

SANTO-SILWESTER

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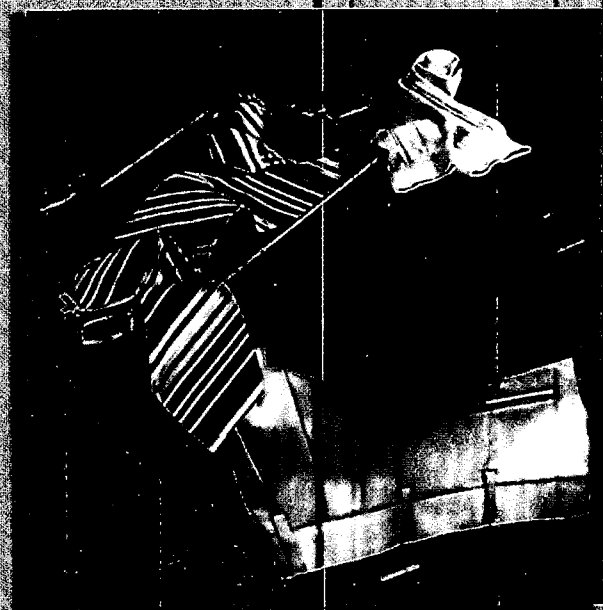
## 26TH ANNUAL REPORT

2007-2008

**SANTOSH** Fine-Fab Ltd.  
Mumbai



# SATISFACTION UNLIMITED !!





## **26<sup>TH</sup> ANNUAL REPORT 2007-2008**

### **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

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### **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.

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

**NOTICE** is hereby given that the **TWENTY SIXTH ANNUAL GENERAL MEETING** of the members of **SANTOSH FINE-FAB LIMITED** will be held at 112, Sanjay Bldg No. 6, Mittal Estate, Mumbai 400 059 on Tuesday, the 30<sup>th</sup> September, 2008 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, 2008 and the Balance Sheet as on that date together with the Directors' and Auditors' Reports.
2. To appoint a Director in place of Shri Asharam S Rungta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Radhaballabh Tibrewala, 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 Monday, the 23<sup>rd</sup> September, 2008 to Monday, the 30<sup>th</sup> September, 2008 (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 30<sup>th</sup> April, 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. The Company has paid the annual listing fee to the Stock Exchange, Mumbai.

7. A brief resume of the directors proposed to be reappointed vide item nos. 2 and 3 in the Notice are as follows:

Shri Asharam S Rungta is a Chartered Accountant and has over 20 years experience of Finance and Administration in the textile industry. He has been associated with the Company since April, 2002.

Shri Radhaballabh Tibrewala possesses vast knowledge and experience by virtue of his long association with the textile industry. He has been associated with the Company since September, 2002.

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.

**BY THE ORDER OF THE BOARD**

**SUBHASH R TULSIYAN**  
EXECUTIVE DIRECTOR

**Registered Office:**  
112, Sanjay Bldg No.6,  
Mittal Estate,  
Mumbai 400059.  
Dated: 24.06.2008

## SANTOSH FINE FAB LIMITED

### DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors present to you the Twenty Sixth Annual Report of the Company with the Audited Statement of Accounts for the year ended on 31<sup>st</sup> March, 2008.

### FINANCIAL RESULTS

PARTICULARS	(RS. IN LACS)	
	2007-2008	2006-2007
Sales and other Income	2793.47	2864.00
Profit before Tax	5.24	17.58
Profit after Tax	7.30	8.28
Profit brought forward	110.75	102.47
Balance available for appropriation	118.05	110.75
Total Balance carried forward to balance Sheet after all adjustments	118.05	110.75

### DIVIDEND

With a view to conserve the resources, your directors express their inability to recommend payment of any dividend for the year under review.

### DIRECTORS

Shri Asharam S Rungta and Shri Radhabalabh Tibrewala, Directors retire by rotation 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 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 31<sup>st</sup> March, 2008.

### 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

We owe all our employees, customers, bankers and suppliers, our gratitude for their cooperation and continued support.

### FOR AND ON BEHALF OF THE BOARD

**SANTOSH R.TULSIYAN**  
Chairman & Managing Director

Place : Mumbai.  
Dated: 24.06.2008

**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  
31<sup>ST</sup> MARCH 2008

**ELECTRICITY**

1. Purchase units of electric (KWH)	778436
2. Total amount - Rs.	1574499
3. Rate/unit Rs.	2.02

**OWN GENERATION**

1. Through Diesel generator units (KWH)	65305
Units per Litre of diesel oil	3.70
Cost/unit Rs	9.27
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 & containing the costs all round.
- 3) Expenditure on R & D being treated as an integral part of manufacturing process & hence no separate records for the expenditure incurred under this head are being maintained.

**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.	432.29 Lacs
Foreign Exchange Outgo Rs.	18.05 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 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**

- a) The Company has an optimum combination of executive and non-executive directors. The Board is chaired by the Chairman & Managing Director.
- b) 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 28.09.2007		
Santosh R. Tulsiyan	Chairman & Managing Director	7	Yes	Nil	Nil
Subhash R. Tulsiyan	Executive Director	6	Yes	Nil	Nil
Ashok V. Tulsiyan	Director	7	Yes	1	Nil
Sanjeev D. Saran	Independent Non executive	1	No	Nil	Nil
Asharam S. Rungta	Independent Non executive	7	Yes	Nil	Nil
Radhaballabh Tibrewala	Independent Non executive	4	Yes	Nil	Nil

\* This excludes directorships held in Private Limited Companies.

(c) During the financial year seven Board meetings were held on the following dates:

30.04.2007, 29.06.2007, 16.07.2007, 31.07.2007, 28.09.2007, 30.10.2007, 31.01.2008.

### 3. AUDIT COMMITTEE

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

1. To focus its attention on subjects relating to accounting standards, internal controls and financial policies.
2. To oversee the Company's financial reporting process and disclosure of its financial information.
3. To review the financial statement before submission to the Board of Directors.
4. To recommend appointment, re-appointment, removal of Statutory Auditors and fixation of the audit fee.
5. To ensure that there are adequate mechanism for prevention and detection of frauds.
6. To hold discussion with Management regarding the internal control system.
7. 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.
8. 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.

During the financial year 2007-08 the committee met on 29<sup>th</sup> June, 2007, 31<sup>st</sup> July, 2007, 30<sup>th</sup> Oct., 2007, and on 31<sup>st</sup> January, 2008. Mr. Asharam S Rungta chaired the meetings. The names of members, chairman and particulars of the meeting and attendance of members during the year are as follows:

<u>SR.NO.</u>	<u>NAME OF MEMBERS</u>	<u>CATEGORY</u>	<u>NO. OF MEETING ATTEND</u>
1	Asharam S. Rungta, Chairman	Independent/ Non-Executive	4
2	Sanjeev D. Saran	Independent/ Non-Executive	1
3	Radhaballabh Tibrewala	Independent/ Non-Executive	3

### 4. REMUNERATION COMMITTEE:

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

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

The Committee did not met during the year. As there are no need to transact any business.

Details of remuneration paid to all the directors for the year ended 31<sup>st</sup> March, 2008 are as follows :

Director	Relationship With other Directors	Business Relationship	Loans & Advance From The Company	Sitting Fees	Salary & Contribution to fund	Commission	Total
Santosh R. Tulsiyan	Brother of Subhash Tulsiyan	Promoter	Nil	Nil	144000	Nil	144000
Subhash R. Tulsiyan	Brother of Santosh Tulsiyan	Promoter	Nil	Nil	144000	Nil	144000
Ashok V. Tulsiyan	None	Promoter	Nil	Nil	Nil	Nil	Nil
Sanjeev D. Saran	None	None	Nil	Nil	Nil	Nil	Nil
Asharam S. Rungta	None	None	Nil	Nil	Nil	Nil	Nil
Radhaballabh Tibrewala	None	None	Nil	Nil	Nil	Nil	Nil



**SANTOSH FINE-FAB LIMITED****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, chairman, particulars of the Meetings and attendance of the members during the year are as follows:

<u>SR.NO.</u>	<u>NAME OF MEMBERS</u>	<u>CATEGORY</u>	<u>NO. OF MEETING ATTEND DURING THE YEAR 2007-2008</u>
1	Santosh R. Tulsiyan	Non-Independent/ Executive	4
2	Asharam S. Rungta	Independent/ Non-Executive	4
3	Radhaballabh Tibrewala	Independent/ Non-Executive	3

During the year the Investor Grievance Committee held its Meetings on the following dates:  
29<sup>th</sup> June, 2007, 31<sup>st</sup> July, 2007, 30<sup>th</sup> Oct., 2007, and on 31<sup>st</sup> January, 2008.

**NAME AND DESIGNATION OF COMPLIANCE OFFICER:**

**SAJJAN AGARWAL**  
Secretarial Officer

The Company or the Registrar have one complaint from investor which has been resolved during the financial year 2007-2008.

Details of shares in physical form lodged for transfer during 2007-08 are as follows:

<u>Sr. No.</u>	<u>Total No. of Transfer Deed Received</u>	<u>Dispatched within 30 days of receipt</u>	<u>Dispatched after 30 days of receipt</u>
1	6	98400	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 31<sup>st</sup> March, 2008 was 98400 equity shares.

**6. GENERAL BODY MEETINGS**

The location and time of the Annual General Meetings held during the last 3 years are as follows:

<u>AGM</u>	<u>DATE</u>	<u>TIME</u>	<u>VENUE</u>	<u>SPECIAL RESOLUTIONS</u>
23 <sup>rd</sup> AGM	29 <sup>th</sup> September, 2005	11.00 a.m.	112, Sanjay Bldg. No.6, Mittal Estate, Andheri Kurla Road, Andheri (east) Mumbai 400059	Nil
24 <sup>th</sup> AGM	29 <sup>th</sup> September, 2006	11.00 a.m.	112, Sanjay Bldg. No.6, Mittal Estate, Andheri Kurla Road, Andheri (east) Mumbai 400059	Nil
25 <sup>th</sup> AGM	28 <sup>th</sup> September, 2007	11.00 a.m.	112, Sanjay Bldg. No.6, Mittal Estate, Andheri Kurla Road, Andheri (east) Mumbai 400059	Nil

The special resolutions were passed by voting on show of hands. No item of business, which required the member's approval through postal ballot, was transacted during the year 2007-08. Accordingly, the Companies (Postal Ballot) Rules 2001 is not applicable for said year.

**APPOINTMENT/ REAPPOINTMENT OF DIRECTORS**

Shri Asharam S Rungta and Radhaballabh Tibrewala, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re appointment.

Shri Asharam S Rungta is a Chartered Accountant and has over 20 years experience of Finance and Administration in the textile industry. He has been associated with the Company since April, 2002.

Shri Radhaballabh Tibrewala possesses vast knowledge and experience by virtue of his long association with the textile industry. He has been associated with the Company since Sept., 2002.