board of Directors, we report that none of the Directors are disqualified as on 31st March 2009 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f. 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 notes thereon subject to Note No. 4 (regarding Non provision of future liability of Gratuity) of schedule-Q give the information required by the Companies Act, 1956 in manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i). In case of Balance Sheet, of the state of affairs of the company as at 31st March 2009.
 - (ii). In case of the Profit & Loss Account, of the profit for the year ended on that date.
 - (iii). In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**FOR MAYANK SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS**

**PLACE : AHMEDABAD
DATE : 05/09/2009.**

**(M.S.SHAH)
PARTNER
M.NO. 44093**

ANNEXURE TO THE AUDITORS' REPORT
(Annexure referred to in paragraph 2 of our Auditors Report of even date on financial statements of Tirupati Foam Ltd for the year ended on 31/03/2009)

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:-

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) The fixed assets of the company have been physically verified by the Management at reasonable intervals and no material discrepancies have been noticed on such verification.
c) During the year, company has not disposed off any substantial/major part of Fixed Assets.
2. a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. a) According to the information and explanations given to us, the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
b) As the company has not granted any loans to parties covered in the register maintained under section 301 of the Companies Act, the clause of rates of interest and other terms & condition is not applicable to the company.
c) As the Company has not granted any loans to parties covered in the register maintained under section 301 of the Companies Act, the clause of repayment of principal amount is not applicable to the company.
d) According to the information and explanations given to us, the company had taken unsecured loans from 49 (Forty Nine) parties listed in the register under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.471.85 Lacs and year-end balance was Rs.240.89 Lacs.
e) According to the information and explanations given to us, the rate of interest and other terms and condition of loans taken by the company, secured or unsecured, are not prejudicial to the interest of the company.
f) According to the information and explanation given to us, repayment of the principal amount is as stipulated and payments of interest have been regular.

4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets, and with regard to the sale of goods. During the course our audit, no major weakness has been noticed in the internal controls.
5. a) On the basis of the audit procedures performed by us and according to the information given to us, we are of the opinion that the transaction which were required to be entered in the register maintained under section 301 of the companies act were entered.
b) In our opinion and according to information and explanation given to us, the transactions were made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanation given to us, the company has not accepted deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the company has internal audit system commensurate with the size and nature of its business.
8. We have been informed that the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
9. a) According to the records of the company and information and explanations given to us the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Excise Duty, Custom Duty Service Tax, Cess, Investor Education and Protection Fund and any other statutory dues as applicable to it, with the appropriate authorities during the year. As explained to us, no undisputed amounts payable were in arrears at 31st March, 2009 for a period of more than six months from the date they became payable.
b) According to the records of the company and information and explanations given to us, there is no disputed statutory due payable by the company.
10. The company has no accumulated losses at the end of the financial year and it has not incurred cash losses during current and immediately preceding financial year.
11. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company had no transaction with financial institution and held no debentures outstanding during the year.
12. According to the information and explanation given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund or society. Therefore clause 4 (xiii) is not applicable to the company.
14. The Company is not dealing or trading in shares or securities, debentures and other investments. Therefore clause 4(xiv) is not applicable to the Company.

15. According to the information & explanations given to us the Company has not given guarantee for loans taken by others from banks or financial institutions.
16. Company has not raised any new term loans during the year. Therefore clause 4(xvi) is not applicable to the Company.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company we report that no funds raised on short-term basis have been used for long-term investment by the company.
18. The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the company Act. 1956.
19. The Company did not have any outstanding debentures during the year.
20. The company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
21. During the course of our examination of the books of account and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**FOR MAYANK SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS**

**PLACE : AHMEDABAD
DATE : 05/09/2009.**

**(M.S.SHAH)
PARTNER
M.NO. 44093**

TIRUPATI FOAM LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2009

| PARTICULARS | SCHEDULE | 31/3/2009 AMOUNT RS. | 31/3/2008 AMOUNT RS. |
|--|------------------|-------------------------|-------------------------|
| 1 Shareholder's Funds | | | |
| i) Share Capital | A | 4,40,70,000 | 3,42,20,000 |
| ii) Equity Share Warrant | B | - | 35,46,000 |
| iii) Reserves & Surplus | C | 9,29,34,778 | 6,41,88,266 |
| 2 Loan Funds | | | |
| i) Secured Loans | D | 3,40,35,129 | 4,69,31,053 |
| ii) Unsecured Loans | E | 2,47,73,572 | 3,61,36,994 |
| 3 Deferred Tax Liability | | 48,76,570 | 56,27,572 |
| 4 Deferred Sales Tax Liability | | 1,45,68,997 | 2,12,16,065 |
| | TOTAL RS. | 21,52,59,046 | 21,18,65,950 |
| II. APPLICATION OF FUNDS | | | |
| 1 Fixed Assets : | F | | |
| Gross Block | | 12,96,30,579 | 12,74,42,744 |
| Less: Depreciation | | 7,06,43,800 | 6,52,29,232 |
| Net Block | | <u>5,89,86,779</u> | <u>6,22,13,512</u> |
| 2 Investments | G | 2,500 | 2,500 |
| 3 i) Current Assets, Loans & Advances | H | | |
| a) Inventories | | 4,94,34,125 | 2,79,31,665 |
| b) Sundry Debtors | | 12,38,26,951 | 12,97,87,290 |
| c) Cash and Bank Balances | | 1,29,14,753 | 18,42,231 |
| d) Loans & Advances | | 2,54,20,310 | 1,80,73,981 |
| | | <u>21,15,96,139</u> | <u>17,76,35,167</u> |
| Less : | | | |
| ii) Current Liabilities & Provisions | I | | |
| a) Current Liabilities | | 2,60,19,433 | 84,13,091 |
| b) Provisions | | 2,93,06,939 | 1,95,72,138 |
| | | <u>5,53,26,372</u> | <u>2,79,85,229</u> |
| Net Current Assets (i - ii) | | <u>15,62,69,767</u> | <u>14,96,49,938</u> |
| | TOTAL RS. | 21,52,59,046 | 21,18,65,950 |
| Notes on accounts | Q | | |

As per our report of even date attached.

FOR MAYANK SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS

For, and on behalf of the Board

(M.S.SHAH)
Partner
M.No. 44093

(ROSHAN P. SANGHVI)
Managing Director

(BABULAL N. SHAH)
JT. Managing Director

Place: Ahmedabad
Date : 05/09/2009

Place: Ahmedabad
Date : 05/09/2009

TIRUPATI FOAM LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31-03-2009

| PARTICULARS | SCHEDULE | 31/3/2009 AMOUNT RS. | 31/3/2008 AMOUNT RS. |
|---|----------|-------------------------------|-------------------------|
| I. INCOME | | | |
| Sales (Net) | J | 45,28,58,228 | 46,99,89,327 |
| Other Income | K | 17,46,880 | 67,696 |
| | | TOTAL RS. 45,46,05,108 | 47,00,57,023 |
| II. EXPENDITURE | | | |
| Raw Material Consumption & Stock Variation | L | 39,22,80,125 | 40,58,00,517 |
| Manufacturing Expenses | M | 63,30,955 | 53,91,939 |
| Administrative & General Expenses | N | 1,01,30,030 | 64,36,055 |
| Selling Expenses | O | 1,20,59,299 | 97,44,041 |
| Financial Charges | P | 77,34,103 | 87,07,477 |
| Depreciation | | 59,43,148 | 56,06,761 |
| | | TOTAL RS. 43,44,77,660 | 44,16,86,790 |
| Profit before Tax and Exceptional Item | | 2,01,27,448 | 2,83,70,233 |
| Exceptional item (Note 11 on Schedule-Q) | | - | 1,08,57,204 |
| Profit before tax | | 2,01,27,448 | 3,92,27,437 |
| Provision for Tax | | | |
| Current Taxation | | 72,00,000 | 1,14,00,000 |
| Fringe Benefit Tax | | 2,30,000 | 1,65,000 |
| Deferred Tax | | (7,51,002) | 19,32,082 |
| | | 66,78,998 | 1,34,97,082 |
| Profit after tax | | 1,34,48,450 | 2,57,30,355 |
| Balance as per last Balance Sheet | | 2,04,32,645 | 53,43,297 |
| Excess/(Short) Provision for earlier years | | - | (58,870) |
| | | 3,38,81,095 | 3,10,14,782 |
| Balance available for appropriation | | 3,38,81,095 | 3,10,14,782 |
| APPROPRIATIONS | | | |
| Proposed Dividend | | 88,14,000 | 68,44,000 |
| Distribution Tax on Proposed Dividend | | 14,97,939 | 11,63,138 |
| Transfer to General Reserve | | 10,10,000 | 25,75,000 |
| Surplus Carried forward to Balance Sheet | | 2,25,59,156 | 2,04,32,644 |
| | | 3,38,81,095 | 3,10,14,782 |
| Earning per Equity share of Rs. 10/- each (Note 16 on Schedule-s) | | | |
| on Profit after Tax and before exceptional item | | | |
| Basic and diluted (Rs.) | | 3.46 | 4.63 |
| on Profit after Tax | | | |
| Basic and diluted (Rs.) | | 3.46 | 7.52 |
| Notes on accounts | Q | | |

As per our report of even date attached.

FOR MAYANK SHAH & ASSOCIATES For, and on behalf of the Board
CHARTERED ACCOUNTANTS

(M.S.SHAH)
Partner
M.No. 44093

(ROSHAN P. SANGHVI)
Managing Director

(BABULAL N. SHAH)
JT. Managing Director

Place: Ahmedabad
Date : 05/09/2009

Place: Ahmedabad
Date : 05/09/2009

TIRUPATI FOAM LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2009

| PARTICULARS | SCHEDULE | 31/3/2009 | 31/3/2008 |
|--|----------|----------------------|----------------------|
| | | AMOUNT RS. | AMOUNT RS. |
| A CASH FLOW FROM OPERATIONS | | | |
| Net Profit before tax and extra ordinary items | | 2,01,27,448 | 3,92,27,437 |
| Adjustment for : | | | |
| Add: Depreciation | | 59,43,148 | 56,06,761 |
| Financial Charges | | 77,34,103 | 87,07,477 |
| Less: Rent income | | 17,38,340 | - |
| Profit on sale of Machinery | | 8,540 | 1,08,57,204 |
| Operating Profit before Working Capital Changes | | 3,20,57,819 | 4,26,84,471 |
| Adjustment for : | | | |
| Less: Increase in Sundry Debtors | | (59,60,339) | 2,98,55,006 |
| Increase /(Decrease) in Inventories | | 2,15,02,460 | (2,15,70,660) |
| Increase /(Decrease) in Loans and Advances | | (26,48,969) | (2,00,78,315) |
| Add: Increase/(Decrease) in Current Liabilities | | 1,75,56,367 | (1,51,66,747) |
| Cash generated from Operations before extraordinary & prior period | | 3,67,21,034 | 3,93,11,693 |
| Prior period adjustment | | - | 58,870 |
| Less : Tax Paid | | 99,95,298 | 84,56,828 |
| Cash generated from Operations after extraordinary & prior period (A) | | 2,67,25,736 | 3,07,95,995 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets | | (27,52,874) | (1,53,70,369) |
| Decrease/(Increase) in Capital Wok-in-progress | | - | 8,63,700 |
| Rent Income | | 17,38,340 | |
| Sale of Fixed Assets | | 45,000 | 1,22,91,488 |
| Net Cash Generated from investing activities (B) | | (9,69,534) | (22,15,181) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Financial Charges | | (77,34,103) | (87,07,477) |
| Increase/(Decrease) in Long term Borrowing | | (1,18,79,722) | 76,55,434 |
| Increase/(Decrease) in Short term Borrowing | | (1,23,79,624) | (2,20,57,512) |
| Issue of Share Warrants | | 31,91,4000 | 35,46,000 |
| Dividend Paid | | (67,94,025) | (61,25,077) |
| Tax on Dividend Paid | | (11,63,138) | (10,46,824) |
| Deferred Sales Tax Repayment | | (66,47,068) | (79,21,934) |
| Net Cash Flow from Financing Activities (C) | | (1,46,83,680) | (3,46,57,390) |
| Net Increase in Cash & Cash equivalents | | 1,10,72,522 | (60,76,576) |
| Cash & Cash equivalents opening balance | | 18,42,231 | 79,18,807 |
| Cash & Cash equivalents closing balance | | 1,29,14,753 | 18,42,231 |

As per our report of even date attached.

FOR MAYANK SHAH & ASSOCIATES For, and on behalf of the Board
CHARTERED ACCOUNTANTS

(M.S.SHAH)
Partner
M.No. 44093

(ROSHAN P. SANGHVI)
Managing Director

(BABULAL N. SHAH)
JT. Managing Director

Place: Ahmedabad
Date : 05/09/2009

Place: Ahmedabad
Date : 05/09/2009

TIRUPATI FOAM LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS ON 31-03-2009

| PARTICULARS | SCHEDULE | 31/3/2009 AMOUNT RS. | 31/3/2008 AMOUNT RS. |
|--|------------------|-------------------------|-------------------------|
| SCHEDULE : A : SHARE CAPITAL | | | |
| Authorised : | | | |
| 46,00,000 Equity Shares of Rs.10/- each | | 4,60,00,000 | 4,60,00,000 |
| | | <u>4,60,00,000</u> | <u>4,60,00,000</u> |
| Issued, Subscribed & Paid-up : | | | |
| 44,07,000 (P.Y. 34,22,000) Equity Shares of Rs.10/- each fully paid up | | 4,40,70,000 | 3,42,20,000 |
| | TOTAL RS. | <u>4,40,70,000</u> | <u>3,42,20,000</u> |
| SCHEDULE : B : EQUITY WARRANT | | | |
| 9,85,000 Optionally Convertible Equity Warrants of Rs.36/- Each paid up Rs.3.60 | | 35,46,000 | 35,46,000 |
| Less : Conversion during the year | | | |
| | TOTAL RS. | <u>-</u> | <u>3,546,000</u> |
| SCHEDULE : C : RESERVES & SURPLUS | | | |
| Share Premium | | 2,56,10,000 | - |
| Share Foreiture Reserve (64,500 share @5 per share) | | 3,22,500 | 3,22,500 |
| Capital Reserve (Subsidy) | | 6,82,000 | 6,82,000 |
| Investment Allowance Reserve (Utilised) | | 4,254 | 4,254 |
| General Reserve : | | | |
| Balance as per last Balance Sheet | | 4,27,46,868 | 4,01,71,868 |
| Add : Transfer from Profit & Loss A/c. | | 10,10,000 | 25,75,000 |
| | | <u>4,37,56,868</u> | <u>4,27,46,868</u> |
| Profit & Loss Account | | 2,25,59,156 | 2,04,32,644 |
| | TOTAL RS. | <u>9,29,34,778</u> | <u>6,41,88,266</u> |
| SCHEDULE : D : SECURED LOANS | | | |
| Bank of India Term Loan | | 100 | 100 |
| Working Capital Loan | | 3,36,63,481 | 4,60,43,105 |
| (All the Limits are Secured against Raw Materials, Finished Goods, Stock-in- process and first charge over Fixed Assets of the company and by personal guarantee of all the Directors & others) | | | |
| ICICI Bank Ltd. (Against hypothecation of Motor Cars) | | 3,71,548 | 8,87,848 |
| | TOTAL RS. | <u>3,40,35,129</u> | <u>4,69,31,053</u> |
| SCHEDULE : E : UNSECURED LOANS | | | |
| From Directors & Relatives | | 2,40,89,572 | 3,09,00,014 |
| From Shareholders | | 6,84,000 | 52,36,980 |
| | TOTAL RS. | <u>2,47,73,572</u> | <u>3,61,36,994</u> |

TIRUPATI FOAM LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS ON 31-03-2009 SCHEDULE : F : FIXED ASSETS

| SR. PARTICULARS NO. | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|-------------------------|---------------------|------------------|-----------------|---------------------|--------------------|------------------|-----------------|--------------------|--------------------|--------------------|
| | As at 1/4/2008 | Addition | Deduction | As at 31/3/2009 | As at 1/4/2008 | Addition | Deduction | As at 31/3/2009 | As on 31/3/2009 | As on 31/3/2008 |
| 1 Land | 1,28,96,146 | - | - | 1,28,96,146 | - | - | - | - | 1,28,96,146 | 1,28,96,146 |
| 2 Factory Building | 3,20,97,598 | 17,81,265 | - | 3,38,78,863 | 1,88,00,282 | 14,02,978 | - | 2,02,03,260 | 1,36,75,603 | 1,32,97,315 |
| 3 Office Building | 94,44,100 | 5,23,407 | - | 99,67,507 | 314,038 | 466,734 | - | 7,80,772 | 91,86,735 | 91,30,061 |
| 4 Plant & Machinery | 6,26,18,573 | - | - | 6,26,18,573 | 4,12,71,223 | 29,69,415 | - | 4,42,40,638 | 1,83,77,935 | 2,13,47,350 |
| 5 Vehicles | 66,048 | - | - | 66,048 | 62,283 | 976 | - | 63,259 | 2,789 | 3,765 |
| 6 Office Equipments | 29,84,895 | 57,682 | - | 30,42,577 | 13,19,113 | 2,36,499 | - | 15,55,612 | 14,86,965 | 16,65,782 |
| 7 Furniture | 24,25,098 | 3,48,080 | - | 27,73,178 | 8,23,747 | 2,75,625 | - | 10,99,372 | 16,73,806 | 16,01,352 |
| 8 Motor Cars | 49,10,287 | 42,440 | 5,65,040 | 43,87,687 | 26,38,546 | 5,90,921 | 5,28,580 | 27,00,887 | 16,86,800 | 22,71,741 |
| Total Rs. | 12,74,42,745 | 27,52,874 | 5,65,040 | 12,96,30,579 | 6,52,29,232 | 59,43,148 | 5,28,580 | 7,06,43,800 | 5,89,86,779 | 6,22,13,512 |
| Previous Year Total Rs. | 11,91,13,563 | 1,53,70,369 | 70,41,188 | 12,74,42,744 | 6,52,29,375 | 56,06,761 | 56,06,904 | 6,52,29,232 | 6,22,13,512 | 5,38,84,188 |

SCHEDULE : G : INVESTMENTS

| PARTICULARS | SCHEDULE AMOUNT RS. | 31/3/2009 AMOUNT RS. | 31/3/2008 AMOUNT RS. |
|--|------------------------|-------------------------|-------------------------|
| Unquoted | | | |
| 1) 10 Equity Shares (Previous year 10) of Hare Krishna Complex Association of Rs.250/- each (Unquoted) | | 2,500 | 2,500 |
| TOTAL RS. | | 2,500 | 2,500 |

SCHEDULE : H : CURRENT ASSETS, LOANS & ADVANCES

(A) Current Assets :

| | | |
|--|---------------------|---------------------|
| 1 Inventories (as taken valued and certified by Management) | | |
| Raw Materials | 2,24,81,892 | 73,00,612 |
| Work - in- Process | 1,50,22,464 | 1,01,26,145 |
| Finished Goods | 92,62,939 | 85,81,438 |
| Packing Material | 2,33,300 | 2,63,184 |
| Stores & Consumables | 24,33,530 | 16,60,286 |
| TOTAL RS. (1) | 4,94,34,125 | 2,79,31,665 |
| 2 Debtors (Unsecured, considered good) | | |
| More than six months | 1,33,96,178 | 84,75,147 |
| Others | 11,04,30,773 | 12,13,12,143 |
| TOTAL RS. (2) | 12,38,26,951 | 12,97,87,290 |
| 3 Cash & Bank Balance | | |
| Cash on hand | 2,47,979 | 1,23,987 |
| Balance with Schedule Banks in Current Account | 2,37,573 | 1,84,244 |
| In Fixed Deposits | 1,24,29,200 | 15,34,000 |
| TOTAL RS. (3) | 1,29,14,753 | 18,42,231 |
| TOTAL RS. (A)=(1+2+3) | 18,61,75,829 | 15,95,61,186 |

(B) Loans & Advances

| | | |
|-------------------------------------|---------------------|---------------------|
| (Unsecured & Considered Good) | | |
| Advance given to Suppliers | 23,63,175 | 61,22,065 |
| Advance for Capital Assets | - | 4,36,804 |
| Balance with Government Departments | 2,16,94,673 | 1,03,91,787 |
| Other Advances | 13,62,462 | 11,23,325 |
| TOTAL RS. (B) | 2,54,20,310 | 1,80,73,981 |
| TOTAL RS. (A+B) | 21,15,96,139 | 17,76,35,167 |

TIRUPATI FOAM LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS ON 31-03-2009

| PARTICULARS | SCHEDULE | 31/3/2009 | 31/3/2008 |
|--|----------|---------------------|---------------------|
| | | AMOUNT RS. | AMOUNT RS. |
| SCHEDULE : I : CURRENT LIABILITIES & PROVISIONS | | | |
| (a) Current Liabilities : | | | |
| Sundry Creditors : | | | |
| for goods | | 2,15,59,150 | 28,93,353 |
| for expenses | | 11,82,160 | 26,79,939 |
| Other Current Liabilities | | 30,66,381 | 26,78,032 |
| Unclaimed Dividend | | 2,11,742 | 1,61,767 |
| TOTAL RS. (A) | | 2,60,19,433 | 84,13,091 |
| (b) Provisions : | | | |
| Income tax Provision | | 1,86,00,000 | 1,14,00,000 |
| Fringe Benefit Tax Provision | | 3,95,000 | 1,65,000 |
| Proposed Dividend | | 88,14,000 | 68,44,000 |
| Dividend Distribution Tax | | 14,97,939 | 11,63,138 |
| TOTAL RS. (B) | | 2,93,06,939 | 1,95,72,138 |
| TOTAL RS. (A+B) | | 5,53,26,372 | 2,79,85,229 |
| SCHEDULE : J : SALES | | | |
| Sales | | 52,78,91,132 | 56,44,08,441 |
| Less: | | | |
| 1 Excise Duty | | 5,68,77,896 | 7,49,57,700 |
| 2 Sales Tax | | 1,81,55,008 | 1,94,61,414 |
| TOTAL RS. | | 45,28,58,228 | 46,99,89,327 |
| SCHEDULE : K : SALES | | | |
| Profit on sale of Fixed Asset | | 8,540 | - |
| Rent Income | | 17,38,340 | - |
| Foreign Exchange Fluctuation | | - | 67,696 |
| TOTAL RS. | | 17,46,880 | 67,696 |
| SCHEDULE : L : MATERIAL CONSUMED AND STOCK VARIATION | | | |
| (i) RAW MATERIAL CONSUMPTION | | | |
| Opening Stock | | | |
| Raw material | | 73,00,612 | 2,25,48,147 |
| Consumables | | 16,60,286 | 30,82,060 |
| | | 89,60,898 | 2,56,30,207 |
| Add : Purchase (including custom duty, clearing charges, L/C Expenses carriage inward, octroi & Freight etc.) | | | |
| | | 40,59,24,902 | 36,62,05,648 |
| | | 41,48,85,800 | 39,18,35,855 |
| Less : Closing Stock | | | |
| Raw Material | | 2,24,81,892 | 73,00,612 |
| Consumable | | 24,33,530 | 16,60,286 |
| | | 2,49,15,422 | 89,60,898 |
| TOTAL RS. (i) | | 38,99,70,378 | 38,28,74,957 |
| (ii) COST OF MATERIAL TRADED | | | |
| Opening Stock | | | |
| Add. Purchases during the year | | 82,63,898 | 1,78,54,578 |
| | | 82,63,898 | 1,78,54,578 |
| Less : Closing Stock | | | |
| | | - | - |
| TOTAL RS. (ii) | | 82,63,898 | 1,78,54,578 |

TIRUPATI FOAM LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS ON 31-03-2009

| PARTICULARS | SCHEDULE | 31/3/2009 AMOUNT RS. | 31/3/2008 AMOUNT RS. |
|---|----------|-------------------------|-------------------------|
| (iii) STOCK VARIATION | | | |
| Closing Stock of Finished Goods and Work in Process | | 2,42,85,403 | 1,87,07,583 |
| Less : Opening Stock of Finished Goods and Work in Process | | 1,87,07,583 | 2,36,32,918 |
| Variation in Excise duty on Closing and Opening Stock of Finished Goods | | 3,76,331 | (1,45,647) |
| TOTAL RS. (iii) | | 59,54,151 | (50,70,982) |
| TOTAL RS. (I+II+III) | | 39,22,80,125 | 4,05,80,0517 |
| SCHEDULE : M : MANUFACTURING EXPENSES | | | |
| Wagves & Salaries | | 6,96,392 | 6,51,349 |
| Electric Expenses | | 21,37,068 | 18,89,279 |
| Insurance Charges | | 12,30,801 | 12,90,621 |
| Labour Charges | | 17,29,180 | 12,72,206 |
| Diesel Expenses | | 5,25,378 | 2,69,484 |
| Testing Fees | | 12,136 | 19,000 |
| TOTAL RS. | | 63,30,955 | 53,91,939 |
| SCHEDULE : N : ADMINISTRATIVE & GENERAL EXPENSES | | | |
| Consultancy Fees | | 5,83,224 | 3,53,034 |
| Directors Remuneration | | 4,32,000 | 4,32,000 |
| Income Tax Exp | | 4,000 | 2,00,000 |
| Legal Expenses | | 2,72,202 | 1,74,175 |
| Misc. Exp. | | 2,93,136 | 3,15,779 |
| Municipal Tax | | 3,58,270 | 28,185 |
| Office Exp. | | 41,405 | 39,731 |
| Repairing Exp. | | 4,52,511 | 19,24,126 |
| Security Charges | | 2,79,818 | 2,76,496 |
| Auditor's Remuneration | | | |
| For audit fees | | 60,665 | 56,180 |
| for taxation matters | | 27,575 | 22,472 |
| Service Tax | | - | 6,001 |
| Staff Welfare | | 78,483 | 16,873 |
| Stationary Expenses | | 7,39,626 | 4,57,586 |
| Telephone Exp. | | 3,28,729 | 2,81,952 |
| Travelling Exp. | | 11,84,227 | 14,35,849 |
| Vehicle Exp. | | 4,29,233 | 3,21,479 |
| Vat Tax Exp. | | 1,000 | 6,009 |
| Electricity Expenses | | 1,67,418 | 88,128 |
| Foreign Exchange Fluctuation | | 43,96,508 | - |
| TOTAL RS. | | 1,01,30,030 | 64,36,055 |

TIRUPATI FOAM LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS ON 31-03-2009

| PARTICULARS | SCHEDULE | 31/3/2009 | 31/3/2008 |
|---|-----------------|---------------------------|-------------------------|
| | | AMOUNT RS. | AMOUNT RS. |
| SCHEDULE : O : SELLING EXPENSES | | | |
| Advertisement | | 17,20,828 | 8,03,193 |
| Sales Promotion | | 18,97,671 | 11,46,382 |
| Sales Incentive | | 17,25,965 | 1,79,879 |
| Bad Debts | | - | 12,59,100 |
| Packing Exp. : | | | |
| Opening Stock | | 2,63,184 | 2,39,200 |
| Add : Purchase | | 66,84,951 | 63,79,471 |
| | | <u>69,48,135</u> | <u>66,18,671</u> |
| Less : Closing Stock | | 2,33,300 | 2,63,184 |
| Net Packing Exps. | | 67,14,835 | 63,55,487 |
| TOTAL RS. | | <u>1,20,59,299</u> | <u>97,44,041</u> |
| SCHEDULE : P : FINANCIAL CHARGES | | | |
| Bank Interest | | 45,63,125 | 49,89,708 |
| Other Interest | | 29,45,211 | 34,72,860 |
| Bank Charges & Commission | | 2,25,767 | 2,44,909 |
| | | <u>77,34,103</u> | <u>87,07,477</u> |

TIRUPATI FOAM LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS ON 31-03-2009

SCHEDULE: S : NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTIONS

(I) Basis of Preparation of Financial Statements

The financial statements of the Company are prepared under the historical cost convention on accrual basis of accounting in all material respects in accordance with the notified Accounting Standards by Companies (Accounting Standards) Rules 2006 (as amended) and the relevant Provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company during the year.

(II) Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

FIXED ASSETS

Fixed Assets are stated at cost of acquisition/construction (Less Accumulated Depreciation and MODVAT Credit) Cost comprises of the purchase price and other attributable cost. Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-in-Progress. Revenue Expenditure relating to new projects is charged to Capital Work-in-Progress.

DEPRECIATION

Depreciation on Fixed Assets is provided on written down value on Pro-rata basis at rates and in manner specified in Schedule XIV of the Companies Act, 1956.

INVESTMENT

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investment. Long term investments are stated at cost of acquisition. Provision for diminution in value of long term investments is made, only if such decline is other than temporary.

INVENTORIES

Finished goods, Work-in-Process, Raw materials, Stores, Spares are valued at cost or net realizable value whichever is lower. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition including excise duty payable on goods produced. The cost formulae used for determination of cost is 'First in First Out'.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transactions. Foreign currency denominated Current assets and Liabilities are translated into rupees at the rate of exchange prevailing on the date of balance sheet. All such exchange differences are dealt with in the statement of profit and loss.

TIRUPATI FOAM LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS ON 31-03-2009

Premium or discount on forward exchange contracts are amortized and recognized in the profit and loss account over the period of the contract. Forward exchange contract outstanding at the balance sheet date are stated at fair values and any gains or loss are recognized in the profit and loss account.

PROVISION AND CONTINGENT LIABILITIES

The company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and reliable estimate can be made of the amount of the obligation. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. A disclosure for contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote no, provision or disclosure is made.

REVENUE RECOGNITION

The company recognizes sale of goods when the significant risks and rewards of ownership are transferred to the buyer, which is usually when the goods are dispatched to customers.

Rent income is recongized on accrual basis.

RESEARCH AND DEVELOPMENT EXPENDITURE

Revenue expenditure in respect of Research & Development is charged to the Profit & Loss Account and Capital Expenditure is added to the cost of Fixed Assets in the year in which it is incurred.

RETIREMENT BENEFITS

1) Short Term Employees Benefit

Short Term Benefits are recognized as expenditure at the undiscounted value in the Profit and Loss Account of the year in which the related services as rendered.

2) Post Employment Benefit

- a. **Defined Contribution Plans:**— Monthly contributions to the Provident Fund which is defined contribution schemes are charged to Profit and Loss Account and deposited with the Provident Fund Authorities on monthly basis.
- b. **Defined Benefit Plans:**— Gratuity to Employees are recognised in Profit and Loss Account as when paid to Employees.

3) Termination Benefit

Termination Benefits are charged to Profit and Loss Account in the year of accrual.

TAXES ON INCOME

Tax expense comprises of both current and deferred taxes and fringe benefit tax. Provision for current income taxes is made on the taxable income at the tax rate applicable to the relevant assessment year. Fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes are recognized for the future tax consequence attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income using the tax rate and tax laws that have been enacted or substantively enacted by the balance sheet date.

TIRUPATI FOAM LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS ON 31-03-2009

Deferred tax assets are recognized and carried forward only to the extent that there is reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised

BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

IMPAIRMENT OF ASSETS

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the assets belong is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the assets is reflected at the recoverable amount.

GOVERNMENT GRANTS/SUBSIDY

Government Grants is recognized when there is a reasonable assurance that the company will comply with the conditions attached to them and grants will be received.

Government Grants/Subsidy related to specific fixed assets are disclosed as deduction from the value of the concerned assets.

Government Grants which is in the nature of promoters contribution are credited to Capital Reserve.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

B. NOTES ON ACCOUNTS:

1. Contingent Liabilities:

| Sr. No. | PARTICULARS | 2008-2009 | 2007-2008 |
|---------|------------------|-------------|-------------|
| | Letter of Credit | 2,40,89,540 | 1,01,88,625 |

2. Previous year's figures have been recasted & regrouped wherever necessary to make them comparable with those of current year.
3. Provision of Rs.72,00,000/- for taxation has been made for the current year. Provision of Rs.2,30,000/- in respect of Fringe Benefit Tax has been made for the current year.

TIRUPATI FOAM LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS ON 31-03-2009

4. Employee's Retirement Benefits

a) Defined Benefit Plan:

No Liability in respect of present or future liability of Gratuity has been ascertained and provided in the accounts (P.Y. — not ascertained and provided for). This is in contravention with the accounting Standard 15 issued by the Institute of Chartered Accountants of India in respect of accounting for retirement benefits.

b) Defined Contribution Plan:

The Company has recognised the following amount in Profit and Loss Account which is included under contribution to funds.

| Particulars | Amount Rs. |
|---|------------|
| Employer's Contribution to Provident Fund | 1,19,187/- |

5. The Company has only one Primary & Secondary Segment. The Company is in the business of Manufacturing of Flexible Polyurethane Foam and Operates in India.

6. Micro, Small, Medium Enterprises Development Act, 2006

There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

7. During the year, Equity Share warrants holders exercised their rights and the Company had issued Equity Shares on preferential basis into 9,85,000 Equity Shares of Rs. 10/- each at a price of Rs. 36/- per share (Rs. 10/- Face value + 26/- Premium). The said price is determined in accordance with prevailing SEBI (Disclosure and Investor Protection) Guidelines, 2000.

8. Deferred Taxation:

The calculation of Deferred Tax Liability/(Asset) is as follows:

| <u>Nature of timing difference</u> | <u>Deferred Tax Liability as at 01/04/08</u> | <u>For the Year</u> | <u>Deferred Tax Liability as at 31/03/09</u> |
|------------------------------------|--|---------------------|--|
| Depreciation | 56,27,572 | (7,51,002) | 48,76,570 |
| Total Rs. | 5627572 | (7,51,002) | 48,76,570 |

TIRUPATI FOAM LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS ON 31-03-2009

9. Related Party Disclosure:

A) Name of related parties and nature of relationship:

i) Key Management Personnel

| | | |
|---------------------|---|-------------------------|
| Mr.Roshan P.Sanghvi | - | Managing Director |
| Mr.Babulal N.Shah | - | Joint Managing Director |
| Mr.Deepak T.Mehta | - | Executive Director |
| Mr.Satish A.Mehta | - | Executive Director |

ii) Relatives of Key Management Personnel

a) Relatives of Mr.Roshan P.Sanghvi

| | | |
|---------------------------|---|-----------------|
| Mrs.Meena R. Sanghvi | - | Wife |
| Mr.Poonamchand K. Sanghvi | - | Father |
| Mrs. Kantaben P. Sanghvi | - | Mother |
| Mr.Manish P.Sanghvi | - | Brother |
| Mrs. Alpaben M. Sanghvi | - | Brother's wife |
| Roshan P. Sanghvi (HUF) | - | HUF of Director |

b) Relatives of Mr. Babulal N.Shah

| | | |
|------------------------|---|-----------------|
| Mrs. Manjulaben B.Shah | - | Wife |
| Mr.Mukesh B.Shah | - | Son |
| Mr.Vijay B.Shah | - | Son |
| Mr. Prakash B.Shah | - | Son |
| Babubhai N. Shah (HUF) | - | HUF of Director |

c) Relatives of Mr.Deepak T. Mehta

| | | |
|------------------------|---|-----------------|
| Mrs. Urmila D.Mehta | - | Wife |
| Mr. Takhatmal N.Mehta | - | Father |
| Mrs. Kamlaben T. Mehta | - | Mother |
| Mr. Lokesh T. Mehta | - | Brother |
| Deepak T. Mehta (HUF) | - | HUF of Director |

d) Relatives of Mr. Satish A. Mehta

| | | |
|-----------------------|---|-----------------|
| Mrs. Rita S.Mehta | - | Wife |
| Mr. Amritlal C.Mehta | - | Father |
| Mrs.Vimlaben A.Mehta | - | Mother |
| Mr Naman S.Mehta | - | Son |
| Ms. Charmy S. Mehta | - | Daughter |
| Satish A. Mehta (HUF) | - | HUF of Director |

TIRUPATI FOAM LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS ON 31-03-2009

B) Transactions with related parties

| <u>Nature of transactions</u> | <u>Key Management</u> (Amt. in Rs.) | <u>Relatives of Key Management Personnel</u> Amt. in Rs.) |
|---|--|--|
| I) Volume of transactions | | |
| i) Remuneration | 4,32,000 | NIL |
| ii) Unsecured Loan accepted (Net) | 8,16,635 | 16,18,306 |
| iii) Repayment of Unsecured Loan (Net) | 33,19,579 | 45,78,656 |
| iv) Interest expenses on Unsecured Loan | 3,03,076 | 7,81,216 |
| II) Payable at year end | 16,94,500 | 67,25,072 |

Note: No amounts pertaining to related parties have been provided for as doubtful debts. Also no amounts have been written off or written back during the year.

10. The company had opted for deferral of payment of Sales Tax as per the option given by the Sales Tax Department of the Government of Gujarat. The deferred Sales Tax is being paid in six yearly instalments from the Financial Year 2005-2006. During the year the Company has repaid Rs. 66,47,068/-
11. Exceptional item in previous year represents profit of Rs. 1,08,57,204/- from the sale of Land, Building and Plant & Machinery at Chhatral.
12. In the opinion of the Board of Directors, Current assets, loans and advances have a value on realisation in the ordinary course of business equal to the amount at which they are stated in the Balance Sheet.
13. Expenditure incurred on employees in receipt of remuneration of not less than Rs.24,00,000/- per annum or Rs.2, 00,000/- per month if employed for a part of the year.

Employed throughout the year Employed for part of the year

| | <u>2008-09</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2007-08</u> |
|------------------|----------------|----------------|----------------|----------------|
| Salaries & Wages | Nil | Nil | Nil | Nil |
| No. Of Employees | Nil | Nil | Nil | Nil |

14. Auditors Remuneration:

| | <u>2008-09</u> <u>Amt.Rs.</u> | <u>2007-08</u> <u>Amt.Rs.</u> |
|----------------------------|----------------------------------|----------------------------------|
| 1) Audit fees | 60,665/- | 56,120/- |
| 2) Taxation Matters | 27,575/- | 22,472/- |
| 15. Directors Remuneration | 4,32,000/- | 4,32,000/- |

TIRUPATI FOAM LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS ON 31-03-2009

16. Earnings per Equity Share:

Basic and Diluted Earnings per equity share are recorded in accordance with Accounting Standard 20 'Earnings per Share'. Earnings per share is calculated by dividing the profit attributable to the Equity Shareholders (after adjustment for deferred taxes) by the weighted average number of Equity Shares outstanding during the period. The numbers used in calculating basic and diluted earnings per Equity Share are as stated below:

| | 2008-09 | 2007-08 |
|--|-------------|-------------|
| (a) Numerator used : | | |
| Profit before Tax and exceptional item | 2,01,27,448 | 2,83,70,233 |
| Less : Tax thereon | 66,78,998 | 1,25,09,285 |
| Profit after tax and before exceptional item | 1,34,48,450 | 1,58,60,948 |
| Add : Exceptional item | - | 1,08,57,204 |
| Less : Taxes thereon | - | 9,87,797 |
| Profit after Tax | 1,34,48,450 | 2,57,30,355 |
| (b) Denominator used : | | |
| Weighted Average number of Equity Shares of Rs. 10 each outstanding during the period year. | 38,86,164 | 34,22,000 |
| Earnings per Share on Profit after Tax and before exceptional item | 3.46 | 4.63 |
| Earnings per Share on Profit after Tax | 3.46 | 7.52 |
| Nominal Value per Share | 10 | 10 |

17. Licensed and Installed capacity

| | 2008-09 | | 2007-08 | |
|----------------------------|-----------------|------------------|-----------------|------------------|
| | <u>Licensed</u> | <u>Installed</u> | <u>Licensed</u> | <u>Installed</u> |
| Flexible Polyurethane Foam | N.A. | 3600 MT | N.A. | 3600 MT |

18. Additional information required vide schedule VI of the Companies Act, 1956.

| | 2008-09 | | 2007-08 | |
|-----------------------|------------|-----------------------------|------------|-----------------------------|
| | <u>Qty</u> | <u>Value Rs.In Lacs</u> | <u>Qty</u> | <u>Value Rs.In Lacs</u> |
| i) Production : (Qty) | | | | |
| Grade I (M.T.) | 2192.055 | | 2228.102 | |
| Others (M.T.) | 1359.604 | | 1535.138 | |
| Foam Articles (Pcs) | 24016 | | 23129 | |
| Quilted Rolls (Mtrs) | 153.800 | | 90.70 | |
| ii) Sales (Net) : | | | | |
| Manufactured Goods : | | 4444.20 | | 4504.92 |
| Grade I (M.T.) | 2189.404 | | 2221.931 | |
| Others (M.T) | 1336.093 | | 1527.098 | |
| Foam Articles (Pcs.) | 23868 | | 23048 | |
| Quilted Rolls (Mtrs.) | 153.80 | | 90.70 | |

TIRUPATI FOAM LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS ON 31-03-2009

iii) Raw Material Consumption :

| | <u>Qty .MT</u> | <u>Value</u> <u>Rs.In Lacs</u> | <u>Qty .MT</u> | <u>Value</u> <u>Rs.In Lacs</u> |
|--|----------------|-----------------------------------|----------------|-----------------------------------|
| a) Polyol | 1547.142 | 1336.160 | 1664.453 | 1190.81 |
| b) T.D.I. | 1099.500 | 1897.291 | 1149.000 | 2025.83 |
| c) Others | | 513.848 | | 528.93 |
| (Contributing to less than 10% of total raw material consumption individually) | | | | |
| Total | | 3747.299 | | 3745.57 |

iv) Raw Material Traded

| Particulars | Opening Stock | | Purchase | | Sales | | Closing Stock | |
|--------------|---------------|------------------------|---------------|------------------------|---------------|------------------------|---------------|------------------------|
| | Qty. MT | Value (Rs. In Lacs) |
| TDI | NIL | NIL | 47.750 | 81.02 | 47.750 | 82.64 | NIL | NIL |
| GM-210 | NIL | NIL | 0.436 | 1.62 | 0.436 | 1.74 | NIL | NIL |
| Total | NIL | NIL | 48.186 | 82.64 | 48.186 | 84.38 | NIL | NIL |

v) Particulars of Finished goods and Work in Progress.

| | <u>2008-09</u> | | <u>2007-08</u> | |
|-----------------------|----------------|-----------------------------------|----------------|-----------------------------------|
| | <u>Qty</u> | <u>Value</u> <u>Rs.In lacs</u> | <u>Qty.</u> | <u>Value</u> <u>Rs.In lacs</u> |
| a. Opening Stock : | | | | |
| Grade I (MT) | 41.252 | 56.641 | 35.081 | 49.04 |
| Others (MT) | 26.23 | 26.874 | 18.190 | 15.77 |
| Foam Articles (PCS) | 420 | 2.300 | 339 | 1.34 |
| Quilted Rolls (Mtrs) | - | - | - | - |
| Work in Process (MT) | 106.591 | 101.261 | 162.08 | 170.18 |
| b. Closing Stock : | | | | |
| Grade I (MT) | 43.903 | 47.521 | 41.252 | 56.641 |
| Others (MT) | 49.740 | 41.153 | 26.23 | 26.874 |
| Foam Articles (PCS) | 568 | 3.954 | 420.00 | 2.30 |
| Quilted Rolls (Mtrs) | — | — | — | — |
| Work -in- Process(MT) | 172.672 | 150.224 | 106.591 | 101.261 |

TIRUPATI FOAM LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS ON 31-03-2009

| | <u>2008-09</u> | <u>2007-08</u> |
|---|----------------------|----------------------|
| 19 Expenditure in Foreign Currency | | |
| - Foreign Traveling | 15,600 | 13,737 |
| - Capital Goods | - | 28,12,729 |
| - Spare Parts | 3,29,217 | 4,33,892 |
| 20. Earnings in Foreign Currency | Nil | Nil |
| 21. Value of imports calculated on CIF basis: | | |
| | <u>(Rs. in Lacs)</u> | <u>(Rs. in Lacs)</u> |
| Raw Materials | 800.08 | 463.58 |

22. Value of raw materials, components and spare parts consumed.

| | 2008-09 | | 2007-08 | |
|-------------------|---------------|------------------------|---------------|------------------------|
| | % | Value (Rs. in Lacs) | % | Value (Rs. in Lacs) |
| a Raw Materials : | | | | |
| Imported | 21.87 | 819.53 | 11.67 | 437.10 |
| Indigeneus | 78.13 | 2927.77 | 88.33 | 3308.47 |
| Total | 100.00 | 3747.30 | 100.00 | 3745.57 |

23. Balance Sheet abstract and the Company's General Business Profile:

I Registration Details :

Registration No. : L25199GJ1986PLC009071
 State Code : 04
 Balance Sheet Date : 31/03/2009

II Capital Raised During the Year

Public Issue : NIL
 Bonus Issue : NIL
 Rights Issue : NIL
 Private placement : 9850

III Position of Mobilisation and Deployment of Fund

(Amt. In Rs. Thousand)

| | | | |
|-------------------------------|--------|----------------------------|--------|
| Total Liabilities : | 215259 | Total Assets : | 215259 |
| Sources of Funds | | Application of Fund | |
| Paid up Capital : | 44070 | Net Fixed Assets : | 58987 |
| Reserve & Surplus : | 92934 | Investments : | 2 |
| Secured Loans : | 34035 | Net Current Assets : | 156270 |
| Unsecured Loans : | 24773 | | |
| Deferred tax liability : | 4876 | | |
| Deferred Sales Tax Liability: | 14569 | | |

IV Performance of the Company

| | | | |
|-----------------------|--------|---------------------|--------|
| Turnover /Other Inc.: | 454605 | Total Expenditure : | 434478 |
| Inc. : | | | |
| Profit before Tax : | 20127 | Profit after Tax : | 13448 |
| Earning Per Share Rs: | 3.46 | Dividend Rate : | 20% |

V Generic Name of Three Principal Product of the Company.

Product Description : Flexible Polyurethane Foam

Item Code (ITC No.) : 392113

Signature to Schedules A to Q

As per our report of even date attached.

FOR MAYANK SHAH & ASSOCIATES For, and on behalf of the Board
CHARTERED ACCOUNTANTS

(M.S.SHAH)

Partner

M.No. 44093

Place: Ahmedabad

Date : 05/09/2009

(ROSHAN P. SANGHVI)

Managing Director

Place: Ahmedabad

Date : 05/09/2009

(BABULAL N. SHAH)

JT. Managing Director

TIRUPATI FOAM LIMITED

Regd. Office: Tirupati House, 4th Floor, Nr. Topaz Restaurant,
University Road, Polytechnic Char Rasta, Ambawadi,
Ahmedabad – 380 015

ATTENDANCE SLIP

22nd Annual General Meeting

Wednesday, the 30th September, 2009 at 3:30 A.M.

Place: Tirupati House, 4th Floor, Nr. Topaz Restaurant,
University Road, Polytechnic Char Rasta,
Ambawadi, Ahmedabad – 380 015

Affix
Rs. 1.-
Revenue
Stampe

Signature of Member/Proxy attending the meeting _____

Notes:

1. The meeting is only for members. Please, therefore, do not bring person in the meeting who is not a member.
2. Please bring this attendance slip duly signed and hand it over to the representative of the Company at the entrance of the meeting place.

TIRUPATI FOAM LIMITED

FORM OF PROXY

I/We _____

Of _____ in the district of _____

Being member/s of the above named company hereby appoint _____

Of _____ in the district of _____

Or failing him _____

Of _____ in the district of _____

As my/our Proxy to attend and vote for me/us on my/our behalf at the 22nd Annual General Meeting of the Company, to be held on Wednesday, 30th September, 2009W and/or at any adjournment thereof.

Signed the ____ day of _____ 2009

Signature _____

N.B. : This Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.

**BOOK-POST
PRINTED MATTER**

If undelivered, please return to :

TIRUPATI FOAM LIMITED

Regd. Office:

Tirupati House, 4th Floor, Nr. Topaz Restaurant,
University Road, Polytechnic Char Rasta,
Ambawadi,
Ahmedabad – 380 015