

Towa Sokki Limited



THIRTEENTH ANNUAL REPORT 2004 - 2005



BOARD OF DIRECTORS

Shri O.J.Bansal	Managing Director
Shri S.J.Bansal	Director
Smt. S.O.Bansal	Director
Shri R.S.Patel	Director
Shri M.S.Agarwal	Director
Shri G.C.Agarwala	Director

BANKERS

Bank of Baroda
Indian Overseas Bank

AUDITORS

M/S. BHAVAN PATEL & CO.
204-B, Vertex Vikas,
Sir M. V. Road
Andheri (East)
MUMBAI-400 069.

COMPANY LAW CONSULTANTS

MRS. DARSHA R. KIKANI
14, Upkar Society, Ellora Park,
VADODARA-390 007.

REGISTERED OFFICE

A-919/3 G.I.D.C Estate,
Makarpura,
VADODARA - 390 010

NOTICE

13th Annual General Meeting will be held at the Company's Registered office on Thursday, 29th September, 2005 at 11.00 A.M.

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—Towa Sokki Limited—

**NOTICE**

Notice is hereby given that the 13th Annual General Meeting of the members of TOWA SOKKI LIMITED will be held at the Registered Office of the Company at 919/3, GIDC, MAKARPURA, VADODARA-390 010 on THURSDAY, 29th September, 2005, at 11.00 a.m. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2005 and the Profit & Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint Director in place of Smt S.O.Bansal who retires by rotation and is eligible, offer herself for reappointment.
3. To appoint Director in place of Shri G.C.Agarwala who retires by rotation and is eligible, offer himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 314 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to approval from Central Government, if required, the consent of the Company be and is hereby accorded to the re-appointment of Shri O.J.Bansal as *Managing Director of the Company*, for a period of five years with effect from 1st October 2005 on the terms and conditions, including remuneration, as are set out in the agreement to be entered into between the Company and Shri O.J.Bansal, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board") to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactments thereof, for the time being in force), or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri O.J.Bansal.

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 314 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be



enacted from time to time) and subject to approval from Central Government, if required, the consent of the Company be and is hereby accorded to the re-appointment of Shri S.J.Bansal as Joint Managing Director of the Company, for a period of five years with effect from 1st October 2005 on the terms and conditions, including remuneration, as are set out in the agreement to be entered into between the Company and Shri S.J.Bansal, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board") to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactments thereof, for the time being in force), or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri S.J.Bansal.

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 a proxy need not be a member. Proxies in order to be effective must be received at the registered office of the company not less than forty eight hours before the commencement of the meeting.
2. Pursuant to Section 154 of the Companies Act, 1956 the Register of Members and Share Transfer Books of the Company will remain closed from 21st September, 2005 to 29th September 2005. (both days inclusive).
3. Members are requested to intimate, if shares are held in the same name or in the same order and names, but in more than one account to enable the Company to club the said accounts into one account and to notify immediately any change in registered address, to the Company.
4. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of Annual Report at the Meeting.

Explanatory Statement Under Section 173(2) of the Companies Act, 1956.

Item No.5

The present term of office of Shri O.J.Bansal as Managing Director is expiring on 30th September 2005. The Board of Directors, has re-appointed him as Managing Director for a further period of five years from the expiry of his term.

The broad particulars of terms of the re-appointment of Shri O.J.Bansal for a further period of five years as also the payment of remuneration during his tenure are as under :



- I. Salary of Rs. 12,000/- per month with power to the Board of Directors to increase the salary from time to time within the overall ceiling prescribed by the Central Government.
- II The Managing Director shall also be entitled to the following Perquisites.
 - a. Free furnished residential accomodation or House Rent Allowance as may be fixed by the Board from time to time.
 - b. Reimbursement of Gas, Electricity, Water and furnishings at his residence.
 - c. Reimbursement of Medical expenses incurred for self and family.
 - d. Personal accident insurance premium.

Notwithstanding anything contained herein above, where in any financial year during the currency of tenure of the Managing Director, the Company had made no profits or its profits are inadequate, the Company shall pay to the Managing Director the above remuneration not exceeding the ceiling limit prescribed in Schedule XIII of the Companies Act, 1956.

- III. Provision of Car and Telephone at the residence of the Managing Director shall not be treated as perquisites.

Shri O.J.Bansal is concerned or interested in the said resolution. Shri S.J.Bansal and Smt. S.O.Bansal Directors of the Company being related to Shri O.J.Bansal are deemed to be concerned or interested in the resolution.

The Board commends the approval by the members for the re-appointment of Shri O.J.Bansal as Managing Director and the payment of remuneration to him.

Item No.6

The present term of office of Shri S.J.Bansal as Joint Managing Director is expiring on 30th September 2005. The Board of Director, has re-appointed him as Joint Managing Director for a further period of five years from the expiry of his term.

The broad particulars of terms of the re-appointment of Shri S.J.Bansal for a further period of five years as also the payment of remuneration during his tenure are as under :

- I. Salary of Rs. 10,000/- per month with power to the Board of Directors to increase the salary from time to time within the overall ceiling prescribed by the Central Government.
- II The Joint Managing Director shall also be entitled to the following Perquisites.
 - a. Free furnished residential accomodation or House Rent Allowance as may be fixed by the Board from time to time.
 - b. Reimbursement of Gas, Electricity, Water and furnishings at his residence.
 - c. Reimbursement of Medical expenses incurred for self and family.
 - d. Personal accident insurance premium.

Towa Sokki Limited



Notwithstanding anything contained herein above, where in any financial year during the currency of tenure of the Joint Managing Director, the Company had made no profits or its profits are inadequate, the Company shall pay to the Joint Managing Director the above remuneration not exceeding the ceiling limit prescribed in Schedule XIII of the Companies Act, 1956.

III. Provision of Car and Telephone at the residence of the Joint Managing Director shall not be treated as perquisites.

Shri S.J.Bansal is concerned or interested in the said resolution, Shri O.J.Bansal and Smt. S.O.Bansal Directors of the Company being related to Shri S.J.Bansal are deemed to be concerned or interested in the resolution.

The Board commends the approval by the members for the re-appointment of Shri S.J.Bansal as Joint Managing Director and the payment of remuneration to him.

PLACE : VADODARA
DATE : 30-7-2005

By the Order of the Board
TOWA SOKKI LIMITED
O. J. BANSAL
MANAGING DIRECTOR



DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 13th Annual Report with the Audited Statement of Accounts of your Company for the year ended on 31st March, 2005.

1. SUMMARY OF FINANCIAL RESULTS

	Year Ended 31-03-2005	(Rs. in Lacs) Year Ended 31-03-2004
Sale & Income from Job Work	24.54	37.45
Increase/(Decrease) In Stock	(19.15)	(11.23)
Total Income	5.39	26.22
Total Expenditure	30.24	33.03
Gross Profit	(24.85)	(6.81)
Depreciation	2.53	2.49
Profit / (Loss) before Taxation	(27.38)	(9.30)
Provision for Taxation	--	--
Profit/(Loss) after Tax	(27.38)	(9.30)
Reserves (Excluding Revaluation Reserve)	(36.58)	(9.20)

2. DIVIDEND

In the absence of profit, your Directors regret their inability to propose any Dividend for the year

3. DIRECTORS

Smt. S.O.Bansal and Shri G.S. Agarwala, Directors, retire by rotation and are eligible, offer themselves for reappointment.

Shri O.J.Bansal was re-appointed as a Managing Director for a further period of 5 (five) years with effect from 1st January, 2005.

Shri S.J.Bansal was re-appointed as a Joint Managing Director for a further period of 5 (five) years with effect from 1st January, 2005.

4. DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors confirm :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relation to material departures.



- b. that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss 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 safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and
- d. that they have prepared annual accounts on a going concern basis.

5. FIXED DEPOSITS

The Company has not accepted Fixed Deposits from Public as envisaged under Section 58 A and 58 B of Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975.

6. AUDITORS

M/s. Bhavan Patel & Co., Chartered Accountants, retire as Auditors of the Company at the conclusion of the Thirteenth Annual General Meeting and are eligible for reappointment.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO.

In terms of Section 217(e) (1) of the Companies Act, 1956 (as amended) and the Companies (disclosure of particulars in the report of Board of Directors) Rules of 1988, your Directors furnish here under the additional information :

- a) The Company is taking all the measures for conservation of energy.
- b) TECHNOLOGY ABSORPTION : A substantial amount is planned to be invested in Research and Development activity, the technology to impart the right physical properties to the Company's Products, to improve quality, to reduce cost of production and to identify the areas for diversification for future improvements.
- c) FOREIGN EXCHANGE EARNING AND OUTGO :

1. Earnings in Foreign Exchange

Value of Exports on F.O.B. basis	NIL
Others	NIL

2. Expenditure in Foreign Currency

Imports of Raw Materials, Spares and Components	9.26 Lacs
Foreign Travelling	3.71 Lacs

**8. PARTICULARS OF EMPLOYEE**

None of the employees of the Company is covered under Section 217(2 A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975. As such, no particulars are required to be furnished.

9. DAMAGE OF RECORDS

Because of heavy rain and due to water logging, some of important records like old share transfer forms, old account books and other administrative records have been damaged. No major material losses has been incurred because of the rain.

10. ACKNOWLEDGEMENT

The Board of Directors are pleased to place on record, their sincere appreciation for the co-operation of employees of the Company at all levels, unstinted support of the Company's Bankers, Other Associates and the Shareholders.

PLACE : VADODARA
DATE : 30-7-2005

By the Order of the Board
TOWA SOKKI LIMITED
O. J. BANSAL
MANAGING DIRECTOR



CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The company believes in good corporate governance and has always been committed to the system of good corporate governance practices. The company recognises the implementation of corporate governance to ensure fairness to shareholders and is committed to practice and attain maximum level of transparency, disclosures, accountability and equity and its all interactions with shareholders.

2. BOARD OF DIRECTORS :

The combination of the Board is as per the Clause 49 of the Listing Agreement. The Board of Directors consists of six Directors, two Executive Directors and four Non-Executive Directors.

The Composition of the Board of Directors and attendance record is as follows:

Name of Director	Category	Membership in Committees of Board	No. of Board Meeting Attended	Whether Attended AGM held on 29-9-2004
Mr. O.J. Bansal	Promoter/Executive	0	4	Yes
Mr. S.J. Bansal	Promoter/Executive	2	4	Yes
Mrs. S.O. Bansal	Promoter/Non-Executive	2	4	Yes
Mr. R.S. Patel	Promoter/Independent	0	0	No
Mr. M.S. Agarwal	Independent	1	1	No
Mr. G.C. Agarwala	Independent	0	0	No

The Board normally meets once in every quarter. During the year 2004-05, The Board of Directors met four times on 31-5-2004, 30-7-2004, 30-10-2004 and 29-1-2005

3. AUDIT COMMITTEE :

As per the requirements of Part II of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 the Company has formed an Audit Committee under the Chairmanship of Shri M.S. Agarwal, the other members of the Committee being Smt. S.O. Bansal and Shri S. J. Bansal.

During the financial year under consideration, four meetings of the Committee were held on 31-5-2004, 30-7-2004, 30-10-2004 and 29-1-2005