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21

21ST ANNUAL REPORT 2002 - 2003

BOARD OF DIRECTORS

Shri Santosh R. Tulsiyan	Chairman & Managing Director
Shri Subhash R. Tulsiyan	Executive Director
Shri Ashok V. Tulsiyan	Executive Director
Shri Sanjeev D. Saran	Director
Shri Radhaballabh Tibrewal	Director
Shri Asharam S. Rungta	Director

AUDITORS

M/S. Bhuwania & Agrawal Associates
Chartered Accountants

BANKERS

State Bank of India

REGISTERED OFFICE

112, Sanjay Building No.6,
Mittal Estate, Andheri (E),
Mumbai 400 059.

FACTORY

Plot No. L-40, F1/22,
M.I.D.C., Tarapur,
Post : Boisor, Dist. : Thane.
Maharashtra.

SHARE TRANSFER AGENTS

Adroit Corporate Services Pvt.ltd.
19, Jaferbhoy Industrial Estate, 1st Floor,
Makwana Road, Marol Naka,
Andheri East, Mumbai 400 059.

SANTOSH FINE - FAB LIMITED

NOTICE

SANTOSH FINE-FAB LIMITED

NOTICE is hereby given that the **TWENTY FIRST ANNUAL GENERAL MEETING** of the members of **SANTOSH FINE-FAB LIMITED** will be held at 112, Sanjay Bldg No. 6, Mittal Industrial Estate, Andheri Kurla Road, Andheri (East), Mumbai 400059 on Tuesday, the 30th September, 2003 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2003 and the Balance Sheet as on that date together with the Directors' and Auditors' Reports.
2. To appoint a Director in place of Shri Santosh R. Tulsiyan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Subhash R. Tulsiyan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

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 THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.
2. Members/Proxies should bring the attendance slip duly filed in for attending the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday the 23rd September, 2003 to Tuesday the 30th September, 2003 (both days inclusive).
4. Securities & Exchange Board has made trading in the shares of the Company compulsory in dematerialized form for all investors with effect from April 30, 2001. The Equity Shares of the Company have been allotted International Securities Identification Number (ISIN) INE 612D01018.

5. Since the Company's shares are in compulsory demat trading, to ensure better service and elimination of risk of holding shares in physical form, we request shareholders holding shares in physical form to dematerialize their shares at the earliest.

6. Equity Shares of the Company are listed on the Stock Exchange, Mumbai; Jaipur Stock Exchange Ltd.; and The Stock Exchange, Ahmedabad. The Company has paid the annual listing fee to the Stock Exchange, Mumbai.

7. A brief resume of the directors proposed to be appointed vide tem nos. 3 and 4 in the Notice are as follows:

Shri Santosh Tulsiyan has a wide exposure to the textile industry. He possesses vast knowledge & experience by virtue of his long association with the textile industry. He has been associated with the Company since April 1987.

Shri Subhash Tulsiyan possesses rich experience of 20 years in the Textile industry. He has been associated with the Company since May 1992. He has technical knowledge and practical experience in textile business.

8. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the members in respect of the shares held by them in the prescribed Form No.2B. Members are requested to avail this facility.

9. Members intending to require information about the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

10. Members are requested to consolidate the multiple folios existing in the same names and in identical orders so as to facilitate better and efficient service. Consolidation of folios does not amount to transfer of shares and therefore, no stamp duty or other expenses are payable by you.

BY THE ORDER OF THE BOARD

ASHOK TULSIYAN
EXECUTIVE DIRECTOR

REGISTERED OFFICE:

112, Sanjay Building No.6,
Mittal Industrial Estate,
Andheri Kurla Road, Andheri (E),
MUMBAI 400059

DATED : 31ST MAY 2003.

SANTOSH FINE-FAB LIMITED

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors present to you the Twenty First Annual Report of the Company with the Audited Statement of Accounts for the year ended on 31st March 2003.

FINANCIAL RESULTS

PARTICULARS	(RS IN LACS)	
	2002-2003	2001-2002
Sales and other Income	2215.25	1918.30
Gross Profit before Interest,	171.47	152.68
Depreciation & Taxes		
Less: Interest	91.97	83.81
Depreciation	45.27	36.17
Profit before Tax	34.23	32.70
Profit after Tax	20.49	19.28

DIVIDEND

In view of the inadequate profits, your directors express their inability to recommend payment of any dividend for the year under review.

DIRECTORS

Shri Santosh R. Tulsiyan and Shri Subhash R. Tulsiyan, Directors retire by rotation at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

AUDITORS

Your company's auditors M/s. Bhuwania & Agrawal Associates, retire at the forthcoming Annual General Meeting and are eligible for reappointment. You are requested to reappoint auditors and fix their remuneration.

CORPORATE GOVERNANCE

A separate section on Corporate Governance is included in the Annual Report and the Certificate from the Company's auditors confirming the compliance of conditions on Corporate Governance as stipulated in the said clause 49 of the Listing Agreement is annexed thereto.

PERSONNEL

During the year under review no employee has drawn salary exceeding the limits stated in Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Information pursuant to section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Directors) Rules, 1988 are set out in the annexure "A" forming part of this report.

COST AUDIT

In pursuance to the directives issued by the Government of India, the Board of directors of the Company has appointed Mr. V.C. Kothari, Cost Accountant, as the Cost Auditor to audit the cost accounts relating to "Textiles" for the year ended 31st March, 2003.

INDUSTRIAL RELATION

The relations between the employees and the Management have remained cordial throughout the year.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGMENT

Your Directors are thankful to the Bankers for their continued support. The Board also places on record its appreciation for the valuable services rendered by the employees of the Company.

FOR AND ON BEHALF OF THE BOARD

CHAIRMAN & MANAGING DIRECTOR

PLACE : MUMBAI

DATED : 31ST MAY, 2003

SANTOSH FINE - FAB LIMITED

ANNEXURE "A" TO THE DIRECTORS' REPORT

A) CONSERVATION OF ENERGY

ENERGY CONSERVATION MEASURES TAKEN BY THE COMPANY

ELECTRICAL ENERGY

- Regular maintenance
- Better utilization of running machine
- Improving electricity power factor
- Monitoring the overall energy consumption and corrective measures.

FUEL & OIL CONSUMPTION

Regular maintenance and monitoring the consumption With corrective measures.

ADDITIONAL INVESTMENT AND PROPOSALS IF ANY BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY

Changes have generally been evolutionary in nature and as such no major additional capital is envisaged

IMPACT OF THE ABOVE MEASURES

Optimization and control of energy related cost helps your company to remain competitive in markets.

TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM "A" HEREUNDER POWER AND FUEL CONSUMPTION

FOR THE YEAR ENDED
31ST MARCH 2003

ELECTRICITY

1. Purchase units of electric (KWH)	9,42,160
2. Total amount - Rs.	35,11,354.00
3. Rate/unit – Rs.	3.73

OWN GENERATION

1) Through Diesel generator units (KWH)	17760
units per Ltr of diesel oil	3.70
cost/unit – Rs	6.20
2) Through stream turbine/generator	NIL
3) Furnace Oil	NIL
4) Other internal generations	NIL

RESEARCH AND DEVELOPMENT (R & D)

- 1) Specific area in which R & D carried out by the Company product & quality improvement, development of new designs / product cost control and energy conservation.
- 2) Benefits derived as a result of the above R & D. The R & D activities have resulted in conserving of new materials higher productivity and containing the costs all round.
- 3) Expenditure on R & D being treated as an integral part of manufacturing process and hence no separate records for the expenditure incurred under this head are being maintained.

B. B. TECHNOLOGY ABSORPTION ADOPTION AND INNOVATION

No technology has been imported by the company. Technology innovation and changes wherever possible are being absorbed and adopted.

C. FOREIGN EXCHANGE EARNING AND OUTGO

Foreign Exchange Earning	Rs. 286.83 Lacs
Foreign Exchange Outgo	Rs. 15.38 Lacs

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) has introduced a Code of Corporate Governance for implementation by companies listed on the Stock Exchanges. Accordingly, the Code was implemented by effecting amendments to the Listing Agreements of the Stock Exchanges with which the Company is listed. The Company has commenced implementing the Code from this year itself. The following is a report on the Corporate Governance Code as implemented by your Company.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organization. Good Corporate Governance leads to long-term shareholder value and enhance interest of other stakeholders. It brings into focus the fiduciary and the trusteeship role of the Board to align and direct the actions of the organization keeping in mind the interests of shareholders, stakeholders and the society.

2. BOARD OF DIRECTORS

- The Company has an optimum combination of executive and non-executive directors. The Board is chaired by a Non-Executive Director.
- The names and categories of the Directors on the board, their attendance at Board Meeting during the year and at the last Annual General Meeting, number of other directorship held by them in other companies are as follows:

Name of Director	Category	Attendance at		No. of other Directorship	Membership of Other Board Committees
		Board Meetings	AGM 30.09.2002		
Santosh R. Tulsian	Chairman & Managing Director	6	Yes	1	Nil
Subhash R. Tulsian	Executive Director	6	Yes	1	Nil
Ashok V. Tulsian	Executive Director	6	Yes	Nil	Nil
Sanjeev D. Saran	Independent, Non executive	2	No	Nil	Nil
Asharam S. Rungta	Independent, Non executive	6	Yes	Nil	Nil
Radhaballabh Tibrewala	Independent, Non executive	4	Yes	Nil	Nil

This excludes directorships held in Private Limited Companies.

- During the financial year six Board meetings were held on the following dates :
12.04.2002; 31.05.2002; 31.07.2002; 26.09.2002; 31.10.2002 and 31.01.2003

3. AUDIT COMMITTEE

Role of the Audit Committee and its terms of reference include:

- To focus its attention on subjects relating to accounting standards, internal controls and financial policies.
- To oversee the Company's financial reporting process and disclosure of its financial information.
- To review the financial statement before submission to the Board of Directors.
- To recommend appointment, re-appointment, removal of Statutory Auditors and fixation of the audit fee.
- To ensure that there are adequate mechanism for prevention and detection of frauds.
- To hold discussion with Management regarding the internal control system.
- To hold prior discussion with external auditors regarding scope and nature of audit before commencement of the audit and also to have post audit discussion on areas of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in the case of non-payment of declared dividend) and creditors.

The Committee has been constituted with effect from March 31, 2003 and hence no details about the same are furnished here.

<u>SR.NO.</u>	<u>NAME OF MEMBERS</u>	<u>CATEGORY</u>
1.	Asharam S. Rungta, Chairman	Independent/ Non-Executive
2.	Sanjeev D. Saran	Independent/ Non-Executive
3.	Radhaballabh Tibrewala	Independent/ Non-Executive

4. REMUNERATION COMMITTEE :

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/Whole time Directors, based on performance and defined criteria.

SANTOSH FINE - FAB LIMITED

The composition, names of the member, chairperson, are as follows :

<u>SR.NO.</u>	<u>NAME OF MEMBERS</u>	<u>CATEGORY</u>
1.	Radhavallabh Tibrewala, Chairman	Independent/Non-Executive
2.	Sanjeev D. Saran	Independent/Non-Executive
3.	Asharam S. Rungta	Independent/ Non-Executive

The Committee has been constituted in March 2003 and hence details of its meetings are not furnished here.

Details of remuneration paid to all the directors for the year ended 31st March, 2003 are as follows :

<u>DIRECTOR</u>	<u>RELATIONSHIP WITH OTHER DIRECTOR</u>	<u>BUSINESS RELATIONSHIP</u>	<u>LOANS & ADVANCE FROM COMPANY</u>	<u>SITTING FEES</u>	<u>SALARY & CONTRIBUTION TO FUND</u>	<u>COMMISSION</u>	<u>TOTAL</u>
Santosh R. Tulsian	Promoter	Promoter	Nil	Nil	120000	Nil	120000
Subhash R. Tulsian	Promoter	Promoter	Nil	Nil	90000	Nil	90000
Ashok V. Tulsian	Promoter	Promoter	Nil	Nil	84000	Nil	84000
Sanjeev D. Saran	None	None	Nil	Nil	Nil	Nil	Nil
Asharam S. Rungta	None	None	Nil	Nil	Nil	Nil	Nil
Radhavallabh Tibrewala	None	None	Nil	Nil	Nil	Nil	Nil

5. Investors Grievance Committee

The terms of reference mandated by your Board, which is also in line with the statutory and regulatory requirements, are:

- To redress Shareholders and Investors complaints;
- To reviews all matters connected with the securities transfers;
- To review status of legal cases involving the investors where the Company has been made a party.

The composition, names of the members, chairperson, particulars of the Meetings and attendance of the members during the year are as follows:

<u>SR.NO.</u>	<u>NAMES OF MEMBERS</u>	<u>CATEGORY</u>	<u>NO. OF MEETINGS ATTENDED DURING THE YEAR 2002-2003</u>
1.	Santosh R. Tulsian	Non-Independent/Executive	2
2.	Asharam S. Rungta	Independent/Non-Executive	2
3.	Radhaballabh Tibrewal	Independent/ Non-Executive	2

During the year the Investor Grievance Committee held its Meetings on the following dates: 19th November 2002 and 22nd January 2003

Name and designation of Compliance Officer : Ms. Sudha Goel
Secretarial Officer

During 2002-2003 the Company or the Registrars have not received any complaint from any investor.

Details of shares in physical form lodged for transfer during 2002-03 are as follows:

<u>SR. NO.</u>	<u>TOTAL NO. OF TRANSFER DEED RECEIVED</u>	<u>DESPATCHED WITHIN 30 DAYS OF RECEIPT</u>	<u>DESPATCHED AFTER 30 DAYS OF RECEIPT</u>
1.	88	76400	Nil

SHARE TRANSFER

- All shares have been processed and returned within 30 days from the date of receipt, so long as the documents have been clear in all respects.
- Total number of shares processed during the year ended 31st March, 2003 was 76400 equity shares.