

Towa Sokki Limited



EIGHTEENTH ANNUAL REPORT 2009 - 2010

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

18th Annual General Meeting will be held at the
Company's Registered office on Wednesday, 29th
September, 2010 at 11.00 A.M.

CONTENTS

Notice
Directors' Report
Auditor's Report
Balance Sheet
Profit and Loss Account
Schedules forming part of Balance Sheet and Profit and Loss Account
Notes on Accounts
Balance Sheet Abstract
Cash Flow Statement
Proxy Form

NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the members of TOWA SOKKI LIMITED will be held on Wednesday, 29th September 2010, at 11.00 a.m. at the Registered office of the Company at 919/3, GIDC, Makarpura, Vadodara-390 010 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, Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To appoint Director in place of Shri. G.C. Agarwala, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri M. S. Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT Shri Anil Gupta who was appointed as an additional director by the Board to hold office up to the date of this Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received from a member signifying is intention to propose, Shri Anil Gupta as a candidate for the office of the director be and is hereby elected and appointed as Director of the company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board or any other person authorized by the Board in this regard, be and is hereby authorized to do all such acts, deeds and things as may be necessary, desirable or expedient for giving effect to this resolution"

6. To consider, and, if thought fit, to pass, with or without modification(s), 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 three years with effect from 1st October 2010 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.

7. To consider, and, if thought fit, to pass, with or without modification(s), 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 Whole Time Director of the Company, for a period of three years with effect from 1st October 2010 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.

8. To consider, and, if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactments thereof, the approval of the Company be and is hereby accorded to the appointment of Miss Preeti S. Bansal as Marketing Executive, for a period of 3 years with effect from 1st October, 2010 on terms and conditions including salary as set out in the explanatory statement annexed to the Notice convening this meeting and to his holding and continuing to hold an office or place of profit as such in the Company.

9. To consider, and, if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactments thereof, the approval of the Company be and is hereby accorded to the appointment of Mr. Somesh O. Bansal as Instrument Engineer, for a period of 3 years with effect from 1st October, 2010 on terms and conditions including remunerations as set out in the explanatory statement annexed to the Notice convening this meeting and to his holding and continuing to hold an office or place of profit as such in the Company.

10. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, (hereinafter referred to as the "Delisting Guidelines") (including any statutory Modifications(s) or re-enactments thereof for the time being in force), the Companies Act, 1956, Securities Contracts (regulation) Act, 1956 and the rules framed there under, Listing Agreement(s) and all other applicable laws, rules, regulations and guidelines and subject to approval(s), consent(s), permission(s) or sanction(s), of the Securities and Exchange Board of India, Stock Exchange(s) where the shares of the company are listed and other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed by any authority while granting such approval(s), permission(s) and sanction(s), which may be agreed to by the Board of Directors of the company, the consent of the Company be and is hereby accorded to the Board of Directors to delist the equity shares of the Company from Vadodara Stock Exchange Limited (VSE), Ahmedabad Stock Exchange Limited (ASE), Jaipur Stock Exchange limited (JSE) and Madras Stock Exchange Limited (MSE)".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to sign and submit all applications, forms, papers and other documents and to comply with all other formalities / procedures and to do all such acts, deeds and things as may be required by the above Stock Exchange, SEBI, and / or by any other statutory / regulatory authorities, in connection with delisting of the equity shares of the Company from Vadodara Stock Exchange Limited (VSE), Ahmedabad Stock Exchange Limited (ASE), Jaipur Stock Exchange Limited (JSE) and Madras Stock Exchange Limited (MSE)."

11. To consider, and, if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution :

"RESOLVED THAT, pursuant to the Provision of Section 31 and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof), the existing Articles of Association of the Company be and are hereby altered in the manner and to the extent following:

(1) Following new expressions/definitions shall be inserted in Article 2 (a) (Interpretation Clause) after the Marginal Notes definitions:

"Beneficial Owner"

"Beneficial Owner" means a persons as defined by section 2(1) (a) of Depository Act, 1996.

"Bye-Laws"

"Bye-Laws" means "Bye-Laws" as defined under Section 26 of Depository Act, 1996.

"Depository Act, 1996"

"Depository Act, 1996" means Depository Act, 1996 and includes any statutory modification reenactment thereof the time being in force.

"Depository"

"Depository" means and include a company as defined under section 2(1) (e) of the Depositories Act.

"Regulations"

"Regulations" means a made by SEBI.

"SEBI"

"SEBI" means Securities and Exchange Board of India.

"Security"

"Security" means such security as may be specified by SEBI from time to time.

"Share Equivalents"

"Share Equivalents" means any debenture, preference Shares, foreign currency convertible bonds, floating rate notes, instruments, options, warrants or other securities or rights which are by their terms convertible or exchangeable into shares of the Company's issued share capital.

(2) Following new Articles be inserted after the existing Article 6 :

6A. Share Equivalent

The Company shall, subject to the provisions of the Act, and in compliance with all applicable laws, rules and regulations, have power to issue Share Equivalents on such terms and in such manner as the Board deems fit including their conversion, repayment, and redemption whether at a premium or otherwise.

6B. Power to issue of ADRs / GDRs / FCCBs etc.

The Company shall, subject to the provision of the Act, and in compliance with all applicable laws, rules and regulations, have power to issue ADRs (American Depository Receipts), GDRs (Global Depository Receipts), FCCBs (Foreign Currency Convertible Bonds) and any other instruments or securities convertible into shares of the Company on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include, at the discretion of the Board, limitations on voting rights, including without limitation, exercise of voting rights in accordance with the directions of the board or otherwise.

6C. Employees Stock Option Scheme / Employee Stock Purchase Scheme

The Board shall have the power to grant, offer, issue and allot options/shares to such of the employees of the Company or its Subsidiary and/or Holding Company or managing and whole time directors of the Company (hereinafter collectively referred to as "employees") as may be selected by the Board or by the trustees of the trust that may be set up for the benefit of the employees in accordance with the terms and conditions of the scheme, trust, plan or proposal which may be formulated, created, instituted or set up by the Board of Directors or the Committee thereof in accordance with the applicable laws and regulations in that behalf in force from time to time; and on such terms and conditions as the Board may in its discretion deem fit.

6D. Power to Issue Sweat Equity Shares

The Board shall have a power to issue sweat equity shares in manner and subject to conditions contained in section 79 (A) of the Act.

6E. Power of Company to purchase its own Securities

Notwithstanding anything contained in the Act, but subject to the provision of Sub-section (2) and Section 77 B of the Act, the Company shall have power to purchase its own shares or other specified securities (Referred to as Buy-Back) from.

- (a) Out of free Reserve or,
- (b) Out of Share Premium Account or,
- (c) Out of proceeds of an earlier Issue other than fresh Issue of share made specifically for the purpose of Buy-Back Shares.

6F. Term of issue of Debenture

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

Debentures with voting rights not to be issued

- (a) The Company shall not issue any debenture carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business, Debenture-stock, bonds or other securities with the right to allotment of or conversion into share shall not be issued except with the sanction of the Company in general meeting.
- (b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.
- (c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.
- (d) Certain charges (whether expression includes mortgages) mentioned in Section 125 of the Act, shall be void against the Liquidator or Creditors unless registered as provided in Section 125 of the Act.
- (e) A contract with the Company to take up and pay any debentures of the Company may be enforced by a decree for specific performance.
- (f) Unless the conditions of issue thereof otherwise provide, the Company shall (Subject to the provision of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the transfer of any such debentures or debenture-stock have completed and delivered the certificate of all debenture-stock allotted or transferred.

- (g) The Company shall comply with the provisions of Section 118 of the Act as regards supply of copies of Debenture Trust Deed and inspection thereof.
- (h) The Company shall comply with the provision of Sections 124 to 145 (inclusive) or the Act as regards registration of Charges.

(3) Article 64 be replaced by following and be read as below:

64. (A) Custody of Instrument of transfer

The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

Dematerialisation/ Rematerialisation

Notwithstanding anything contained in these Articles the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the Depository Act, 1996.

Option for Investors

Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the Securities can at any time option out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall in the manner and within the time prescribed, issued to the beneficial owner the required Certificates for the Securities. If a person options to hold its Security with Depository, the Company shall intimate such depository the details of allotment of the Security.

Securities in Depository to be in fungible form

All securities of the Company held by the Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.

Rights of Depositories and Beneficial Owners

- (i) Notwithstanding any thing to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.
- (ii) Save as otherwise provided in (i) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
- (iii) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the record of the depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a depository.

Service of Documents

Notwithstanding anything contained in the Act to the contrary, where Securities of the Company are held in depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities

Nothing contained in Section 108 of the Act, shall apply to a transfer of Securities effect by a transferor and transferee both of whom are entered as beneficial owners in the record of a depository.

Allotment of Securities dealt with in a depository

Notwithstanding anything contained in the Act, where Securities are dealt with by a depository the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Register and Index of Members

The company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Sections 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with the details of Shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996 shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or Country.

Applicability of the depositories Act

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form with a Depository, the provisions of the Depositories Act, 1996 shall apply.

64 (B) Nomination of Shares/ Debentures

(c) (i) Every Shareholder or Debenture-holder or deposit holder of the Company, may at any time, nominate a person to whom his Shares or Debentures or Deposit shall vest in the event of his death in such manner as may be prescribed under the Act, and shall have all powers vested under Section 1098 of the Depository Act, 1996.

(ii) Where the Shares or Debentures or deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the Shares or Debentures or Deposits as the case may be shall vest in the event of death of all the joint holders.

(iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purpose to confer on any person the right to vest the Shares or Debentures or Deposits, the nominee shall, on the death of the Shareholder or Debenture holder or deposit holder, as the case may be on the death of the joint holders become entitled to all the rights in such Shares or Debentures or Deposits as the case may be, all the joint

holders, in relation to such Shares or Debentures or Deposits, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may prescribed under the Act.

(iv) Where the nominee is a minor, it shall be lawful for the holder of the Shares or Debentures or Deposits, to make the nomination to appoint any person to become entitled to Share in, or Debentures or deposits of, the Company, in the manner prescribed under the Act, in the event of his death, during the minority.

Claimant to be entitled to same advantage

The person becoming entitled to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall be entitled to the same dividends and others advantages to which he would be entitled as if he were registered holder of the shares except that he shall not before being registered as a member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if the notice is not complied within sixty days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with."

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, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 24-9-2010 to 29-9-2010 [Both days inclusive]
3. Shareholders seeking any information with regard to accounts are requested to write to the Company at least seven days in advance so as to enable the Company to keep the information ready.
4. Re-appointment of Directors :
At the ensuing Annual General Meeting Shri G. C. Agarwala and Shri M. S. Agarwala retire by rotation and being, eligible offer themselves for re-appointment. The details pertaining to the Directors required to be provided under Clause of the Listing Agreement are furnished in the statement of Corporate Governance.
5. The Explanatory statement, relating to special business mentioned in items No. 5 to 11 of the notice, as required under section 173(2) of the Companies Act, 1956, is attached herewith.
6. Members are requested to bring their copy of the annual report and the duly filled in attendance slip with them at the annual general meeting.

Regd. Office :
919/3, GIDC, Makarpura,
Vadodara-390 010
Date : 20-08-2010

By order of the Board,
TOWA SOKKI LIMITED

O. J. Bansal
Chairman