



TOTAL Perfection 100% Satisfaction

The background of the cover is dark with a green hexagonal pattern. A large, stylized yellow gear is positioned on the left side. In the center, there is a stylized eye with a white iris and a black pupil. To the right of the eye, there is a yellow leaf-like shape. A vertical line with three colored spheres (red, yellow, blue) is positioned to the right of the eye. A horizontal line with a wavy pattern is positioned below the eye.

# 28TH ANNUAL REPORT 2009-2010

**SANTOSH** Fine-Fab Ltd.  
Mumbai



# **28<sup>TH</sup> ANNUAL REPORT 2009-2010**

## **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**

112/113, 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**

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of SANTOSH FINE-FAB LIMITED will be held at 112/113, Sanjay Bldg No. 6, Mittal Estate, Mumbai 400 059 on Tuesday, the 28th September, 2010 at 11.30 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, 2010 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.

**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 21st September, 2010 to Tuesday, the 28th September, 2010 (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 Ashok V. Tulsian has a wide exposure to the textile industry. He possesses vast knowledge and experience by virtue of his long association with the textile industry. He has been associated the company since May, 1992.

Shri Sanjeev D.Saran possesses rich technical knowledge and vast experience of over 29 years in the textile, yarn & apparels. He has very wide exposure of international textile business. He also associated the various textile trade associations like SRTPEC, PEDEXIEL, ECGC, FIEO for over 18 years, Apart from association since 1998, He has also serve as the chairman of SRTPEC for the period 2000-2002 & 2007-2009. Apart from this he has also worked as Director and sourcing head of M/s Armatex Ltd. for Asia - pacific ran offices in all of far east. He has been associated with the company as an independent Director since March, 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 THE ORDER OF THE BOARD

(SUBHASH R TULSIYAN)  
EXECUTIVE DIRECTOR

Registered Office:  
112/113, Sanjay Bldg No.6,  
Mittal Estate,  
Mumbai 400059.  
Dated: 25.05.2010

CHAIRMAN & MANAGING DIRECTOR  
(SUBHASH R TULSIYAN)  
Place: Mumbai  
Date: 25.05.2010



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

TO THE MEMBERS,

Your Directors present to you the Twenty Eighth Annual Report of the Company with the Audited Statement of Accounts for the year ended on 31st March, 2010.

**FINANCIAL RESULTS**

PARTICULARS	(RS. IN LACS)	
	2009-2010	2008-2009
Sales and other Income	2389.56	2498.12
Profit before Tax	9.20	4.58
Profit after Tax	6.17	0.56
Profit brought forward	118.61	118.05
Balance available for appropriation	124.78	118.61
Total Balance carried forward to balance Sheet after all adjustments	124.78	118.61

**DIVIDEND**

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

**DIRECTORS**

Shri Ashok V. Tulsiyan and Shri Sanjeev D. Saran, 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 5th 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, a Practicing 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 31st March, 2010.

**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: 25.05.2010



## 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 2010

### ELECTRICITY

1. Purchase units of electric (KWH)	792755
2. Total amount - Rs.	2454564
3. Rate/unit Rs.	3.10

### OWN GENERATION

1. Through Diesel generator units (KWH)	56980
Units per Litre of diesel oil	3.70
Cost/unit Rs	9.37
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 news 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.	287.57 Lacs
Foreign Exchange Outgo Rs.	24.85 Lacs

### SECRETARIAL COMPLIANCE CERTIFICATE

The Members,  
M/S SANTOSH FINEFAB LIMITED  
112/113, SANJAY BUILDING NO 6,  
MITTAL ESTATE, A.K.ROAD,  
MUMBAI-400059.

I have examined the registers, records, books and papers M/S SANTOSH FINE FAB 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, 2010. 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 convened and conducted board meetings in each quarter in the financial year from 1st April 2009 to 31st March 2010 in respect of which Meetings notices were given and the proceedings were properly recorded 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 25, 2009 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 not made Investments/loans/advances or given guarantees or provided securities to other bodies corporate and consequently no 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.



27. The Company has not altered the provisions of the Memorandum with respect to the Object of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to Name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment has been imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company is regular in depositing its contribution towards Provident Fund during the financial year.

[LALITALATH]  
ACS : 16854 ; COP : 5310.  
Place : Mumbai  
Date : 26TH June, 2010.

#### ANNEXURE - 'A' TO THE SECRETARIAL COMPLIANCE CERTIFICATE

Name of the Company: M/S SANTOSH FINE FAB LIMITED.

##### DETAILS OF REGISTERS MAINTAINED :

Sr No.	Section Number	Name Of Register
1.	108	Share Transfer Register
2.	150	Register of Members
3.	193	Minutes of all meetings of Board of Directors
4.	193(1)	Minutes of General Meetings
5.	301	Register of Contracts.
6.	303	Register of Directors.
7.	125	Register of Charges
8.	307	Register of Directors Shareholding

#### ANNEXURE - 'B' TO THE SECRETARIAL COMPLIANCE CERTIFICATE

Name of the Company: M/S SANTOSH FINEFAB LIMITED.

##### DETAILS OF FORMS FILED WITH THE REGISTRAR OF COMPANIES :

Sr No.	Document/ Under Section	Filed on	Whether filed in time	Whether additional fee paid
1.	Annual Return. U/s. 159. Form 20B	23/11/2009	Yes	No. .
2.	Balance Sheet U/s. 210. Form 23AC & 23ACA	21/10/2009	Yes	No. .
3.	Secretarial Compliance Certificate U/s. 383A. Form 66	20/10/2009.	Yes	No. .
4.	Form 23C	22/06/2009	Yes	No. .

[LALITA LATH]  
ACS : 16854 ; COP : 5310.  
Place : Mumbai  
Date : 26TH June, 2010.



**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**

- The Company has an optimum combination of executive and non-executive directors. The Board is chaired by the Chairman & Managing 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 25.09.2009		
Santosh R. Tulsiyan	Chairman & Managing Director	6	Yes	Nil	Nil
Subhash R. Tulsiyan	Executive Director	7	Yes	Nil	Nil
Ashok V. Tulsiyan	Director	7	No	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	3	No	Nil	Nil

\* This excludes directorships held in Private Limited Companies.

(c) During the financial year seven Board meetings were held on the following dates:  
29.04.2009, 26.06.2009, 31.07.2009, 25.09.2009, 30.10.2009, 30.01.2010, 31.03.2010.

**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.

During the financial year 2009-10 the committee met on 26th June, 2009, 31st July, 2009, 30th October, 2009, and on 30th January, 2010. 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