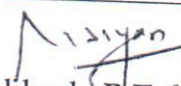
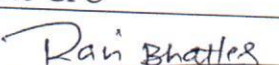



# FORM A

(Clause 31 (A) of Listing Agreement)

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company	Santosh Fine-fab Limited - Standalone
2.	Annual financial statements for the year ended	31.03.2014
3.	Type of Audit observation Un-qualified / Matter of Emphasis	The Co. has not provided gratuity as per accounting standard -15 and the exact amount of gratuity not ascertained.
4.	Frequency of observation	REGULARLY
5.	To be signed by-	
	• CEO/Managing Director	 Subhash R Tulsiyan ( executive director)
	• CFO	No CFO
	• Auditor of the company	 Ravi Kumar Bhatler M. No. 146658 Partner of Bhuwania&Agrawal Associates (Chartered Accountants)
	• Audit Committee Chairman	 (AsharamRungta)



# 32nd ANNUAL REPORT

2013 - 2014



TOTAL *Perfection* 100% Satisfaction

**SANTOSH** Fine-Fab Ltd. Mumbai



## **32<sup>nd</sup> ANNUAL REPORT 2013-2014**

### **SANTOSH FINE-FAB LIMITED**

(CIN:L17112MH1981PLC025443)

#### **REGISTERED OFFICE**

112/113, SANJAY BUILDING NO.6,  
MITTAL ESTATE, ANDHERI (E),  
MUMBAI 400 059.

### **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 TIBREWALA	DIRECTOR
SHRI ASHARAM S.RUNGTA	DIRECTOR

#### **AUDITORS**

M/S. BHUWANIA & AGRAWAL ASSOCIATES  
CHARTERED ACCOUNTANTS

#### **BANKERS**

STATE BANK OF INDIA

#### **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 Thirty Second 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 Friday, the 19th September, 2014 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, 2014 and the Balance Sheet as on that date together with the Directors' and Auditors' Reports.
2. To appoint a Director in place of Shri Radhaballabh Tibrewal (DIN: 00323570), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Asharam S Rungta (DIN: 00320409), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regards to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s Bhuwania & Agrawal Associates, Chartered Accountants (Registration No 101483W), be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next Annual General Meeting of the Company at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

**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 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 (corresponding to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956), the consent of the Company be and is hereby accorded to the reappointment of Mr. Santosh R Tulsiyan (holding DIN 00310573), as the “Managing Director” of the Company for a period of five years effective from 5th October, 2014, on the terms and conditions of appointment and remuneration as contained in the draft agreement, a copy whereof initialed by the Chairman for the purpose of identification is placed before the meeting, and the Board of Directors be and is hereby authorised to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013 (corresponding to Schedule XIII to the Companies Act, 1956), as may be agreed to by the Board of Directors and Mr. Santosh Tulsiyan.”

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 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 (corresponding to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956), approval of the members be and is hereby accorded to the appointment for a period of five years commencing from 5th October, 2014 of and payment of remuneration to Shri Subhash R. Tulsiyan (DIN :00308899) as the Executive Director of the Company, on the terms and conditions as are set out in the Draft Agreement, a copy whereof initialed by the Chairman for the purpose of identification is placed before the meeting, and the Board of Directors be and is hereby authorised to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013 (corresponding to Schedule XIII to the Companies Act, 1956), as may be agreed to by the Board of Directors and Mr. Subhash Tulsiyan.”

**NOTES:**

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the business under Item Nos. 5 & 6 of the Notice, is annexed hereto.
2. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. Members/Proxies should bring the attendance slip duly filed in for attending the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 17th September, 2014 to Friday, the 19th September, 2014 (both days inclusive).
5. 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.
6. 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.



7. 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.

8. The Ministry of Corporate Affairs (Ministry), Government of India, has taken a Green Initiative in Corporate Governance by allowing paperless compliances by companies through electronic mode. As per the Circular No. 17/2011 dated 21.04.2011 and Circular No.18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs, companies can now send various notices /documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors Report etc) to their shareholders through electronic mode, to the registered email addresses of the shareholders.

9. In terms of Circular No. 17/2011 dated 21.04.2011 and Circular No.18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs, under Green initiative in the Corporate Governance all the members are requested to intimate their e-mail address to the Company's Registrar and Transfer Agents, so as to enable the company to send the Annual Report and Accounts, Notices and other documents through electronic mode to their email address. Notices/documents including the Annual Report are now being sent by electronic mode to the shareholders whose e-mail address has been registered with the Company. Members who would like to receive such notices/ documents in electronic mode in lieu of physical copy and who have not registered their e-mail addresses so far or who would like to update their e-mail addresses already registered, are requested to register/update their e-mail addresses: - In respect of electronic shareholding - through their respective Depository Participants; - In respect of physical shareholding - by sending a request to the Companies Share Transfer Agent at (Email id) mentioning therein Company's name, their folio no and email address.

10. A brief resume of the directors proposed to be reappointed vide item nos. 2 and 3 in the Notice are as follows:  
Shri Radhaballabh Tibrewal (DIN: 00323570) possesses vast knowledge and experience by virtue of his long association with the textile industry. He has been associated the company since September, 2002.

Shri Asharam S Rungta (DIN: 00320409) is a Chartered Accountant and has over 23 years experience of Finance and Administration in the textile industry. He has been associated with the company since April, 2002.

11. 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.

12. 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.

13. 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

(SANTOSH R TULSIYAN)  
MANAGING DIRECTOR

Registered Office:  
112/113, Sanjay Bldg No.6,  
Mittal Estate,  
Mumbai 400059.  
Dated: 29.05.2014

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 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 05-10-2009, 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 05-10-2014. 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.50000/- p.m.  
Shri Subhash R. Tulsiyan: Salary: Rs.50000/- p.m.

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.2.40 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.



**DIRECTORS' REPORT  
TO THE MEMBERS,**

Your Directors present to you the Thirty Second Annual Report of the Company with the Audited Statement of Accounts for the year ended on 31st March, 2014.

**FINANCIAL RESULTS**

PARTICULARS	(RS. IN LACS)	
	2013-2014	2012-2013
Sales and other Income	3338.79	3239.07
Profit before Tax	33.38	42.36
Profit after Tax	22.86	28.27
Profit brought forward	165.11	136.84
Balance available for appropriation	187.97	165.11
Total Balance carried forward to balance Sheet after all adjustments	187.97	165.11

**DIVIDEND**

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

**DIRECTORS**

Shri Radhaballabh Tibrewal (DIN: 00323570) and Shri Asharam S Rungta (DIN: 00320409), 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 re-appoint 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, 2014.

**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)  
MANAGING DIRECTOR

Place : Mumbai.  
Dated: 29.05.2014



## 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" HERE UNDER POWER AND FUEL CONSUMPTION

FOR THE YEAR ENDED  
31ST MARCH, 2014

#### ELECTRICITY

1. Purchase units of electric (KWH)	666356
2. Total amount - Rs.	3122825
3. Rate/unit - Rs.	4.69

### OWN GENERATION

1. Through Diesel generator units (KWH)	22940
Units per Litre of diesel oil	3.70
Cost/unit Rs	15.53
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 rounds.
- 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.	1035.01 Lacs
Foreign Exchange Outgo Rs.	47.92 Lacs

### SECRETARIAL COMPLIANCE CERTIFICATE

COMPANY NO. 11-025443.  
AUTHORISED SHARE CAPITAL : RS. 4,00, 00,000/-  
PAID UP SHARE CAPITAL : RS. 3, 43, 20652/-

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 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, 2014. 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 from 1st April 2013 to 31st March 2014 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 21st September, 2013 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 not entered into contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make 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.

Sd/-

[LALITA LATH]

ACS : 16854 ; COP : 5310.

Place : Mumbai

Date : 29th May, 2014.

#### 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 FINE FAB 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	19/11/2013	Yes	No.
2.	Balance Sheet U/s. 210. Form 23ACXBRL & 23ACA	19/11/2013	No	Yes
3.	Secretarial Compliance Certificate U/s. 383A. Form 66	25/10/2013	No	Yes
4.	Form 23B	20/10/2013	Yes	No.
5.	Form 23C	20/06/2013	Yes	No

Sd/-

[LALITA LATH]

ACS : 16854 ; COP : 5310.

Place : Mumbai

Date : 29th May, 2014.



**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**

- a) The Company has an optimum combination of executive and non-executive directors. The Board is chaired by the Chairman & Managing Director.
- b) 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 20.09.2013		
Santosh R. Tulsiyan	Chairman & Managing Director	4	Yes	Nil	Nil
Subhash R. Tulsiyan	Executive Director	4	Yes	Nil	Nil
Ashok V. Tulsiyan	Director	4	Yes	1	Nil
Sanjeev D. Saran	Independent Non executive	1	No	Nil	Nil
Asharam S. Rungta	Independent Non executive	4	Yes	Nil	Nil
Radhaballabh Tibrewala	Independent Non executive	3	Yes	Nil	Nil

\* This excludes directorships held in Private Limited Companies.

- (c) During the financial year four Board meetings were held on the following dates:  
29.05.2013, 08.08.2013, 08.11.2013 & 04.02.2014.

**3. AUDIT COMMITTEE**

Role of the Audit Committee and its terms of reference include:

1. To focus its attention on subjects relating to accounting standards, internal controls and financial policies.
2. To oversee the Company's financial reporting process and disclosure of its financial information.
3. To review the financial statement before submission to the Board of Directors.
4. To recommend appointment, re-appointment, removal of Statutory Auditors and fixation of the audit fee.
5. To ensure that there are adequate mechanism for prevention and detection of frauds.
6. To hold discussion with Management regarding the internal control system.
7. 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.
8. 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 2013-14 the committee met on 29th May, 2013, 08th August, 2013, 08th November, 2013, and on 04th February, 2014. 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



#### 4. REMUNERATION COMMITTEE:

Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/Whole time Directors based on performance and defined criteria.

<u>SR.NO.</u>	<u>NAME OF MEMBERS</u>	<u>CATEGORY</u>	<u>No. of Meeting Attend</u>
1	Radhavallabh Tibrewala, Chairman	Independent/ Non-Executive	-
2	Sanjeev D. Saran	Independent/ Non-Executive	-
3	Asharam S. Rungta	Independent/ Non-Executive	-

The Committee did not meet during the year. As there was no need to transact any business

Details of remuneration paid to all the directors for the year ended 31st March, 2014 are as follows :

<u>Director</u>	<u>Relationship With other Directors</u>	<u>Business Relationship</u>	<u>Loans &amp; Advance From The Company</u>	<u>Sitting Fees</u>	<u>Salary &amp; Contribution to fund</u>	<u>Commission</u>	<u>Total</u>
Santosh R. Tulsian	Brother of Subhash Tulsian	Promoter	Nil	Nil	240000	Nil	240000
Subhash R. Tulsian	Brother of Santosh Tulsian	Promoter	Nil	Nil	240000	Nil	240000
Ashok V. Tulsian	None	Promoter	Nil	Nil	Nil	Nil	Nil
Sanjeev D. Saran	None	None	Nil	Nil	Nil	Nil	Nil
Asharam S. Rungta	None	None	Nil	Nil	Nil	Nil	Nil
Radhaballabh Tibrewala	None	None	Nil	Nil	Nil	Nil	Nil

#### 5. INVESTORS GRIEVANCE COMMITTEE

The terms of reference mandated by your Board, which is also in line with the statutory and regulatory requirements, are:

- To redress Shareholders and Investors complaints;
- To reviews all matters connected with the securities transfers;
- To review status of legal cases involving the investors where the Company has been made a party.

The composition, names of the members, chairman, particulars of the Meetings and attendance of the members during the year are as follows:

<u>SR.NO.</u>	<u>NAME OF MEMBERS</u>	<u>CATEGORY</u>	<u>NO. OF MEETING ATTENDED DURING THE YEAR 2013-14</u>
1	Subhash R. Tulsian	Non-Independent/ Executive	4
2	Asharam S. Rungta	Independent/ Non-Executive	4
3	Radhaballabh Tibrewala	Independent/ Non-Executive	3

During the year the Investor Grievance Committee held its Meetings on the following dates:  
29th May, 2013, 08th Aug, 2013, 08th November, 2013, and on 04th February, 2014.

#### NAME AND DESIGNATION OF COMPLIANCE OFFICER:

**SAJJAN AGARWAL**  
Secretarial Officer

Details of shares in physical form lodged for transfer during 2013-14 are as follows:

<u>Sr. No.</u>	<u>Total No. of Transfer Deed Received</u>	<u>Dispatched within 30 days of receipt</u>	<u>Dispatched after 30 days of receipt</u>
1	NIL	NIL	NIL

#### 6. GENERAL BODY MEETINGS

The location and time of the Annual General Meetings held during the last 3 years are as follows:



AGM	DATE	TIME	VENUE	SPECIAL RESOLUTIONS
29 <sup>th</sup> AGM	23 <sup>rd</sup> September, 2011	11.30 a.m.	112/113, Sanjay Bldg. No.6, Mittal Estate, Andheri Kurla Road, Andheri (east) Mumbai 400059	Nil
30 <sup>th</sup> AGM	21 <sup>st</sup> September, 2012	11.30 a.m.	112/113, Sanjay Bldg. No.6, Mittal Estate, Andheri Kurla Road, Andheri (east) Mumbai 400059	Nil
31 <sup>st</sup> AGM	20 <sup>th</sup> September, 2013	11.30 a.m.	112/113, Sanjay Bldg. No.6, Mittal Estate, Andheri Kurla Road, Andheri (east) Mumbai 400059	Nil

The resolutions were passed by voting on show of hands. No item of business, which required the member's approval through postal ballot, was transacted during the year 2013-14. Accordingly, the Companies (Postal Ballot) Rules 2001 is not applicable for said year.

#### APPOINTMENT/ REAPPOINTMENT OF DIRECTORS

Shri Radhaballabh Tibrewala and Shri Asharam S. Rungta, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re appointment.

Shri Radhaballabh Tibrewal(DIN:00323570) possesses vast knowledge and experience by virtue of his long association with the textile industry. He has been associated the company since September, 2002.

Shri Asharam S Rungta(DIN :00320409) is a Chartered Accountant and has over 23 years experience of Finance and Administration in the textile industry. He has been associated with the company since April, 2002

#### 7.DISCLOSURES

There are no materially significant related party transactions that have potential conflict with the interests of the Company at large. However, the transactions detailed in Note no.7 of Schedule "O" to the Accounts may be considered as related party transactions.

There has been no instance of non-compliance by the Company on any matter related to capital markets. Hence, the question of penalties or strictures being imposed by SEBI or the Stock Exchanges does not arise.

Implementation of the Whistle Blower policy is in the process and the report of the same would be Placed before the Board. The Company is fully compliant with the applicable mandatory requirements of the clause 49, although it is not mandatory, a Remuneration committee of the Board Is in place. Details of the same have been provided in this Report

#### 8. MEANS OF COMMUNICATION

The annual, half-yearly and quarterly results are regularly submitted to the Stock Exchange and published in newspapers in accordance with the Listing Agreement.

Your Company's quarterly results are usually published in the The Asian Age, Mumbai (English daily) and Mumbai Lakshadeep (Mumbai).

Your Company's Management Discussion & Analysis of the operations for the year ended 31st March, 2014 forms a part of this Annual Report and is given under the Section so captioned.

#### 9. GENERAL SHAREHOLDER INFORMATION

S.R. NO.	SALIENT ITEMS OF INTEREST	PARTICULARS
i.	AGM Date, time and venue	19th September, 2014, Friday 11.30 A.M., 112/113, Sanjay Bldg. No.6, Mittal Industrial Estate, Andheri Kurla Road, Andheri (East), Mumbai 400059.
ii.	Financial Calendar	Year ending March 31, 2014
iii.	Date of Book Closure	17th September, 2014 to 19th September, 2014 both days inclusive
iv.	Dividend Payment Date	Not Applicable
v.	Listing on Stock Exchange	The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001.
vi.	Stock Code	530035
vii.	Registrar & Share Transfer Agent	Adroit Corporate Services P Ltd., 18/19/20, Jaferbhoy Industrial Estate, 1st Floor., Makwana Road, Marol Naka, Andheri (East) Mumbai 400059 Phone No: 28596060 / 28594060 / 28590942 Fax 28503748, Contact person: Mr. Sada Shiva Shetty.
viii.	Share Transfer System	The power of approving transfer of securities has been delegated to the Company's Registrar and Share Transfer Agent, M/s Adroit Corporate Services P Limited, Mumbai. The share transfers that are received in physical form are processed and the share certificates normally returned within 30 days from the receipt, if the documents are clear in all respects.
ix.	Dematerialisation of Shares and liquidity	As on 31st March, 2014, 620975 shares (17.62%) of the Company's total number of shares is in dematerialized form.
x.	Outstanding GDRs / ADRs / Warrants or any convertible instruments	There are no outstanding convertible warrants/instruments.
xi.	Plant Locations	L-40 & F 1/22, MIDC, Tarapur, Boisar Dist. Thane Maharashtra
xii.	Address Correspondence	Santosh Fine-Fab Limited, 112/113, Sanjay Bldg No. 6, Mittal Industrial Estate, Andheri Kurla Road, Andheri (East) Mumbai 400059.
xiii.	ISIN Number for NSDL and CDSL	INE 612D01018

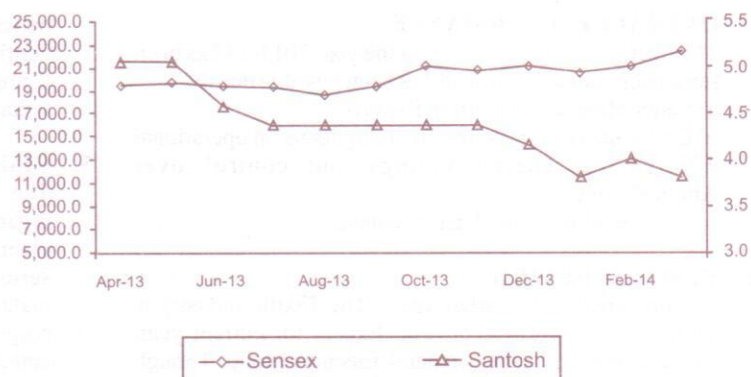


Market Price Data: High/Low during each Month of 2013-2014 on Stock Exchange, Mumbai:

	HIGH(RS.)	LOW(RS.)
April 2013	05.33	05.07
May 2013	-	-
June 2013	04.82	04.58
July 2013	04.37	04.36
August 2013	-	-
September 2013	-	-
October 2013	-	-
November 2013	-	-
December 2013	04.16	04.16
January 2014	04.00	03.81
February 2014	04.00	04.00
March 2014	03.82	03.81

#### Stock performance vs BSE Sensex:

The performance of the Company's equity share relative to the BSE sensitive index (BSE Sensex) is given in the chart below:



Distribution of shareholding as on 31st March, 2014:

Slab of shareholdings	Shareholders	%	No. Of Shares	%
0-5000	777	64.80	220977	6.27
5001-10000	180	15.01	148525	4.21
10001-20000	130	10.84	197875	5.61
20001-30000	23	1.92	56854	1.61
30001-40000	4	0.33	15160	0.43
40001-50000	14	1.17	67900	1.93
50001-100000	16	1.33	144900	4.11
Above 100000	55	4.59	2672409	75.82
<b>Total</b>	<b>1199</b>	<b>100</b>	<b>3524600</b>	<b>100</b>

Categories of Shareholding as on March 31, 2014:

CATEGORIES	Number of shares	Amount In Rs.	%
Promoters, Directors, Relatives and associated companies	1838050	18380500	52.15
Mutual Funds and UTI	Nil	Nil	Nil
Banks, Financial Institutions, Insurance Companies	Nil	Nil	Nil
Private Corporate Bodies	85170	883490	2.42
Indian Public	1540281	15371020	43.70
NRI/OCBs	61099	610990	1.73
<b>Total</b>	<b>3524600</b>	<b>35246000</b>	<b>100.00</b>

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY CODE OF CONDUCT:

TO,  
The Members of SANTOSH FINE FAB LIMITED

Declaration by the Chairman & Managing Director under clause 49 of the Listing Agreement

I, Santosh R. Tulsiyan, Chairman & Managing Director of SANTOSH FINE FAB LIMITED hereby declare that all the members of the Board of Directors and senior management personnel have affirmed Compliance with the code of conduct for the year ended 31st March, 2014

PLACE : MUMBAI  
DATED: 29th MAY, 2014

Santosh R. Tulsiyan  
Chairman & Managing Director



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Indian textiles industry has an overwhelming presence in the economic life of the country. Textile exports have been registering a continuous and steady increase over the previous periods. It also provides employment to millions of people. The sector gets full attention from the government.

### 1. OVERALL PERFORMANCE

The overall performance during the year 2013-14 has been reasonably satisfactory. This has been possible due to:

- a) Better Marketing Efforts in Exports
- b) Cost reduction measures involving focus on operational efficiencies, energy savings and control over administrative costs.
- c) Better working capital management.

### 2. BUSINESS REVIEW

As compared to the earlier years, The Textile Industry is setting for the positive growth. Except for current year, where country is under General Election Mode. Though this has affect local turnover slightly, there are positive signs for efficient and innovative companies and your company is set to follow the best practices to perform well. This may be seen in company's overall performance through Balance Sheet in the form of increased turnover & profitability.

### 3. FINANCIAL REVIEW

During the year under review, Company has managed better Export Performance. This will result in increased turnover. The profit has also increased due to the same reason along with other cost cutting major including better finance control etc.

### 4. OUTLOOK:

Demand (both domestic as well as international) for textiles remains healthy. The company has started showing

better profitability on that basis, we are optimistic and confident about the prospects for the coming year. The Company has a clear objective to enhance the sales volumes in the domestic and international markets.

### 5. RISK AND CONCERNS:

The exercise for evaluating the potential risks for the organization is closely monitored by the management. All identified risks have been classified with respect to their seriousness, and probabilities of such risks getting materialized have also been ascertained. In formulating corporate strategies, these risks are duly considered and counter measures are adopted.

### 6. HUMAN RESOURCE DEVELOPMENT:

Over the years, your Company has developed an environment, which fosters excellence in performance by empowering its people, who are always on continuous improvement path with an ultimate aim to add value to their intellectual and knowledge resources. The key focus is to attract, retain and develop talent as a resource.

### 7. INTERNAL CONTROL SYSTEMS AND ADEQUACY:

The company has proper and adequate system of Internal Control to ensure the all the assets are safeguarded from loss, damage or disposition. Checks and balances are in place to ensure that transactions are adequately authorized and recorded, and that they are reported correctly. The Board to Directors considers internal controls as adequate.

## CERTIFICATE

To the Members of

### SANTOSH FINE-FAB LIMITED

We have examined the compliance of conditions of Corporate Governance by the Santosh Fine-Fab Limited, for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination is limited to a review of the procedure and implementation thereof, adopted by the Company of ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in revised Clause 49 of the above-mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company, nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

[LALITA LATH]

ACS : 16854; COP : 5310.

Place : Mumbai

Date : 29th May, 2014.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANTOSH FINE-FAB LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of Santosh Fine Fab Limited "the Company", which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

We would like to draw the attention on The Company's policy of providing gratuity and other long term employee's benefits on the payment basis and not on the actuarial valuation as per accounting standard-15. The same has been stated in Note No. 24

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the attached Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; except non provision of gratuity as per Note No. 24.
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For Bhuvania & Agrawal Associates

ICAI Firm Registration Number: 101483W

Chartered Accountants

ABHISHEK JAIN

Partner

Membership Number: 509839

Place of Signature: Mumbai

Date: 29th May, 2014



**ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in paragraph 1 of our report of even date to the members of Santosh Fine-Fab Limited on the accounts for the year ended 1st March, 2014)

i. In respect of the Fixed Assets,

- a) The company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- b) As per the information and explanations given to us, physical verification of fixed assets has been carried out by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.
- c) None of part of fixed assets has been disposed off during the year under review, which could affect the going concern status of the company.

ii. In respect of the inventories :

- a) As per the information furnished, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) The company has maintained proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.

- iii. In respect of loans granted, secured or unsecured, to the companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956, as per the information and explanations provided to us, we report that the Company has not granted any such loans and therefore, sub-clauses (b), (c) and (d) of clause (iii) of paragraph 4 of the said Order are not applicable to the Company.

In respect of loans taken, secured or unsecured, from the companies, firms or other parties covered in Register maintained under Section 301 of Companies Act, 1956, as per information and explanations given to us, we report that the company has not taken any unsecured loan during the year under review, hence other sub clause are not applicable.

- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, we have not come across any continuing failure to correct major weaknesses in internal control system.

- v. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we report that the transactions that need to be entered into a register in pursuance of section 301 of the Act, have been so entered.

- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 and exceeding the value of five lacs rupees in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- vi. According to the information and explanations given to us, the Company has not accepted any deposits during the year from the public, within the meaning of the provisions of Sections 58A and 58AA of the Companies Act, 1956 and rules made there under. Therefore, the provisions of clause (vi) of paragraph 4 of the said Order are not applicable to the Company.

- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.

- viii. The Central Government has prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 in respect of textile manufacturing activity of the company. We have broadly reviewed the books of accounts and records maintained by the Company in this connection and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.



- ix. a) According to the information and explanations given to us and the records examined by us, the company has been regular in depositing with appropriate authorities undisputed statutory dues including Income Tax, Provident Fund, Sales Tax and any other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March 2014 for a period of more than six months from the date they became payable.
- b) According to the records of the Company, and information and explanations given to us there are no dues of Income tax / Sales Tax/ Wealth Tax/ Service Tax/ Custom Duty/ Excise Duty/ Cess which has not been deposited on account of disputes.
- x. There are no accumulated losses of the Company as on 31st March 2014. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. As per the information and explanations given to us and based on our audit, the Company has not defaulted in repayment of dues to financial institution or bank.
- xii. Based on our examination of the records and the information given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause (xii) of paragraph 4 of the said Order are not applicable to the Company.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the said Order are not applicable to the Company.
- xiv. Based on our examination of the records and the information given to us, the Company has not dealt or traded in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of paragraph 4 of the said Order are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. As per information and explanation, the company has taken term loans of Rs.26.41 Lacs during the year has been utilised for the purpose it was taken.
- xvii. In our opinion and according to information and explanations made available to us, no short term funds have been utilized for long term purposes during the year.
- xviii. During the year, the Company has not made any preferential allotment of shares to the parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures. Therefore, the provisions of clause (xix) of paragraph 4 of the said Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year covered by our report. Therefore, the provisions of clause (xx) of paragraph 4 of the said Order are not applicable to the Company.
- xxi. Based on our audit procedures performed for the purpose of reporting the true and fair view of financial statements and as per the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Bhuwania & Agrawal Associates**  
ICAI Firm Registration Number: 101483W  
(Chartered Accountants)

**ABHISHEK JAIN**  
Partner  
Membership Number: 509839

PLACE: MUMBAI  
DATE: 29th May, 2014



**BALANCE SHEET AS ON 31ST MARCH 2014**

Amount In Rs.

PARTICULARS	Note No.	AS AT 31st MARCH 2014	AS AT 31st MARCH 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Share Holders' Fund</b>			
(a) Share Capital	2	34,329,695	34,329,695
(b) Reserve & Surplus	3	44,599,446	42,313,693
<b>Total Of Share Holder's Funds</b>		<b>78,929,141</b>	<b>76,643,388</b>
<b>(2) Non Current Liabilities</b>			
(a) Long Term Borrowing	4	876,771	-
(b) Deferred Tax Liability (Net)	5	2,063,732	2,366,127
(c) Other Long Term Liabilities		-	-
<b>Total Of Non Current Liabilities</b>		<b>2,940,503</b>	<b>2,366,127</b>
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	6	56,069,056	61,398,812
(b) Trade Payables	7	43,785,746	50,495,296
(c) Other Current Liabilities	8	13,386,146	11,487,304
(d) Short Term Provisions	9	1,712,029	2,479,939
<b>Total Of Current Liabilities</b>		<b>114,952,977</b>	<b>125,861,351</b>
<b>TOTAL OF EQUITY AND LIABILITIES</b>		<b>196,822,621</b>	<b>204,870,866</b>
<b>II. ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Fixed Assets	10		
(i) Tangible Assets		22,195,033	20,361,244
(ii) Intangible Assets		16,584	10,627
(iii) Capital WIP		-	-
(b) Long Term Loans & Advances	11	235,740	710,650
<b>Total Of Non Current Assets</b>		<b>22,447,357</b>	<b>21,082,521</b>
<b>(2) Current Assets</b>			
(a) Inventories	12	95,357,083	111,638,059
(b) Trade Receivables	13	62,362,599	62,452,156
(c) Cash & Cash Equivalents	14	978,955	1,256,622
(d) Short Term Loan & Advances	15	15,379,603	6,098,030
(e) Other Current Assets	16	297,023	2,343,478
<b>Total Of Current Assets</b>		<b>174,375,264</b>	<b>183,788,345</b>
<b>TOTAL OF ASSETS</b>		<b>196,822,621</b>	<b>204,870,866</b>

**Notes to Accounts including significant accounting policies**

1 to 30

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**As Per Our Report Of Even Date**

For **Bhuwania & Agarwal Associates**  
Chartered Accountants

**ABHISHEK JAIN**

Partner  
M.N.509839

Place : Mumbai

Date: 29/05/2014

**For and on behalf of the Board of Directors**

**Santosh R. Tulsiyan**  
(Managing Director)

**Subhash R. Tulsiyan**  
(Executive Director)

**Ashok V. Tulsiyan**  
( Director)

**Sanjeev D Saran**  
( Director)

**Asharam S. Rungta**  
(Director)



# **PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED AS ON 31ST MARCH 2014**

Amount In Rs.

PARTICULARS	Note No	FOR THE YEAR 2013- 2014	FOR THE YEAR 2012- 2013
<b>REVENUE</b>			
Revenue From Operations	17	319,538,770	311,379,443
Other Income	18	14,339,799	12,527,057
<b>Total Revenue</b>		<b>333,878,569</b>	<b>323,906,500</b>
<b>EXPENSES</b>			
Cost Of Raw Materials Consumed	19	134,759,793	154,472,295
Purchase Of Stock In Trade		73,126,522	81,349,074
Decrease/(Increase) In Stock Of Finished Goods And Stock In Process	20	26,327,780	(8,524,711)
Employees Benefits Expenses	21	12,648,173	12,280,046
Finance Costs	22	8,241,865	9,817,309
Depreciation & Amortization Expenses	10	3,567,042	3,513,675
Other Expenses	23	72,538,218	66,716,879
<b>Total Expenses</b>		<b>331,209,393</b>	<b>319,624,567</b>
<b>Profit Before Exceptional And Extraordinary Items &amp; Taxes</b>		<b>2,669,176</b>	<b>4,281,933</b>
<b>Exceptional Items</b>			
Add: Excess Provision of Doubtful Debts Written Back		688,424	-
<b>Profit Before Extraordinary Items &amp; Taxes</b>		<b>3,357,600</b>	<b>4,281,933</b>
Extraordinary Items		-	-
Prior Period Adjustment		19,250	46,393
<b>Profit Before Tax</b>		<b>3,338,350</b>	<b>4,235,540</b>
Tax Expenses			
Current Tax		1,375,000	1,950,000
Short/(Excess) Provision Of Earlier Year		(20,008)	4,968
Deferred Tax Liabilities/ (Assets)		(302,395)	(546,860)
<b>Profit For The Year</b>		<b>2,285,753</b>	<b>2,827,432</b>
<b>Earning Per Share</b>			
Basic & Diluted		0.65	0.80

Notes to Accounts including significant accounting policies 1 to 30

As Per Our Report Of Even Date  
For Bhawani & Agrawal Associate

Chartered Accountants

**ABHISHEK JAIN**

Partner

M.N.509839

Place : Mumbai

Date: 29/05/2014

For and on behalf of the Board of Directors

**Santosh R. Tulsian**

(Managing Director)

**Ashok V.Tulsian**

( Director)

**Asharam S Rungta**

(Director)

**Subhash R. Tulsian**

(Executive Director)

**Sanjeev D Saran**

( Director)



**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET AS ON 31ST MARCH 2014  
(RUPEES IN LACS)**

PARTICULARS	31.03.2014	31.03.2013
<b><u>A. CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEM	33.58	42.82
ADJUSTMENTS FOR:		
DEPRECIATION & AMORTIZATION OF EXP.	35.67	35.14
FINANCE CHARGES	64.34	74.37
INTEREST RECEIVED	(10.47)	(5.82)
(PROFIT)/ LOSS ON DISCARDED ASSETS	-	-
(PROFIT)/LOSS ON SALE OF INVESTMENT	-	-
PROVISION FOR DOUBTFUL DEBTS	(6.88)	-
OPERATING PROFIT BEFORE WORKING CAPITAL	116.24	146.51
ADJUSTMENTS FOR:		
TRADE AND OTHER RECEIVABLES	(64.38)	(47.43)
INVENTORIES	162.81	(98.17)
TRADE PAYABLES	(60.12)	36.57
CASH GENERATED FROM OPERATIONS	154.55	37.48
PRIOR YEAR ADJUSTMENT	(0.19)	(0.46)
DIRECT TAXES (PAID)/REFUND	(14.75)	(12.25)
NET CASH FROM OPERATING ACTIVITIES	139.61	24.77
<b><u>B. CASH FLOW FROM INVESTING ACTIVITIES:</u></b>		
PURCHASE OF FIXED ASSETS	(54.07)	(2.14)
INTEREST RECEIVED	10.47	5.82
SALE OF INVESTMENT	-	-
NET CASH FLOW IN INVESTING ACTIVITIES	(43.60)	3.68
<b><u>C. CASH FLOW FROM FINANCING ACTIVITIES:</u></b>		
PROCEEDS FROM CALLS IN ARREARS	0.00	0.06
PROCEEDS FROM SHORT TERM LOAN	-	-
BANK BORROWING	(34.45)	54.93
FINANCE CHARGES	(64.34)	(74.37)
DIVIDENDS PAID (INCLUDING CORPORATE TAX)	-	-
NET CASH FLOW IN FINANCING ACTIVITIES	(98.79)	(19.38)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(2.78)	9.07
CASH AND CASH EQUIVALENTS (OP. BALANCE)	12.57	3.50
CASH AND CASH EQUIVALENTS (CL. BALANCE)	9.79	12.57

As Per Our Report Of Even Date  
For Bhuwania & Agrawal Associates  
Chartered Accountants

ABHISHEK JAIN  
Partner  
M.N.509839

Place: Mumbai  
Date: 29/05/2013

For and on behalf of the Board of Directors

Santosh R. Tulsiyan      Subhash R Tulsiyan  
(Managing Director)      (Executive Director)

Ashok V Tulsiyan      Sanjeev D Saran  
(Director)      (Director)

Asharam S Rungta  
(Director)



## NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2014

### Note 1 : Significant Accounting Policy

#### A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Financial statements have been prepared as a going concern basis under historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

#### B. USE OF ESTIMATE

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialized.

#### C. FIXED ASSETS

Fixed assets are stated at cost of acquisition or construction, net of cenvat/Value added Tax, less accumulated depreciation and impairment loss, if any. All costs, including finance cost till commencement of commercial production & net charges on forward exchange contracts attributable to the fixed assets are capitalised.

#### D. INTANGIBLE ASSETS

- i. Intangible assets are stated at cost of acquisition less accumulated amortization.
- ii. As per Accounting Standard-26 "Intangible Assets", expenditure from which no future economic benefits can be derived are recognised as an expense, like expenditure on start-up activities, unless this expenditure is included in the cost of an item of Fixed Assets under AS-10. Start up costs may consists of Preliminary Expenses incurred in establishing a legal entity such as legal and secretarial costs, etc.

#### E. CAPITAL WORK-IN-PROGRESS

All expenses including direct and indirect expenses that are exclusively being incurred for the proposed project, except as mentioned in AS-26 but otherwise required by AS-10, are being accumulated and will be attributable to the proposed acquisition / construction of fixed assets to make it reach in its working condition for its intended use, including depreciation, enabling ultimate allocation to different assets on a reasonable basis.

#### F. DEPRECIATION

- i. Depreciation is provided on straight line method at the rates and in the manner prescribed in Schedule XIV, of the Companies Act, 1956.
- ii. Depreciation on addition / deletion during the year has been provided on prorate basis to the date of addition/deletion.
- iii. No depreciation has been charged on Lease- hold land.

#### G. IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

#### H. INVESTMENTS

Long term investments are stated at cost. Provision for diminution in the value of long term investment is made only if such decline is other than temporary in the opinion of the management. The carrying amount for current investments recognized in Financial Statements is the lower of cost and fair value. Any reduction to fair value and any reversals of such reductions, in case of these Current Investments, are included in the profit and loss statement.

#### I. TRANSACTION IN FOREIGN CURRENCY

- i. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the date of the transaction.
- ii. Monetary Items denominated in foreign currencies at the year end are restated at year end rates. In case of those items, which are covered by forward exchange contracts, the difference between the year end rate and spot rate on the date of the contract is recognized as exchange difference and transferred to dollar hedge account as on to date of Balance Sheet and the premium paid on forward contracts has been recognized over the life of the contract.
- iii. All other exchange difference are dealt with in the profit & loss account.



**J. REVENUE RECOGNITION**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods, services, sales tax, service tax, excise duty and sales during trial run period, adjusted for discount (net). Sales are recorded net of vat and excise duty, after deducting returns, discount & claim.

**K. EXPORT INCENTIVES**

- i. Benefit on account of entitlement to Import duty free materials under the "Duty Exemption pass book Scheme/Focus Market Scheme/Focus Product scheme" is recognized as and when right to receive are established as per the terms of the scheme.
- ii. The Benefits in respect of Advance Licence received by the Company against the Export made by it are recognized as and when goods are imported against them.
- iii. The Benefit in respect of Duty Drawback is recognised at the time of exports.

**L. INVENTORIES**

Inventories are valued at lower of cost and net realisable value. Work in process and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

**M. EMPLOYEE BENEFITS**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognised in the period in which the employee renders the related service. Long Term Defined Contributions are accounted for on the basis of contributions made during the year, whereas Long Term Defined Benefits are accounted on the basis of as and when it is paid.

**N. PROVISION FOR CURRENT AND DEFERRED TAX**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

**O. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.



## NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

### NOTE NO.2 SHARE CAPITAL

#### A. Authorised, Issued, Subscribed and Paid Up Share Capital

Amount In Rs.

Particular	As At 31st March, 2014		As At 31st March, 2013	
	Number	Amount (Rs.)	Number	Amount (Rs.)
<b>Authorised Share Capital</b>				
Equity Shares of Rs.10/- each	4,000,000	40,000,000	4,000,000	40,000,000
<b>Issued, Subscribed and Paid up*</b>				
Equity Shares of Rs.10/- each fully paid up	3,524,600	35,246,000	3,524,600	35,246,000
Less: Calls in Arrears* ( On 305400 Share)		916,305		916,305
		34,329,695		34,329,695

\* Calls in arrears are not due from Directors & their relatives

#### B. Reconciliation of the number of share outstanding

Amount In Rs.

	As At 31st March, 2014		As At 31st March, 2013	
	Number	Amount (Rs.)	Number	Amount (Rs.)
Equity Share Outstanding at the beginning of period	3,524,600	34,329,695	3,524,600	34,326,889
Add: Equity Share issued during the year	-	-	-	-
Less: Share brought back during the year	-	-	-	-
Equity Share Outstanding at the end of the period	3,524,600	34,329,695	3,524,600	34,326,889

#### C. Rights, Preferences and Restrictions attached to Equity Shares

Equity Share Holder is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend if any proposed by the Board of Directors is subject to the approval of shareholders in the ensuing General Meeting. Dividend is paid to the Equity Shareholders, whose name appear in the register of members as on record date.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. Distribution will be in proportion to the number of equity shares held by the shareholders.

#### D. Details of Shareholder holding more than 5% shares:

Name of the Shareholder	Equity Share		Equity Share	
	Number	% Of Holding	Number	% Of Holding
Arjun R Tulsiyan	331,800	9.41%	331,800	9.41%
Madhu S Tulsiyan	182,500	5.18%	182,500	5.18%
Sunil Tulsiyan Huf	179,900	5.10%	179,900	5.10%



**NOTE NO. 3- RESERVE & SURPLUS**
**Amount In Rs.**

Particular	<u>As At</u> 31st March 2013	<u>Addition</u> During the year	<u>Deduction</u> During the year	<u>As At</u> 31st March 2014
(a) Share Premium**	21,829,696	-		21,829,696
(b) General Reserve	3,972,975			3,972,975
c) Surplus Profit & Loss Accounts*	16,511,022	2,285,753		18,796,775
Total	42,313,693	2,285,753	-	44,599,446

	<u>As At 31st March, 2014</u>	<u>As At 31st March, 2013</u>
* Profit for the year	2,285,753	2,827,432
Less: Dividend on Equity Share	-	-
Less: Transfer to General Reserve	-	-
	2,285,753	2,827,432
Total	2,285,753	2,827,432

\*\* Share premium is net of arrears of Rs.9,16,303 ( P.Y.9,16,303) which is not received

**NOTE NO.4 LONG TERM BORROWING**
**In Rs**

Particular	<u>As At 31st March 2014</u>	<u>As At 31st March 2013</u>
<b>SECURED</b>		
<b>A. TERM LOAN</b>		
From State Bank Of India		
Term Loan **	876771	0
(Against hypothecation of Machinery purchased out of term loan and personal ) guarantee of two Directors)	<b>876771</b>	<b>0</b>
<b>UNSECURED</b>		
A. Loan & Advances from Related Parties		
B. From Others		
(Of the above Rs. Nil is guaranteed by Directors and others)	-	-
Total	876771	0

(\*\* The 36 monthly repayment schedule start form July 2013 amounting Rs0.84 lacs each upto last installment falling due on June 2017 of Rs 0.60 lacs.)

**NOTE NO.5- DEFERRED TAX LIABILITY (Net)**
**Amount In Rs.**

Particular	<u>As At 31st March, 2014</u>	<u>As At 31st March, 2013</u>
<b>Deferred Tax Liabilities</b>		
Related to fixed assets	2,179,186	2,704,974
<b>Deferred Tax Assets</b>		
Provision of Debts	115,454	338,847
	2,063,732	2,366,127



**NOTE NO.6 SHORT TERM BORROWING**
**Amount In Rs**

Particular	<u>As At 31St March 2014</u>		<u>As At 31St March 2013</u>	
<b>SECURED</b>				
<b>A. Loan Payable on demand</b>				
<b>From Bank</b>				
Foreign Currency Loan			38,627,400	
Rupee Loans	56,069,056		22,771,412	
(Above Loans are secured against mortgage of Land, Building, Machinery & hypothecation of Stock, Book Debts, Movable Assets & Personal Guarantee of Two Directors)		56,069,056		61,398,812
<b>UNSECURED</b>				
		-		-
<b>Total</b>		56,069,056		61,398,812

**NOTE NO.7 TRADE PAYABLE**
**Amount In Rs**

Particular	<u>As At 31St March 2014</u>		<u>As At 31St March 2013</u>	
For Goods and Expenses		43,785,746		50,495,296
Others		-		-
<b>Total</b>		43,785,746		50,495,296

**Disclosure under the Micro and Small Enterprises Development Act, 2006 :**

As none of the suppliers has given the information under Micro and Small Enterprises Act, disclosure for amount due to Micro and Small Enterprises under the above Act is not possible.

**NOTE NO.8 OTHER CURRENT LIABILITIES**
**Amount In Rs**

Particular	<u>As At 31St March 2014</u>		<u>As At 31St March 2013</u>	
Current Maturity of Long Term Debts		1,008,000		-
Interest Accured But not Due		24,055		-
Deposit From Dealers		467,900		467,900
Advance From Customers		11,669,064		8,602,830
Taxes & duties		217,123		306,070
Others Payable		4		2,110,504
<b>Total</b>		13,386,146		11,487,304

**NOTE NO.9- SHORT TERM PROVISION**
**Amount In Rs**

Particular	<u>As At 31St March 2014</u>		<u>As At 31St March 2013</u>	
<b>Income Tax Provision</b>		1,375,000		1,950,000
<b>Others</b>		337,029		529,939
		1,712,029		2,479,939



**NOTE NO.10- FIXED ASSETS**

Description	GROSS BLOCK					DEPRECIATION/AMORTIZATION				NET BLOCK	
	As On 01.04.2013	Additions during the Year	Deductions/A djustments during the Year	Impairment during the year	As On 31.03.2014	As On 01.04.2013	Provided during the Year	Deductions/ Adjustments during the Year	As On 31.03.2014	As On 31.03.2014	As On 31.03.2013
<b>TANGIBLE ASSETS</b>											
1. Land											
Leasehold	192,760	-	-	-	192,760	-	-	-	-	192,760	192,760
Freehold	51,451	-	-	-	51,451	-	-	-	-	51,451	51,451
2. Buildings											
Residential Flat	618,448	-	-	-	618,448	111,439	10,081	-	121,520	496,928	507,009
Factory Building	18,670,491	-	-	-	18,670,491	10,171,360	623,595	-	10,794,955	7,875,536	8,499,131
3. Plant & Machinery	49,310,775	5,191,006	3,967,044	-	50,534,737	43,501,540	2,144,253	3,967,044	41,678,749	8,855,988	5,809,235
4. Furn. & Fixtures	8,694,412	3,200	-	-	8,697,612	5,031,332	438,132	-	5,469,464	3,228,148	3,663,080
5. Vehicles	399,722	-	-	-	399,722	399,722	-	-	399,722	-	-
6. Office Equipments	1,516,969	125,569	-	-	1,642,538	666,772	80,310	-	747,082	895,456	850,197
7. Computers	1,602,784	73,513	-	-	1,676,297	814,403	263,128	-	1,077,531	598,766	788,381
Total (A)	81,057,812	5,393,288	3,967,044	-	82,484,056	60,696,568	3,559,499	3,967,044	60,289,023	22,195,033	20,361,244
<b>INTANGIBLE ASSETS</b>											
Trade Mark	1,000	-	-	-	1,000	1,000	-	-	1,000	-	-
Software	44,868	13,500	-	-	58,368	34,241	7,543	-	41,784	16,584	10,627
Total (B)	45,868	13,500	-	-	59,368	35,241	7,543	-	42,784	16,584	10,627
GROSS TOTAL	81,103,680	5,406,788	3,967,044	-	82,543,424	60,731,809	3,567,042	3,967,044	60,331,807	22,211,617	20,371,871
PREVIOUS YEAR(2013)	80,889,493	214,187	-	-	81,103,680	57,218,134	3,513,675	-	60,731,809	20,371,871	23,671,359

**CAPITAL WORK IN PROGRESS**

Description	As On 01.04.2013	Additions during the Year	Capitalised during the year	As On 31.03.14
Plant & Machinery	0	5023724	5023724	0
Total	0	5023724	5023724	0

**NOTE NO.11- LONG TERM LOANS AND ADVANCES**
**Amount In Rs.**

Particular	As At 31St March 2014	As At 31St March 2013
<b>Unsecured, considered good Security Deposits</b>		
With govt. & Others	235,740	459,650
<b>Advance For Capital Goods</b>		
Techmech Engineers	-	251,000
Total	235,740	710,650

**NOTE NO.12- INVENTORIES**
**Amount In Rs.**

Particular	As At 31St March 2014	As At 31St March 2013
<b>Inventories</b>		
Raw Material	23,841,382	22,463,662
Stock in Process	44,477,981	39,671,919
Finished Goods	25,862,037	48,028,740
Store & Spare	30,613	70,761
Packing Material	1,145,070	1,402,977
Total	95,357,083	111,638,059

**Mode of Valuation of Inventories**

- Raw Material: Lower of Cost or Net Realizable Value
- Stock In Process: At estimated cost
- Finish Stock : Lower of Cost or Net Realizable Value



**NOTE NO.13- TRADE RECEIVABLES**
**Amount In Rs.**

Particular	<u>As At 31St March 2014</u>		<u>As At 31St March 2013</u>	
<b><u>UNSECURED</u></b>				
<b>Over Six Months- Considered Good</b>	7,968,888		13,509,905	
Doubtful Debts	<u>355,790</u>		<u>1,044,214</u>	
	8,324,678		14,554,119	
<b><u>Other Debts</u></b>				
Other Debts	54,393,711		47,613,060	
Due From Related Party	<u>-</u>		<u>1,329,191</u>	
	54,393,711	62,718,389	48,942,251	63,496,370
Less: Provision for doubtful debts		355,790		1,044,214
<b>Total</b>		62,362,599		62,452,156

**NOTE NO.14- Cash & Cash Equivalents**
**Amount In Rs**

Particular	<u>As At 31St March 2014</u>		<u>As At 31St March 2013</u>	
<b>Balances With Banks</b>				
In Current Accounts		531,265		998,596
As Fixed Deposits ( Maturity more than One year_		97,514		-
<b>Cash on hand</b>		350,176		258,026
<b>Total</b>		978,955		1,256,622

**NOTE NO.15- SHORT TERM LOANS AND ADVANCES**
**Amount In Rs**

Particulars	<u>As At 31St March 2014</u>		<u>As At 31St March 2013</u>	
<b><u>Short Term Loan</u></b>				
<b>Secured</b>		-		-
<b>Unsecured, Considered Goods</b>				
Sakun Textiles Pvt Ltd (Intercompany Loan)		2,500,000		-
<b><u>Balance With Government Authorities</u></b>				
Income Tax (Net)	1,148,464		1,603,804	
Sales Tax (Including Vat)	1,922,563		1,366,447	
Duty Drawback Receivable	3,997,813	7,068,840	2,739,096	5,709,347
<b><u>Deposit With Supplier</u></b>				
S. M. Textile Industries (Business Deposit)	2,500,000		-	
Centos Synthetice (Business Deposit)	2,709,897	5,209,897	-	-
<b>Advance to Supplier for Goods &amp; Expenses</b>		290,990		113,938
<b>Advance to Employee</b>		309,876		274,745
<b>Total</b>		15,379,603		6,098,030



**NOTE NO.16- OTHER CURRENT ASSETS**
**Amount In Rs.**

Particulars	As At 31st March 2014		As At 31st March 2013	
Interest Accrued but not due		20,079		-
<b>Others</b>		276,944		2,343,478
<b>Total</b>		297,023		2,343,478

	FOR THE YEAR ENDED 2013-14		FOR THE YEAR ENDED 2012-13	
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**NOTE NO.17- REVENUE FROM OPERATIONS**
**Amount in Rs.**

<b>Revenue From Sale of Product (Fabrics)</b>				
Domestic*	207,260,804		230,634,337	
Export	105,081,399	312,342,203	73,572,403	304,206,740
<b>Job Work</b>		7,196,567		7,172,703
<b>Total</b>		319,538,770		311,379,443

\* Domestic Sale Includes Sale Of Garments Rs.1,24,650

**NOTE NO.18- OTHER INCOME**
**Amount in Rs.**

<b>Interest Income(Gross)</b>		1,047,072		581,839
<b>Exchange Flactuation Gain</b>		1,789,287		904,997
<b>Export Incentive</b>		11,503,440		6,204,854
<b>Others</b>				
Transfer of Keyman Policy*		-		4,835,367
<b>Total</b>		14,339,799		12,527,057

\* The Keyman Policy has been transferred to concern Directors on surrender value on the date of transfer.

**NOTE NO.19- COST OF RAW MATERIAL CONSUMED**
**Amount in Rs.**

<b>Raw material consumed</b>				
<b>Yarn</b>				
Opening Stock	22,463,662		20,381,751	
Add: Purchases	77,788,406		106,163,292	
	100,252,068		126,545,043	
Less: Closing Stock	23,841,382	76,410,686	22,463,662	104,081,381
<b>Grey Fabrics</b>				
Opening Stock	7,550,917		8,636,564	
Add: Purchases	67,316,246		49,305,267	
	74,867,163		57,941,831	
Less: Closing Stock	16,518,056	58,349,107	7,550,917	50,390,914
<b>Total</b>		134,759,793		154,472,295

**NOTE NO.20- DECREASE/(INCREASE) IN STOCK OF FINISHED GOODS AND STOCK IN PROCESS**
**Amount in Rs.**

<b>OPENING STOCK</b>				
Finish Goods (Fabric)	48,028,740		55,363,955	
Stock In Process (WIP)	32,121,002	80,149,742	16,261,076	71,625,031
<b>CLOSING STOCK</b>				
Finish Goods (Fabric)	25,862,037		48,028,740	
Stock In Process (WIP)	27,959,925	53,821,962	32,121,002	80,149,742
<b>Total</b>		26,327,780		(8,524,711)



**NOTE NO.21- EMPLOYEE REMUNERATION AND BENEFIT**

Amount in Rs.

Salaries and Wages		10,646,282		10,129,702
Bonus/ Ex Gratia		1,028,429		1,113,192
Contribution to Provident Fund		397,894		444,056
Staff Welfare		469,480		445,179
Gratuity Paid		106,088		147,917
<b>Total</b>		<b>12,648,173</b>		<b>12,280,046</b>

	<b>FOR THE YEAR ENDED 2013-14</b>	<b>FOR THE YEAR ENDED 2012-13</b>
--	---------------------------------------	---------------------------------------

**NOTE NO.22- FINANCE COST**

Amount In Rs

<b>Interest Expenses</b>				
Interest on Loan		5,914,450		5,747,522
Other Interest		519,255		1,689,969
<b>Other Borrowing Costs</b>				
Bank Charges		705,660		522,485
Forward Premium on FCNR Loan		1,102,500		1,857,333
<b>Total</b>		<b>8,241,865</b>		<b>9,817,309</b>

	<b>FOR THE YEAR ENDED 2013-14</b>	<b>FOR THE YEAR ENDED 2012-13</b>
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**NOTE NO.23- OTHER EXPENSES**

Amount In Rs

<b>A. Manufacturing &amp; Operating Expenses</b>				
Dyeing & Process charges	22,736,690		22,713,307	
Power & Fuel	3,831,212		4,353,904	
Labour Contractor	7,557,782		9,073,089	
Rate & taxes, licence & permit fees	63,322		51,296	
Repair Building	82,630		37,683	
Repair Machinery	1,098,682		855,529	
Store & consumable	1,242,984		1,274,890	
Carriage Inward	466,620		381,115	
Other Manufacturing Expenses	1,107,875	38,187,797	1,141,841	39,882,654
<b>B. Administrative Expenses</b>				
Conveyance Expenses	716,097		746,472	
Director Remuneration & Perquisite	581,400		561,221	
Insurance Expenses	232,018		668,113	
Motor Car & Vehicle Expenses	431,499		463,966	
Rent, Rate & Taxes	872,948		374,590	
Payment To Auditors (refer footnote (22.3)	287,641		235,955	
Other Administrative Expenses	2,577,546	5,699,149	2,237,344	5,287,661
<b>C. Selling &amp; Distribution Expenses</b>				
Commission & Brokerage	7,026,864		3,952,290	
Export Freight & Insurance	1,665,158		1,543,429	
Packing Expenses	8,969,627		7,240,676	
Sales Incentive	6,550,510		5,805,009	
Sales Promotion & Adv Expenses	821,385		943,916	
Traveling Expenses	1,393,697		1,068,875	
Bad Debts Written Off	1,044,214		-	
Other Selling & Distribution Expenses	1,179,817	28,651,272	992,369	21,546,564
<b>Total (Other Expenses)</b>		<b>72,538,218</b>		<b>66,716,879</b>



**Footnote:****For The Year 2013-14****For The Year 2012-13****23.1 Value of Raw Material & Stores Consumed**

	Amount(Rs.)	% of consumption	Amount(Rs.)	% of consumption
<b>Stores</b>				
Imported	0.00	0.00	311,069	24.40
Indigenous	1,242,984	100.00	963,821	75.60
	1,242,984	100	1,274,890	100

Since there is no import of raw material, therefore raw material consumption not shown separately under indigenous & imported

**23.2 Payment To Auditors**

	Amount(Rs.)	Amount(Rs.)
Audit Fees	191,012	157,304
Tax Audit Fees	44,944	33,708
For Certification Work	51,685	44,943
	<b>287,641</b>	<b>235,955</b>

**23.3- EXPENDITURE IN FOREIGN CURRENCY**

	Amount(Rs.)	Amount(Rs.)
Commission on Sale	4,555,722	1,405,786
Traveling	236,554	81,706
Total Expenditure in Foreign Cuurency	<b>4,792,276</b>	<b>1,487,492</b>

**23.4- EARNING IN FOREIGN CURRENCY(FOB)**

	Amount(Rs.)	Amount(Rs.)
Export of Goods(FOB)	103,501,425	72,028,974

**NOTE NO.24- GRATUITY**

Company has not gone for the actuarial valuation of gratuity which is the only form of long term defined benefits to the employee. Provision of the same has been thus not provided as the amount is uncertain. The company has a policy of accounting for gratuity as and when it is paid. However, during the year company has paid Rs.106088 (Previous Year Rs.147917) as gratuity which has been accounted for in the corresponding year

**NOTE NO.25- SEGMENT REPORTING**

In the opinion of Management the company is engaged only in the business of fabrics, As such there is no Reportable Segment as per AS 17 "Segment Reporting" notified by Ministry Of Corporate Affairs".



**NOTE NO.26- TRANSACTION WITH RELATED PARTY**

Name Of The Party	Relation	Nature Of The Transaction	Amount Of The Transaction	Balance As On 31.03. 2014
			Rs.	Ddbit/ (Credit)
Silvester Tex. P.Ltd	Company in which Directors are interested	Process Charges	20,429,213	(3,197,288)
Prabhudayal Poly. Pvt.Ltd.	Company in which Directors are interested	Purchase Of Fabrics	148,791	-
Prabhudayal Poly. Pvt.Ltd.	Company in which Directors are interested	Job Charges Paid	165,969	(114,288)
Prabhudayal Poly. Pvt.Ltd.	Company in which Directors are interested	Sale Of Fabrics	164,953	-
Intelifab Fashion Pvt.Ltd.	Company in which Directors are interested	Sale Of Fabrics	197,499	(69,548)
Perfect Twister	Firm In Which Directors Are Interested	Gala Compensation	48,000	-
Signora Exports	Firm In Which Directors Are Interested	Sale Of Fabrics	11,027,037	-
Santosh Tulsiyan	Director	Remuneration	240,000	-
Subhash Tulsiyan	Director	Remuneration	240,000	-
Sunil Tulsiyan	Relative Of Director	Salary	429,000	-
Arjun Tulsiyan	Relative Of Director	Gala Compensation	108,000	-

**NOTE NO.27- EARNING PER SHARE(EPS)**

PARTICULARS		2013-14	2012-13
Net Profit Before Taxes	In Rs.	3,338,350	4,235,540
Provision for Taxes (Including Deferred Taxes)	In Rs.	1,052,597	1,408,108
<b>Profit after Taxes</b>	In Rs.	<b>2,285,753</b>	<b>2,827,432</b>
Equity Shares	Number	<b>3,524,600</b>	<b>3,524,600</b>
<b>Earning Per Share (Face Value Rs.10/-Each)</b>			
Basic	Rs./ Share	0.65	0.80
Diluted	Rs./ Share	0.65	0.80

**NOTE NO.28- CAPITAL COMMITMENTS & CONTINGENT LIABILITIES**

- Estimated amount of contracts remaining to be executed on Capital Accounts Nil (P.Y. Nil),
- The Banker of company has given guarantee of Rs 90000/-(P Y Nil) to the DGFT for which company has given counter guarantee & FDR of Rs 90000/-.

**NOTE NO.29- SUNDRY CREDITORS, DEBTORS & OTHER ADVANCES**

The balances of Sundry creditor, Debtors & other advance are subject to confirmation

**NOTE NO.30-** Previous year figure has been regrouped and rearranged whenever necessary and to make them comparable with current year's figures.



# SANTOSH FINE-FAB LIMITED

(CIN:L17112MH1981PLC025443)

Regd. Off.: 112/113, Sanjay Mittal Bldg. No. 6, Mittal Ind. Estate, Andheri (East), Mumbai 400059.

## PROXY FORM

Name of the member(s) : \_\_\_\_\_

Registered address : \_\_\_\_\_

E-mail ID : \_\_\_\_\_

Folio / DP ID-Client ID No. : \_\_\_\_\_

I/ we being the member(s) of company holding \_\_\_ shares, hereby appoint;

1.Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail ID : \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her

2.Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail ID : \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her

3.Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail ID : \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of the company to be held on Friday, the 19th September, 2014 at 11.30 A M at 112/113, Sanjay Bldg No. 6, Mittal Estate, Andheri (E) Mumbai 400 059 and at any adjournment thereof in respect of such resolutions as are indicated below.

Res. No.	Resolutions	For	Against
Ordinary Business			
1.	Adoption of Financial Statements for the year ended 31st March, 2014		
2.	Re-appointment of Shri Radhaballabh Tibrewal who retires by rotation		
3.	Re-appointment of shri Asharam Rungta who retires by rotation		
4.	Appointment of Auditors and fixing their remuneration		
Special Business			
5.	Re-appointment of Mr. Santosh R Tulsiyan as as the "Managing Director" of the Company for a period of 5 years from 5th October, 2014, and fixing their remuneration		
6.	Re-appointment of Mr. Subhash R Tulsiyan as as the "Executive Director" of the Company for a period of 5 years from 5th October, 2014, and fixing their remuneration		

Signed this       day of       2014

Signature of shareholder

Signature of Proxy holder(s)

Affix Re. 1/-  
Revenue  
Stamp

### Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the company, not less than 48 hours before commencement of the Meeting.
2. For the Resolution, Explanatory Statement and Notes, please refer to the Notice of the 32nd Annual General Meeting.
3. It is optional to put a "X" in the appropriate column against the resolutions indicated in the box. If you leave the "For" or "Against" column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

# **SANTOSH FINE-FAB LIMITED**

(CIN:L17112MH1981PLC025443)

Regd. Off.: 112/113, Sanjay Mittal Bldg. No. 6, Mittal Ind. Estate, Andheri (East), Mumbai 400059.

## **ATTENDANCE SLIP**

(To be handed over at the entrance of the Meeting Venue)

Folio No. : \_\_\_\_\_ Client ID : \_\_\_\_\_

No.of Shares : \_\_\_\_\_ DPID : \_\_\_\_\_

Name of the attending member (in block letters)

Name of the proxy (in block letters)

(To be filled by the proxy attending instead of member)

I hereby record my presence at the 32nd Annual General Meeting of the Company to be held on Thursday, 19th September 2014 at 11.30 AM at 112/113, Sanjay Bldg No. 6, Mittal Estate, Andheri (E) Mumbai 400 059.

Member's / Proxy Signature

Note:

1. Interested joint members may obtain attendance slips from the Registered Office of the Company.
2. Members I Joint Members I Proxies are requested to bring the attendance slip with them.





TOTAL *Perfection* 100% Satisfaction

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