

## SANTOSH FINE-FAB LIMITED

REGD. OFF: 112/113, MITTAL ESTATE, BUDG. NO. 6, ANDHERI (E), MUMBAI - 400059  
TEL: 4253 2000, FAX: (91-22) 2850 2471, E-mail: sales@santoshgroup.in  
CIN : L17112MH1981PLC025443



TOTAL Perfection 100% Satisfaction

Date : 26.09.2016

**The General Manager,**  
Listing Department,  
BSE Limited  
P. J. Tower, Dalal Street,  
Mumbai - 400 001.

Dear sir,

**SCRIP CODE : 530035**

**Sub: Annual Report Under the Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015. ( "Listing Regulations, 2015" ).**

Pursuant to Regulation 34 (1) of the Listing Regulations, 2015, Please find enclosed the Annual Report of the Company for the Financial Year 2015-16

This is for your information and records.

Yours faithfully,

**For Santosh Fine- Fab Limited**

**(Sajjan Agarwal)**  
**Compliance Officer**

Encl: As above





TOTAL *Perfection* 100% Satisfaction

# 34<sup>th</sup> ANNUAL REPORT

2015-2016

**SANTOSH** Fine-Fab Ltd.  
Mumbai



## **34<sup>th</sup> ANNUAL REPORT 2015-2016**

### **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
MRS. SUMEETA S TULSIYAN	DIRECTOR
SHRI MAHESHKUMAR	DIRECTOR
RAMSWROOP MAHESHWARI	

#### **AUDITORS**

M/S. BHUWANIA & AGRAWAL ASSOCIATES  
CHARTERED ACCOUNTANTS

#### **BANKERS**

SARASWAT CO-OP BANK LTD

#### **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 TO THE MEMBERS**

Notice is hereby given that the Thirty Fourth 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 23rd September, 2016 at 11.30 A.M. to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2016, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ashok V. Tulsiyan (DIN: 00320442), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sanjeev D. Saran (DIN: 00775337), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Radhaballabh Tibrewal (DIN: 00323570), who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to Sections 139, 141, 142 and other applicable provisions of the Companies Act, 2013 and the allied Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) the appointment of M/s. Bhuwania & Agrawal Associates, Chartered Accountants (F.R.No. 101483W), as the Statutory Auditors of the Company to hold office as such till the conclusion of the 38th AGM be and is hereby ratified to hold office from the conclusion of 34th AGM to the conclusion of the 35th AGM at such remuneration as may be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee, in addition to the reimbursement of all out-of-pocket expenses in connection with the audit of the financial statements of the Company."

### **SPECIAL BUSINESS:**

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
Revision in the remuneration of Mr. Santosh R. Tulsiyan (DIN: 00310573), managing Director of the Company.  
"RESOLVED THAT pursuant to the provisions of Section 197 read with Part I and Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company and recommendation of the Nomination and Remuneration Committee and Audit Committee, approval of the Company be and is hereby accorded for revision in the remuneration of Mr. Santosh R. Tulsiyan [DIN: 00310573], managing Director of the Company, on the terms and conditions including remuneration as mentioned below:

#### **Salary & Perquisites:**

Shri Santosh R. Tulsiyan: Salary: Rs. 75000/- p.m.

Perquisites and allowances: In addition to the salary, the Managing 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. 3.60 Lac per annum or such other limit as may be permitted by the competent authority.

#### **Other Terms and Conditions:**

The terms and conditions of appointment of Managing Director may be altered and varied from time to time by the Board in such manner as may be mutually agreed, subject to such approvals as may be required and within applicable limits of the Companies Act, 2013.

No sitting fees will be paid to the Managing Director for attending meeting of the Board of Directors or any committee thereof.

Total Remuneration of Mr. Santosh Tulsiyan in any financial year shall not exceed as per Part II of Schedule V of Companies Act 2013.

The appointment may be terminated by either party by giving three months' notice of such termination or salary in lieu thereof or by mutual consent.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
Revision in the remuneration of Mr. Subhash R. Tulsiyan (DIN: 00308899), Executive Director of the Company.  
"RESOLVED THAT pursuant to the provisions of Section 197 read with Part I and Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company and recommendation of the Nomination and Remuneration Committee and Audit Committee, approval of the Company be and is hereby accorded for revision in the remuneration of Mr. Subhash R. Tulsiyan (DIN: 00308899), executive Director of the Company, on the terms and conditions including remuneration as mentioned below:

#### **Salary & Perquisites:**

Shri Subhash R. Tulsiyan: Salary: Rs. 75000/- p.m.

Perquisites and allowances: In addition to the salary, 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. 3.60 Lac per annum or such other limit as may be permitted by the competent authority.

#### **Other Terms and Conditions:**

The terms and conditions of appointment of Executive Director may be altered and varied from time to time by the Board in such manner as may be mutually agreed, subject to such approvals as may be required and within applicable limits of the Companies Act, 2013.

No sitting fees will be paid to the Executive Director for attending meeting of the Board of Directors or any committee thereof.

Total Remuneration of Mr. Santosh Tulsiyan in any financial year shall not exceed as per Part II of Schedule V of Companies Act 2013.

The appointment may be terminated by either party by giving three months' notice of such termination or salary in lieu thereof or by mutual consent

BY THE ORDER OF THE BOARD

(SANTOSH R. TULSIYAN)  
MANAGING DIRECTOR

Registered Office:  
112/113, Sanjay Bldg No. 6,  
Mittal Estate,  
Mumbai 400059.  
Dated: 30.05.2016



**NOTES:**

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") in respect of the business under Item Nos. 6&7 of the Notice, is annexed hereto. The relevant details as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment / re-appointment as Directors under Items No. 2, 3 & 4 of the Notice, are also annexed.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the company not later than forty eight (48) hours before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
3. A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.
4. The Register of Members and Transfer Books of the Company will be closed from 17<sup>th</sup> September, 2016 to 23<sup>rd</sup> September, 2016, both days inclusive.
5. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their DP ID and Client ID/ Folio No.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
7. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours up to the date of the Meeting.
8. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
9. There is no any unpaid dividend for the year or for any past years, hence no any amount transferred to the Investor Education and Protection Fund (IEPF) constituted Under Section 205 (C) of the Companies Act, 1956.
10. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
11. The members are requested to get their shares dematerialized. The company's ISIN Code: **INE612D01018** pursuant to change in face value.
12. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send their e-mail address to the following E-mail: [Info@adroitcorporate.com](mailto:Info@adroitcorporate.com)
13. The Notice of the AGM along with the Annual Report 2015-16 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
14. Voting through electronic means
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
  - II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
  - III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
  - IV. The remote e-voting period commences on 20.09.2016 (9:00 am) and ends on 22.09.2016 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 16.09.2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
  - V. The process and manner for remote e-voting are as under:
    - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:
      - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.



- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - (iii) Click on Shareholder - Login
  - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - (vii) Select "EVEN" of "Name of the company".
  - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [lalithalath@gmail.com](mailto:lalithalath@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 16.09.2016.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 16.09.2016, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. Mrs. Lalita Lath, Company Secretary (Membership No. 16854) has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
15. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company 24.09.2016 and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.
- I. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company.
- II. Members holding shares in single name and in physical form are advised to make a nomination in respect of their shareholding in the Company and those Members who hold shares singly in dematerialized form are advised to make a nomination through their Depository Participants. The nomination form can be downloaded from the Company's website.



**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013****Item 6 & 7:****1. Remuneration:**

Shri Santosh R. Tulsiyan: Salary: Rs.75000/- p.m.

Shri Subhash R. Tulsiyan: Salary: Rs.75000/- 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.3.60 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.

**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 Part II of the Schedule V to the Companies Act, 2013.

The above payment of remuneration has been approved by the Remuneration Committee. In compliance with the provision of the Companies Act, 2013, 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.6.

Shri Subhash R. Tulsiyan, being director is relative of Shri Santosh R. Tulsiyan and is concerned or interested in the resolution at item no.7.

BY THE ORDER OF THE BOARD  
(Santosh R Tulsiyan)  
Managing Director

Registered Office :  
112/113, Sanjay Bldg No.6,  
Mittal Estate,  
Mumbai 400059.  
Dated: 30.05.2016

**ANNEXURE TO ITEMS 2,3& 4 OF THE NOTICE**

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Ashok V Tulsiyan	Sanjeev D. Saran	Radhaballabh Tibrewal
Director Identification Number (DIN)	00320442	00775337	00323570
Date of Birth	28/12/1960	28/08/1967	13/02/1943
Nationality	Indian	Indian	Indian
Date of First Appointment on Board	16/05/1992	29/03/2001	30/09/2002
Qualification	B. com	M.A. Economics	Degree
Shareholding in Santosh Fine -Fab Ltd.	Nil	Nil	Nil
List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	1. Detail Clothing Limited  2. Sanitone Fabrics Limited	Nil	Nil
Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public Companies	Nil	Nil	Nil



## DIRECTORS REPORT

To,  
The Members,

Your Directors have pleasure in presenting their Thirty Fourth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2016.

1. **Financial summary or highlights/Performance of the Company**

The company's financial performance, for the year ended March, 2016 is summarized below (In Lacs)

Particulars	2015-2016	2014-15
Gross Income	3054.69	3665.66
Profit Before Interest and Depreciation	114.16	110.33
Finance Charges	60.49	82.58
Gross Profit	486.53	537.27
Provision for Depreciation	24.32	29.32
Net Profit Before Tax	34.73	13.32
Provision for Tax (Including Deferred Taxes)	10.97	1.56
Net Profit After Tax	23.77	11.76
Balance of Profit brought forward	190.85	187.97
Balance available for appropriation	214.62	199.73
Transfer to Depreciation Reserve	Nil	8.88
Proposed Dividend on Equity Shares	Nil	Nil
Tax on proposed Dividend	Nil	Nil
Transfer to General Reserve	Nil	Nil
Surplus carried to Balance Sheet	214.62	190.85

2. **Brief description of the Company's working during the year/State of Company's affair**

Our working results have been improved substantially during the current year. Profitability of Company increased from Rs. 11.76 lacs to 23.77 lacs. Company showing strong growth in this year. During the year inventory of company decreased from 868.03 lacs to 609.98 lacs due cost control and effective utilization of resources.

A detailed analysis of Company's working during the year is provided under Management Discussion and Analysis Report under Corporate Governance Report.

3. **Change in the nature of business, if any**

There is no such change in nature of business.

4. **Dividend**

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

5. **Reserves**

The Board does not propose to carry any amount to reserves.

6. **CHANGE OF NAME**

The Company has not altered the provisions of the Memorandum with respect to Name of the company during the year.

7. **Directors and Key Managerial Personnel**

Mr. Ashok V Tulsiyan (DIN: 00320442), Mr. Sanjeev D Saran (DIN : 00775337) and Mr Radhaballabh Tibrewal (DIN: 00323570), Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

8. **Particulars of Employees**

Pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, none of the employee exceed prescribed limit of remuneration as stated in rules, hence statement of particulars of employees not required to be given.

9. **Meetings**

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year Six Board Meetings and Four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.



**10. Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

**11. Declaration by an Independent Director(s) and re- appointment, if any**

A declaration by an Independent Director(s) that he/they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 are enclosed as Annexure III.

**12. Remuneration Policy**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

**Managerial Remuneration:**

A) Separate remuneration committee is there to deal all remuneration matters. The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request.

B) Details of the every employee of the Company as required pursuant to 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to the company.

C) Company has not paid any remuneration to Directors in the form of commission.

**13. Details of Subsidiary/Joint Ventures/Associate Companies**

Pursuant to sub-section (3) of section 129 of the Act, the company doesn't have any Subsidiary/Joint Ventures/Associate Companies.

**14. Auditors:**

M/s. Bhuwania & Agrawal Associates, Chartered Accountants (F.R.No. 101483W), as the Statutory Auditors of the Company to hold office as such till the conclusion of the 38th AGM be and is hereby ratified to hold office from the conclusion of 34th AGM to the conclusion of the 35th AGM at such remuneration as may be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee, in addition to the reimbursement of all out-of-pocket expenses in connection with the audit of the financial statements of the Company."

**15. Auditors' Report**

The Auditors' Report does not contain any qualification. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

**16. Disclosure about Cost Audit**

As per the Cost Audit Orders, Cost Audit is not applicable to the Company for the FY 2015-16

**17. Secretarial Audit Report**

In terms of Section 204 of the Act and Rules made there under, M/s. Lalita Lath, Practicing Company Secretary have been appointed Secretarial Auditors of the Company. The report of the Secretarial Auditors is enclosed as **Annexure IV** to this report. The report is self-explanatory and do not call for any further comments.

**18. Internal Audit & Controls**

Appointment of Internal Auditor not compulsory to the company during the year. But The company has proper and adequate system of Internal Control to ensure the all the assets are safeguarded from loss, damage or disposition.( please see whether appointment of internal auditor is mandatory or not) Checks and balances are in place to ensure that transactions are adequately authorized and recorded, and that they are reported correctly, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. The Board to Directors considers internal controls as adequate.

**19. Vigil Mechanism :**

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.santoshgroup.in](http://www.santoshgroup.in) under investors/Vigil Mechanism Policy link.

**20. Risk management policy**

A statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, this in the opinion of the Board may threaten the existence of the company.



21. **Extract Of Annual Return:**  
As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report as ANNEXURE I .
22. **Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report**  
There are no such material changes and commitments
23. **Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future**  
No such orders passed against company
24. **Details in respect of adequacy of internal financial controls with reference to the Financial Statements.**  
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, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. The Board to Directors considers internal controls as adequate.
25. **Deposits**  
The Company not accepted any deposits during the year covered under Chapter V of the Act
26. **Particulars of loans, guarantees or investments under section 186**  
Particulars of Loans given, investments made guarantees given are provided in financial statement. (Please refer to Note 11, 16 and 29 to the financial statement)
27. **Particulars of contracts or arrangements with related parties:**  
The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto shall be disclosed in Form No. AOC-2. As **Annexure II**
28. **Corporate Governance Certificate**  
The Compliance certificate from practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in Clause 49 of the Listing agreement shall be annexed with the report.
29. **Management Discussion And Analysis**  
The Management Discussion and Analysis forms part of this Annual Report for the year ended 31st March, 2016.
30. **Obligation Of Company Under The Sexual Harassment Of Women At Workplace (prevention, Prohibition And Redressal) Act, 2013**  
During the year under review Company has not received any complaint of harassment at workplace.

**31. Conservation of energy, technology absorption and foreign exchange earnings and outgo**

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

**a) Conservation of energy**

(i)	the steps taken or impact on conservation of energy	<p><u>Electric Energy:</u> Regular maintenance, Better utilization of running machine, Improving electricity power factor, Monitoring the overall energy consumption and corrective measures.</p> <p><u>Fuel &amp; Oil Consumption:</u> Regular maintenance and monitoring the consumption with corrective measures</p>
(ii)	the steps taken by the company for utilizing alternate sources of energy	<p>Changes have generally been evolutionary in nature and as such no major additional capital is envisaged. Optimization and control of energy related cost helps your company to remain competitive in markets.</p>
(iii)	the capital investment on energy conservation equipment's	

**(b) Technology absorption**

(i)	the efforts made towards technology absorption	<p>No technology has been imported by the company. Technology innovation and changes wherever possible are being absorbed and adopted.</p>
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	
(iii)	<p>in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-</p> <p>(a) the details of technology imported</p> <p>(b) the year of import;</p> <p>(c) whether the technology been fully absorbed</p> <p>(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof</p>	
(iv)	the expenditure incurred on Research and Development	<p>1) Specific area in which R &amp; D carried out by the Company product &amp; quality improvement, development of new designs / product cost control and energy conservation. 2) Benefits derived as a result of the above R &amp; D. The R &amp; D activities have resulted in conserving of new materials higher productivity &amp; containing the costs all rounds 3) Expenditure on R &amp; D being treated as an integral part of manufacturing process &amp; hence no separate records for the expenditure incurred under this head are being maintained.</p>

**(c) Foreign exchange earnings and Outgo**

During the year, the total foreign exchange used was Rs.44.12 lakh and the total foreign exchange earned was Rs. 880.78 lakh.

**32. Corporate Social Responsibility (CSR)**

The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 shall be made is not applicable to company

**33. Human Resources**

Your Company treats its "human resources" as one of its most important assets.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.



**34. Directors' Responsibility Statement**

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that—

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- (b) the directors had 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 as at March 31, 2016 and the profit of the company for the year ended on that date;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**35. Transfer of Amounts to Investor Education and Protection Fund**

The Company has not declared any dividends in the current year and there was no unclaimed dividend outstanding as on 31st March 2016 of any previous years, hence therefore transferring of the amounts in the Investor Education and Protection Fund by the Company does not arise.

**36. Listing With Stock Exchanges:**

The Company confirms that it has paid the Annual Listing Fees for the year 2015-2016 to BSE where the Company's Shares are listed.

**37. Acknowledgements**

We owe all our employees, customers, bankers and suppliers, our gratitude for their cooperation and continued support.

For and on behalf of the Board of Directors

(SANTOSH R TULSIYAN)  
MANAGING DIRECTOR

Place: MUMBAI  
Date: 30.05.2016

**ANNEXURE INDEX**

<b><u>Annexure</u></b>	<b>Content</b>
i	Annual Return Extracts in MGT 9
ii	AOC 2 – Related Party Transactions disclosure
iii	Format of declaration by Independent Director
iv	MR-2 Secretarial Audit Report



### Annexure I

## FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

**As on financial year ended on 31.03.2016**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.**

#### i) REGISTRATION & OTHER DETAILS:

1. CIN	L17112MH1981PLC025443
2. Registration Date	25/09/1979
3. Name of the Company	SANTOSH FINE FAB LTD.
4. Category/Sub-category of the Company	COMPANY LIMITED BY SHARES
5. Address of the Registered office & contact details	112, MITTAL ESTATE, BUILDING NO 6, A.K. ROAD, ANDHERI (E), MUMBAI – 400059. TEL:- 022 42532000 E Mail : exports@santoshgroup.in
6. Whether listed company	YES
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.	ADROIT CORPORATE SERVICES PVT.LTD. 19, JAFERBHOY INDUSTRIAL ESTATE, 1 <sup>ST</sup> FLOOR, MAKWANA ROAD, MAROL NAKA, ANDHERI EAST, MUMBAI 400 059. E Mail : Info@adroitcorporate.com

#### ii) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Weaving, manufacturing of man-made fiber and man-made mixture fabrics	13124	100

**III. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**  
**Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	-	256000	256000	7.26	-	256000	256000	7.26	NIL
e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any other	216550	1365500	1582050	44.89	216550	1365500	1582050	44.89	NIL
<b>Total shareholding of Promoter (A)</b>									NIL
	216550	1621500	1838050	52.15	216550	1621500	1838050	52.15	
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL



g) FIIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (B)(1):-</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>2. Non- Institutions</b>									
a) Bodies Corp.	76811	12100	88911	2.52	76429	12100	88529	2.51	-0.01
i) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	190091	502625	692716	19.65	190773	502325	693098	19.66	0.01
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	105724	738100	843824	23.94	105724	738100	843824	23.94	0.00
c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Non Resident Indians	33499	27600	61099	1.73	33499	27600	61099	1.73	NIL
Overseas Corporate Bodies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Foreign Nationals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Clearing Members	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Trusts	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Foreign Bodies - D R	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (B)(2):-</b>	406125	1280425	1686550	47.85	406125	1280425	1686550	47.85	NIL
Total Public Shareholdin g (B)=(B)(1)+ (B)(2)	406125	1280425	1686550	47.85	406125	1280425	1686550	47.85	NIL
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Grand Total (A+B+C)</b>	622675	2901925	3524600	100	622675	2901925	3524600	100	NIL

**B) Shareholding of Promoter-**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Arjun Tulsiyan	331800	9.41	0	331800	9.41	0	NIL
2	Anju Rungta	500	0.01	0	500	0.01	0	NIL
3	Divya Tulsiyan	24200	0.69	0	24200	0.69	0	NIL
4	Kaushalya devi Tulsiyan	25100	0.71	0	25100	0.71	0	NIL
5	Kiran Tulsiyan	35500	1.01	0	35500	1.01	0	NIL
6	Madhu Tulsiyan	182500	5.18	0	182500	5.18	0	NIL
7	Mohinidevi Tulsiyan	104600	2.97	0	104600	2.97	0	NIL
8	Nikita Ashok Tulsiyan	800	0.02	0	800	0.02	0	NIL
9	Nirmal V Tulsiyan	10000	0.28	0	10000	0.28	0	NIL
10	Prabhudayal Polyester (P) Ltd	100200	2.84	0	100200	2.84	0	NIL
11	Ramd hari Finance & Leasing Pvt Ltd	155800	4.42	0	155800	4.42	0	NIL
12	Ramd hari Pd. Tulsiyan Huf	60000	1.70	0	60000	1.70	0	NIL
13	Rashi Tulsiyan	25900	0.74	0	25900	0.74	0	NIL
14	Ruchika S Tulsiyan	35100	1.00	0	35100	1.00	0	NIL
15	Santosh Tulsiyan	160950	4.57	0	160950	4.57	0	NIL
16	Santosh Tulsiyan (Huf)	10000	0.28	0	10000	0.28	0	NIL
17	Saritadaevi Tulsiyan	95700	2.72	0	95700	2.72	0	NIL
18	Sarthak S Tulsiyan	15900	0.45	0	15900	0.45	0	NIL
19	Satyanarayan Rungta	1000	0.03	0	1000	0.03	0	NIL
20	Saurabh S Tulsiyan	71700	2.04	0	71700	2.04	0	NIL
21	Savitridevi Tulsiyan	26800	0.76	0	26800	0.76	0	NIL
22	Subhash Tulsiyan	33900	0.96	0	33900	0.96	0	NIL
23	Subhash Tulsiyan (Huf)	6500	0.18	0	6500	0.18	0	NIL
24	Sumeeta S Tulsiyan	113300	3.22	0	113300	3.22	0	NIL
25	Sunil Tulsiyan	150900	4.28	0	150900	4.28	0	NIL
26	Viswanath Pd Tulsiyan (Huf)	46600	1.32	0	46600	1.32	0	NIL
27	Vishwanath Prasad Tulsiyan	12800	0.36	0	12800	0.36	0	NIL



**C) Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NA	NA	NA	NA
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NA	NA	NA	NA
	At the end of the year	NA	NA	NA	NA

**D) Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sunil Kumar Tulsian (HUF)	179900	5.11	179900	5.11
2	Anjani Kumar Gadia	114300	3.24	114300	3.24
3	Vinita Sunil Patodia	61919	1.76	61919	1.76
4	Arjun R Tulsian (HUF)	47700	1.35	47700	1.35
5	Bhagwandas Gordhandas Shah	47600	1.35	47600	1.35
6	Kaushal Kumbhat	47600	1.35	47600	1.35
7	Maheshchand Modi	38900	1.10	38900	1.10
8	Nirmal V Tulsian (HUF)	37500	1.06	37500	1.06
9	Pushpa Gupta	38100	1.08	38100	1.08
10	Sanchita A Tulsian	35500	1.01	35500	1.01

**E) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	SANTOSH R TULSIYAN				
	At the beginning of the year	160950	4.57	160950	4.57
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	160950	4.57	160950	4.57
2.	SUBHASH R TULSIYAN				
	At the beginning of the year	33900	0.96	33900	0.96
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	33900	0.96	33900	0.96
2.	SUMEETA S TULSIYAN				
	At the beginning of the year	113300	3.22	113300	3.22
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	113300	3.22	113300	3.22



**F) INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	56347295.00	-	-	56347295.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>56347295.00</b>	<b>-</b>	<b>-</b>	<b>56347295.00</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	295349783.00	-	-	295349783.00
* Reduction	319604082.00	-	-	319604082.00
<b>Net Change</b>	<b>(24254299.00)</b>	<b>-</b>	<b>-</b>	<b>(24254299.00)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	32092996.00	-	-	32092996.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>32092996.00</b>	<b>-</b>	<b>-</b>	<b>32092996.00</b>

#### **XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

SN.	Particulars of Remuneration	Name of MD/WTD / Manager		Total Amount
		SANTOSH R TULSIYAN	SUBHASH R TULSIYAN	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	600000.00	600000.00	1200000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	-	-	-
	<b>Ceiling as per the Act</b>	-	-	-

**B. Remuneration to other directors**

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		SUMEEETA TULSIYAN				
1	Independent Directors	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
2	Other Non-Executive Directors	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify (Remuneration)	120000.00	-	-	-	120 000.00
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	120000.00	-	-	-	120 000.00
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT D**

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	-	-	-



**XII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**Annexure - II****FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions'	
f)	Amount paid as advances, if any	
g)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

2. Details of contracts or arrangements or transactions at Arm's length basis.

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	(Please refer to Note No 27 to the financial statement)
b)	Nature of contracts/arrangements/transaction	(Please refer to Note No 27 to the financial statement)
c)	Duration of the contracts/arrangements/transaction	2015-16
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	No such terms
e)	Amount paid as advances, if any	NIL

For and on behalf of the Board of Directors

(SANTOSH R TULSIYAN)  
MANAGING DIRECTOR

Place: MUMBAI  
Date: 30.05.2016



Annexure IIIDECLARATION OF INDEPENDENCE

01<sup>st</sup> April, 2016

To  
The Board of Directors  
Santosh Fine Fab Ltd.  
112/113, Sanjay Building,  
Andheri (E), Mumbai - 400059

Sub: Declaration of independence under clause 49 of the Listing Agreement and sub-section (6) of section 149 of the Companies Act, 2013.

I, **Mr. Maheshkumar R. Maheshwari (DIN: 07154315)**, hereby certify that I am a Non-executive Independent Director of **Santosh Fine Fab Limited**, Mumbai and comply with all the criteria of independent director as envisaged in Clause 49 of the Listing Agreement and the Companies Act, 2013.

**I certify that:**

- 1 I possess relevant expertise and experience to be an independent director in the Company;
- 2 I am not a promoter of the company or its holding, subsidiary or associate company;
- 3 I am not related to promoters / directors / persons occupying management position at the board level or level below the board in the company, its holding, subsidiary or associate company;
- 4 Apart from receiving director sitting fees / remuneration, I have/had no pecuniary relationship / transactions with the company, its promoters, its directors, its senior management or its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial;
- 5 none of my relatives has or had any pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or Rs. 50 Lacs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- 6 Neither me nor any of my relatives:
  - a) holds or has held the position of a key managerial personnel or is or has been employee/executive of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year;
  - b) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of;
    - a. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - b. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
  - c) holds together with my relatives 2% or more of the total voting power of the company; or
  - d) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or
- 7 I am not a material supplier, service provider or customer or a lessor or lessee of the company;
- 8 I am not less than 21 years of age.

**Declaration**

I undertake that I shall seek prior approval of the Board if and when I have any such relationship / transactions, whether material or non-material. If I fail to do so I shall cease to be an independent director from the date of entering in to such relationship / transactions.

Further, I do hereby declare and confirm that the above said information's are true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable for fine if any imposed on the Company, its directors, if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you,  
Yours faithfully,

Mr.Maheshkumar R. Maheshwari  
DIN: 07154315  
Vasant Marvel Grace CHS Ltd.  
Magathane Telephone Exchange,  
Opp Broadway Theatre, Borivali (E),  
Mumbai – 400066(MH)  
M No. 9324239450  
E Mail Id: maheshmaheshwari1964@gmail.com



### DECLARATION OF INDEPENDENCE

01<sup>st</sup> April, 2016

To  
The Board of Directors  
Santosh Fine Fab Ltd.  
112/113, Sanjay Building,  
Andheri (E), Mumbai - 400059

**Sub:** Declaration of independence under clause 49 of the Listing Agreement and sub-section (6) of section 149 of the Companies Act, 2013.

I, **Mr. Sanjeev D Saran (DIN: 00775337)**, hereby certify that I am a Non-executive Independent Director of **Santosh Fine Fab Limited**, Mumbai and comply with all the criteria of independent director as envisaged in Clause 49 of the Listing Agreement and the Companies Act, 2013.

**I certify that:**

- 1 I possess relevant expertise and experience to be an independent director in the Company;
- 2 I am not a promoter of the company or its holding, subsidiary or associate company;
- 3 I am not related to promoters / directors / persons occupying management position at the board level or level below the board in the company, its holding, subsidiary or associate company;
- 4 Apart from receiving director sitting fees / remuneration, I have/had no pecuniary relationship / transactions with the company, its promoters, its directors, its senior management or its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial;
- 5 none of my relatives has or had any pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover **or** total income **or** Rs. 50 Lacs **or** such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- 6 Neither me nor any of my relatives:
  - a) holds or has held the position of a key managerial personnel or is or has been employee/executive of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year;
  - b) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of;
    - a. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; **or**
    - b. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
  - c) holds together with my relatives 2% or more of the total voting power of the company; **or**
  - d) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; **or**
- 7 I am not a material supplier, service provider or customer or a lessor or lessee of the company;
- 8 I am not less than 21 years of age.

**Declaration**

I undertake that I shall seek prior approval of the Board if and when I have any such relationship / transactions, whether material or non-material. If I fail to do so I shall cease to be an independent director from the date of entering in to such relationship / transactions.

Further, I do hereby declare and confirm that the above said information's are true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable for fine if any imposed on the Company, its directors, if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you,  
Yours faithfully,

Mr. Sanjeev D Saran  
DIN: 00775337  
T-3/73, Parasrampur Tower,  
Link Road Extn.,  
Andheri (West),  
Mumbai – 400053(MH)  
M No. 9821010105  
E Mail Id: sanjeev@realtextiles.com



### DECLARATION OF INDEPENDENCE

01<sup>st</sup> April, 2016

To  
The Board of Directors  
Santosh Fine Fab Ltd.  
112/113, Sanjay Building,  
Andheri (E), Mumbai - 400059

Sub: Declaration of independence under clause 49 of the Listing Agreement and sub-section (6) of section 149 of the Companies Act, 2013.

I, **Mr. Asharam S. Rungta (DIN: 00320409)**, hereby certify that I am a Non-executive Independent Director of **Santosh Fine Fab Limited**, Mumbai and comply with all the criteria of independent director as envisaged in Clause 49 of the Listing Agreement and the Companies Act, 2013.

**I certify that:**

- 1 I possess relevant expertise and experience to be an independent director in the Company;
- 2 I am not a promoter of the company or its holding, subsidiary or associate company;
- 3 I am not related to promoters / directors / persons occupying management position at the board level or level below the board in the company, its holding, subsidiary or associate company;
- 4 Apart from receiving director sitting fees / remuneration, I have/had no pecuniary relationship / transactions with the company, its promoters, its directors, its senior management or its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial;
- 5 none of my relatives has or had any pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover **or** total income **or** Rs. 50 Lacs **or** such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- 6 Neither me nor any of my relatives:
  - a) holds or has held the position of a key managerial personnel or is or has been employee/executive of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year;
  - b) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of;
    - a. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; **or**
    - b. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
  - c) holds together with my relatives 2% or more of the total voting power of the company; **or**
  - d) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; **or**
- 7 I am not a material supplier, service provider or customer or a lessor or lessee of the company;
- 8 I am not less than 21 years of age.

**Declaration**

I undertake that I shall seek prior approval of the Board if and when I have any such relationship / transactions, whether material or non-material. If I fail to do so I shall cease to be an independent director from the date of entering in to such relationship / transactions.

Further, I do hereby declare and confirm that the above said information's are true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable for fine if any imposed on the Company, its directors, if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you,  
Yours faithfully,

Mr. Asharam S. Rungta  
DIN: 00320409  
302, Aastha, Gorai Sunder Sath,  
Plot No 89, Rsc-37, Gorai-2  
Borivali(W), Mumbai – 400092(MH)  
M No. 7738060006  
E Mail Id: asharam@santoshgroup.in



## DECLARATION OF INDEPENDENCE

01<sup>st</sup> April, 2016

To  
The Board of Directors  
Santosh Fine Fab Ltd.  
112/113, Sanjay Building,  
Andheri (E), Mumbai - 400059

Sub: Declaration of independence under clause 49 of the Listing Agreement and sub-section (6) of section 149 of the Companies Act, 2013.

I, **Mr. Radhaballabh Tibrewal (DIN: 00323570)**, hereby certify that I am a Non-executive Independent Director of **Santosh Fine Fab Limited**, Mumbai and comply with all the criteria of independent director as envisaged in Clause 49 of the Listing Agreement and the Companies Act, 2013.

**I certify that:**

- 1 I possess relevant expertise and experience to be an independent director in the Company;
- 2 I am not a promoter of the company or its holding, subsidiary or associate company;
- 3 I am not related to promoters / directors / persons occupying management position at the board level or level below the board in the company, its holding, subsidiary or associate company;
- 4 Apart from receiving director sitting fees / remuneration, I have/had no pecuniary relationship / transactions with the company, its promoters, its directors, its senior management or its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial;
- 5 none of my relatives has or had any pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or Rs. 50 Lacs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- 6 Neither me nor any of my relatives:
  - a) holds or has held the position of a key managerial personnel or is or has been employee/executive of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year;
  - b) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of;
    - a. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - b. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
  - c) holds together with my relatives 2% or more of the total voting power of the company; or
  - d) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or
- 7 I am not a material supplier, service provider or customer or a lessor or lessee of the company;
- 8 I am not less than 21 years of age.

**Declaration**

I undertake that I shall seek prior approval of the Board if and when I have any such relationship / transactions, whether material or non-material. If I fail to do so I shall cease to be an independent director from the date of entering in to such relationship / transactions.

Further, I do hereby declare and confirm that the above said information's are true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable for fine if any imposed on the Company, its directors, if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you,  
Yours faithfully,

Mr. Radhaballabh Tibrewal  
DIN: 00323570  
6, J B Nagar, Near Post-Office,  
Tibrewala House, Andheri (East),  
Mumbai – 400059(MH)  
M No. 9320948871  
E Mail Id: kcepl@rediffmail.com



## ANNEXURE IV

### Secretarial Audit Report

(For the financial year ended 31<sup>st</sup> March 2016)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Board of Directors,  
Santosh Fine Fab Limited,  
112, Mittal Estate Bldg No. 6, A.K. Road,  
Andheri (East), Mumbai 400059.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Santosh Fine Fab Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31, 2016 on according to the provisions of:

- (i) The Companies Act, 2013 (**the Act**) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the Company :-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - g. the Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, National Stock Exchange of India Limited; and
  - h. The Memorandum and Articles of Association.
- (vi) The Factories Act, 1948.
- (vii) The Industrial Disputes Act, 1947.
- (viii) The Payment of Wages Act, 1936.
- (ix) The Minimum Wages Act, 1948.
- (x) The Payment of Bonus Act, 1956.
- (xi) The Payment of Gratuity Act, 1972.
- (xii) The Industrial Employment (Standing Orders) Act, 1946.
- (xiii) The Workmen Compensation Act, 1923.
- (xiv) The Contract Labour (Regulation and Abolition) Act, 1970.

**I have also examined compliance with the applicable clauses of the following:**

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) The Listing Agreements entered into by the Company with the BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc mentioned above.

2. Based on the verification of records / documents produced to us, the information furnished to me by the Company and the test check carried out by me, I am of the opinion that the Company has complied with the provisions of the Companies Act, 2013 ("the Act") and Rules made under the Act and the Memorandum and Articles of Association of the Company with regard:



- a) maintenance of various statutory registers and documents and making necessary entries therein;
  - b) closure of the Register of Members.
  - c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
  - d) service of documents by the Company on its Members, Auditors and the Registrar of Companies;
  - e) notice of Board meetings and Committee meetings of Directors;
  - f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
  - g) the 33<sup>rd</sup> Annual General Meeting held on 25th September, 2015;
  - h) minutes of proceedings of General Meetings and of the Board and its Committee meetings;
  - i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
  - j) constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;
  - k) payment of remuneration to Directors including the Managing Director and Whole-time Directors,
  - l) appointment and remuneration of Auditors and Cost Auditors;
  - m) transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
  - n) declaration and payment of dividends;
  - o) transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
  - p) borrowings and registration, modification and satisfaction of charges wherever applicable;
  - q) investment of the Company's funds including investments and loans to others;
  - r) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
  - s) Directors' report;
  - t) contracts, common seal, registered office and publication of name of the Company; and
  - u) Generally, all other applicable provisions of the Act and the Rules made under the Act.
3. I further report that:
- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
  - Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
  - The Company has obtained all necessary approvals under the various provisions of the Act; and \_ there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
  - The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;
4. The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding.
5. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Byelaws framed thereunder by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
6. I further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Sd/-

[LALITA LATH]  
[Practising Company Secretary]  
[ACS:16854; COP: 5310]  
Place : MUMBAI  
Date : 30<sup>th</sup> May, 2016



**LALITA LATH**  
**Practising Company Secretary**  
**B. Com; ACS**

**D-103, Om Elegance Bldng No 3,**  
**Chincoli Bunder Road, Malad (W)**  
**Mumbai 400064.**  
**Mobile: 9324452370**  
**Email: lalitalath@gmail.com**

**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 31<sup>st</sup> March, 2016, 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.

Sd/-

**(LALITA LATH)**  
**ACS: 16854; COP: 5310**  
**PLACE : MUMBAI.**  
**DATED : 30TH MAY, 2016**

**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 Meeting	AGM 25/09/15		
Santosh R. Tulsiyan	Chairman & Managing Director	6	Yes	Nil	Nil
Subhash R. Tulsiyan	Executive Director	6	Yes	Nil	Nil
Ashok V. Tulsiyan	Director	6	Yes	2	Nil
Sanjeev D. Saran	Independent Non executive	1	No	Nil	Nil
Asharam S. Rungta	Independent Non executive	6	Yes	Nil	Nil
Radhaballabh Tibrewala	Independent Non executive	4	Yes	Nil	Nil
Maheshkumar Maheshwari	Independent Non executive	5	No	Nil	Nil
Sumeeta Tulsiyan	Executive Director	6	No	Nil	Nil

\* This excludes directorships held in Private Limited Companies.

- (c) During the financial year Six Board meetings were held on the following dates: 09.04.2015, 29.05.2015, 12.08.2015, 25.09.2015, 09.11.2015 & 12.02.2016

**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 2015-16 the committee met on 29th May, 2015, 12th August, 2015, 09th November, 2015, and on 12th February, 2016. 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:



Sr.No.	Name of Members	Category	No. of Meeting Attend
1	Asharam S. Rungta, Chairman	Independent / Non-Executive	6
2	Sanjeev D. Saran	Independent / Non-Executive	1
3	Radhaballabh Tibrewala	Independent/ Non-Executive	4

#### 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.

Sr.No.	Name of Members	Category	No. of Meeting Attend
1	Radhaballabh 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 31<sup>st</sup> March, 2016 are as follows :

Director	Relationship with other Directors	Business Relationship	Loans & Advance From The Company	Sitting Fees	Salary & Contribution to fund	Commission	Total
Santosh R. Tulsian	Brother of Subhash Tulsian	Promoter	Nil	Nil	600000	Nil	600000
Subhash R. Tulsian	Brother of Santosh Tulsian	Promoter	Nil	Nil	600000	Nil	600000
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
Maheshkumar Maheshwari	None	None	Nil	Nil	Nil	Nil	Nil
Sumeeta Tulsian	None	None	Nil	Nil	120000	Nil	120000

#### 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:

Sr.No.	Name of Members	Category	No. of Meetings Attended during the year 2015-16
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:  
29.05.2015, 12.08.2015, 09.11.2015 & 12.02.2016

Name and designation of Compliance Officer:

SAJJAN AGARWAL  
Secretarial Officer



**Details of shares in physical form lodged for transfer during 2015-16 are as follows:**

Sr. No.	Total No. of Transfer Deed Received	Dispatched within 30 days of receipt	Dispatched after 30 days of receipt
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
31st 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
32nd AGM	19 <sup>th</sup> September, 2014	11.30 A.M.	112/113, Sanjay Bldg. No.6, Mittal Estate, Andheri Kurla Road, Andheri (East) Mumbai 400059	Change in Remunerations of Directors
33rd AGM	25 <sup>th</sup> September, 2015	11.30 A.M.	112/113, Sanjay Bldg. No.6, Mittal Estate, Andheri Kurla Road, Andheri (East) Mumbai 400059	Regularisation of Additional directors and remuneration to executive director

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 2015-16. Accordingly, the Companies (Postal Ballot) Rules 2001 is not applicable for said year.

#### **APPOINTMENT/ REAPPOINTMENT OF DIRECTORS**

Mr. Ashok V Tulsian (DIN: 00320442), Mr. Sanjeev D. Saran (DIN: 00775337) and Mr. Radhaballabh Tibrewal (DIN: 00323570) Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

#### **CHANGES IN THE BOARD OF DIRECTORS AFTER 31/03/2016:**

There are no such changes after 31/03/2016 in the Board of Directors in the company.

#### **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.27 to Financial Statements 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, 2016 forms a part of this Annual Report and is given under the Section so captioned.



## 9. GENERAL SHAREHOLDER INFORMATION

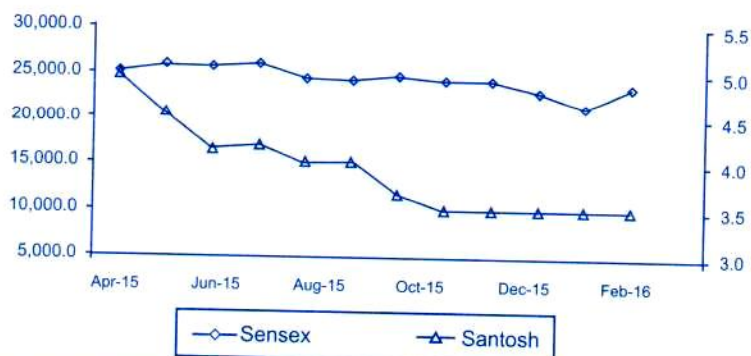
SR. NO.	SALIENT ITEMS OF INTEREST	PARTICULARS
i.	AGM Date, time and venue	23rd September, 2016, Friday 11.30 A.M. 112/113, Sanjay Bldg. No.6, Mittal Industrial Estate, Andheri Kurla Road, Andheri (East), Mumbai 400059.
ii.	Financial Calendar	Year ending March 31, 2016
iii.	Date of Book Closure	21st September, 2016 to 23rd September, 2016 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 /28594060/42270400, Fax 28503748 Contact person: Mr. Sada Shiva Shetty. E-Mail : Info@adroitcorporate.com.
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 approved in Share Transfer Committee Meeting 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, 2016, 622975 shares (17.68%) 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 2015-2016 on Stock Exchange, Mumbai:

MONTH	HIGH(RS.)	LOW(RS.)
April 2015	05.70	05.16
May 2015	04.95	04.71
June 2015	04.48	04.26
July 2015	04.31	04.31
August 2015	04.52	04.11
September 2015	-	-
October 2015	03.92	03.73
November 2015	03.55	03.55
December 2015	-	-
January 2016	-	-
February 2016	-	-
March 2016	-	-

### 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, 2016:

Slab of shareholdings	Shareholders	%	No. Of Shares	%
0-5000	1109	93.98	704491	19.99
5001-10000	16	1.36	144900	4.11
10001-20000	16	1.36	249344	7.07
20001-30000	8	0.68	199111	5.65
30001-40000	10	0.85	346835	9.84
40001-50000	5	0.41	237900	6.76
50001-100000	6	0.51	409719	11.62
Above 100000	10	0.85	1232300	34.96
<b>Total</b>	<b>1180</b>	<b>100</b>	<b>3524600</b>	<b>100</b>



Categories of Shareholding as on March 31, 2016:

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	88529	885290	2.51
Indian Public	1536922	15369220	43.61
NRIs/OCBs	61099	610990	1.73
Total	3524600	35246000	100.00

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, 2016

PLACE : MUMBAI  
DATED: 30th MAY, 2016

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 past periods. It also provides employment to millions of people. The sector gets full attention from the government. And in our company textile exports in second half showing minor resistance.

### 1. OVERALL PERFORMANCE

The overall performance during the year 2015-16 has been reasonably satisfactory. This has been possible due to:

- Better Marketing Efforts in all areas.
- Cost reduction measures involving focus on operational efficiencies, energy savings and control over administrative costs. This will result in reduction in our inventory.
- Better working capital management and utilization of available resources

### 2. BUSINESS REVIEW

As compared to the earlier years, The Textile Industry is setting for the positive growth. For current year, as compared to last year local and export turnover increased well. 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.

### 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:

We may say that due to recent unrest in Middle East Countries export may be stagnant in future, demand in

domestic market 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.



## **INDEPENDENT AUDITORS' 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 31st March 2016, the statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 the financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;



- (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on 31st March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) the Company does not have any pending litigations and therefore no impact or disclosure in relation to the same has been made in the financial statement;
  - (ii) the Company does not see any foreseeable losses on long-term contracts as on the balance sheet date and the Company has not entered into any derivative contracts, therefore no provision has been made in relation to the same;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "B" a statement on the matters specified in the paragraph 3 and 4 of the Order.

**For Bhuwania & Agrawal Associates**  
Chartered Accountants  
Firm's registration number: 101483W

**Abhishek Jain**  
Partner  
Membership number: 509839  
Mumbai  
Date: 30-05-2016



## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Santosh Fine Fab Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.” These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over

Financial Reporting issued by the Institute of Chartered Accountants of India”.

**For Bhuwania & Agrawal Associates**

Chartered Accountants

Firm's registration number: 101483W

**Abhishek Jain**

Partner

Membership number: 509839

Mumbai

Date: 30-05-2016



**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

**Report on the statement on the matters specified in the paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2016:**

- (I) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation 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) The title deeds of immovable properties were found to be held in the name of the company.
- (ii) 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 and no such major discrepancies found during verification of inventories.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register ' maintained under section 189 of the Companies Act and thus, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, the Company had not granted any loans or provided any guarantees under Sec 185 and neither had any investments during the year and therefore compliance in respect to provisions of Section 185 and 186 of the Companies Act, 2013 may not be applicable to the Company.
- (v) The Company did not accept any deposits during the year and therefore compliance with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder may not be applicable to the Company.
- (vi) The Central Government has prescribed maintenance of the cost records under section 148 of the Companies Act, 2013 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.
- (vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been found to be regular in depositing undisputed statutory dues such as provident fund, income tax, sales tax, duty of customs, and other statutory dues as applicable.



- b) According to the records of the Company, and information and explanations given to us there are no dues of income tax, sales tax, service tax, customs duty, excise duty, value added tax which has not been deposited on account of disputes and are pending.
- (viii) As per the information and explanations given to us and based on our audit, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.
- (ix) The Company has not raised any money by way of initial public offer or by further public offer (including debt instruments). Further in our opinion and according to the information and the explanations given to us, no any term loan obtained by company.
- (x) According to the information and explanations given to us, no material fraud by or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The managerial remuneration has been found to be paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Clause (d) of section III of part II of Schedule V of the Companies Act. 2013.
- (xii) The Company is not the Nidhi Company and therefore paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and the explanations given to us, the transactions with the related parties were in compliance with Sec 177 and 188 of the Companies Act and the details of the same have been disclosed in Note 27 of the Financial Statements in conformity with Accounting Standard 18.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review under section 42 of the Companies Act, 2013 and therefore paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) The Company has not entered into any non cash transactions with the directors or persons connected with him and therefore paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and therefore paragraph 3(xvi) of the Order is not applicable to the Company.

**For Bhuwania & Agrawal Associates**  
Chartered Accountants  
Firm's registration number: 101483W

**Abhishek Jain**  
Partner  
Membership number: 509839  
Mumbai  
Date: 30-05-2016



**BALANCE SHEET AS ON 31ST MARCH 2016**

Amount In Rs.

PARTICULARS	Note No.	AS AT 31st MARCH 2016	AS AT 31st MARCH 2015
<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	47,264,798	44,888,135
<b>Total Of Share Holder's Funds</b>		<b>81,594,493</b>	<b>79,217,830</b>
<b>(2) Non Current Liabilities</b>			
(b) Deferred Tax Liability (Net)	4	380,505	633,824
(c) Long Term Provisions	5	2,797,573	2,327,350
<b>Total Of Non Current Liabilities</b>		<b>3,178,078</b>	<b>2,961,174</b>
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	6	32,092,996	56,347,295
(b) Trade Payables			
Total Dues to Micro & Small Enterprises		-	-
Total Dues to Other Trade Payables	7	28,153,901	29,346,499
(c) Other Current Liabilities	8	2,166,244	11,048,970
(d) Short Term Provisions	9	1,950,463	2,307,439
<b>Total Of Current Liabilities</b>		<b>64,363,604</b>	<b>99,050,203</b>
<b>TOTAL OF EQUITY AND LIABILITIES</b>		<b>149,136,175</b>	<b>181,229,207</b>
<b>II. ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Fixed Assets	10		
(i) Tangible Assets		15,711,424	17,899,397
(ii) Intangible Assets		6,007	10,375
(iii) Capital WIP		-	-
(b) Non Current Investments	11	101,000	101,000
(c) Long Term Loans & Advances	12	216,450	216,450
<b>Total Of Non Current Assets</b>		<b>16,034,881</b>	<b>18,227,222</b>
<b>(2) Current Assets</b>			
(a) Inventories	13	60,998,154	86,802,950
(b) Trade Receivables	14	66,157,509	59,670,653
(c) Cash & Cash Equivalents	15	659,454	575,214
(d) Short Term Loan & Advances	16	5,065,097	15,789,509
(e) Other Current Assets	17	221,080	163,659
<b>Total Of Current Assets</b>		<b>133,101,294</b>	<b>163,001,985</b>
<b>TOTAL OF ASSETS</b>		<b>149,136,175</b>	<b>181,229,207</b>

 Notes to Accounts including significant  
accounting policies

1 to 32

0

0

As Per Our Report Of Even Date

 Bhuwania & Agarwal Associate  
Chartered Accountants

Abhishek Jain

( Partner )

(M.N. 509839)

Place : Mumbai

Dated 30.05.2016

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)

 Sumeeta S. Tulsiyan  
(Director)

-:45:-

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED AS ON 31ST MARCH 2016**

Amount In Rs.

PARTICULARS	Note No.	FOR THE YEAR ENDED 2015- 2016	FOR THE YEAR ENDED 2014- 2015
<b>REVENUE</b>			
Revenue From Operations	18	296,653,283	349,817,768
Other Income	19	8,816,131	16,748,519
<b>Total Revenue</b>		<b>305,469,414</b>	<b>366,566,287</b>
<b>EXPENSES</b>			
Cost Of Raw Materials Consumed	20	103,015,458	175,011,395
Purchase Of Stock In Trade		81,674,495	85,603,504
Decrease/(Increase) In Stock Of Finished Goods And Stock In Process	21	26,044,867	(9,451,919)
Employees Benefits Expenses (refer note 25)	22	13,293,270	16,415,867
Finance Costs	23	6,048,778	8,258,259
Depreciation & Amortization Expenses	10	2,431,928	2,931,971
Other Expenses	24	69,457,036	86,806,762
<b>Total Expenses</b>		<b>301,965,832</b>	<b>365,575,839</b>
<b>Profit Before Exceptional And Extraordinary Items &amp; Taxes</b>		<b>3,503,582</b>	<b>990,448</b>
<b>Exceptional Items</b>			
Add: Excess Provision of Doubtful Debts Written Back		-	355,790
<b>Profit Before Extraordinary Items &amp; Taxes</b>		<b>3,503,582</b>	<b>1,346,238</b>
Extraordinary Items		-	-
Prior Period Adjustment		30,328	14,002
<b>Profit Before Tax</b>		<b>3,473,254</b>	<b>1,332,236</b>
Tax Expenses			
Current Tax		1,325,000	1,550,000
Short/(Excess) Provision Of Earlier Year		24,910	35,724
Deferred Tax Liabilities/ (Assets)		(253,319)	(1,429,908)
<b>Profit For The Year</b>		<b>2,376,663</b>	<b>1,176,420</b>
<b>Earning Per Share</b>			
Basic & Diluted		0.67	0.33

Notes to Accounts including significant accounting policies

1 to 32

As Per Our Report Of Even Date

Bhuwania & Agarwal Associate  
Chartered AccountantsAbhishek Jain  
( Partner )

(M.N. 509839)

Place : Mumbai

Dated 30.05.2016

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)Sumeeta S. Tulsiyan  
(Director)



**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET AS ON 31ST MARCH 2016**  
(RUPEES IN LACS)

PARTICULARS	31.03.2016	31.03.2015
<b><u>A. CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEM	35.04	13.46
<u>ADJUSTMENTS FOR:</u>		
DEPRECIATION & AMORTIZATION OF EXP.	24.32	29.32
FINANCE CHARGES	54.81	71.10
INTEREST RECEIVED	(8.77)	(11.65)
DIVIDEND RECEIVED	(0.04)	-
PROVISION FOR GRATUITY	(0.26)	28.79
PROVISION FOR DOUBTFUL DEBTS	-	(3.56)
OPERATING PROFIT BEFORE WORKING CAPITAL	105.10	127.46
<u>ADJUSTMENTS FOR:</u>		
TRADE AND OTHER RECEIVABLES	43.88	33.59
INVENTORIES	258.05	85.54
TRADE PAYABLES	(97.11)	(158.99)
CASH GENERATED FROM OPERATIONS	309.92	87.60
PRIOR YEAR ADJUSTMENT	(0.30)	(0.14)
DIRECT TAXES (PAID)/REFUND	(17.84)	(19.79)
NET CASH FROM OPERATING ACTIVITIES	291.78	67.67
<b><u>B. CASH FLOW FROM INVESTING ACTIVITIES:</u></b>		
PURCHASE OF FIXED ASSETS	(2.40)	4.82
INTEREST RECEIVED	8.77	11.65
SALE/(PURCHASE) OF INVESTMENT	-	(1.01)
DIVIDEND RECEIVED	0.04	-
NET CASH FLOW IN INVESTING ACTIVITIES	6.41	15.46
<b><u>C. CASH FLOW FROM FINANCING ACTIVITIES:</u></b>		
PROCEEDS FROM CALLS IN ARREARS	-	-
PROCEEDS FROM SHORT TERM LOAN	-	-
BANK BORROWING	(242.54)	(16.07)
FINANCE CHARGES	(54.81)	(71.10)
DIVIDENDS PAID (INCLUDING CORPORATE TAX)	-	-
NET CASH FLOW IN FINANCING ACTIVITIES	(297.35)	(87.17)
NET INCREASE IN CASH AND CASH EQUIVALENTS	0.84	(4.04)
CASH AND CASH EQUIVALENTS (OP. BALANCE)	5.75	9.79
CASH AND CASH EQUIVALENTS (CL. BALANCE)	6.59	5.75

**As Per Our Report Of Even Date**

Bhuwania & Agarwal Associate  
Chartered Accountants

Abhishek Jain  
( Partner )  
(M.N. 509839)

Place : Mumbai  
Dated 30.05.2016

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

Santosh R. Tulsiyan  
(Managing Director)

Ashok V. Tulsiyan  
( Director )

Asharam S. Rungta  
(Director)

Subhash R. Tulsiyan  
(Executive Director)

Sanjeev D Saran  
( Director )

Sumeeta S. Tulsiyan  
(Director)



**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2016****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, 2013 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 consist 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 on the basis of useful life of Assets and in the manner prescribed in Schedule II, of the Companies Act, 2013.
- ii. Depreciation on addition / deletion during the year has been provided on pro rata 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 the 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. During the year Long Term Defined Benefits payable are determined as per actuarial valuation and as stated in Accounting Standard 15, "Employee Benefits".

**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.

**SANTOSH FINE FAB LTD****NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2016****NOTE NO.2 SHARE CAPITAL****A. Authorised, Issued, Subscribed and Paid Up Share Capital****Amount In Rs.**

Particular	<u>As At 31ST March, 2016</u>		<u>As At 31st March, 2015</u>	
	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 &amp; their relatives

**B. Reconciliation of the number of share outstanding****Amount In Rs.**

	<u>As At 31ST March, 2016</u>		<u>As At 31st March, 2015</u>	
	Number	Amount (Rs.)	Number	Amount (Rs.)
Equity Share Outstanding at the beginning of period	3,524,600	34,329,695	3,524,600	34,329,695
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	34,329,695

**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	<u>Equity Share</u>		<u>Equity Share</u>	
	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%



**SANTOSH FINE FAB LTD**

**NOTE NO. 3- RESERVE & SURPLUS**

Particular	Amount In Rs.			
	<u>As At</u> 31st March 2015	<u>Addition</u> During the year	<u>Deduction</u> During the year	<u>As At</u> 31st March 2016
(a) Share Premium**	21,829,696	-		21,829,696
(b) General Reserve	3,972,975		-	3,972,975
c) Surplus Profit & Loss Accounts*	19,08,546	2,376,663	-	21,46,212
Total	44,88,135	2,376,663	-	47,26,798

	<u>As At 31st March 2016</u>	<u>As At 31st March, 2015</u>
* Profit for the year	2,376,663	1,176,420
Less: Dividend on Equity Share	-	-
Less: Transfer to General Reserve	-	-
Total	2,376,663	1,176,420

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

**NOTE NO.4- DEFERRED TAX LIABILITY (Net)**

Particular	Amount In Rs.	
	<u>As At 31st March, 2016</u>	<u>As At 31st March, 2015</u>
<b>Deferred Tax Liabilities</b>		
Related to fixed assets	1,335,090	1,567,939
<b>Deferred Tax Assets</b>		
Provision Of Gratuity & Leave Salary	954,585	934,115
	380,505	-
		633,824

**NOTE NO.5 LONG TERM PROVISIONS**

Particular	Amount In Rs	
	<u>As At 31st March 2016</u>	<u>As At 31st March 2015</u>
Provision For Gratuity	2,797,573	2,327,350
Total	2,797,573	2,327,350

SANTOSH FINE FAB LTD**NOTE NO.6 SHORT TERM BORROWING****Amount In Rs**

Particular	<u>As At 31St March 2016</u>		<u>As At 31St March 2015</u>	
<b>SECURED</b>				
<b>A. Loan Payable on demand</b>				
<b>From Bank</b>				
Packing Credit Loan (In Foreign Currency)	-		13,681,063	
Cash Credit (In INR)	32,092,996		42,666,232	
(Above Loans are secured against mortgage of Land, Building, Machinery & hypothecation of Stock, Book Debts, Movable Assets & Personal Guarantee of Two Directors)		32,092,996		56,347,295
<b>UNSECURED</b>		-		-
<b>Total</b>		32,092,996		56,347,295

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

Particular	<u>As At 31St March 2016</u>		<u>As At 31St March 2015</u>	
For Goods and Expenses (In Ordinary Course of the Business)		28,153,901		29,346,499
<b>Total</b>		28,153,901		29,346,499

**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 2016</u>		<u>As At 31St March 2015</u>	
Deposit From Dealers		472,100		466,100
Advance From Customers		1,181,963		10,135,439
Taxes & duties		323,473		345,130
Others Payable		188,708		102,301
<b>Total</b>		2,166,244		11,048,970

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

Particular	<u>As At 31St March 2016</u>		<u>As At 31St March 2015</u>	
Income Tax Provision		1,325,000		1,550,000
Provision For Gratuity		55,303		551,280
Others		570,160		206,159
		1,950,463		2,307,439



**NOTE NO.10 - FIXED ASSETS**
**SANTOSH FINE FAB LTD**
**Amount In Rs**

Description	GROSS BLOCK					DEPRECIATION/AMORTIZATION				NET BLOCK	
	As On 01.04.2015	Additions during the Year	Deductions/A djustments during the Year	Impairment during the year	As On 31.03.2016	As On 01.04.2015	Provided during the Year	Deductions/ Adjustments during the Year	As On 31.03.2016	As On 31.03.2016	As On 31.03.2015
<b>TANGIBLE ASSETS</b>											
<b>1. Land</b>											
Leasehold	192,760	-	-	-	192,760	-	-	-	-	192,760	192,760
Freehold	51,451	-	-	-	51,451	-	-	-	-	51,451	51,451
<b>2. Buildings</b>											
Residential Flat	618,448	-	-	-	618,448	131,271	9,778	-	141,049	477,399	487,177
Factory Building	18,670,491	-	-	-	18,670,491	11,296,062	502,480	-	11,798,542	6,871,949	7,374,429
<b>3. Plant &amp; Machinery</b>	49,884,537				49,884,537	42,738,065	981,397	-	43,719,462	6,165,075	7,146,472
<b>4. Furn. &amp; Fixtures</b>	8,697,612	-	-	-	8,697,612	6,597,147	720,413	-	7,317,560	1,380,052	2,100,465
<b>5. Vehicles</b>	399,722	-	-	-	399,722	399,722	-	-	399,722	-	-
<b>6. Office Equipments</b>	1,750,857	110,591			1,861,448	1,369,410	143,262	-	1,512,672	348,776	381,447
<b>7. Computers</b>	1,736,035	128,996			1,865,031	1,570,839	70,230	-	1,641,069	223,962	165,196
<b>Total (A)</b>	<b>82,001,913</b>	<b>239,587</b>	<b>-</b>	<b>-</b>	<b>82,241,500</b>	<b>64,102,516</b>	<b>2,427,560</b>	<b>-</b>	<b>66,530,076</b>	<b>15,711,424</b>	<b>17,899,397</b>
<b>INTANGIBLE ASSETS</b>											
Trade Mark	1,000	-	-	-	1,000	1,000	-	-	1,000	-	-
Software	58,368	-	-	-	58,368	47,993	4,368	-	52,361	6,007	10,375
<b>Total (B)</b>	<b>59,368</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,368</b>	<b>48,993</b>	<b>4,368</b>	<b>-</b>	<b>53,361</b>	<b>6,007</b>	<b>10,375</b>
<b>GROSS TOTAL</b>	<b>82,061,281</b>	<b>239,587</b>	<b>-</b>	<b>-</b>	<b>82,300,868</b>	<b>64,151,509</b>	<b>2,431,928</b>	<b>-</b>	<b>66,583,437</b>	<b>15,717,431</b>	<b>17,909,772</b>
<b>PREVIOUS YEAR(2015)</b>	<b>82,543,424</b>	<b>168,057</b>	<b>650,200</b>	<b>-</b>	<b>82,061,281</b>	<b>60,331,807</b>	<b>3,819,702</b>	<b>-</b>	<b>64,151,509</b>	<b>17,909,772</b>	<b>22,211,617</b>

**SANTOSH FINE FAB LTD**
**NOTE NO.11- NON-CURRENT INVESTMENTS**
**Amount In Rs.**

Particular	As At 31St March 2016		As At 31St March 2015	
<b>Investments in The Saraswat Co-op Bank Ltd.</b>				
a) In 100 Unquoted Equity Shares @ 10 each		1,000		1,000
b) In 100000 Preference Shares of @ 10 each		100,000		100,000
Total		101,000		101,000

**NOTE NO.12- LONG TERM LOANS AND ADVANCES**
**Amount In Rs.**

Particular	As At 31St March 2016		As At 31St March 2015	
<b>Unsecured, considered good Security Deposits</b>				
With govt. & Others		216,450		216,450
Total		216,450		216,450

**NOTE NO.13- INVENTORIES**
**Amount In Rs.**

Particular	As At 31St March 2016		As At 31St March 2015	
<b>Inventories</b>				
Raw Material		18,231,059		19,533,936
Stock in Process		16,095,656		42,328,363
Finished Goods		25,909,856		24,073,370
Store & Spare		71,792		92,995
Packing Material		689,791		774,286
Total		60,998,154		86,802,950

**Mode of Valuation of Inventories**

- a) Raw Material: Lower of Cost or Net Realizable Value
- b) Stock In Process: At estimated cost
- c) Finish Stock : Lower of Cost or Net Realizable Value
- d) Store & Spare , Packing Material : At Cost

**NOTE NO.14- TRADE RECEIVABLES**
**Amount In Rs.**

Particular	As At 31St March 2016		As At 31St March 2015	
<b>UNSECURED</b>				
<b>Over Six Months- Considered Good</b>	7,430,119		14,263,187	
Doubtful Debts	-		-	
	7,430,119		14,263,187	
<b>Other Debts</b>				
Other Debts	58,727,390		44,461,892	
Due From Related Party	-		945,574	
	58,727,390	66,157,509	45,407,466	59,670,653
Less: Provision for doubtful debts		-		-
Total		66,157,509		59,670,653



SANTOSH FINE FAB LTD

**NOTE NO.15- Cash & Cash Equivalents**

**Amount In Rs**

Particular	<u>As At 31St March 2016</u>		<u>As At 31St March 2015</u>	
<b>Balances With Banks</b>				
In Current Accounts		177,689		255,580
As Fixed Deposits (includes Accrued interest) ( Maturity more than One year)		115,805		106,264
<b>Cash on hand</b>		365,960		213,370
<b>Total</b>		<b>659,454</b>		<b>575,214</b>

**NOTE NO.16- SHORT TERM LOANS AND ADVANCES**

**Amount In Rs**

Particulars	<u>As At 31St March 2016</u>		<u>As At 31St March 2015</u>	
<b><u>Short Term Loan</u></b>				
<b>Secured</b>		-		-
<b>Unsecured, Considered Goods</b>				
<b>Intercompany Loan :</b>				
Centos Synthetics	-		2,837,500	
Ganpati Silk Mills Limited	-		2,500,000	
Sun Metalies & Alloys Pvt Ltd	-		89,359	
Brighstar Syntex Pvt Ltd.	-	-	1,005,622	6,432,481
<b><u>Balance With Government Authorities</u></b>				
Income Tax (Net)	1,923,998		1,716,608	
Sales Tax (Including Vat)	1,093,676		1,424,196	
Duty Drawback Receivable	1,822,646	4,840,320	6,040,955	9,181,759
<b>Advance to Supplier for Goods &amp; Expenses</b>		81,773		20,790
<b>Advance to Employee</b>		143,004		154,479
<b>Total</b>		<b>5,065,097</b>		<b>15,789,509</b>

**NOTE NO.17- OTHER CURRENT ASSETS**

**Amount In Rs**

Particulars	<u>As At 31St March 2016</u>		<u>As At 31St March 2015</u>	
Interest Accrued but not due		-		20,079
<b>Others</b>		221,080		143,580
<b>Total</b>		<b>221,080</b>		<b>163,659</b>

SANTOSH FINE FAB LTD

	FOR THE YEAR ENDED 2015-16	FOR THE YEAR ENDED 2014-15
--	-------------------------------	-------------------------------

**NOTE NO.18- REVENUE FROM OPERATIONS**

Amount in Rs.

<b>Revenue From Sale of Product (Fabrics)</b>				
Domestic*	194,453,341		213,957,968	
Export	<u>93,111,458</u>	287,564,799	<u>131,492,552</u>	345,450,520
<b>Job Work</b>		9,088,484		4,367,248
<b>Total</b>		296,653,283		349,817,768

\* Domestic Sale Includes Sale Of Garments Rs. 131844.00 in current year and in previous year Nil )

**NOTE NO.19- OTHER INCOME**

Amount in Rs.

<b>Interest Income(Gross)</b>		876,714		1,164,539
<b>Exchange Flactuation Gain</b>		94,618		572,320
<b>Export Incentive</b>		7,789,174		14,711,660
<b>Dividend Received</b>		3,550		
<b>Sundry Balance W/o</b>		16,071		
<b>Others (Bad Debts Recovered)</b>		-		300,000
<b>Sales Tax Assessment Dues</b>		36,004		-
<b>Total</b>		8,816,131		16,748,519

**NOTE NO.20- COST OF RAW MATERIAL CONSUMED**

Amount in Rs.

<b>Raw material consumed</b>				
<b>Yarn</b>				
Opening Stock	19,533,936		23,841,382	
Add: Purchases	<u>41,616,171</u>		<u>85,770,891</u>	
	61,150,107		109,612,273	
Less: Closing Stock	<u>18,231,059</u>	42,919,048	<u>19,533,936</u>	90,078,337
<b>Grey Fabrics</b>				
Opening Stock	3,127,852		16,518,056	
Add: Purchases	<u>61,745,056</u>		<u>71,542,854</u>	
	64,872,908		88,060,910	
Less: Closing Stock	<u>4,776,498</u>	60,096,410	<u>3,127,852</u>	84,933,058
<b>Total</b>		<b>103,015,458</b>		<b>175,011,395</b>

**NOTE NO.21- DECREASE/(INCREASE) IN STOCK OF FINISHED GOODS AND STOCK IN PROCESS**

Amount in Rs.

<b>OPENING STOCK</b>				
Finish Goods (Fabric)	24,073,370		25,862,037	
Stock In Process (WIP)	<u>39,200,511</u>	63,273,881	<u>27,959,925</u>	53,821,962
<b>CLOSING STOCK</b>				
Finish Goods (Fabric)	25,909,856		24,073,370	
Stock In Process (WIP)	<u>11,319,158</u>	37,229,014	<u>39,200,511</u>	63,273,881
<b>Total</b>		26,044,867		(9,451,919)



**SANTOSH FINE FAB LTD**

	<b>FOR THE YEAR ENDED 2015-16</b>	<b>FOR THE YEAR ENDED 2014-15</b>
--	---------------------------------------	---------------------------------------

**NOTE NO.22- EMPLOYEE REMUNERATION AND BENEFIT**

**Amount in Rs.**

Salaries and Wages	11,051,872	11,257,384
Bonus/ Ex Gratia	1,078,694	1,084,979
Contribution to Provident Fund	546,662	465,250
Staff Welfare	440,127	481,706
Gratuity	175,915	312,654
<b>Total</b>	<b>13,293,270</b>	<b>16,415,867</b>

	<b>FOR THE YEAR ENDED 2015-16</b>	<b>FOR THE YEAR ENDED 2014-15</b>
--	---------------------------------------	---------------------------------------

**NOTE NO.23- FINANCE COST**

**Amount In Rs**

<b>Interest Expenses</b>		
Interest to Bank	5,480,357	7,036,605
Other Interest	234	73,843
<b>Other Borrowing Costs</b>		
Bank Charges	568,187	1,147,811
<b>Total</b>	<b>6,048,778</b>	<b>8,258,259</b>

	FOR THE YEAR ENDED 2015-16	FOR THE YEAR ENDED 2014-15
--	-------------------------------	-------------------------------

**NOTE NO.24- OTHER EXPENSES**
**Amount In Rs**

<b>A. Manufacturing &amp; Operating Expenses</b>				
Dyeing & Process charges	22,719,952		30,229,907	
Power & Fuel	2,286,621		2,765,827	
Labour Contractor	8,193,196		8,408,512	
Rate & taxes, licence & permit fees	79,164		132,519	
Repair Machinery	797,986		776,007	
Store & consumable	1,808,553		1,221,510	
Carriage Inward	420,929		380,105	
Other Manufacturing Expenses	959,272	37,265,673	1,013,251	44,927,638
<b>B. Administrative Expenses</b>				
Conveyance Expenses	717,767		705,854	
Director Remuneration & Perquisite	1,411,236		1,008,645	
Insurance Expenses	265,397		219,261	
Motor Car & Vehicle Expenses	400,784		467,218	
Postage & Stamps	845,636		794,199	
Rent, Rate & Taxes	436,591		368,417	
Payment To Auditors (refer footnote (25.2))	300,451		278,652	
Other Administrative Expenses	2,134,022	6,511,884	2,512,675	6,354,921
<b>C. Selling &amp; Distribution Expenses</b>				
Commission & Brokerage	6,886,393		8,044,869	
Conference & Exhibition Expenses	587,577		2,620,690	
Export Freight & Insurance	1,428,537		2,438,663	
Packing Expenses	7,953,994		11,151,963	
Sales Incentive	4,576,385		7,294,171	
Sales Promotion & Adv Expenses	1,294,569		1,004,523	
Traveling Expenses	1,486,005		1,297,135	
Bad Debts Written Off	-		355,790	
Other Selling & Distribution Expenses	1,466,019	25,679,479	1,316,400	35,524,204
<b>Total (Other Expenses)</b>		<b>69,457,036</b>		<b>86,806,762</b>



### SANTOSH FINE FAB LTD

**Footnote:**
**For The Year 2015-16**
**For The Year 2014-15**
**24.1 Value of Raw Material & Stores Consumed**

	Amount(Rs.)	% of consumption	Amount(Rs.)	% of consumption
<b>Stores</b>				
Imported	0.00	0.00	0.00	0.00
Indigenous	1,808,553.00	100.00	1,221,510.00	100.00
	1,808,553.00	100.00	1,221,510.00	100.00

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

**24.2 Payment To Auditors**

	Amount(Rs.)	Amount(Rs.)
Audit Fees	206,100	191,012
Tax Audit Fees	51,525	44,944
For Certification Work	42,826	42,696
	<b>300,451</b>	<b>278,652</b>

**24.3- EXPENDITURE IN FOREIGN CURRENCY**

	Amount(Rs.)	Amount(Rs.)
Commission on Sale	4,112,738	5,141,383
Traveling	299,437	-
<b>Total Expenditure in Foreign Currency</b>	<b>4,412,175</b>	<b>5,141,383</b>

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

	Amount(Rs.)	Amount(Rs.)
Export of Goods(FOB)	88,077,786	129,047,665

**NOTE NO.25- GRATUITY**

As per Accounting Standard 15 "Employee Benefits", the disclosures required are as under:

<b>A. Defined Contribution Plan</b>	<b>Year ended 31st March 2016</b>	<b>Year ended 31st March, 2015</b>
Contribution to Defined Contribution Plan, recognised and charged off for the year are as under :		
Employer's Contribution to Provident Fund	546662	465250

**B. Defined Benefit Plan**

The employees' gratuity are unfunded and the present value of obligation is determined based on actuarial valuation, using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

**a.Actuarial Assumption**

Particulars	As At 31st March 2016	As At 31st March 2015
Mortality Table (LIC)	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Interest / Discount Rate	8.00%	7.77%
Rate of increase in compensation	5.50%	5.00%
Rate of return (expected) on plan assets	-	-
Employee Attrition Rate(Past Service)	1% at all ages	PS : 0 to 47 : 10 %
Expected average remaining service	19.05	7.82

The estimated future salary increases takes into account inflation, seniority, promotion and other retirement factors including supply and demand in the employment market. The above information is certified by the actuary.

**b.Reconciliation of opening and closing balance of defined benefit obligations:- Gratuity**

Particulars	As At 31st March 2016	As At 31st March 2015
Present value obligation at beginning of period	2878630.00	-
Interest cost	225367.00	-
Current Service Cost	361811.00	328274.00
Past Service Cost- (non vested benefits)	-	-
Past Service Cost -(vested benefits)	-	-
Benefits Paid	-201669.00	-
Actuarial (Gain)/Loss on obligation	-411263.00	2550356.00
Present value obligation at the end of period	2852876.00	2878630.00

**c.Reconciliation of fair value of assets and obligations :-**

Particulars	As At 31st March 2016	As At 31st March 2015
Fair value of plan assets at year end	-	-
Present value of obligation at year end	2852876.00	2878360
Amount recognised in Balance Sheet		
- Current	55303	551280
- Non - Current	2797573	2327350

**d. Expenses recognized during the year**

	As At 31st March 2016	As At 31st March 2015
Current Service Cost	361811.00	328274
Interest Cost	225367.00	0
Expected return on plan assets	0	0
Actuarial (gain) / loss	-411263.00	2550356
Net Cost	175915.00	2878630

**e. Amount for the current and previous four years are as follows :**

Gratuity :	Year ended 31st				
	March,15	March,15	March,14	March,13	March,12
Defined Benefit Obligation	2,852,876.00	2,878,360.00	-	-	-
Plan Assets	-	-	-	-	-

**NOTE NO.26- 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".



**SANTOSH FINE FAB LTD**
**NOTE NO.27- TRANSACTION WITH RELATED PARTY**

Name Of The Party	Relation	Nature Of The Transaction	Amount Of The Transaction	Balance As On 31.03. 2016
			Rs.	Debit/ (Credit)
Silvester Tex. P.Ltd	Company in which Directors are interested	Process Charges	20,417,291	(2,314,774)
Prabhudayal Poly. Pvt.Ltd.	Company in which Directors are interested	Purchase Of Fabrics	13,785	-
Prabhudayal Poly. Pvt.Ltd.	Company in which Directors are interested	Job Charges Received	309,743	-
Intelifab Fashion Pvt.Ltd.	Company in which Directors are interested	Sale Of Fabrics	10,092,842	1,907,093
Signora Exports	Firm In Which Directors Are Interested	Purchase Of Fabrics	1,876,595	(385,540)
Signora Exports	Firm In Which Directors Are Interested	Sale Of Fabrics	96,065	-
Santosh Tulsian	Director	Remuneration	600,000	-
Subhash Tulsian	Director	Remuneration	600,000	-
Sumeeta Tulsian	Director	Remuneration	120,000	-
Sunil Tulsian	Relative Of Director	Salary	715,057	-
Arjun Tulsian	Relative Of Director	Gala Compensation	174,000	-

**NOTE NO.28- EARNING PER SHARE(EPS)**

PARTICULARS		2015-16	2014-15
Net Profit Before Taxes	In Rs.	3,473,254	1,332,236
Provision for Taxes (Including Deferred Taxes)	In Rs.	1,096,591	155,816
<b>Profit after Taxes</b>	In Rs.	<b>2,376,663</b>	<b>1,176,420</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	0.67	0.33
Diluted	Rs./ Share	0.67	0.33

**NOTE NO.29- CAPITAL COMMITMENTS & CONTINGENT LIABILITIES**

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

**NOTE NO.30 :DISCLOSURE REGARDING UNHEDGED CURRENCY EXPOSURE :**

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:				
Particulars	As at 31st March,2016		As at 31st March,2015	
	Amount in Foreign Currency	Amount in Rs	Amount in Foreign Currency	Amount in Rs
Loan availed - USD	NIL	NIL	\$217,090.81	13681063
Interest Payable- USD	NIL	NIL	NIL	NIL
Creditors Payable- USD	\$45,914.35	3068916	\$36,487.84	2299464
Advances and Other Receivables- USD	\$126,066.28	8239692	\$11,590.51	705357
Advances From Debtors- USD	\$24,349.70	1627534	\$155,187.00	9723992
Total	\$196,330.33	12936142	\$420,356.16	26409876

**NOTE NO.31- SUNDRY CREDITORS, DEBTORS & OTHER ADVANCES**

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

**NOTE NO.32-** Previous year figure has been regrouped and rearranged whenever necessary and to make them comparable with current year's figures.



**SANTOSH FINE FAB LTD.**  
(CIN: L17112MH1981PLC025443)

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

Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :
Registered Address :
E-mail Id :
Folio No /Client ID :
DP ID :

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company. Hereby appoint

Name :
E-mail Id :
Address:
Signature , or failing him

Name :
E-mail Id :
Address:
Signature , or failing him

Name :
E-mail Id :
Address:
Signature , or failing him

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34th Annual General Meeting of the company, to be held on the Friday, 23rd September, 2016 at 11.30 a.m. at 112/113, Sanjay Build No 6, Mittal Estate, Andheri (E), Mumbai 400059 and at any adjournment thereof in respect of such resolutions as are indicated below:

**Resolution No.**

Sr. No.	Resolution (S)	Vote	
		For	Against
Ordinary Business :			
1.	Adoption of statement of Profit & Loss, Balance Sheet, report of Director's and Auditor's for the financial year 31st March, 2016		
2.	Re-appointment of M/s Bhuwania & Agrawal Associates, Chartered Accountants as Statutory Auditors & fixing their remuneration		
3.	Re-appointment of Mr. Ashok V Tulsiyan (DIN: 00320442 ), who retires by rotation		
4.	Re-appointment of Mr. Sanjeev D. Saran (DIN: 00775337), who retires by rotation		
5.	Re-appointment of Mr. Radhaballabh Tibrewal (DIN: 00323570), who retires by rotation		
6.	Revision in the remuneration of Mr. Santosh R Tulsiyan (DIN: 00310573), Managing Director of the Company		
7.	Revision in the remuneration of Mr. Subhash R Tulsiyan (DIN: 00308899), Executive Director of the Company.		

\* Applicable for investors holding shares in Equity Shares.

\* Applicable for investors holding shares in Electronic form.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Affix  
Revenue  
Stamps

Signature of Shareholder

Signature of Proxy holder

Across Revenue Stamp

Note:

- 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 the commencement of the Meeting.
- 2) The proxy need not be a member of the company



**SANTOSH FINE FAB LTD.**  
**(CIN: L17112MH1981PLC025443)**

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

**ATTENDANCE SLIP FOR 34th ANNUAL GENERAL MEETING**  
(To be handed over at the entrance of the meeting hall)

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

No. of shares held: \_\_\_\_\_ DPID: \_\_\_\_\_

Name of the attending member (in block letters)

\_\_\_\_\_

Name of the Proxy (in block letters)

(To be filled in, if the proxy attends instead of the member)

\_\_\_\_\_

I hereby record my presence at the 34th Annual General Meeting of the company, to be held on the Friday, 23rd September, 2016 at 11.30 a.m. at 112/113, Sanjay Build No 6, Mittal Estate, Andheri (E), Mumbai 400059.

\_\_\_\_\_  
(Member's /Proxy's Signature)

Note:

- 1) Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.
- 2) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
- 3) The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.



TOTAL *Perfection* 100% Satisfaction



SATISFACTION UNLIMITED !