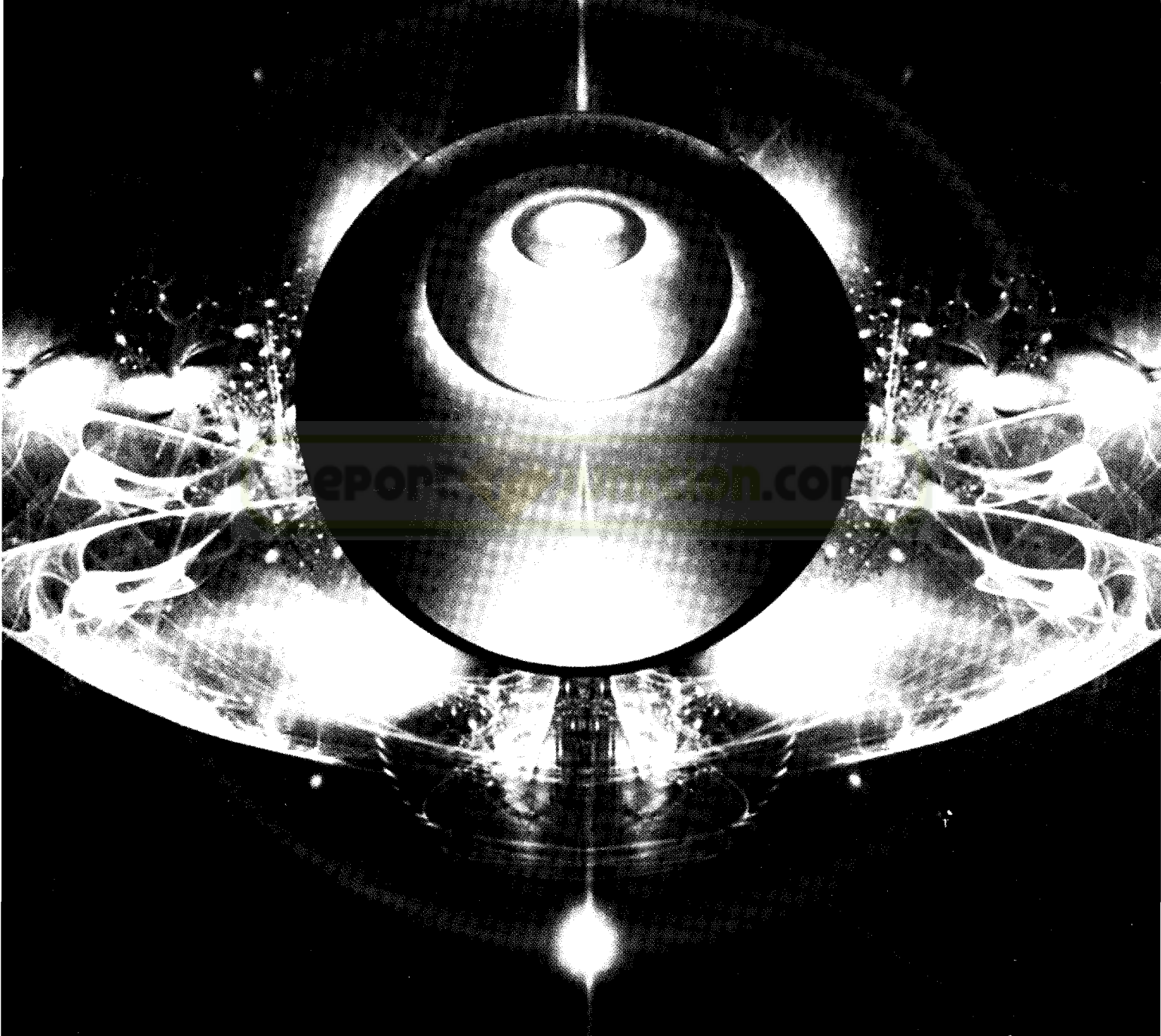


**SANTOSH Fine-Fab Ltd.**  
Mumbai

2008-2009

# 27TH ANNUAL REPORT



TOTAL Perfection 100% Satisfaction



# SATISFACTION UNLIMITED !!



TOTAL Perfection 100% Satisfaction

## **27<sup>TH</sup> ANNUAL REPORT 2008-2009**

### **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.

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

Notice is hereby given that the Twenty Seventh 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 Friday, the 25th September, 2009 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, 2009 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.

**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 05-10-2009 and payment of remuneration to Shri Santosh R. Tulsiyan, the Chairman & Managing Director of the Company, on the terms and condition as are set out in the Draft Agreement proposed to be entered into between the Company and Shri Santosh R. Tulsiyan, 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. Tulsiyan 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 05-10-2009 of and payment of remuneration to Shri Subhash R. Tulsiyan, 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. Tulsiyan, 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. Tulsiyan 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.”



**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 Friday, the 18th September, 2009 to Friday, the 25th September, 2009 (both days inclusive).
4. The Securities & Exchange Board of India has made trading in the shares of the Company compulsory in dematerialized form for all investors with effect from 30th April, 2001. The Equity Shares of the Company have been allotted International Securities Identification Number (ISIN) INE612D01018.
5. Since the Company's shares are traded compulsorily in dematerialized form, 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 Bombay Stock Exchange Limited. The Company has paid the annual listing fee to the Bombay Stock Exchange Limited.

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

Shri Santosh R. Tulsiyan have Diploma in Textile Management from SASMIRA & possesses vast knowledge of Textile Industries and has over 30 years experience of Finance and Administration in the textile industry. He has been associated with the Company since April, 1987.

Shri Subhash R. Tulsiyan possesses vast knowledge and has over 25 years experience by virtue of his long association with the textile industry. He has been associated with the Company since May, 1992.

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.
11. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is as follow:

Item 5&6: Shri Santosh R. Tulsiyan was appointed as the Managing Director and Shri Subhash R. Tulsiyan were appointed as the Executive Director for a period of five years with effect from 05-10-2004, The Board of Directors of the Company has re-appointed Shri Santosh R. Tulsiyan as the Managing Director and Shri Subhash R. Tulsiyan as the Executive Director for a further period of five years commencing from 05-10-2009. 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. Tulsiyan and Shri Subhash R. Tulsiyan respectively which contains the following principle terms and conditions:

1. Remuneration:

Shri Santosh R. Tulsiyan: Salary: Rs.20000/- p.m.

Shri Subhash R. Tulsiyan: Salary: Rs.20000/- p.m.

**SANTOSH FINE-FAB LIMITED**

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.

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 provision 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 II of the Schedule XIII to the Companies Act, 1956.

The draft Agreement between the Company and Shri Santosh R. Tulsiyan and Shri Subhash R. Tulsiyan 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 provision 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. Tulsiyan being director is relative of Shri Subhash R. Tulsiyan and is concerned or interested in the resolution at item no.5.

Shri Subhash R. Tulsiyan, being director is relative of Shri Santosh R. Tulsiyan and is concerned or interested in the resolution at item no.6.

BY THE ORDER OF THE BOARD

(SUBHASH R TULSIYAN)  
EXECUTIVE DIRECTOR

Registered Office:  
112, Sanjay Bldg No.6,  
Mittal Estate,  
Mumbai 400059.  
Dated: 26.06.2009

**SANTOSH FINE FAB LIMITED**
**DIRECTORS' REPORT**

TO THE MEMBERS,

Your Directors present to you the Twenty Seventh Annual Report of the Company with the Audited Statement of Accounts for the year ended on 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS**

	(RS. IN LACS)	
PARTICULARS	2008-2009	2007-2008
Sales and other Income	2498.12	2793.
Profit before Tax	4.58	5.24
Profit after Tax	0.56	7.30
Profit brought forward	118.05	110.75
Balance available for appropriation	118.61	118.05
Total Balance carried forward to balance Sheet after all adjustments	118.61	118.05

**DIVIDEND**

Due to insufficient profits, your directors express their inability to recommend payment of dividend for the year under review.

**DIRECTORS**

Shri Santosh R. Tulsiyan and Shri Subhash R. Tulsiyan, Directors of the Company, 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.

**COMPLIANCE CERTIFICATE**

The Ministry of Corporate Affairs, vide notification dated 5<sup>th</sup> January, 2009 extended the exemption for appointment of Company Secretary in the whole time employment of the Company from a paid up capital of Rs. 2 crores to Rs. 5 crores. However, the Companies in question are required to furnish a Compliance Certificate from a Company Secretary in whole time practice. The Compliance Certificate obtained from Mrs. Lalita Lath, Practising Company Secretary is annexed.

**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, 2009.

**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**

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: 26.06.2009

**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 2009

**ELECTRICITY**

1. Purchase units of electric (KWH)	720160
2. Total amount - Rs.	1947049
3. Rate/unit Rs.	2.70

**OWN GENERATION**

1. Through Diesel generator units (KWH)	71595
Units per Litre of diesel oil	3.70
Cost/unit Rs	10.15
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.	540.47 Lacs
Foreign Exchange Outgo Rs.	17.18 Lacs

**SECRETARIAL COMPLIANCE CERTIFICATE**

COMPANY NO. 11-025443.

AUTHORISED SHARE CAPITAL : RS. 4,00,00,000/-

PAID UP SHARE CAPITAL : RS. 3,43,20,652/-

The Members,  
M/S SANTOSH FINEFAB LIMITED  
112, SANJAY BUILDING NO 6,  
MITTAL ESTATE, A.K.ROAD,  
MUMBAI-400059.

I have examined the registers, records, books and papers M/S SANTOSH FINEFAB LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the year ended on March 31, 2009. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company and its officers, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in ANNEXURE - 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as required with the Registrar of Companies or other authorities as prescribed under the Act and the rules made there under wherever applicable as per ANNEXURE 'B'.



3. The Company being a Public Limited Company, comments not required.
4. The Board of Directors duly met 7 [ SEVEN ] times during the aforesaid Financial Year i.e. on 30/04/2008, 01/06/2008, 24/06/2008, 29/07/2008, 30/09/2008, 31/10/2008 AND 31/01/2009 and in respect of each meeting proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members during the financial year and necessary compliances have been made.
6. The Company held its Annual General Meeting during the year in time i.e. on September 30, 2008 and in respect of which proper notice was given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting were held during the financial year.
8. The Company has not given or advanced any amount as defined in Section 295 of the Companies Act, 1956.
9. The Company has entered into contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Companies Act, 1956.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approval from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has :
  - i. duly complied with the requirements of Section 217 of the Act.
  - ii. other clauses are not applicable.
14. The Board of Directors of the Company is duly constituted.
15. There was no appointment of Managing Director / Whole Time Director / Manager during the financial year.
16. The company has not appointed any Sole Selling Agents during the financial year.
17. The Company was not required to obtain any approvals of the Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any Equity Shares during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares/debentures and hence the question of redemption of preference shares/debentures does not arise during the financial year under review.
22. There were no transactions necessitating the Company to keep in abeyance the rights of dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has complied with the provisions of 293 (1) (d) of the Act.
25. The Company has made Investments/loans/advances or given guarantees or provided securities to other bodies corporate and necessary entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from the one state to another during the year under scrutiny.