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## **22ND ANNUAL REPORT 2003 - 2004**

### **BOARD OF DIRECTORS**

Shri Santosh R. Tulsiyan	Chairman & Managing Director
Shri Subhash R. Tulsiyan	Executive Director
Shri Ashok V. Tulsiyan	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, 1<sup>st</sup> Floor,  
Makwana Road, Marol Naka,  
Andheri East, Mumbai 400 059.

**NOTICE****SANTOSH FINE-FAB LIMITED**

**NOTICE** is hereby given that the **TWENTY SECOND 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 Monday, the 27<sup>th</sup> September, 2004 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 31<sup>st</sup> March, 2004 and the Balance Sheet as on that date together with the Directors' and Auditors' Reports.
2. To appoint a Director in place of Shri Ashok V. Tulsian, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Sanjeev D. Saran, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

5. To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), approval of the members be and is hereby accorded to the appointment for a period of five years commencing from 05.10.2004 and payment of remuneration to Shri Santosh R Tulsian, the Chairman & Managing Director of the Company, on the terms and conditions as are set out in the Draft Agreement proposed to be entered into between the Company and Shri Santosh R Tulsian, which Draft Agreement is hereby approved, with the liberty and power to the Board of Directors (including its Committee constituted for the purpose) to grant increments and to alter and vary the terms and conditions thereof, so as not to exceed the remuneration limits as specified in Schedule XIII of the Companies Act, 1956 or any amendments thereto;

RESOLVED FURTHER THAT if in any Financial Year the Company has no profits or its profits are inadequate, Shri Santosh R Tulsian shall be entitled to receive the same remuneration, perquisite and benefits, subject to the

compliance with the applicable provisions of Schedule XIII of the Act, if and to the extent necessary, with the approval of the Central Government."

6. To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), approval of the members be and is hereby accorded to the appointment for a period of five years commencing from 05.10.2004 of and payment of remuneration to Shri Subhash R Tulsian, the Executive Director of the Company, on the terms and conditions as are set out in the Draft Agreement proposed to be entered into between the Company and Shri Subhash R Tulsian, which Draft Agreement is hereby approved, with the liberty and power to the Board of Directors (including its Committee constituted for the purpose) to grant increments and to alter and vary the terms and conditions thereof, so as not to exceed the remuneration limits as specified in Schedule XIII of the Companies Act, 1956 or any amendments thereto;

RESOLVED FURTHER THAT if in any Financial Year the Company has no profits or its profits are inadequate, Shri Subhash R Tulsian, shall be entitled to receive the same remuneration, perquisite and benefits, subject to the compliance with the applicable provisions of Schedule XIII of the Act, if and to the extent necessary, with the approval of the Central Government."

7. To consider and, if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

"RESOLVED that subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof for the time being in force), Securities Contracts (Regulation) Act, 1956, and the Rules framed there under, Listing Agreements, and all other applicable laws, Rules, Regulations and Guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by the resolution), the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from the Stock Exchanges at Ahmedabad and Jaipur."

**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 Thursday the 23<sup>rd</sup> September, 2004 to Saturday the Monday, 27<sup>th</sup> September, 2004 (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, Ahmedabad & Jaipur. 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 item nos. 2 and 3 in the Notice are as follows:  
  
Shri Ashok V. Tulsian. He has been the Director of the Company since 16-05-1992.  
  
Shri Sanjeev D. Saran. He has been the Director of the Company since 29-03-2001.
8. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the Shareholders in respect of the shares held by them in the prescribed Form No.2B. Shareholders 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.
11. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is as follows:

Item 5 & 6: Shri Santosh R Tulsian was appointed as the Managing Director and Shri Subhash R Tulsian were appointed as the Executive Director for a period of five years with effect from 05.10.1999. The Board of Directors of the Company has re-appointed Shri Santosh R Tulsian as the Managing Director and Shri Subhash R Tulsian as the Executive Director for a further period of five years commencing from **05.10.2004**. The terms and conditions including remuneration payable to them are set out in the draft of the agreement to be entered into between Company and Shri Santosh R Tulsian and Shri Subhash R Tulsian respectively which contains the following principle terms and conditions:

1. Remuneration:

Shri Santosh R Tulsian: Salary: Rs.12,000/- p.m.  
Shri Subhash R Tulsian: Salary: Rs.12,000/- p.m.

**Perquisites and allowances:** In addition to the salary, the Managing Director and the Executive Director shall also be entitled to perquisites like accommodation, house maintenance allowance, together with utilities thereof such as gas, electricity, water, furnishings, repairs, medical reimbursement, accidental insurance, leave travel concession for himself and his family, club fees etc. in accordance with the Rules of the Company or as may be agreed to by the Board of Directors. Such perquisites to be restricted to Rs.1.00 Lac per annum or such other limit as may be permitted by the competent authority.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost. However, provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for calculating the said ceiling. Similarly, the Company's contribution to Provident Fund, Superannuation and Annuity fund, to the extent these either singly or together are not taxable under the Income tax Act, 1961, Gratuity payable under the Rules of the Company and encashment of leave at the end of tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

# **SANTOSH FINE - FAB LIMITED**

**Overall Remuneration:** The aggregate of salary and perquisites in any one financial year shall not exceed the limits prescribed or to be prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the said Act as may for the time being be in force.

**Minimum Remuneration:** In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the Managing Director and the Executive Director, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section 11 of the Schedule XIII to the Companies Act, 1956.

The draft Agreements between the Company and Shri Santosh R Tulsian and Shri Subhash R Tulsian respectively, are available for inspection by the members of Company at its Registered Office on any working day upto the date of ensuing Annual general Meeting between 11.00 a.m. to 1.00 p.m.

The above payment of remuneration has been approved by the Remuneration Committee. In compliance with the provisions of the Companies Act, 1956, the terms of appointment and the terms of remuneration specified above are now being placed before the members in the General Meeting for their approval.

Shri Santosh R Tulsian being director himself and Shri Subhash R Tulsian and Shri Ashok V Tulsian relatives of Shri Santosh R Tulsian are concerned or interested in the resolution at item no.5.

Shri Subhash R Tulsian, being director himself and Shri Santosh R Tulsian and Shri Ashok V Tulsian, relatives of Shri Subhash R Tulsian, are concerned or interested in the resolution at item no.6.

**Item No. 7:** Presently the Company's shares are listed at Stock Exchanges at Mumbai (BSE), Ahmedabad and Jaipur. With the extensive networking of the Stock Exchange, Mumbai (BSE), and the extension of the BSE terminals to other cities as well, investors have access to online dealings in the Company's securities across the

country. Whatever trading in the Company's equity shares take place is at BSE alone and the depth and liquidity of trading in the Company's shares on all other Stock Exchanges are almost negligible. The Company's shares can in any case be traded on virtually all other stock exchanges in the country, in the 'permitted' category.

It is also observed that the listing fee payable to the other Stock Exchanges is disproportionately higher, and the trading volumes and liquidity are lower compared to those at the BSE. As a part of its cost reduction measures, the Board has proposed this resolution, which will enable it to delist equity shares from the Stock Exchanges at Ahmedabad and Jaipur.

In line with the SEBI Regulations, members approval is being sought by a Special Resolution for enabling voluntary delisting of its Securities from the said Stock Exchanges.

The proposed delisting of the Company's Equity Shares from the said Stock Exchanges will not adversely affect the investors. The Company's shares will continue to be listed on the The Stock Exchange Mumbai. The Board recommends the passing of the resolution at item no. 7 of this Notice. No Director of the Company has any interest or concern in the said resolution.

**BY THE ORDER OF THE BOARD**

SUBASH R. TULSIYAN  
DIRECTOR

**REGISTERED OFFICE:**

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

**DATED : 21<sup>ST</sup> JUNE 2004.**



# SANTOSH FINE-FAB LIMITED

## DIRECTORS' REPORT

### TO THE MEMBERS,

Your Directors present to you the Twenty Second Annual Report of the Company with the Audited Statement of Accounts for the year ended on 31st March 2004.

## FINANCIAL RESULTS

PARTICULARS	(RS IN LACS)	
	2003-2004	2002-2003
Sales and other Income	2562.29	2215.25
Gross Profit before Finance	159.42	171.47
Charges, Depreciation & Taxes		
Less: Finance Charge	98.93	91.97
Depreciation	47.70	45.27
Profit before Tax	12.79	34.23
Profit after Tax	7.02	20.49

### 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 Ashok V. Tulsiyan and Shri Sanjeev D Saran, 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.

The tenure of Shri Santosh R Tulsiyan and Shri Subhash R Tulsiyan as Managing Director and Executive Director respectively will get over on 4<sup>th</sup> October 2004. It is proposed to reappoint them for a period of 5 years. The members are requested to approve the same.

### 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.

### FIXED DEPOSIT

All the amounts under the heading of unsecured loans are short term loans and inter- corporate Loans The Company has not accepted or renewed any fixed deposits from Public.

### 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 31<sup>st</sup> March, 2004.

### INDUSTRIAL RELATION

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

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm :

(a) 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;

(b) 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;

(c) 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;

(d) 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**

Mumbai.

Dated : 21st June, 2004

**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  
31<sup>ST</sup> MARCH 2004

**ELECTRICITY**

1. Purchase units of electric (KWH)	9,75,824
2. Total amount - Rs.	35,08,295
3. Rate/unit - Rs.	3.60

**OWN GENERATION**

1) Through Diesel generator units (KWH)	41,292
units per Ltr of diesel oil	3.70
cost/unit - Rs	6.53
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. 509.21 Lacs
Foreign Exchange Outgo	Rs. 26.34 Lacs