

Towa Sokki Limited



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FIFTEENTH ANNUAL REPORT 2006 - 2007

Towa Sokki Limited



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

AUDITORS

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

COMPANY LAW CONSULTANTS

MR. KASHYAP SHAH
B-203, Manubhai Tower,
Sayajigunj, Vadodara - 390 005

REGISTERED OFFICE

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

NOTICE

15th Annual General Meeting will be held at the Company's Registered office on Saturday, 29th September, 2007 at 11.00 A.M.

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NOTICE

Notice is hereby given that the 15th 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 SATURDAY, 29th September, 2007, 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, 2007 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 himself 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.

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, 2007 to 29th September, 2007. (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.

PLACE : VADODARA
DATE : 29th MAY, 2007

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 15th Annual Report with the Audited Statement of Accounts of your Company for the year ended on 31st March, 2007.

1. SUMMARY OF FINANCIAL RESULTS

| | Year Ended 31-03-2007 | (Rs. in Lacs) Year Ended 31-03-2006 |
|--|--------------------------|---|
| Sale & Income from Job Work | 19.99 | 23.49 |
| Increase/(Decrease) In Stock | 0.58 | (5.32) |
| Total Income | 20.57 | 18.17 |
| Total Expenditure | 22.70 | 28.97 |
| Gross Profit | (2.13) | (10.80) |
| Depreciation | 1.75 | 2.44 |
| Profit / (Loss) before Taxation | (3.88) | (13.24) |
| Provision for Taxation | 0.22 | 0.08 |
| Profit/(Loss) after Tax | (4.10) | (13.32) |
| Reserves (Excluding Revaluation Reserve) | (54.00) | (49.90) |

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.C.Agarwala, Directors, retire by rotation and are eligible, offer themselves for reappointment.

4. DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors confirm :

- a. 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 Fifteenth 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 | 5.18 Lacs |
| Foreign Travelling | NIL |

Towa Sokki Limited



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. 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.

By the Order of the Board
TOWA SOKKI LIMITED

O. J. BANSAL

MANAGING DIRECTOR

PLACE : VADODARA
DATE : 29-5-2007





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 30-9-2006 |
|-------------------|------------------------|-----------------------------------|-------------------------------|--|
| 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 2006-07, The Board of Directors met four times on 31-5-2006, 31-7-2006, 30-10-2006 and 30-1-2007.

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 Shri G. C. Agarwala and Shri S. J. Bansal.

During the financial year under consideration, four meetings of the Committee were held on 31-5-2006, 31-7-2006, 30-10-2006 and 30-1-2007.

Towa Sokki Limited



4. SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE :

| | |
|--|------------------|
| Name of Non-Executive Director heading the Committee. | Mrs. S.O. Bansal |
| Compliance Officer. | Mr. S.J. Bansal |
| No. of Shareholders complaints received during the year 2006-2007. | NIL |
| Complaints not solved to the satisfaction of Shareholders. | NIL |
| Complaints pending on 31-3-2007. | NIL |

5. GENERAL BODY MEETINGS :

A. The details of last three Annual General Meetings are as under :

| Date | Time | Location |
|-----------|------------|---|
| 30-9-2006 | 11.00 a.m. | 919/3, G.I.D.C. Estate, Makarpura, Vadodara – 390010. |
| 29-9-2005 | 11.00 a.m. | —do— |
| 29-9-2004 | 11.00 a.m. | —do— |

B. Postal Ballot:

Postal ballot was not conducted in any of the general body meetings held so far by the Company.

6. DISCLOSURES :

- A. There were no material transactions with Directors or the Management or their relatives having potential conflicts with the interest of the Company at large.
- B. No penalties or strictures were imposed on the Company by Stock Exchange or SEBI on any matter related to capital markets during the last three years.

7. MEANS OF COMMUNICATION :

The Company's quarterly financial results are approved and taken on record by the Board within the prescribed time and sent to Stock Exchanges. The annual results are also published in two news papers one in English and other in Regional Language (Gujarati).

8. GENERAL SHAREHOLDER INFORMATION :

AGM : The Company's AGM will be held on 29-9-2007 at 11.00 a.m. at the Registered office at 919/3, GIDC Estate, Makarpura, Vadodara-390010

Financial Calendar : April to March.

Date of Book Closure : 21-9-2007 to 29-9-2007.

Dividend Payment Dates : No Dividend proposed.



Listing on Stock Exchanges : Listed on Mumbai Stock Exchange, Vadodara Stock Exchange, The Stock Exchange Ahmedabad, The Stock Exchange Jaipur and Madras Stock Exchange Association Ltd. Due to the technological developments the trading of shares are possible through the nation wide trading terminals, therefore the Company is planning for de-listing of shares from all other stock exchanges and remain listed only in one Stock Exchange which is having nation wide trading terminals.

Market Price Data : Not being traded since last seven years.

Distribution of Shareholdings:

Distribution of Shareholdings as on 31-3-2007

| Shareholding | No. of Share Holders | % of Share Holders to Total | No. of shares held | % of Total |
|------------------|----------------------|-----------------------------|--------------------|------------|
| 0 - 5000 | 607 | 93.96 | 522100 | 6.92 |
| 5001 - 10000 | 5 | 0.77 | 44800 | 0.59 |
| 10001 - 20000 | 7 | 1.08 | 108700 | 1.44 |
| 20001 - 30000 | 3 | 0.47 | 72700 | 0.97 |
| 30001 - 40000 | 3 | 0.47 | 107200 | 1.42 |
| 40001 - 50000 | 4 | 0.62 | 183200 | 2.43 |
| 50001 - 100000 | 3 | 0.47 | 234300 | 3.11 |
| 100001 and above | 14 | 2.16 | 6267100 | 83.12 |
| TOTAL | 646 | 100.00 | 7540100 | 100.00 |

Shareholding Pattern as on 31-3-2007

| Category | No. of Shares | Percentage |
|--------------------------|---------------|------------|
| Indian Promoters | 2282900 | 30.28 |
| NRI Promoters | 200000 | 2.65 |
| FII, Banks, Mutual Funds | -- | -- |
| Private Corporate Bodies | -- | -- |
| Indian Public | 5057200 | 67.07 |
| TOTAL | 7540100 | 100.00 |

Registrar and Transfer Agent : Towa Sokki Limited, 919/3, G.I.D.C. Estate, Makarpura, Vadodara-390010

Registered Office Location : 919/3, G.I.D.C. Estate, Makarpura, Vadodara- 390010.