



10th ANNUAL REPORT 2014-15



10th ANNUAL REPORT

2014-2015

Board of Directors

- Mr. Harish Chandak Chairman and Managing Director
- Mr. Shailesh Chandak Executive Director
- Mrs. Sarika Chandak Executive Director
- Mr. Govindlal Saboo Independent Director
- Mr. Nitin Maheshwari Independent Director
- Mr. Kishan Kumar Sarada Independent Director

Key Managerial Personnel

- Mr. Harish Chandak Managing Director
- Mr. Shailesh Chandak Chief Financial Officer

Internal Auditor

Mr. Mohanlal Karnani

Bankers

Kotak Mahindra Bank

Statutory Auditors

Sanjay Maheshwari & Associates, Chartered Accountants

Secretarial Auditors

M/s. R.M. Mimani & Associates, Company Secretaries

REGISTRAR AND TRANSFER AGENT

Bigshare Services Private Limited
E-2 Ansa Industrial Estate,
Sakivihar Road Saki Naka,
Andheri (East), Mumbai – 400 072
Tel: +91 – 22 – 4043 0200; Fax: +91 – 22 – 2847 5207
Email: ipo@bigshareonline.com; Website: www.bigshareonline.com

Registered Office and Contact Details and Website

Kavita Fabrics Limited,
105, Balaji Industrial Society - 1,
UdhnaMagdalla Road, Surat – 395007, Gujarat, India.
Tel: +91 – 261 – 3018759 Fax: +91 - 261- 3018759
Email: info@kavitafabrics.com, Website: www.kavitafabrics.com
CIN: L17110GJ2005PLC046929



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KAVITA FABRICS LIMITED

(CIN: L17110GJ2005PLC046929)

Registered Office: 105, Balaji Industrial Society-1,
UdhnaMagdalla Road, Surat 395007

Email: info@kavitafabrics.com, Website: www.kavitafabrics.com

Phone: +91-261-3018759, Fax: +91-261-3018759

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 10th ANNUAL GENERAL MEETING OF “**KAVITA FABRICS LIMITED**” will be held at the registered office of the Company at 105, Balaji Industrial Society-1, UdhnaMagdalla Road, Surat 395007 on 25th September, 2015 at 11:00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the financial year ended March 31, 2015 including audited Balance Sheet as at March 31, 2015 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

1. To appoint a director in place of Mr. Shailesh Chandak (holding DIN 01058498), who retires by rotation and being eligible offered himself for re-appointment.

2. To appoint M/s. Sanjay Maheshwari & Associates, Chartered Accountants (ICAI Registration No.113289W) as statutory auditors of the Company and fix their remuneration.

“**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014, (the Rules) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. Sanjay Maheshwari & Associates, Chartered Accountants having ICAI Registration No.113289W, who have offered themselves for reappointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act be and are hereby appointed as Statutory Auditors of the Company to hold office from conclusion of this Tenth Annual General Meeting until the conclusion of the Fourteen Annual General Meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to service tax and reimbursement of out of pocket expenses incurred by them in connection with the Audit of Accounts of the Company.”

By Order of the Board of Directors

Shailesh Chandak
Director

Date: August 31, 2015

Place: Surat

KavitaFabrics Limited

105, Balaji Industrial Society-1,
UdhnaMagdalla Road, Surat 395007



NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from September 21, 2015 to September 25, 2015 (both days inclusive) for the purpose of the Annual General Meeting.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
3. 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 true copy of the relevant Board of Directors resolution together with their respective specimen signatures authorising their representative(s) to attend and vote on their behalf at the Meeting.
4. Details under as required under of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
5. Electronic copy of the Notice of the 10th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 10th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
6. Notice of the 10th Annual General Meeting and the Annual Report for 2015 will also be available on the Company's website www.kavitafabrics.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: info@kavitafabrics.com.



7. Notice of the 10th Annual General Meeting and the Annual Report for 2015 will also be available on the Company's website www.kavitafabrics.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Surat for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: info@kavitafabrics.com
8. Mrs. Monika Kothari Practicing Chartered Accountant (Membership No. 137777) and has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
9. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 10th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
10. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
11. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kavitafabrics.com immediately after the declaration of result by Chairman of the Company and the same will be communicated to the BSE Limited.
12. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.



VOTING BY ELECTRONIC MEANS

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on September 22, 2015 (9:00 am) and ends on September 24, 2015 (5:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 18, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|----------------------------------|---|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/Postal Ballot Form/mail) in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details |



| | |
|-------------|--|
| Birth (DOB) | field as mentioned in instruction (v). |
|-------------|--|

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for “Kavita Fabrics Limited” on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Note for Non – Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.



- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

By Order of the Board of Directors

Shailesh Chandak
Director

Date :August 31, 2015

Place: Surat

KAVITA FABRICS LIMITED
Regd. Office; 105,Balaji Industrial Society-1,
UdhnaMagdalla Road, Surat 395007

Encl: Proxy Form



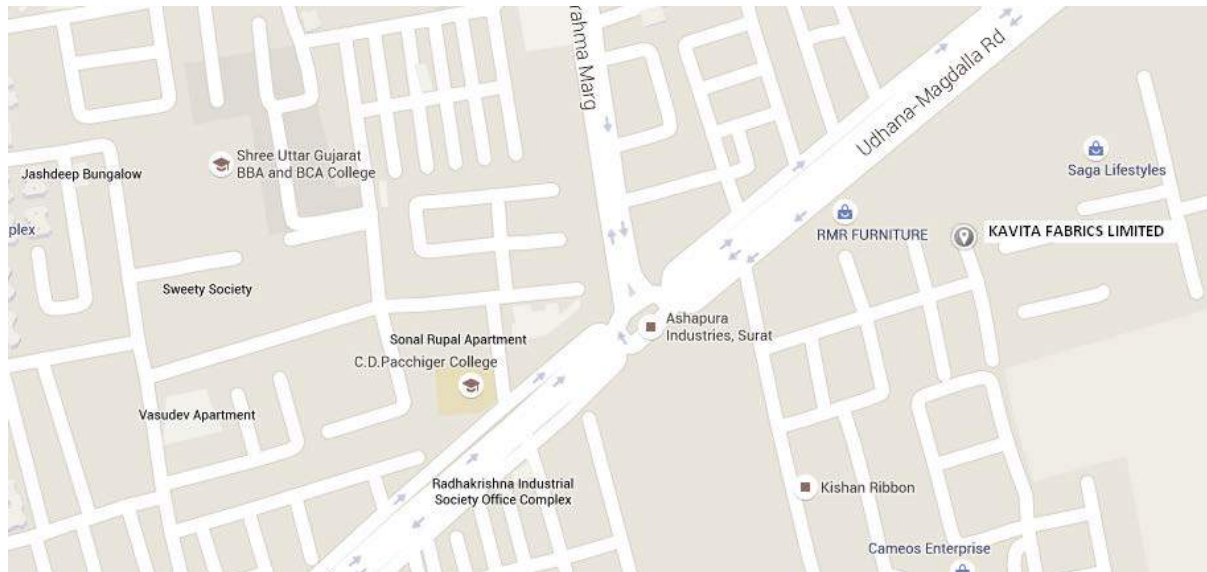
ANNEXURE TO ITEM NOS. 2 OF THE NOTICE

Details of Directors seeking appointment and re-appointment at the forthcoming Annual General meeting

| | |
|---|--|
| Name of Director | Mr. Shailesh Chandak |
| Date of Birth | 17/04/1979 |
| Nationality | Indian |
| Date of First Appointment on the Board | October 18, 2005 (Appointed as Director since incorporation) |
| Qualifications | B. Com (Andhra University) |
| Expertise in specific functional Areas | Corporate Relationships, Strategic planning and Marketing Functions |
| No. of Shares held in the Company | 2,56,002 |
| List of Directorships held in other Companies | Nil |
| Chairman/Member in the Committee of the Boards of Companies in which he is a Director | Nil |
| Terms and Conditions of Appointment/re-appointment | As per Section 149 and 152 of Companies Act, 2013 |
| Remuneration paid (Paid in the last year) | Rs 3,60,000/- |
| Relationship with other Directors | Son of Mr. Harish Chandak (Promoter and Managing Director) and Husband of Mrs.Sarika Chandak (Promoter and Director) |
| No. of Board Meetings attended in FY 2014-15 | 27 May, 2014, July 08, 2014, July 22, 2014, November 12 2014, January 09, 2015 and March 31, 2015. |



ROUTE MAP TO THE AGM VENUE



Address :

Kavita Fabrics Limited,

105, Balaji Industrial Society - 1,

UdhnaMagdalla Road, Surat – 395007, Gujarat, India.

Tel: +91 – 261 – 3018759 Fax: +91 - 261- 3018759



DIRECTORS REPORT

To,
The Shareholders,
Kavita Fabrics Limited

Your Directors have pleasure in presenting the 10th Annual Report of your Company along with the Audited Statement of Accounts for the Period ended 31st March, 2015.

FINANCIAL HIGHLIGHTS :

| Particulars | Year Ending March, | Year Ending March, |
|---|---------------------------|---------------------------|
| | 2015 | 2014 |
| | Amt. in Rs. | Amt. in Rs. |
| Sales | 111,103,636 | 95,593,031 |
| Other Income | 115,528 | - |
| Total Income | 111,219,164 | 95,593,031 |
| Less:Expenditure | 107,613,159 | 92,720,837 |
| Profit/(Loss) before Interest,Depreciation & Tax | 3,606,005 | 2,872,194 |
| Less:Interest | 938,244 | 575,140 |
| :Depreciation And Amortization Cost | 1,374,121 | 1,175,155 |
| Profit/(Loss) before Tax | 1,293,640 | 1,121,899 |
| Tax Expense | 322,536 | 508,389 |
| Profit/(Loss) after Tax | 971,103 | 613,510 |
| Add:Profit/(Loss) Brought Forward | 2,241,422 | 1,741,411 |
| Less: Prior year Tax Liability | - | (8,007) |
| Less: Utilised for Bonus Issue | (1,655,630) | - |
| Less: : Depreciation / Prior period adjustments | (27,281) | (105,492) |
| Amount available for Appropriation/(Loss) | 1,529,614 | 2,241,422 |

RESULTS OF OPERATION REVIEW:

During the current period, your Company has shown an increase in revenue to the extent of 16.34 % from Rs.95.60 Lakhs during FY 2013-14 to Rs. 111.22 Lakhs during FY 2014-15. PAT has shown an increase of 58.29 % from Rs. 6.13 Lakhs during FY 2013-14 to Rs. 9.71 Lakhs during FY2014-15.

FINANCIAL YEAR

This report of Directors along with its Annexure, Management Discussion and Analysis, Corporate Governance Report, Financial Statements alongwith their Notes are prepared for the period April 01, 2014 to March 31, 2015 (a period of 12 months). Pursuant to the provisions of Section 2(41) of the Companies Act, 2013, a 'financial year' in relation to the Company means the period ending on the 31st day of March every year, in respect whereof financial statement of the Company is made. Your Company in compliance with the provisions of the Companies Act, 2013.

SHARE CAPITAL

During the period April 01, 2014 to March 31, 2015, there is a change in the Issued, Subscribed and Paid Up Capital of your Company pursuant to bonus issue in the ratio of 2:1 (i.e. two bonus equity



share of Rs.10/- for every one fully paid up equity shares of Rs.10/- each held) to the shareholders. The Share Capital Audit as per the directives of the Securities and Exchange Board of India (SEBI) is being conducted by RanjanaMimani& Associates, Practicing Company Secretaries. The Equity Shares of your Company are listed on Bombay Stock Exchange in India viz. BSE Limited (BSE) and the Company has entered into Listing Agreement with the Stock Exchange. As per the requirements of Listing Agreement, the said Share Capital Audit reports are duly forwarded to the Stock Exchanges where the Company's' Equity Shares are Listed. The paid up Share Capital of the Company stands at Rs. 104,187,060/- (Rupees Ten Crores Forty One Lakh Eighty Seven Thousand and Sixty Only).

DIVIDENDS:

The Company has decided to sustain the growth in line with the long term growth objectives of the Company by retaining the profits and utilizing the same for opportunities in hand.

RESERVES

No Amount has been transferred by the Company to Reserve during the Year

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Section 152 Companies Act, 2013 read with applicable Rules, if any, Mr. Shailesh Chandak, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for a re-appointment.

The Company has appointed Mr. Shailesh Chandak as the Chief Financial Officer of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation and there are no material departures 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 at the end of the financial year viz. March 31, 2015 and of the profit and loss of the company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this 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 had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- 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.



PUBLIC DEPOSITS

The Company has neither invited nor accepted any public deposits during the period under review.

CORPORATE SOCIAL RESPONSIBILITY :

The provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company

NUMBER OF MEETINGS OF BOARD OF DIRECTORS

During the Financial Year 2014-15, the Board of Directors of the Company met 6 times on 27 May, 2014, July 08, 2014, July 22, 2014, November 12, 2014, January 09, 2015 and March 31, 2015.

Frequency and quorum at these meetings were in conformity with the provisions of the Companies Act, 2013 and the Listing Agreement entered into by the company with the Stock Exchanges. All the Board members and the senior management personnel have affirmed compliance with the Code of Conduct during the year ended on 31st March, 2015.

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**.

PARTICULAR OF EMPLOYEES AND RELATED DISCLOSURES

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Particulars of Employees) Rules, 1975, in respect of employees of the Company and Directors is furnished as **Annexure II**.

AUDIT COMMITTEE

The composition of Audit Committee is as follows:

| Name of Directors | Designation in Committee | Nature of Directorship |
|------------------------|--------------------------|-------------------------------|
| Mr.Nitin Maheshwari | Chairman | Non-Executive and Independent |
| Mr.Kishan Kumar Sarada | Member | Non-Executive and Independent |
| Mr.Shailesh Chandak | Member | Executive Director |

During the Financial Year 2014-15, Audit Committee met 4 times on 27 May, 2014, August 13, 2014, November 12, 2014 and February 13, 2015.

All the recommendations made by the audit committee were accepted by the board.

Frequency and quorum at these meetings were in conformity with the provisions of the Companies Act, 2013 and the Listing Agreement entered into by the company with the Stock Exchanges.

DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS

All the Independent Non-Executive Directors of the Company viz. Mr.GovindlalSaboo, Mr.Nitin Maheshwari and Mr.Kishan Kumar Sarada have submitted the declaration of independence as required pursuant to Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of Listing Agreement.



NOMINATION AND REMUNERATION COMMITTEE

The Company follows a policy on “Nomination and Remuneration of Directors, Key managerial Personnel and Senior Management”. The policy is approved by the Nomination & Remuneration Committee and the Board. More details on the same are given in **Annexure III**.

CONTRACTS AND ARRANGEMENT WITH RELATED PARTY

The Company had entered into related party transactions. Form AOC 2 as required under the Companies Act, 2013 for related party transaction is annexed as **Annexure IV** to the Directors Report.

STATUTORY AUDITORS

The Statutory Auditors of the Company are M/s. Sanjay Maheswari & Associates, Chartered Accountants (ICAI Registration No.113289W), have audited the Financial Statements of the Company for the period April 01, 2014 to March 31, 2015. The Statutory Auditors were appointed by the members of the Company at the 9th Annual General Meeting of the Company held on June 26, 2014 to audit the Financial Accounts of the Company. Their term in the office of Statutory Auditors concludes at the ensuing Annual General Meeting and pursuant to provisions of Section 139 of the Companies Act, 2013 read along with the applicable rules framed thereunder, M/s. Sanjay Maheswari & Associates are eligible for re-appointment.

M/s. Sanjay Maheswari & Associates have expressed their willingness to get re-appointed as the Statutory Auditors of the Company and have furnished a certificate of their eligibility and consent under section 141 of the Companies Act, 2013 and the rules framed thereunder to hold the office of Statutory Auditors of the Company. As per the requirements of the Listing Agreement, M/s. Sanjay Maheswari & Associates have vide letter confirmed that they hold a valid certificate. The Board on recommendation of Audit Committee have recommended the members of the Company, for appointment of M/s. Sanjay Maheswari & Associates, as the Statutory Auditors of the Company for a term of 4 years, subject to ratification of members at every consequent Annual General Meeting.

SECRETARIAL AUDITORS

The Board of Directors vide their meeting held on March 31, 2015 have appointed M/s R. M Mimani & Associates as Secretarial Auditors to conduct Secretarial Audit for the Financial Year 2014-15.

The Secretarial Audit Report issued by M/s R. M Mimani & Associates, Company Secretaries in Practice is self explanatory and does not call for further comments. The Secretarial Audit Report and Management reply on the qualifications stated in the said Report forms a part of Directors Report in **Annexure V**.

BUSINESS RISK MANAGEMENT

The Company has a robust Business Risk Management (BRM) framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company’s competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels



including documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business. The Company has adopted risk management policy.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) Conservation of Energy

Your Company is continuously taking initiatives to ensure the optimum utilization of energy available in day to day operations. Your Company uses energy efficient lighting devices, light fittings to save energy, capacitor bank / devices to maintain power factor which are environment and power efficient.

(B) Technology Absorption

Your Company is doing its business by ensuring optimum utilization of its available resources. Your Company has not taken any research & development activity so far.

(C) Foreign Exchange Earnings and Outgo: The Company has not incurred in foreign currency during the financial year 2014-15.

CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board members and senior management personnel of the Company, which is available on website of the company i.e. www.kavitafabrics.com. The Company has obtained confirmations for the compliance with the said code from all its Board members and senior management personnel for the year ended March, 31, 2015.

CAUTIONARY STATEMENT

Statements in this Report, Management Discussion and Analysis, Corporate Governance, Notice to the Shareholders or elsewhere in this Annual Report, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statement' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied in the statement depending on the Market conditions and circumstances.

INTERNAL FINANCIALS CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness were observed.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Shailesh Chandak retires by rotation at the ensuing Annual General Meeting under the applicable provisions of Companies Act, 2013, Mr. Shailesh Chandak being eligible and offering himself for appointment, is proposed to be appointed as an Executive Director.

Mr Shailesh Chandak is appointed as Chief Financial Officer of the Company.

Based on the confirmations received from Directors, none of the Directors are disqualified from appointment under Section 164 of the Companies Act 2013.



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 Compliance Committee, Nomination and Remuneration Committee and Stakeholders Relation Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has always believed in providing a safe and harassment free workplace for every individual through various interventions and practices.

The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy

The following is a summary of sexual harassment complaints received and disposed off during the year 2014-15

- Number of complaints received: NIL
- Number of complaints disposed off: NIL

PARTICULARS OF EMPLOYEES

Particulars of employees as required u/s 134 of the Companies Act, 2013 are not annexed since there are no employees drawing remuneration of more than Rs. 60,00,000/- per annum during the year under review, if employed for full year or more than Rs. 5,00,000/- per month, if employed for part of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report under requirements of Clause 52 of the SME Listing agreement (as Company was listed on SME Platform of BSE Limited for the Financial Year 2014-15) forms part of this Annual Report for the year ended 31st March 2015.

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance and adhere to corporate governance requirement set out by SEBI. The report of corporate governance as stipulated under the Listing Agreement forms an integral part of the report. The Compliance certificate from the auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in Clause 52 of the SME Listing agreement (As Company was listed on SME Platform of BSE Limited for the Financial Year 2014-15) shall be annexed with the report.



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.

VIGIL MECHANISM

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement, includes an Ethics & Compliance Task Force comprising senior executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Task Force or to the Chairman of the Audit Committee.

The Vigil Mechanism / Whistle Blower Policy has been uploaded on the Company's Website i.e www.kavitafabrics.com

PARTICULARS OF LOANS GIVEN, OR INVESTMENTS MADE

Particulars of loans given, investments made, along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the financial statement . (Please refer the standalone financial statement).

HUMAN RESOURCES

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

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

LISTING WITH STOCK EXCHANGES

The Company was listed on BSE SME segment for the Financial Year 2014-15 and now has migrated to BSE main frame. 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.

ACKNOWLEDGEMENTS

The Directors wish to thank and deeply acknowledge the co-operation, assistance and support extended by the Regulatory Authorities, Company's Bankers, Customers, Shareholders and other business constituents during the year under review.



The Directors also wish to place on record their appreciation for all round co-operation and contribution made by employees at all levels.

**For and on behalf of the Board
Kavita Fabrics Limited**

**Place: Surat
Date: August 31, 2015**

**Harish Chandak
(Chairman & Managing Director)**

**Shailesh Chandak
(Executive Director)**



Annexure I

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2015
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 | L74140MH1999PLC120470 |
| 2. | Registration Date | 22/06/1999 |
| 3. | Name of the Company | KAVITA FABRICS LIMITED |
| 4. | Category/Sub-category of the Company | PUBLIC COMPANY LIMITED BY SHARES |
| 5. | Address of the Registered Office and Contact details | Kavita Fabrics Limited, 105, Balaji Industrial Society -1, UdhnaMagdalla Road, Surat – 395007, Gujarat, India Tel: +91 – 261 – 3018759 Fax: +91 - 261- 3018759 Email: info@kavitafabrics.com , Website: www.kavitafabrics.com CIN : L17110GJ2005PLC046929 |
| 6. | Whether listed company | YES |
| 7. | Name, Address & contact details of The Registrar & Transfer Agent, if any. | Bigshare Services Private Limited E-2 Ansa Industrial Estate, Sakivihar Road Saki Naka, Andheri (East), Mumbai –400 072 Tel: +91 – 22 – 4043 0200; Fax: +91 – 22 – 2847 5207 Email: ipo@bigshareonline.com ; Website: www.bigshareonline.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

| Sr No | Name and Description of Product or Service | NIC Code of Product/Service | % of Total Turnover of the Company |
|-------|--|-----------------------------|------------------------------------|
| 1. | Weaving, manufacturing of man-made fiber and man-made mixture fabrics. | 17118 | 100 % |



III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr No | Name and Address of Company | CIN/GLN | Holding/Subsidiary/Associate | % of shares held | Applicable Section |
|-------|-----------------------------|---------|------------------------------|------------------|--------------------|
| - | - | - | - | - | - |

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Shareholding

| Category of Shareholders | No. Of Shares held at the beginning of the year (As on April 01, 2014) | | | | No. Of Shares held at the end of the year (As on March 31, 2015) | | | | % Change during The year |
|--------------------------|--|----------|------------------|-------------------|--|----------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Dem at | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/HUF | 12,47,902 | | 12,47,902 | 35.93 | 37,43,706 | | 37,43,706 | 35.93 | |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | | | | | | | | | |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1): | 12,47,902 | | 12,47,902 | 35.93 | 37,43,706 | | 37,43,706 | 35.93 | - |
| 2) Foreign | | | | | | | | | |



| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| g) NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| h) Other- Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub- total(A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public Shareholdi ng | | | | | | | | | |
| 1. Institution s | - | - | - | - | - | - | - | - | - |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Compani es | - | - | - | - | - | - | - | - | - |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub- total(B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | - | - | - | - | - | - | - | - | - |



| | | | | | | | | |
|---|------------------|---|------------------|--------------|--------------------|--------------------|--------------|----------|
| a) Bodies Corp. (i) Indian (ii) Overseas | 20,03,000 | | 20,03,000 | 57.67 | 59,10,000 | 59,10,000 | 56.72 | -0.95 |
| b) Individuals (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 1,77,000 | | 1,77,000 | 5.10 | 2,79,000 | 2,79,000 | 2.68 | -2.42 |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 45,000 | | 45,000 | 1.30 | 4,77,000 | 4,77,000 | 4.58 | +3.28 |
| c) Others Clearing Members | - | - | - | - | 9,000 | 9,000 | 0.09 | +0.09 |
| Sub-total(B)(2) | 22,25,000 | | 22,25,000 | 64.07 | 66,75,000 | 66,75,000 | 64.07 | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 22,25,000 | | 22,25,000 | 64.07 | 66,75,000 | 66,75,000 | 64.07 | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 34,72,902 | | 34,72,902 | 100 | 1,04,18,706 | 1,04,18,706 | 100 | - |



ii. Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year i.e April 01, 2014 | | | Shareholding at the end of the year i.e March 31, 2015 | | | % change in share holding during the year |
|--------|---------------------------------------|--|----------------------------------|-------------------------------|--|----------------------------------|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbe | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbe red to total shares | |
| 1. | Om Prakash Madanlal Daga | 100 | 0.003 | - | 300 | 0.003 | 0.0000 | 0.0000 |
| 2. | Harish Bhagirath Chandak HUF | 100 | 0.003 | - | 110589 | 1.06 | 0.0000 | 1.0585 |
| 3. | Shaileshkumar Harishkumar Chandak HUF | 100 | 0.003 | - | 300 | 0.003 | 0.0000 | 0.0000 |
| 4. | Shailesh Harish Chandak | 85334 | 2.46 | - | 256002 | 2.45 | 0.0000 | 0.0000 |
| 5. | Sudha Harish Chandak | 133334 | 3.84 | - | 562002 | 5.40 | 0.0000 | 1.5549 |
| 6. | Harish Bhagirath Chandak | 372000 | 10.71 | - | 10,86,711 | 10.43 | 0.0000 | -0.2811 |
| 7. | Sarika Shailesh Chandak | 656934 | 18.92 | - | 1727802 | 16.58 | 0.0000 | -2.3323 |
| | Total | 1247902 | 35.9326 | - | 3743706 | 35.93 | 0.0000 | 0.0000 |



iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. no | Name of the Promoter | 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. | Om Prakash Madanlal Daga | 100 | 0.003 | 300 | 0.003 |
| 2. | Harish Bhagirath Chandak HUF | 100 | 0.003 | 110589 | 1.06 |
| 3. | Shaileshkumar Harishkumar Chandak HUF | 100 | 0.003 | 300 | 0.003 |
| 4. | Shailesh Harish Chandak | 85334 | 2.46 | 256002 | 2.45 |
| 5. | Sudha Harish Chandak | 133334 | 3.84 | 562002 | 5.40 |
| 6. | Harish Bhagirath Chandak | 372000 | 10.71 | 10,86,711 | 10.43 |
| 7. | Sarika Shailesh Chandak | 656934 | 18.92 | 1727802 | 16.58 |

iv. Change in Top Ten Shareholders (Other than Directors, Promoters and Holders of ADRs and GDRs)

| Sr. no | Name of Shareholder | Shareholding at the beginning of the year i.e April 01, 2014 | | Cumulative Shareholding during the year i.e March 31, 2015 | |
|--------|--------------------------------|--|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Lakhotia Polysters (India) Ltd | 950000 | 27.35 | 2850000 | 27.35 |
| 2. | Sangam Advisors Ltd | 342000 | 9.85 | 1026000 | 13.04 |
| 3. | Sanjoyog Trade Link Pvt Ltd | 411000 | 11.83 | 1233000 | 11.83 |
| 4. | Shatrunjaya Estates Pvt Ltd | 150000 | 4.32 | 450000 | 4.32 |
| 5. | Aastha Vanijya Pvt Ltd | 144000 | 4.15 | 432000 | 4.15 |
| 6. | Vijaykumar Mukhiya | 18000 | 0.52 | 54000 | 0.52 |
| 7. | Virendra G Bajaj | 15000 | 0.43 | 45000 | 0.43 |



| | | | | | |
|-----|-----------------------------------|-------|------|-------|------|
| 8. | Vipul G Bajaj | 12000 | 0.34 | 36000 | 0.34 |
| 9. | RamavtarHiralalaheti | 9000 | 0.26 | 27000 | 0.26 |
| 10. | PoojaMohanlalKarnani | 6000 | 0.17 | 18000 | 0.17 |
| 11. | SuvarnabeDhrmeshbhaiPawar | 6000 | 0.17 | 18000 | 0.17 |
| 12. | Sanju Kabra | 6000 | 0.17 | 18000 | 0.17 |
| 13. | DharmeshBhagvanbhaiPawar | 6000 | 0.17 | 18000 | 0.17 |
| 14. | Sanjay Popatlal Jain | 6000 | 0.17 | 18000 | 0.17 |
| 15. | MohanlalKarnani | 6000 | 0.17 | 18000 | 0.17 |
| 16. | RekhaRamavtarBaheti | 6000 | 0.17 | 18000 | 0.17 |
| 17. | KiranGhanshyamBaheti | 6000 | 0.17 | 18000 | 0.17 |
| 18. | J Gaurishankar Bajaj Huf . | 6000 | 0.17 | 18000 | 0.17 |
| 19. | R B Jaju Securities India Pvt Ltd | 6000 | 0.17 | 18000 | 0.17 |
| 20. | GhanshyamHiralalBaheti (Huf) | 6000 | 0.17 | 18000 | 0.17 |
| 21. | J Pawan Kumar Bajaj Huf . | 6000 | 0.17 | 18000 | 0.17 |

v. Shareholding of Directors and Key Managerial Personnel

| Sr. no | | Shareholding at the beginning of the year (April 01, 2014) | | Cumulative Shareholding during the year (March 31, 2015) | |
|--------|-----------------------------------|--|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of the Directors and KMP | | | | |
| 1. | Shailesh Harish Chandak | 85334 | 2.46 | 256002 | 2.46 |
| 2. | Harish BhagirathChandak | 372000 | 10.72 | 1086711 | 10.43 |
| 3. | SarikaShailesh Chandak | 656934 | 18.92 | 1727802 | 16.58 |
| 4. | GovindlalMeghrajjiSaboo | - | - | - | - |



| | | | | | |
|----|--------------------|---|---|---|---|
| 5. | NitinMaheshwari | - | - | - | - |
| 6. | Kishan Kumar Sarda | - | - | - | - |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|--|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 3624252 | - | - | 3624252 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not | - | - | - | - |
| Total(i+ii+iii) | 3624252 | - | - | 3624252 |
| Change in Indebtedness during the financial year | | | | |
| - Addition | | | | |
| - Reduction | -1975202 | - | - | -1975202 |
| Net Change | -1975202 | - | - | -1975202 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 1649050 | - | - | 1649050 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | 1649050 | - | - | 1649050 |



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sl. No. | Particulars of Remuneration | Mr. Harish Chandak - Managing Director | Mr. Shailesh Chandak - Executive Director & CFO | Ms. Sarita Chandak - Executive Director | Total Amount |
|---------|--|--|---|---|--------------|
| 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 | 3,60,000 | 3,60,000 | 3,60,000 | 10,80,000 |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as % of profit - others specify... | - | - | - | - |
| 5. | Others please specify | - | - | - | - |
| 6. | Total (A) | 3,60,000 | 3,60,000 | 3,60,000 | 10,80,000 |
| | Ceiling as per the Act | Not Exceeding 42 Lakhs Yearly | | | |



C. Remuneration to other directors:

| Sl. No. | Particulars of Remuneration | Name of Director | | | Total Amount |
|---------|--|---|---|---|--------------|
| | | Mr. Govindlal Saboo(Independent Director) | Mr. Nitin Maheshwari (Independent Director) | Mr. Kishan Kumar Sarda (Independent Director) | |
| | Independent Directors - Fee for attending board committee meetings - Commission - Others please specify | - | - | - | - |
| | Total(1) | - | - | - | - |
| | Other Non-Executive Directors ·Fee for attending board committee meetings · Commission · Others, please specify | - | - | - | - |
| | Total(2) | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - |
| | Overall Ceiling as per the Act | Not Exceeding 42 Lakhs Yearly | | | |



D. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|--|--------------------------|-------------------|----------------------------|-------|
| | | Chief Executive Officer | Company Secretary | Chief Financial Officer ** | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites/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 | - | - | - | - |
| 6. | Total | - | - | - | - |



VII. PENALTIES/PUNISHMENT/COMPOUNDING 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) |
|------------------------------|------------------------------|-------------------|---|---------------------------|-----------------------------------|
| A.Company | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| B.Directors | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| C. Other Officers In Default | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

**For and on behalf of the Board
Kavita Fabrics Limited**

**Place: Surat
Date: August 31, 2015**

**Harish Chandak
(Chairman & Managing Director)**

**Shailesh Chandak
(Executive Director)**



ANNEXURE II

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

| Sr. No. | Requirement | Disclosure |
|---------|--|--|
| 1 | The ratio of the remuneration of director to the median remuneration of the employees for the financial year | Directors were paid approximately 9.56 times of Remuneration paid to Median Remuneration of Employees. |
| 2 | The percentage increase in remuneration of directors, CFO, CEO, CS in the financial year | Overall Salary of Directors has not increased. Directors are paid the same salaries what they were paid for the Financial Year 2013-14. |
| 3 | The percentage increase in the median remuneration of employees in the financial year | While recommending increase in remuneration, the Company takes into account various factors like financial performance of the Company and the group, comparison with peers, industry benchmarking and consideration towards cost of living adjustments and inflation. Average increase in employee remuneration for the FY 2014-15 is 55.90%. While taking into account the percentage increase in median remuneration, only comparable employees were taken into consideration. |
| 4 | The number of permanent employees on the rolls of the Company | The Company had 14 employees on the rolls as on March 31, 2015. |
| 5 | The explanation on the relationship between average increase in remuneration and Company performance | PAT has shown an increase of 58.29 % from Rs. 6.13 Lakhs during FY 2013-14 to Rs. 9.71 Lakhs during FY2014-15 and Average increase in employee remuneration for the FY 2014-15 is 7.47 %. The increase in remuneration is on account of industry benchmarking and consideration towards cost of living adjustments and inflation. |
| 6 | Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company | PAT has shown an increase of 58.29 % from Rs. 6.13 Lakhs during FY 2013-14 to Rs. 9.71 Lakhs during FY2014-15. During the Year under review, Mr. Harish Chandak was Managing Director of the Company and he was paid around Rs. 3,60,000/- per annum. |
| 7 | Variations in the market capitalization of the Company Price Earnings ratio as at the closing date of the current FY and previous FY Percentage increase | The market capitalisation as on March 31, 2015 was Rs 13.12 Crores (14.06 Crores as on March 31, 2014) Price Earnings ratio of the Company was 135.18 as at March 31, 2015 and was 229.26 as at March 31, 2014 considering the basic EPS of financial statements. The |



| | | |
|-----|---|---|
| | over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer. | Company's stock price as at March 31, 2015 has decreased to Rs 12.60 per share from Rs 40.5 per share having face value of Rs. 10/- (Post Bonus in the ratio of 2:1) each over the last public offering i.e. IPO at the price of 40/- per share with face value of Rs. 10/- each. (Pre Bonus) |
| 8 | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; | Average percentile increase in the salaries of employees is 7.47 %. Only employees of comparable basis were taken into account while considering the average percentile increase e. |
| 9++ | The key parameters for any variable component of remuneration availed by the directors. | The broad factors and guidelines considered for the variable remuneration of directors are: (a) Annual Performance Review of the Directors; and (b) Financial outcomes and profitability of the Company |
| 10 | The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year | Not Applicable |
| 11 | Affirmation that the remuneration is as per the remuneration policy of the Company | It is hereby affirmed that the remuneration paid is as per the Nomination and Remuneration Policy of the Company. |



NOMINATION AND REMUNERATION POLICY OF THE COMPANY

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the listing agreement as amended from time to time.

The Board of Directors of **KAVITA FABRICS LIMITED** ("the Company") re-constituted the "Nomination Committee" as "Nomination and Remuneration Committee" at the Meeting held on May 27, 2014 with immediate effect, consisting of three (3) Independent Directors. The policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors. Objective and purpose of the Policy:

OBJECTIVE:

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and provisions of the Listing Agreement. The Key Objectives of the Committee would be:

- I. To guide the Board and lay down criteria in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- II. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- III. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- IV. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- V. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- VI. To devise a policy on Board diversity,
- VII. To develop a succession plan for the Board and to regularly review the plan.

The Nomination and Remuneration Policy has been formulated in order to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on May 27, 2014.

DEFINITIONS:

- I. "Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- II. "Board" means Board of Directors of the Company.
- III. "Directors" mean the Directors of the Company.
- IV. "Key Managerial Personnel" (KMP) means:



- Chief Executive Officer or the Managing Director or the Manager;
- Whole-time director;
- Chief Financial Officer;
- Company Secretary; and
- Such other officer as may be prescribed under the Act.

“Senior Management” means personnel of the company who are members of its core management team excluding the Board of Directors and KMPs, comprising of all members of management one level below the Executive Directors including Functional Heads.

CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:

The Board has changed the nomenclature of Remuneration Committee by renaming it as Nomination and Remuneration Committee on May 27, 2014. The Nomination and Remuneration Committee comprises of following Directors:

| Name | Position |
|------------------------|---------------------------------------|
| Mr.Nitin Maheshwari | Chairman (Independent, Non-executive) |
| Mr.Kishan Kumar Sarada | Member (Independent, Non-executive) |
| Mr.Govindlal Saboo | Member (Independent) |

The Board has the power to reconstitute the Committee consistent with the Company’s policy and applicable statutory requirement.

APPLICABILITY

The Policy is applicable to:

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

ROLE OF COMMITTEE:

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

➤ Appointment criteria and qualifications:

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment. Criteria for identifying persons who are qualified to be appointed as a Directors / KMP /Senior Management Personnel of the Company:



a) Directors

Section 164 of the Companies Act, 2013 states disqualifications for appointment of any person to become Director of any Company. Any person who in the opinion of the Board is not disqualified to become a Director, and in the opinion of the Board, possesses the ability, integrity and relevant expertise and experience, can be appointed as Director of the Company.

b) Independent Directors

For appointing any person as an Independent Director he/she should possess qualifications as mentioned in Rule 5 of The Companies (Appointment and Qualification of Directors) Rules, 2014

c) Senior Management Personnel and KMP

The Company has an hierarchy structure displaying positions of Senior Management including KMP and other positions with the minimum qualifications and experience requirements for each positions which commensurate with the size of its business and the nature and complexity of its operations. Any new recruit in the Company is to match the requirements prescribed in the hierarchy structure of the Company.

A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

➤ Term / Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

The maximum tenure of Independent Directors shall be in accordance with the Companies Act, 2013 and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.



➤ **Evaluation**

- The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly)

a) Criteria for evaluating Non-executive Board members:

Section 149 of the Companies Act, 2013 read with Schedule IV of the said Act states that the Independent Directors shall at its separate meeting review performance of non-independent directors and the Board as a whole and the performance evaluation of Independent Directors shall be done by the entire Board of Directors excluding the Director being evaluated.

b) Criteria for evaluating performance of Key Managerial Personnel and Senior Management Personnel

Criteria for evaluating performance of KMP and Senior Management Personnel shall be as per the HR Guideline on Performance Management System and Development Plan of the Company.

➤ **Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

➤ **Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

The remuneration to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

SITTING FEES

Board is empowered to fix the sitting fees for the Directors, however, the amount of such fees shall not exceed such amount as may be prescribed by the Central Government from time to time per meeting of the Board or Committee.



COMMISSION

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the provisions of Section 197 the Companies Act, 2013.

STOCK OPTIONS

An Independent Director shall not be entitled to any stock option of the Company.

MEMBERSHIP, FREQUENCY OF MEETINGS

Chairperson of the Committee shall be an Independent Director. The Committee shall consist of a minimum 3 non-executive directors. Membership of the Committee shall be disclosed in the Annual Report. Term of the Committee shall be continued unless terminated by the Board of Directors. The meeting of the Committee shall be held at such regular intervals as may be required.

MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

COMMUNICATION OF THIS POLICY

For all Directors, a copy of this Policy shall be handed over within one month from the date of approval by the Board. This Policy shall also be posted on the web-site of the Company and in the Annual Report of the Company.

AMENDMENT

Any change in the Policy shall, on recommendation of Nominations and Remuneration Committee, be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

**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 transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis:** Nil
 - a. Name(s) of the related party and nature of relationship: N.A.
 - b. Nature of contracts/arrangements/transactions: N.A.
 - c. Duration of the contracts / arrangements/transactions: N.A.
 - d. Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.
 - e. Justification for entering into such contracts or arrangements or transactions: N.A.
 - f. Date(s) of approval by the Board: N.A.
 - g. Amount paid as advances, if any: N.A.
 - h. Date on which the special resolution was passed in general meeting as required under first proviso to section 188: N.A.
2. **Details of material contracts or arrangement or transactions at arm's length basis:**
 - (A) **JOB WORK**
 - a. Name(s) of the related party and nature of relationship: Shiv Textiles (Proprietor of Shiv Textiles is Ms. Kavita Bajaj, Ms. Kavita Bajaj is daughter of Mr. Harish Chandak, Managing Director and Sister of Mr. Shailesh Chandak, Executive Director of the Company)
 - b. Nature of contracts/arrangements/transactions: Job Work
 - c. Duration of the contracts / arrangements/transactions: Not Applicable
 - d. Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.
 - e. Date(s) of approval by the Board, if any: May 27, 2014
 - f. Amount paid as advances, if any: N.A.



(B) FACTORY RENT

- a. Name(s) of the related party and nature of relationship: Mr. Harish Chandak (Promoter-Director), Mr. Shailesh Chandak (Promoter- Director) and Ms. Sudha Chandak (Promoter)
- b. Nature of contracts/arrangements/transactions: Factory Premises on Rent
- c. Duration of the contracts / arrangements/transactions: 11 Months
- d. Salient terms of the contracts or arrangements or transactions including the value, if any: Agreement Renewed after every 11 Months
- e. Date(s) of approval by the Board, if any: May 27, 2014
- f. Amount paid as advances, if any: Mr. Harish Chandak - Rs. 50,000/- , Mr. Shailesh Chandak – Rs. 35,000/- and Ms. Sudha Chandak – Rs. 50,000/-

**For and on behalf of the Board
Kavita Fabrics Limited**

**Place: Surat
Date: August 31, 2015**

**Harish Chandak
(Chairman & Managing Director)**

**Shailesh Chandak
(Executive Director)**



Secretarial Audit Report for the financial year ended on March 31, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and the Rule made there-under]

To,
The Members
Kavita Fabrics Limited
Surat

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kavita Fabrics 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 our 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, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2015 has generally 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act, 2013) and the Rules made there-under
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there-under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there-under to the extent applicable for 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;
- (vi) We have relied on the representation made by the Company and its Officers for compliance under the other laws and regulations specifically applicable to the Company and report that the Company has substantially complied with the provisions of those Act that are applicable to the Company, as identified by the Management.



We have also examined compliance with the applicable clause of the Listing Agreements entered into with the Stock Exchanges where the securities of the Company are listed;

We report that;

During the financial year under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. as mentioned above except:

- a. The Company has not appointment Chief Financial officer and Company Secretary as required in terms of the provision of section 203 of the Act.
- b. The Company has not filed the Cost Compliance report/certificate for the financial year ended on March 31, 2014.

We further report that;

There was no action/event in pursuance of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; or the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, or the Securities and Exchange Board of India (Issue of Debt Securities) Regulations, 2008; or the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, requiring compliance thereof by the Company during the financial year and Secretarial Standard issued by the Institute of Company Secretaries of India (ICSI) were not applicable during the financial year.

The compliance by the Company of the applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit, since the same have been subject to review by the other designated professionals.

We 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 and composition of the Board of Directors is in compliance with the Provisions of the Act.

Adequate notice is generally given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were generally sent at least seven days in advance.

In view of the non-existence formal system, we are not in position to comment on existence of system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meeting recorded, decision at the Board meeting have been taken by the majority of Directors. During the financial year no agenda item on which any of the Director dissented.

We further report that as per the explanation given to us and representation made by the Management and relied upon by us, there are adequate system and process commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulation and guidelines.

We further report that and in our opinion, the Company has no specific event/action that can have any major bearing on the company during the financial year.



For **R M MIMANI & ASSOCIATES LLP**

[COMPANY SECRETARIES]

RANJANA MIMANI
(PARTNER)
FCS No: 6271
CP No.: 4234

Place: Mumbai
Dated: August 31, 2015

Note: This report is to be read with our letter of even date which is annexed as “Annexure A” and forms and integral part of this report.



Annexure – “A”

To,
The Members
Kavita Fabrics Limited
Surat

Our Secretarial Audit Report of even date is to be read along with this letter;

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company;
4. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc;
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis;
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For R M MIMANI & ASSOCIATES LLP
[COMPANY SECRETARIES]

RANJANA MIMANI
(PARTNER)
FCS No: 6271
CP No.: 4234

Place: Mumbai
Dated: August 31, 2015



MANAGEMENT REPLY FOR QUALIFICATIONS MENTIONED IN THE SECRETARIAL AUDITORS' REPORT

Dear Members,

With Reference to the captioned subject matter, please find below the Management Reply to the qualifications mentioned in the Secretarial Auditors' Report.

1. The Company has not appointed Chief Financial officer and Company Secretary as required in terms of the provision of section 203 of the Act.

Management Reply: The Company has appointed Chief Financial Officer on August 24, 2015. The Company has given newspaper advertisement for requirement of Company Secretary in the Financial Year 2014-15. However the Company could not find suitable Candidate for the appointment. The Company is in process of appointing Company Secretary.

2. The Company has not filed the Cost Compliance report/certificate for the financial year ended on March 31, 2014.

Management Reply: The Company is in the process of filing the Cost Compliance Report / Certificate for the financial year ended March 31, 2014.

**For and on behalf of the Board
Kavita Fabrics Limited**

Place: Surat

Date: August 31, 2015

Harish Chandak

(Chairman & Managing Director)

Shailesh Chandak

(Executive Director)



MANAGEMENT DISCUSSION AND ANALYSIS

Overview:

The company manufactures synthetic fabrics in the form of semi-finished sarees and dress materials. These products are offered in various designs as per customer requirements. Semi-finished sarees and dress materials manufactured by the Company are further processed by our customers before selling to the end-users. The main raw material for our product is man-made yarn, which is sourced from local markets. The Company based on its experience and its standards, conforms to major specifications and customer requirements.

Industry, Structure & Developments:

The man-made fibre textile industry is one of the largest organized industries in the country in terms of employment and number of units. Besides, there are a large number of subsidiary industries dependent on this sector, such as those manufacturing machinery, accessories, stores, ancillaries, dyes and chemicals.

Surat is known as the textile city of Gujarat. The textile industry is one of the oldest and the most widespread industries in Surat. A major part of the city's population is associated with the textile industry. The textile industry in Surat is mainly engaged in the activities of yarn production, weaving, processing as well as embroidery. Surat is well known for its synthetic products market. It is mainly engaged in the production and trading of synthetic textile products. Nearly 30 million metres of raw fabric and 25 million metres of processed fabric are produced in Surat daily. The city has several textile markets that exist since times immemorial. Zampa Bazaar, Bombay Market, JJ Textile Market and Jash Market are among them. Katat Gam, Magdalla and Udhana are the areas in Surat where manufacturing is mainly concentrated. In the course of time, people from various other places like Rajasthan and Kolkata have settled in Surat in order to carry out their textile business. The famous brands of Garden and Vimal textiles evolved from Surat. A few other brands like Parag and Prafful from Surat became famous within a short time. The main market for Surat's textile products are India and other Asian countries. Around 90% of polyester used in India comes from Surat. The Middle East is the major export market for Surat's textile products. The Surat textile industry has grown considerably over time. As per recent figures, textile production in Surat has grown by 10% in the last 5 years, while the market for embroidery has grown from an almost negligible amount to around Rs.30,000 million over the same period. One of the main reasons behind the growth of Surat's textile industry is the city's ability to adapt to changes and the latest trends. The city is quick to respond to any changes in the preference of people. The industrialists here have strong entrepreneurial skills.

Operational Performance

During the current period, your Company has shown an increase in revenue to the extent of 16.34 % from Rs.95.60 Lakhs during FY 2013-14 to Rs. 111.22 Lakhs during FY 2014-15. PAT has shown an increase of 58.29 % from Rs. 6.13 Lakhs during FY 2013-14 to Rs. 9.71 Lakhs during FY2014-15.

Outlook

Indian economy is adversely affected by persistent inflation over the last few years. The rising incomes propped the purchasing power of the population, driving consumption demand in sectors, where supply lagged particularly, in food-grain and non-food-grain commodities, etc contributed to inflationary pressure. The Government has been going very slow on various reforms, expected by



large investors and market. Market participants were particularly concerned about subsidies—fertilizer, food and fuel; falling rupee against dollar; widening current account and fiscal deficits. Net Buys by the Foreign Institutional investors have been declining during the year as compared to these of the earlier years. Economic situations in Euro Zone countries and other priced the Capital Market towards losses.

Risk & Concerns

The largest component of costs involved in making Synthetic Fabric is attributable to raw materials. Given the volatile trend in Fabrics and demand for Fabrics for competing applications the pressure on input costs can be expected to fluctuate.

Adequacy of Internal Control System

The Company has adequate internal control systems for the business processes in respect of all operations, financial reporting, compliance with laws and regulations etc. The management information system forms an effective and sound tool for monitoring and controlling all operating parameters. Regular internal audits ensure that responsibilities are executed effectively. The Audit Committee reviews the adequacy of internal controls on regular basis.

Human Resource Development

The Company recognizes that its human resource is its strength in realizing its goals and objectives.

Cautionary Statement

The Statement in this Management Discussion and Analysis report, describing the Company's outlook, projections, estimates, expectations or predictions may be "Forward looking Statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied.

**For and on behalf of the Board
Kavita Fabrics Limited**

Place: Surat

Date: August 31, 2015

Harish Chandak

(Chairman & Managing Director)

Shailesh Chandak

(Executive Director)



Corporate Governance Report

Corporate Governance

The Company is fully compliant with the mandatory requirements of Clause 52 of the Listing Agreement formulated by Securities and Exchange Board of India and Stock Exchanges. The Company presents its report on compliance of governance conditions specified in Clause 52 of the Listing Agreement.

1. Company's Philosophy On Code of Governance

Your Company believes that Corporate Governance is powerful medium to serve the long-term interest of all the shareholders, creditors, customers, employees and other stakeholders. Corporate Governance strengthens Investors and Creditors trust and ensures a long-term partnership that helps in fulfilling our quest for achieving significant growth and profits. Your Company is committed to benchmarking itself with good governance and operates with transparency, professionalism, good conduct and value based systems.

2. Board Of Directors

The Board of Directors along with its Committees provide leadership and guidance to the Company's management and direct, supervises and controls the performance of the Company. The present strength of Board of Directors is 6 (Six), whose composition and category is given below:

Three - Promoter, Executive Directors

Three - Independent Directors

A) The Constitution of the Board as on March 31, 2015

The Composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which they are member/ Chairman are given below:

| Sr. No. | Directors | Category | No. of Other Directorship | | No. of Other Committee positions | |
|---------|------------------------|------------------------------|---------------------------|---------|----------------------------------|----------|
| | | | Public | Private | Member | Chairman |
| 1 | Mr. Harish Chandak | Chairman & Managing Director | 0 | 0 | 0 | 1 |
| 2 | Mr. Shailesh Chandak | Promoter, Executive Director | 0 | 0 | 2 | 0 |
| 3 | Mrs. Sarika Chandak | Promoter, Executive Director | 0 | 0 | 0 | 0 |
| 4 | Mr. Nitin Maheshwari | Independent Director | 0 | 0 | 1 | 2 |
| 5 | Mr. Govindlal Saboo | Independent Director | 0 | 0 | 2 | 0 |
| 6 | Mr. Kishan Kumar Sarda | Independent Director | 0 | 0 | 3 | 1 |

None of the Directors hold directorship in more than 20 Companies nor is a member in more than ten committees or acts as chairman of more than 5 committees across all the companies in which they are Directors.

B) Board Procedure



The Companies Act, 2013 read with the relevant rules made there under, now facilitates the participation of a Director in Board / Committee Meetings through video conferencing or other audio visual mode. Accordingly, the option to participate in the Meeting through video conferencing was made available for the Directors except in respect of such Meetings/Items which are not permitted to be transacted through video conferencing.

The Board periodically reviews the items required to be placed before it and in particular reviews and approves quarterly/half yearly un-audited financial statements and the audited annual financial statements, corporate strategies, Company's performance, business plans, annual budgets, projects and capital expenditure, review of the reports of the Audit Committee and compliance with their recommendation, suggestion, compliance of any regulatory, statutory or listing requirements, etc. Statutory Auditors are also requested to attend the Board or Committee meeting as and when required. It monitors overall operating performance and reviews such other items which require Board's attention. It directs and guides the activities of the Management towards the set goals and seeks accountability. It also sets standards of corporate behaviour, ensures transparency in corporate dealings and compliance with laws and regulations. The Agenda for the Board Meeting covers items set out as guidelines as per the Listing Agreement to the extent these are relevant and applicable. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions. A detailed Agenda folder is sent to each Director in advance of Board and Committee meetings. To enable the Board discharge its responsibilities effectively. The dates of meeting were generally decided well in advance, enabling the Director to keep the day reserved for the meeting.

C) Board Training and Familiarisation Program

At the time of appointing a Director, a formal letter of appointment is given. The Directors are familiarised with the History, Vision and Mission of the Company and also explained in details the compliances required from them under Companies Act, 2013 and Listing Agreement and other relevant regulations. The Managing Director also has a one-to-one discussion with the newly appointed Director. The above initiative helps the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips them to effectively fulfill his role as a Director of the Company.

(C) Attendance of each Director at the Board Meetings and the last Annual General Meeting:



| Sr. No. | Name of the Directors | Category of Directorship | No. of Board Meeting Attended | Attendance at the Last AGM held on 26.06.2014 |
|---------|-------------------------|------------------------------|-------------------------------|---|
| 1 | Mr. Harish Chandak | Chairman & Managing Director | 6 | Present |
| 2 | Mr. Shailesh Chandak | Promoter, Executive Director | 6 | Present |
| 3 | Mrs. Sarika Chandak | Promoter, Executive Director | 6 | Present |
| 4 | Mr. Nitin Maheshwari | Non- Executive Director | 6 | Present |
| 5 | Mr. Govindlal Saboo | Non- Executive Director | 6 | Present |
| 6 | Mr. Kishan Kumar Sarada | Non- Executive Director | 6 | Present |

During the Financial Year 2014-15, Six Meetings of the Board of Directors were held on the following dates:

27 May 2014, July 08 2014, July 22 2014, November 12 2014, January 09 2015 and March 31 2015.

(D) Directors Seeking Appointment / Reappointment:

Mr. Shailesh Chandak, Director retire at the ensuing Annual General Meeting and is being eligible to offer himself for re-appointment at the ensuing Annual General Meeting.

3. Committees of the board:

A. Audit Committee

The Audit Committee of the Company acts as a supervisor to the Accounting system of the Company which it reports to the Board of Directors of the Company.

Our Company has constituted an Audit Committee, as per the provisions of Section 177 of the Companies Act, 2013. The committee functions as prescribed under Section 177 of the Companies Act, 2013 and the Listing Agreement. The members of the committee at present are:

| Name of Director | Designation in Committee | Nature of Directorship |
|-------------------------|--------------------------|-------------------------------|
| Mr. Nitin Maheshwari | Chairman | Non-Executive and Independent |
| Mr. Kishan Kumar Sarada | Member | Non-Executive and Independent |
| Mr. Shailesh Chandak | Member | Executive Director |

During the year ended 31st March, 2015, 4 Audit Committee Meeting was held on the following dates:

27 May, 2014, August 13, 2014, November 12, 2014 and February 13, 2015.

Terms of reference of the Audit Committee are broadly defined as under:

The Committee's terms of reference powers, role and functions are as stipulated in Clause 52 of the Listing Agreement and under Section 177 of the Companies Act, 2013.



B. Stakeholders Relationship Committee – (Constituted as Shareholders / Investors’ Grievances & Share Transfer Committee)

As Companies Act, 2013 (‘the Act’) have come into force w.e.f April 01, 2014; pursuant to Section 178 of the Act, your Company has re-constituted Shareholders / Investors Grievances & Share Transfer Committee to “Stakeholders Relationship Committee”.

The objective of the Committee is to look after various stakeholders’ grievances and speedy disposal of the same. Company has constituted a Shareholders’/Investors’ Grievance Committee. The committee is formed to specifically look into the redressal of shareholder and investor complaints. The members of the committee at present are:

| Name of Director | Designation in Committee | Nature of Directorship |
|------------------------|--------------------------|-------------------------------|
| Mr.Kishan Kumar Sarada | Chairman | Non-Executive and Independent |
| Mr.Nitin Maheshwari | Member | Non-Executive and Independent |
| Mr.Shailesh Chandak | Member | Executive Director |

During the Year ended March 31, 2015, 2 Stakeholders Relationship Committee Meeting were held on 27 May 2014 and November 12 2014

The terms of reference of the Shareholders’/ Investors’ Grievance Committee shall be as follows:

To resolve the complaints and grievances of the investors/stakeholders and to function in an efficient manner that all issues / concerns of stakeholders are addressed / resolved promptly.

Name, Designation and address of the Compliance Officer:

Mr. Amit Merai

105, Balaji Industrial Society - 1,

UdhnaMagdalla Road,

Surat – 395007, Gujarat, India

Tel: +91 – 261 – 3018 759,Fax: +91 – 261 - 3018 759

Email: info@kavitafabrics.com,Website: www.kavitafabrics.com

Status of Complaints received, resolved and pending as on 31st March, 2015

Number of Shareholders’ Complaints received during the year Nil

Number of Shareholders’ Complaints resolved during the year Nil

Number of Shareholders’ Complaints Pending at the end of the year Nil

C. Nomination & Remuneration Committee

As per Section 178 (1) of the Companies Act, 2013, Our Company has constituted a Nomination & Remuneration Committee. The members of the said committee are:

| Name of Director | Designation in | Nature of Directorship |
|------------------|----------------|------------------------|
|------------------|----------------|------------------------|



| | Committee | |
|-----------------------|------------------|-------------------------------|
| Mr.Nitin Maheshwari | Chairman | Non-Executive and Independent |
| Mr.Kishan Kumar Sarda | Member | Non-Executive and Independent |
| Mr.GovindlalSaboo | Member | Non-Executive and Independent |

Terms of reference of the Nomination & Remuneration Committee are broadly defined as under:

- I. To guide the Board and lay down criteria in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- II. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- III. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- IV. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- V. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- VI. To devise a policy on Board diversity,
- VII. To develop a succession plan for the Board and to regularly review the plan.

During the Year ended March 31, 2015, 2 Stakeholders Relationship Committee Meeting were held.

D. Risk Management Committee

The Company has a robust Business Risk Management (BRM) framework to identify, evaluate business risks and opportunities. Risk Management Committee comprises of:

| Name of Directors | Designation in Committee | Nature of Directorship | Total Meetings Held during the Year | Meetings Attended by the Member |
|--------------------------|---------------------------------|-------------------------------|--|--|
| Mr. Harish Chandak | Chairman | Managing Director | 2 | 2 |
| Mr.Kishan Kumar Sarda | Member | Non-Executive & Independent | 2 | 2 |
| Mr.GovindlalSaboo | Member | Non-Executive & Independent | 2 | 2 |

E. Independent Directors' Meeting

During the year under review, the Independent Directors met on March 31, 2015, inter alia, to discuss and review:

- a.
 - Evaluation of the performance of Non-independent Directors and the Board of Directors as a whole.
 - Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.



4. Policy on Disclosure and Internal procedure for prevention of Insider Trading

Mr. Amit Merai, Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

5. CEO/CFO Certification

The Managing Director and the Chief Financial Officer of the Company have given annual certification on financial reporting and internal controls to the Board in terms of Clause 52 of the Listing Agreement. The annual certificate given by the Managing Director and the Chief Financial Officer is published in this Report.

6. General Body Meetings:

The details of date, time and location of annual general meetings held in the last three years are as under :-

| Year | Date of AGM | Day | Time | Venue |
|---------|-------------|-----------|----------|---|
| 2013-14 | 26.06.2014 | Thursday | 11.00 AM | 105, Balaji Industrial Society-1, UdhnaMagdalla Road, Surat 395007 |
| 2012-13 | 25.09.2013 | Wednesday | 01:00 PM | 105, Balaji Industrial Society -1, UdhnaMagdalla Road, Surat – 395007, Gujarat, India |
| 2011-12 | 26.09.2012 | Wednesday | 05:00 PM | 105, Balaji Industrial Society -1, UdhnaMagdalla Road, Surat – 395007, Gujarat, India |

No. of Special resolutions passed during the last three AGM's :-

| AGM | No. of Special Resolution | Purpose |
|---------|---------------------------|---|
| 2013-14 | 3 (Three) | 1. Increase in Authorised Share Capital 2. Alteration of Memorandum of Association 3. Issue of Bonus Shares |
| 2012-13 | NIL | |
| 2011-12 | NIL | |
| 2010-11 | NIL | |

Postal Ballot:-

During the year under review (2014-15), no postal ballot was conducted.

At ensuring annual general meeting, there is no resolution proposed to be passed through postal ballot.

7. Report on Corporate Governance:

A separate section on Corporate Governance forms part of the Annual Report. The Company is in full compliance with all the provisions of clause 52 of Listing Agreement entered into with the Stock Exchanges.



8. The Company is compliant with the requirements as prescribed in Clause 52 of the Listing Agreement. A Certificate from the Statutory Auditors confirming compliance with all the conditions of Corporate Governance as stipulated in Clause 52 of the listing agreement with the Stock Exchange is annexed and forms part of this report.

9. **Disclosures:**

a) **Related Party Transaction:**

The Company has entered into related party transactions with M/s Shiv Textiles and Mr. Harish Chandak, Managing Director and Mr Shailesh Chandak, Executive Director. The said related party transaction is approved by the Board of Directors vide their Board Meeting held on May 27, 2015.

Details are provided in Form AOC 2 which is a part of this Annual Report. The disclosure of related party transactions as required by the Accounting Standard (AS) 18 on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India (ICAI) is given. All the transaction covered under related party transaction were fair, transparent and at arm's length.

b) **Disclosure of Accounting Treatment**

The Company has followed all the relevant /applicable Accounting Standards issued by the ICAI while preparing the financial statements.

c) **Statutory Compliance, Penalties and Strictures:**

The Company has complied with all the requirements of the listing agreements with the stock exchanges as well as regulations and guidelines of SEBI. No penalties have been imposed or stricture has been issued by SEBI, stock exchanges or any Statutory Authorities on matters relating to capital markets during the last three years.

The Company has followed all relevant accounting standards notified by the Companies Accounting Standards Rules 2006 and relevant provisions of the Companies Act, 1956/2013 while preparing its financial statements.

d) **Whistle Blower Policy:**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Ethics and Compliance Task Force which operates under the supervision of the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

e) **Reconciliation of Share Capital Audit:**

In line with the requirements stipulated by Securities and Exchange Board of India (SEBI), Reconciliation of Share Capital Audit is carried out on a quarterly basis by a Practicing Company Secretary to confirm that the aggregate number of equity shares of the Company held in National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and in physical form tally with the total number of issued, paid-up, listed and admitted capital of the Company.

f) **Compliance with mandatory requirements of Clause 52**



The Company has complied with the mandatory requirements of Clause 52 of Listing Agreement and submits on quarterly/half yearly/yearly basis the quarterly/ half yearly/yearly reports to the concerned Stock Exchanges.

g) Means Of Communication

The financial results of the Company are posted on our official Website www.kavitafabrics.com. Our means of communication are transparent and timely. In addition to the financial results, we publish the other information too, as required to be published under the Companies Act, 2013 or the Listing Agreement or any other laws applicable or as may be required in the public interest. We provide and update from time to time various information about our Company at our official website www.kavitafabrics.com related with investors, customers, etc. and all other person dealing with your Company.

h) Disclosure of Risk Management

Our risk management process is overseen by the Board of Directors. Our risk management approach and practices continued to focus on minimizing the adverse impact of risks on our business objectives and to enable the Company to leverage market opportunities based on risk-return parity.

i) Status of Compliance with non-mandatory requirements:

i. The Board:

No separate office for the Chairman is maintained, and hence no reimbursement is made towards the same.

ii. Nomination and Remuneration Committee:

Details regarding Nomination and Remuneration Committee are provided and forms part of this report.

iii. Shareholders' Right:

The Company has posted its half yearly and annual financial results on its website i.e. www.kavitafabrics.com

iv. Audit Qualification:

There are no audit qualifications in the financial statements for the financial year 2014-15. Standard practices and procedures are followed to ensure unqualified financial statements..

10. Means of Communications:

The half yearly and annual results are communicated to all the Stock Exchanges where the Company's shares are listed as soon as the same are approved and taken on record by the Board of Directors of the Company. Further the results are not sent individually to the shareholders.

These results are simultaneously posted on the website for the Company at www.kavitafabrics.com.



11. General Shareholders Information:

(i) Annual General Meeting

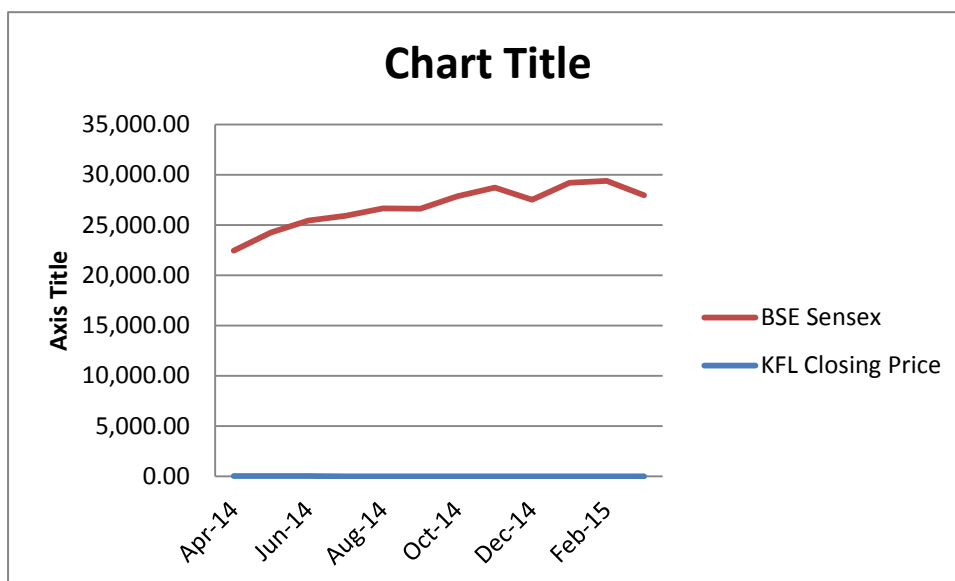
| | | |
|----|---------------------------------------|--|
| a) | Annual General Meeting | |
| | (1) Date and Time | 25 th September, 2015 At 11:00 am |
| | (2) Venue | 105, Balaji Industrial Society -1, Udhna Magdalla Road, Surat – 395007, Gujarat, India |
| b) | Financial Year | The Financial Year of the Company is from 1st April to 31st March of the following year. |
| c) | Book Closure Date | September 21, 2015 to September 25, 2015 |
| d) | Listing on stock exchange | BSE Limited |
| e) | Scrip Code | 535136 |
| f) | NSDL/CDSL - ISIN | INE149O01018 |
| g) | CIN Number | L17110GJ2005PLC046929 |
| h) | Registrar and Share Transfer Agent | BIGSHARES SERVICES PRIVATE LIMITED E-2 Ansa Industrial Estate, Sakivihar Road Saki Naka, Andheri (East), Mumbai –400 072 |

(ii) Stock Market Data:

| Month | The Month High and Low Prices during the year at Bombay Stock Exchange | |
|-----------------|--|--------------|
| | High (In Rs.) | Low (In Rs.) |
| April ,2014 | No Trading | No Trading |
| May, 2014 | 42.00 | 42.00 |
| June, 2014 | 39.00 | 35.10 |
| July, 2014 | 37.25 | 11.00 |
| August, 2014 | 11.00 | 10.40 |
| September, 2014 | No Trading | No Trading |
| October, 2014 | 10.25 | 9.75 |
| November, 2014 | 9.75 | 9.75 |
| December, 2014 | 9.60 | 9.60 |
| January, 2015 | No Trading | No Trading |
| February, 2015 | 11.30 | 9.50 |
| March, 2015 | 12.60 | 12.60 |



(iii) Kavita Fabrics Limited share price versus the BSE Sensex:



Source: bseindia.com

(iv) Share holding pattern as on 31.03.2015

| Sr. No. | Category | No. of Shares | % (Percentage) |
|---------|--------------------------------------|--------------------|----------------|
| 1 | Promoters (Including Promoters Body | 37,43,706 | 35.93 |
| 2 | Body Corporate | 5919000 | 56.81 |
| 3 | Resident Individuals and HUF | 765000 | 7.26 |
| | TOTAL | 1,04,18,706 | 100 |



12. Distribution of Shareholding as on 31.03.2015

| SHAREHOLDING OF NOMINAL VALUE OF | | SHARE | | SHARE AMOUNT | |
|----------------------------------|------------|------------|----------------|---------------------|----------------|
| Rs. (1) | Rs. | Number (2) | % to Total (3) | In Rs. (4) | % to Total (5) |
| Upto | - 5,000 | 2 | 3.13% | 6,000 | 0.01% |
| 5,001 | - 10,000 | 32 | 50.00% | 28,80,000 | 2.76% |
| 10,001 | - 20,000 | 15 | 23.44% | 27,00,000 | 2.59% |
| 20,001 | - 30,000 | 2 | 3.13% | 5,40,000 | 0.52% |
| 30,001 | - 40,000 | 2 | 3.13% | 7,20,000 | 0.69% |
| 40,001 | - 50,000 | 1 | 1.56% | 4,50,000 | 0.43% |
| 50,001 | - 1,00,000 | 1 | 1.56% | 5,40,000 | 0.52% |
| 1,00,001 and above | | 9 | 14.06% | 9,63,51,060 | 92.48% |
| TOTAL | | 64 | 100.00% | 10,41,87,060 | 100.00% |

13. Share Transfer System:

Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by the Securities & Exchange Board of India (SEBI). Bigshare Services Private Limited handles both Demat and Physical Shares Transfers.

The Share Transfers which are received in physical format are processed and the share certificates are returned within 21 days from the date of receipt, subject to documents being valid and complete in all respects.

14. Dematerialisation of Shares:

As on 31st March, 2015, 1,04,18,706 Equity shares were in dematerialized form representing 100% of total share capital of the Company.



15. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion dates and likely impact on equity. :-

NIL

16. Plant Locations :-

105, Balaji Industrial Society -1, UdhnaMagdalla Road, Surat - 395007

17. Address for Correspondence :-

Company:

Kavita Fabrics Limited

105, Balaji Industrial Society -1,
UdhnaMagdalla Road, Surat- 395007,
Gujarat, India

Tel: +91 – 261 – 3018 759; Fax: +91 – 261 - 3018 759;

Email: info@kavitafabrics.com; Website: www.kavitafabrics.com

Registrar and Share Transfer Agent:

Bigshare Services Private Limited

E-2 Ansa Industrial Estate,
Sakivihar Road Saki Naka,
Andheri (East), Mumbai –400 072

Tel: +91 – 22 – 4043 0200; Fax: +91 – 22 – 2847 5207

Email: ipo@bigshareonline.com; Website: www.bigshareonline.com

18. Code of Conduct:

The Board of Director has adopted the Code of Business Conduct and Ethics for Director and Senior Management. The said Code has been communicated to the Directors and members of the Senior Management.

ANNUAL DECLARATION BY CEO / MANAGING DIRECTOR PURSUANT TO CLAUSE 52

(1)(D)(ii) OF THE LISTING AGREEMENT

I, Harish Chandak, Chairman & Managing Director of Kavita Fabrics Limited hereby declare that all the members of the Board of Directors of the Company and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them as laid down by the Company in terms of Clause 52(1)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges for the financial year ended 31st March, 2015.

FOR KAVITA FABRICS LIMITED

**Sd/-
Harish Chandak
(Chairman & Managing Director)**

Place: Surat

Date: August 31, 2015



DECLARATION

As provide under Clause 52 of the Listing Agreement with the Stock Exchange, all Board members and senior management personnel have affirmed compliance with Kavita Fabrics Limited Code of Business Conduct and Ethics for the year ended March 31, 2015

FOR KAVITA FABRICS LIMITED

**Sd/-
Harish Chandak
(Chairman & Managing Director)**

**Place: Surat
Date: August 31, 2015**



CEO / CFO CERTIFICATION

To,
The Board of Directors,
Kavita Fabrics Limited

CEO / CFO certification for Preparation of Financial Statements on Standalone & Consolidated Basis

I, Harish Chandak – Managing Director and Shailesh Chandak – Chief Financial Officer, hereby certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement prepared for the financial year ended on 31st March, 2015 and that to the best of our knowledge and belief:

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit committee that

(i) There are no significant changes in internal control over financial reporting during the year;

(ii) There are no changes in accounting policies during the year requiring disclosure in the notes to financial statements; and

(iii) There are no instances of significant fraud in the company's internal control system over financial reporting.

For Kavita Fabrics Limited

Date: August 31, 2015

Place :Surat

Harish Chandak
Managing Director

Shailesh Chandak
Chief Financial Officer



Auditors' Certificate on Corporate Governance

To
The Members of
Kavita Fabrics Limited

We have examined the compliance of conditions of corporate governance by Kavita Fabrics Limited, for the year ended March 31, 2015, as stipulated in clause 52 of the Listing Agreement of the said Company with stock exchange in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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 representations made by the Directors and the management we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For, Sanjay Maheshwari & Associates

(Chartered Accountants)

Firm Reg No. : - 113289W

(Sanjay Maheshwari)

Place : Surat

Partner

Date: May 10, 2015

M. No. 046361



INDEPENDENT AUDITORS' REPORT

To the Members of M/s Kavita Fabrics Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Kavita Fabrics Ltd, (The Company) which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, 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 these 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 there under.

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 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 true and fair



view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular no 15/2013 dated September 13, 2013 of Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013



- (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of sub-section (2) of section 164 of the Act.

For, Sanjay Maheshwari & Associates

(Chartered Accountants)

Firm Reg No. : - 113289W

(Sanjay Maheshwari)

Place : Surat

Partner

Date: May 10, 2015

M. No. 046361



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

(i) In Respect of Fixed Assets:

1. The company has maintained proper records showing full particulars, including quantitative details and Situation of the fixed assets.
2. As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
3. In our opinion company has not disposed off substantial parts of fixed assets during the year and the going concern status of the company has not affected.

(ii) In Respect of Stock:

4. The Company has carried out physical verification at reasonable intervals commensurate to its size and nature of business and no discrepancy has been found.
5. In our opinion and according to the explanations given to us, the procedure of physical verification of the inventories followed by the management is reasonable and adequate in relation to the size of company and nature of business.
6. The company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.

(iii) In Respect of loans secured or unsecured, granted or taken by the company to or from companies, firms or other parties covered in the register maintained u/s 189 of the Act, According to the information and explanation given to us, the company has not granted or taken any secured or unsecured loans from or to companies, Firms, and other parties listed in the register. Consequently the requirement of clauses (iii) (a) to (iii) (b) of the order is not applicable.

(iv) In our opinion and explanation given to us, there is generally adequate internal control procedure commensurate with the size of the company and the nature of its business, with regard to purchase of inventory and fixed assets and for sale of goods.

(v) In our opinion and according to the information and explanation given to us, the company has not accepted deposits from the public within the meaning of section 73 to 76 of the Act & directives issued by the Reserve Bank of India.

(vi) Since the company is in textile sector therefore the provision of clause (vi) of maintenance of cost record paragraph 4 of the order are not applicable to the company.

(vii) The company is generally regular in depositing of undisputed statutory dues. As informed to us there is no arrears of outstanding statutory dues as at the last day of the financial year concerned for the period of more than six months from the date they become payable. Further it is explained to us Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Sales tax, Wealth tax, Custom Duty, Excise Duty, cess are not applicable to the company during the year.



There is no overdue balance of the amount, which is required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.

- (viii) The company does not have accumulated losses of more than 50% of its Net Worth at the end of the financial year; The Company has not incurred cash losses in the current as well as in the previous financial year.
- (ix) Based on our audit and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institution, Banks.
- (x) According to information and explanations given to us, the company has not given guarantee for loans taken by others from banks or financial institutions.
- (xi) The Company has a term loans from banks and outstanding as on 31st March,2015 is as follows:
1. Kotak Mahindra Bank Term Loan Rs. 16,49,050/-
- (xii) During the course of our examination of the books of account and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For, Sanjay Maheshwari & Associates

(Chartered Accountants)

Firm Reg No. : - 113289W

(Sanjay Maheshwari)

Place : Surat

Partner

Date: May 10,2015

M. No. 046361



BALANCE SHEET AS AT 31st MARCH 2015

| Particulars | Note No. | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|---------------------------------------|----------|--|--|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds | | | |
| (a) Share Capital | 3 | 10,41,87,060 | 34,729,020 |
| (b) Reserves and Surplus | 4 | 15,29,614 | 70,877,475 |
| <u>(2) Non Current Liabilities</u> | | | |
| (a) Long Term Borrowings | 5 | 16,49,050 | 3,624,252 |
| (b) Deferred Tax Liabilities | 6 | (1,16,292) | 70,447 |
| <u>(3) Current Liabilities</u> | | | |
| (a) Short-Term Borrowings | 7 | 96,18,795 | 8,993,608 |
| (b) Trade Payables | 8 | 1,10,77,240 | 7,934,526 |
| (c) Other Current Liabilities | 9 | 15,97,825 | 1,523,418 |
| (d) Short-Term Provisions | 10 | 5,12,876 | 433,867 |
| <i>Total Equity & Liabilities</i> | | 13,00,56,168 | 128,186,613 |
| II. ASSETS | | | |
| <u>(1) Non-Current Assets</u> | | | |
| (a) Fixed Assets | 11 | 90,05,874 | 7,533,936 |
| (i) Gross Block | | 35,90,534 | 2,324,163 |
| (ii) Depreciation | | 54,15,340 | 5,209,773 |
| (iii) Net Block | | | |
| (b) Non-current investments | 12 | 1,86,69,095 | 14,999,926 |
| <u>(2) Current Assets</u> | | | |
| (a) Current Investment | 13 | 1,74,09,149 | 28,137,268 |
| (b) Inventories | 14 | 2,93,34,801 | 24,695,478 |
| (c) Trade receivables | 15 | 4,48,20,726 | 41,450,723 |
| (d) Cash and cash equivalents | 16 | 21,71,730 | 9,601,059 |
| (e) Short-term loans and advances | 17 | 1,22,35,327 | 4,092,386 |
| <i>Total Assets</i> | | 13,00,56,168 | 128,186,613 |

NOTES TO ACCOUNTS

1,2

Notes referred to above and Annexures attached there to form an integral part of Balance Sheet

This is the Balance Sheet referred to in our Report of even date.

FOR SANJAY MAHESHWARI & ASSOCIATES

FOR, KAVITA FABRICS LIMITED

CHARTERED ACCOUNTANTS

Sd/-
(SANJAY MAHESHWARI)
PARTNER

Sd/-
HARISH CHANDAK
(CHAIRMAN & MANAGING DIRECTOR)

Sd/-
SHAILESH CHANDAK
(EXECUTIVE DIRECTOR)

Membership No. : 046361
Firm Reg. No.: 113289W

PLACE :
DATED :

SURAT
10/05/2015



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31st MARCH, 2015

| Sr. No | Particulars | Note No. | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|---|------------|--|--|
| I | Revenue from operations | 18 | 11,11,03,636 | 95,593,031 |
| II | Other Income | 19 | 1,15,528 | - |
| III | III. Total Revenue (I +II) | | 11,12,19,164 | 95,593,031 |
| IV | Expenses: | | | |
| | Cost of materials consumed | 20 | 8,97,79,359 | 80,288,746 |
| | Direct Expenses | 21 | 1,64,89,196 | 12,236,784 |
| | Changes in inventories | 22 | (46,39,323) | (5,005,146) |
| | Employee Benefit Expense | 23 | 28,09,035 | 2,613,739 |
| | Financial Costs | 24 | 9,38,244 | 575,140 |
| | Depreciation and Amortization Expense | 25 | 13,74,121 | 1,175,155 |
| | Administrative Expenses | 26 | 31,74,892 | 2,586,714 |
| | Total Expenses (IV) | | 10,99,25,524 | 94,471,132 |
| V | Profit before tax | (III - IV) | 12,93,640 | 1,121,899 |
| VI | Tax expense: | | | |
| | (1) Current tax | | 5,09,276 | 432,067 |
| | (2) Deferred tax | | 1,86,739 | 76,322 |
| VII | Profit/(Loss) for the period (XI + XIV) | (V-VI) | 9,71,103 | 613,510 |
| VIII | Earning per equity share: | | | |
| | (1) Basic | | 0.09 | 0.18 |
| | (2) Diluted | | 0.09 | 0.18 |

Notes referred to above and Annexures attached there to form an integral part of Profit & Loss Statement

This is the Profit & Loss Statement referred to in our Report of even date.

**FOR SANJAY MAHESHWARI & ASSOCIATES
CHARTERED ACCOUNTANTS**

FOR, KAVITA FABRICS LIMITED

Sd/-
(SANJAY MAHESHWARI)
PARTNER
Membership No. : 046361
Firm Reg. No.: 113289W

Sd/-
HARISH CHANDAK
(CHAIRMAN & MANAGING DIRECTOR)

Sd/-
SHAILESH CHANDAK
(EXECUTIVE DIRECTOR)

PLACE : SURAT
DATED : 10/05/2015



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

| Particulars | Period Ended 31.03.2015 | Period Ended 31.03.2014 |
|--|------------------------------------|------------------------------------|
| <u>CASH FLOW FROM OPERATING ACTIVITIES :</u> | | |
| Net profit before tax | 12,93,640 | 11,21,899 |
| Adjustments for : | | |
| Interest paid and Bank Charges | 9,38,244 | 5,75,140 |
| Depreciation / loss on assets | 13,74,121 | 11,75,154 |
| profit on sale of fixed assets | (2,344) | |
| Deferred tax adjustments | 1,86,739 | 76,322 |
| prior period adjustments | - | 1,13,499 |
| Operating profit before working capital changes | 37,90,400 | 28,35,016 |
| Movements in working capital: | | |
| Decrease / (Increase) in Current Investment | 1,07,28,119 | 2,35,30,790 |
| Decrease / (Increase) in Inventories | (46,39,323) | (50,05,146) |
| Decrease / (Increase) in Trade receivables | (1,12,70,003) | (2,43,97,630) |
| Decrease / (Increase) in Short Term Loans and Advances | (2,42,941) | 1,60,114 |
| Increase / (Decrease) in Trade payables | 31,42,714 | 61,77,000 |
| Increase / (Decrease) in Short Term Provisions and other Current Liabilities | 1,53,416 | 48,069 |
| Increase/(Decrease) in short term borrowings | 6,25,187 | 54,62,976 |
| Cash generated from operations | 22,87,569 | 88,11,189 |
| Payment of income tax | 6,96,015 | 5,08,389 |
| Cash from operating activities before extra-ordinary items | 15,91,554 | 83,02,800 |
| Insurance-claim received | | - |
| Net cash from operating activities (A) | 15,91,554 | 83,02,800 |
| <u>CASH FLOW FROM INVESTING ACTIVITIES :</u> | | |
| Purchase of fixed assets(Including capital advances) | (16,17,625) | (15,16,384) |
| Sale of Fixed Assets | 13,000 | - |
| Purchase of investments(Equity & Preference Shares) | (36,69,169) | 2,74,268 |
| Long Term Loans & Advances | - | 15,00,000 |



| | | |
|---|--------------------|--------------------|
| Net cash used in investing activities (B) | (52,73,794) | 2,57,884 |
| <u>CASH FLOW FROM FINANCING ACTIVITIES :</u> | | |
| Proceeds from issue of share capital | - | - |
| Repayment of long term borrowings | (19,75,202) | (12,42,072) |
| Share Issue Expense | (8,33,643) | - |
| Interest paid | (9,38,244) | (5,75,140) |
| Net cash from financing activities (C) | (37,47,089) | (18,17,212) |
| Net increase in cash and cash equivalents (A+B+C) | (74,29,329) | 67,43,472 |
| Cash and cash equivalents at the beginning of the period | 96,01,058 | 28,57,586 |
| Cash and cash equivalents at the end of the period | 21,71,729 | 96,01,058 |

This is the Cash Flow Statement referred to in our Report of even date.

FOR SANJAY MAHESHWARI & ASSOCIATES
CHARTERED ACCOUNTANTS

Firm Reg. No.: 113289W

(SANJAY MAHESHWARI)
PARTNER
MEMBERSHIP NO. : 046361
PLACE : SURAT

DATED : 10/05/2015

FOR KAVITA FABRICS LIMITED

SHAILESH CHANDAK **HARISH CHANDAK**
(DIRECTOR) **(MANAGING DIRECTOR)**
DIN-01058498 **DIN-01058531**
PLACE : SURAT

DATED : 10/05/2015



Notes forming the part of the accounts for the year ended 31st March 2015.

1. Company Overview

Kavita Fabrics Limited (the Company) is a public limited company domiciled and headquartered in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the Bombay Stock Exchange in India. The company is engaged in manufacturing of synthetic fabrics in the form of semi-finished sarees and dress materials.

2. Significant Accounting Policies

i. Method of accounting:

Transactions are generally accounted on mercantile basis. The Company adopts the accrual concept, in the preparation of the accounts.

ii. Fixed Assets:

Fixed Assets are state at cost less accumulated depreciation.

iii. Depreciation:

Depreciation has been taken on WDV method at the rates prescribed in Schedule - II to the Companies Act, 2013.

iv. Inventories:

Cost of inventory includes all cost of purchases and other cost incurred in bringing the inventories to their present location and condition. Inventories are valued at cost or net realizable value whichever is less.

v. Revenue Recognition:

Sale of goods is recognized on dispatches to customers, which coincide with the transfer of significant risks and rewards associated with ownership. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

vi. Earning Per Share:

Basic earning per share is computed by dividing the net profit after tax for the period after prior period adjustments attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

vii. Taxation & Deferred Tax:

Provision for Current Tax is made in accordance with the provision of Income Tax Act, 1961. Deferred tax is recognized on timing differences between taxable & accounting income/expenditure that originates in one period and are capable of reversal in one or more subsequent period(s).

viii. Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.



ix. Segment Reporting-

The company is predominantly in the business of “Synthetic Fabrics” and as such there are no separate reportable segments. The company’s operations are predominantly only in India.

x. Contingent Liabilities:

There is no any contingent liability of the company.

xi. Current / Non Current-

All assets and liabilities are presented as Current or Non Current as per the company’s normal operating cycle and other criteria set out in the revised Schedule VI of the Companies Act, 1956. Based upon the nature of products and the time between the acquisition of assets for processing and their realization, the company has ascertained its operating cycle as 12 months for the purpose of current/non - current classification of assets and liabilities.

xii. Payment to Auditors:

| | |
|-------------------------------------|------------|
| a) As Auditor | Rs.30000/- |
| b) As Advisor in any other Capacity | NIL |
| c) In any Other Manner | NIL |

xiii. Related parties with whom Transactions done during the period:

a) Associate Companies / Firm / HUFs:

- i. Shiv Textiles

b) Key Management Personnel & Relatives

- ii. Harish Chandak
- iii. Shailesh Chandak
- iv. SarikaChandak
- v. SudhaChandak

Transactions with Related Parties:

| Nature of Transaction | 2014-15 | | | 2013-14 | | |
|-----------------------|-----------------------------|--------------------------|-----------------------------|-----------------------------|--------------------------|-----------------------------|
| | Associate Companies / Firms | Key Management Personnel | Relatives of Key Management | Associate Companies / Firms | Key Management Personnel | Relatives of Key Management |
| Sales | NIL | NIL | NIL | NIL | NIL | NIL |
| Director | NIL | 10,80,000 | NIL | NIL | 10,80,000 | NIL |
| Rent | NIL | 12,72,000 | NIL | NIL | 11,92,700 | NIL |
| Loan Given | NIL | NIL | NIL | NIL | NIL | NIL |
| Job Work | 38,98,969 | NIL | NIL | 30,63,808 | NIL | NIL |



| Name | Relationship | Nature of Transaction | Amount of transaction in in FY 2014-15 (Amt. in Rs.) | Amount outstanding as at 31.03.2015 (Payable) / Receivable | Amount of transaction in in FY 2013-14 (Amt. in Rs.) | Amount outstanding as at 31.03.2014 (Payable) / Receivable |
|------------------|----------------|-----------------------|--|--|--|--|
| Harish Chandak | Key Management | Director Remuneration | 3,60,000 | NIL | 3,60,000 | - |
| Shailesh Chandak | Key Management | Director Remuneration | 3,60,000 | NIL | 3,60,000 | - |
| Sarika Chandak | Key Management | Director Remuneration | 3,60,000 | NIL | 3,60,000 | - |
| Shiv Textile | Associate Firm | Job Work Charges | 38,98,973 | (5,09,984) | 30,63,808 | 4,63,169 |

Others:-

- a. Figures have been rounded off to the nearest Rupees.
- b. Previous Year figures have been regrouped/reclassified/reinstated wherever considered necessary.



Notes Forming Integral Part of the Balance Sheet as at 31st March, 2015

Note : 3 Share Capital

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|---|--|--|
| 1 | AUTHORISED CAPITAL | | |
| | 105,00,000 Shares of Rs.10/- Each. | 10,50,00,000 | 4,00,00,000 |
| | Previous year Authroised capital was 40,00,000 Shares of Rs.10/- Each. | 10,50,00,000 | 4,00,00,000 |
| 2 | ISSUED CAPITAL, SUBSCRIBED & FULLY PAID UP CAPITAL | | |
| | 10418706 Equity Shares of Rs.10/- Each fully Paid up (last year 34,72,902 Equity Shares of Rs.10/- Each fully Paid up) | 10,41,87,060 | 3,47,29,020 |
| | Total in Rs. | 10,41,87,060 | 3,47,29,020 |

3A- Reconciliation of the no. of shares outstanding as under:-

| | No. of Shares | No. of Shares |
|--|---------------|---------------|
| - | | |
| Authorised Share Capital | 10500000 | 4000000 |
| Issued At The Beginning Of The Year | 3472902 | 3472902 |
| Unissued Shares At Beginning Of The Year | 527098 | 527098 |
| Issued Share Capital At End Of Year | 10418706 | - |
| Unissued Share Capital At Year End (1-4) | 81294 | 527098 |

Details of shares held by each shareholder holding more than 5% shares:

| Class of shares / Name of shareholder | As at 31 March, 2015 | |
|---------------------------------------|-----------------------|-----------------------------------|
| | Number of shares held | % holding in that class of shares |
| LakhotiaPolysters (India) Ltd. | 2850000 | 27.35% |
| SarikaChandak | 1727802 | 16.58% |
| Sanjoyog Trade Link Private Limited | 1233000 | 11.83% |
| Harish Chandak | 1086711 | 10.43% |
| SudhaChandak | 562002 | 5.39% |
| Sangam Advisors Ltd | 1359000 | 13.04% |



Note : 4 Reserve & Surplus

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|---|--|--|
| a | Opening Profit & Loss | 22,41,422 | 17,41,411 |
| | Less: Tax on Regular Assessment Paid (F.Y. 2012-13) | - | (8,007) |
| | Less: :Prior period adjustments | - | (1,05,492) |
| | Less: Utilised for Bonus Issue | (16,55,630) | |
| | Add: Profit for the period | 9,71,103 | 6,13,510 |
| | Less: Depreciation Adjustment | (27,281) | - |
| | Closing Profit & Loss | | |
| | Sub-Total (a) | 15,29,614 | 22,41,422 |
| b | Opening Securities Premium | 6,86,36,053 | 6,86,36,053 |
| | Less: Utilised for Bonus Issue | (6,78,02,410) | - |
| | Less: Share Issue Expense | (8,33,643) | - |
| | Closing Securities Premium | | |
| | Sub-Total (b) | - | 6,86,36,053 |
| | Total in Rs. | 15,29,614.42 | 7,08,77,475 |

Note : 5 Long Term Borrowing

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|-------------------------------|--|--|
| 1 | Kotak Mahindra Bank Term Loan | 16,49,050 | 36,24,252 |
| | Total in Rs. | 16,49,050 | 36,24,252 |

Note : 6 Deferred tax Liability (Assets)

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|--|--|--|
| | Balance of fixed assets as per books | 54,15,340 | 52,09,774 |
| | Balance of fixed assets as per I.T. Note | 60,19,674 | 54,56,771 |
| | Difference | 6,04,334 | 2,46,997 |



| | | | |
|--|---|----------------------|-------------------|
| | Provision for Deferred Tax @ 30.90% Provision already made | 1,86,739 (70,447) | 76,322 (5,875) |
| | Total in Rs. | (116292) | 70447 |

Note : 7 Short Term Borrowings

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|--|--|--|
| 1 | Secured | | |
| | - From Kotak Mahindra Bank - OD* | 55,72,021 | 44,54,242 |
| | - From Kotak Mahindra Bank - OD2* | 40,46,774 | 45,39,366 |
| | *O/D Facility against Mortgage of Residential Property of Directors Kotak Mahindra Bank Term Loan (Repayable within 1 year) | | |
| | Total in | 96,18,795 | 89,93,608 |

Note : 8 Trade Payable

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|--|--|--|
| 1 | Due to Micro, Small and Medium Enterprises | | |
| 2 | Trade payable for Materiel/Supplies | 99,20,342 | 70,49,092 |
| 3 | Trade Payable For Services / Process: | 8,72,015 | 8,85,434 |
| 4 | Trade Payable For Job Work & Expense | 2,84,883 | - |
| | Total in Rs. | 1,10,77,240 | 79,34,526 |

Note : 9 Other Current Liabilities

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|---------------------|--|--|
| 1 | Other Payables | 15,97,825 | 15,23,418 |
| | Total in Rs. | 15,97,825 | 15,23,418 |



Note : 10 Short Term Provisions

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|---------------|-------------------------------------|---|---|
| | <u>Others</u> | | |
| 1 | Provision for ROC Filing Fees | 3,600 | 1,800 |
| 2 | Provision for Taxation (F.Y. 14-15) | 5,09,276 | - |
| 3 | Provision for Taxation (F.Y. 13-14) | - | 4,32,067 |
| | Total in Rs. | 5,12,876 | 4,33,867 |



Note : 11: Fixed Assets

| Depreciation Chart for the year ended on 31-03-2015 | | | | | | | | |
|---|----------------------|----------------------|----------------------------------|---------------------------|--------|---------------------------|---------------------------|--------------------------------|
| Date of Acquisition | Rate of Depreciation | Asset | Carrying Amount as on 01/04/2014 | Additions during the year | Total | Deletions During The year | Depreciation for the year | Carrying Cost as on 31-03-2015 |
| 01/09/2008 | 63.16 | AIR CONDITION | 3501 | - | 3501 | - | 2211 | 1290 |
| 01/09/2008 | 25.89 | CAMERA | 1115 | - | 1115 | - | 289 | 826 |
| 26/12/2008 | 25.89 | CAMERA | 485 | - | 485 | - | 126 | 359 |
| 08/09/2012 | 19.26 | CAMERA | 6609 | - | 6609 | - | 1273 | 5336 |
| 01/09/2008 | 100.00 | COMPUTER | 1789 | | | 1789 | | |
| 06/06/2008 | 100.00 | COMPUTER | 13517 | | | 13517 | | |
| 01/04/2009 | 100.00 | COMPUTER | 8034 | | | 8034 | | |
| 28/04/2009 | 100.00 | COMPUTER | 3941 | | | 3941 | | |
| 01/09/2008 | 25.89 | EPBAX SYSTEM | 862 | - | 862 | - | 223 | 639 |
| 02/11/2012 | 19.26 | EPBAX SYSTEM | 7949 | - | 7949 | - | 1531 | 6418 |
| 01/10/2014 | 18.10 | EPBAX SYSTEM | - | 2000 | 2000 | - | 180 | 1820 |
| 06/02/2015 | 18.10 | EPBAX SYSTEM | - | 1250 | 1250 | - | 33 | 1217 |
| 31/03/2012 | 20.58 | SPLIT AIR-CONDITION | 35358 | - | 35358 | - | 7277 | 28081 |
| 06/12/2008 | 25.89 | TELEPHONE INSTRUMENT | 2825 | - | 2825 | - | 731 | 2094 |
| 07/11/2009 | 23.84 | TELEPHONE INSTRUMENT | 396 | - | 396 | - | 94 | 302 |
| 25/07/2011 | 20.58 | TELEPHONE INSTRUMENT | 4557 | - | 4557 | - | 938 | 3619 |
| 18/06/2012 | 19.26 | TELEPHONE INSTRUMENT | 4774 | - | 4774 | - | 919 | 3855 |
| 01/09/2008 | 45.07 | FIXTURE & FURNITURE | 1811 | - | 1811 | - | 816 | 995 |
| 27/11/2012 | 28.31 | FIXTURE & FURNITURE | 481403 | - | 481403 | - | 136285 | 345118 |
| 01/06/2008 | 31.23 | PLANT & MACHINERY | 100019 | - | 100019 | - | 31236 | 68783 |
| 15/02/2010 | 23.84 | PLANT & MACHINERY | 18887 | - | 18887 | - | 4503 | 14384 |



| | | | | | | | | |
|--------------|-------|--------------------|----------------|----------------|----------------|--------------|----------------|----------------|
| | | Y | | | | | | |
| 06/04/2012 | 19.26 | PLANT & MACHINERY | 188934 | - | 188934 | - | 36389 | 152545 |
| 06/09/2012 | 19.26 | PLANT & MACHINERY | 715376 | - | 715376 | - | 137781 | 577595 |
| 06/09/2012 | 19.26 | PLANT & MACHINERY | 715376 | - | 715376 | - | 137781 | 577595 |
| 19/09/2012 | 19.26 | PLANT & MACHINERY | 567131 | - | 567131 | - | 109229 | 457902 |
| 01/04/2013 | 18.10 | PLANT & MACHINERY | 403476 | - | 403476 | - | 73029 | 330447 |
| 03/04/2013 | 18.10 | PLANT & MACHINERY | 35352 | - | 35352 | - | 6399 | 28953 |
| 30/09/2013 | 18.10 | PLANT & MACHINERY | 914867 | - | 914867 | - | 165591 | 749276 |
| 22/08/2014 | 18.10 | PLANT & MACHINERY | - | 1614375 | 1614375 | - | 161712 | 1452663 |
| 26/11/2009 | 39.30 | BAJAJ MOTORCYCLE | 12220 | - | 12220 | 9023 | 3197 | - |
| 20/03/2010 | 39.30 | HERO HONDA DELUXE | 12701 | - | 12701 | - | 4991 | 7710 |
| 01/09/2008 | 39.30 | HERO HONDA PASSION | 2211 | - | 2211 | 1633 | 578 | - |
| 15/05/2012 | 34.82 | MAHINDRA XUV 500 | 897650 | - | 897650 | - | 312562 | 585088 |
| Total | | TOTAL | 5209773 | 1617625 | 6800117 | 37937 | 1374121 | 5415340 |

Schedule : 12 Non Current Investment

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|----------------------|--|--|
| 1 | Long Term Investment | 1,86,69,095 | 1,49,99,926 |
| | Total in Rs. | 1,86,69,095 | 1,49,99,926 |



Note : 13 Current Investment

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|---------------------|--|--|
| 1 | Share Investment | 1,74,09,149 | 2,81,37,268 |
| | Total in Rs. | 1,74,09,149 | 2,81,37,268 |

Note : 14 Inventories

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|--|--|--|
| 1 | Inventories (Raw Material, WIP and Finished Goods) | 2,93,34,801 | 2,46,95,478 |
| | Total in Rs. | 2,93,34,801 | 2,46,95,478 |

Note : 15 Trade Recievables

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|---|--|--|
| 1 | <u>Unsecured, Considered Good :</u> | | |
| | <u>Outstanding for less than 6 months</u> | 3,39,01,111 | 3,35,50,723 |
| | <u>Outstanding for more than 6 months</u> | 1,09,19,615 | - |
| | Total in Rs. | 4,48,20,726 | 3,35,50,723 |

Note : 16 Cash & Cash Equivalent

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|-------------------------------------|--|--|
| 1 | Cash-in-Hand Cash Balance | 4,01,494 | 17,56,197 |
| | Sub Total (A) | 4,01,494 | 17,56,197 |



| | | | |
|---|---|------------------|------------------|
| 2 | Bank Balance With Kotak Mahindra Bank | 17,70,236 | 78,44,862 |
| | Sub Total (B) | 17,70,236 | 78,44,862 |
| | Total [A + B] | 21,71,730 | 96,01,059 |

Note : 17 Short Terms Loans and Advances

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|--|--|--|
| 1 | Loans & Advances | | |
| | <u>Short Term Advances</u> | 1,18,08,084 | 1,16,52,852 |
| 2 | Others | | |
| | <i>Advance Recoverable in cash or in kind or for value to be considered good</i> | | |
| | Advance Income Tax/Refund Due | 4,27,243 | 3,39,534 |
| | Total in Rs. | 1,22,35,327 | 1,19,92,386 |

Note : 18 Revenue from Operations

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|---------------------|--|--|
| 1 | Sales | 11,11,03,636 | 9,55,93,031 |
| | Total in Rs. | 11,11,03,636 | 9,55,93,031 |

Note : 19 Other Income

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|--------------------------------|--|--|
| 1 | Misc Receipt | 87,210 | - |
| 2 | Profit on Sale of Fixed Assets | 2,344 | - |
| 3 | Profit on Share Trading | 25,974 | - |
| | Total in Rs. | 1,15,528 | - |



Note : 20 Cost of Material Consumed

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|--|--|--|
| | PURCHASES OF RAW MATERIALS AND STORES | | |
| 1 | Finish Goods | 5,40,60,837 | 5,00,24,766 |
| 2 | Yarn | 3,57,18,522 | 3,02,63,980 |
| | Total in Rs. | 8,97,79,359 | 8,02,88,746 |

Note : 21 Direct/ Production Expenses

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|---------------------------------|--|--|
| 1 | Designing Expenses | 9,78,583 | 7,27,514 |
| 2 | Process Charges | 13,90,244 | 9,90,627 |
| 3 | Gas & Electricity Power Bill | 20,87,973 | 13,52,852 |
| 4 | Production Expenses | 7,19,964 | 4,93,771 |
| 5 | Wages Expenses | 38,91,745 | 16,72,094 |
| 6 | Job Charges | 51,08,534 | 47,11,181 |
| 7 | Consumables | 9,55,755 | 7,62,809 |
| 8 | Finish Cutting Expenses | 8,480 | 3,822 |
| 9 | Bonus & other Labour Incentives | 13,47,918 | 15,22,114 |
| | Total in Rs. | 1,64,89,196 | 1,22,36,784 |

Note : 22 Change in Inventories

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|---------------------|--|--|
| 1 | Opening Stock | 2,46,95,478 | 1,96,90,332 |
| 2 | Closing Stock | 2,93,34,801 | 2,46,95,478 |
| | Total in Rs. | (46,39,323) | (50,05,146) |

Note : 23 Employment Benefit Expenses

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|------------------------|--|--|
| 1 | Salaries & Bonus | 17,29,035 | 15,18,739 |
| 2 | Directors Remuneration | 10,80,000 | 10,95,000 |
| | Total in Rs. | 28,09,035 | 26,13,739 |



Note : 24 Financial Cost

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|----------------------------------|--|--|
| 1 | Finance & Interest Expense (Net) | 9,21,362 | 5,63,735 |
| 2 | Bank Charges | 16,882 | 11,405 |
| | Total in Rs. | 9,38,244 | 5,75,140 |

Note : 25 Depreciation & Amortised Cost

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|---------------------|--|--|
| 1 | Depreciation | 13,74,121 | 11,75,155 |
| | Total in Rs. | 13,74,121 | 11,75,155 |

Note : 26 Administrative Expenses

| Sr. No | Particulars | Figures for the year ended 31st March 2015 | Figures for the year ended 31st March 2014 |
|--------|---------------------------------|--|--|
| 1 | Advertisement Expenses | 10,268 | 1,019 |
| 2 | Audit Fees | 30,000 | 30,000 |
| 3 | Carriage & Cartage Expenses | 51,740 | 33,245 |
| 4 | Computer Exp. | 26,300 | 30,300 |
| 5 | NSDL /CDSL Charges | 59,066 | 843 |
| 6 | Discount Account | 1,02,007 | 2,24,714 |
| 7 | Electricity Exp. | 52,230 | 58,230 |
| 8 | Esic | 57,580 | 85,728 |
| 9 | Factory Exp. | 1,95,511 | 1,06,807 |
| 10 | Insurance Exp. | 63,557 | 15,244 |
| 11 | Legal Expense | 76,371 | - |
| 12 | Municipal Taxes | 1,07,081 | 82,226 |
| 13 | Office & Misc Expenses | 75,000 | 6,567 |
| 14 | Packing Expenses | 1,63,245 | 1,24,114 |
| 15 | Postal Expenses | 4,890 | 4,415 |
| 16 | Professional Tax | 2,400 | 2,400 |
| 17 | Provident Fund | 2,18,619 | 91,773 |
| 18 | Professional Fees | 1,12,360 | 1,50,916 |
| 19 | Registrar & Share Transfer Fees | 33,193 | 27,056 |
| 20 | ROC fees | 25,200 | - |
| 21 | Rent | 12,72,000 | 11,92,700 |
| 22 | Stationery Exp. | 23,586 | 13,851 |
| 23 | Interest on statutory Dues | 990 | 6,155 |
| 24 | Telephone Exp. | 1,02,039 | 54,342 |
| 25 | Transportation Expenses | 58,230 | 28,440 |
| 26 | Vehicle Exp. | 2,44,687 | 2,09,629 |
| 27 | Website Developing Expenses | 6,742 | 6,000 |
| | Total in Rs. | 31,74,892 | 25,86,714 |



Proxy form
Form No. MGT-11

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

CIN: L17110GJ2005PLC046929

Name of the company: Kavita Fabrics Limited

Registered office: 105, Balaji Industrial Society-1, UdhnaMagdalla Road, Surat 395007

| |
|-----------------------------|
| Name of the Shareholder (s) |
| Registered Address |
| Email Id |
| Folio No. / Client Id |
| DP Id |

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name:

Address:

E-mail Id:

Signature:....., or failing him

2. Name:

Address:

E-mail Id:

Signature:....., or failing him

3. Name:

Address:

E-mail Id:

Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 10th Annual general meeting of the members of the company, to be held on the 25th September, 2015 at 11:00 A.M at the registered office of the Company at 105, Balaji Industrial Society-1, UdhnaMagdalla Road, Surat 395007 and at any adjournment thereof in respect of such resolutions as are indicated below:

1. To receive, consider and adopt the Financial Statements of the Company for the financial year ended March 31, 2015 including audited Balance Sheet as at March 31, 2015 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr.Shailesh Chandak (holding DIN 01058498), who retires by rotation and being eligible offered himself for re-appointment.



3. To appoint M/s. Sanjay Maheshwari & Associates, Chartered Accountants (ICAI Registration No.113289W) as statutory auditors of the Company and fix their remuneration.

Signed this..... day of..... 2015

Signature of shareholder

Affix
Revenue
Stamp

Signature of Proxy holder(s)

Note: 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.



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If undelivered,
Please return to:
Kavita Fabrics Limited
105, Balaji Industrial Society – 1,
UdhnaMagdalla Road,
Surat – 395007,
Gujarat, India.
Tel: +91 – 261 – 3018759 Fax: +91 - 261- 3018759
Email: info@kavitafabrics.com,
Website: www.kavitafabrics.com

FORM A

Pursuant to Clause 31 (a) of Listing Agreement

| | | |
|----|--|------------------------|
| 1. | Name of the company | Kavita Fabrics Limited |
| 2. | Annual financial statements for the year ended | March 31, 2015 |
| 3. | Type of Audit Observation | Un-qualified |
| 4. | Frequency of observation | NA |

For Kavita Fabrics Limited

Harish Chandak
Harish Chandak
 Managing Director

For Kavita Fabrics Limited

Mr. Nitin Maheshwari
Mr. Nitin Maheshwari
 Chairman of Audit
 Committee

For Kavita Fabrics Limited

Shajesh Chandak
Shajesh Chandak
 Chief Financial Officer

For Sanjay Maheshwari & Associates
 (Chartered Accountants)
 Firm Reg No. 113289W

Sanjay Maheshwari
Sanjay Maheshwari
 (Partner)
 Membership No: 046361

Date : 31/08/2015
 Place : Surat