



KAVITA FABRICS LIMITED
11th ANNUAL REPORT 2015-16



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11th ANNUAL REPORT OF 2015-2016

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 Sarda | 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, Udhna Magdalla Road, Surat – 395007, Gujarat, India.
Tel: +91 – 261 – 3018759 Fax: +91 - 261- 3018759
Email: info@kavitafabrics.com, **Website:** www.kavitafabrics.com
CIN: L17110GJ2005PLC046929



NOTICE

KAVITA FABRICS LIMITED

(CIN: L17110GJ2005PLC046929)

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

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

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

NOTICE IS HEREBY GIVEN THAT THE 11th ANNUAL GENERAL MEETING OF “**KAVITA FABRICS LIMITED**” will be held at the registered office of the Company at 105, Balaji Industrial Society-1, Udhna Magdalla Road, Surat 395007 on September 29, 2016 at 3:30 p.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, 2016 including audited Balance Sheet as at March 31, 2016 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 Mrs. Sarika Chandak (holding DIN 06361388), who retires by rotation and being eligible offered herself for re-appointment.
3. To appoint M/s. R T Jain & Co., Chartered Accounts as Statutory Auditors of the Company and to fix their remuneration;

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

“**RESOLVED THAT** pursuant to the provisions of Sections 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, and the applicable rules made there under (including any statutory modification(s) for the time being in force), M/s R T Jain & Co., (ICAI Registration No. 103961W) be and is hereby appointed as Statutory Auditors of the Company in place of M/s. Sanjay Maheshwari & Associates, Chartered Accountants, who had expressed their unwillingness to continue as Statutory Auditors’ of the Company, to hold the office from the conclusion of this Annual General Meeting till the conclusion of the 16th Annual General Meeting of the Company to be held in the year 2021, subject to ratification in every subsequent year at the Annual General Meeting, on such terms and conditions (including remuneration and reimbursement of out-of pocket expenses) as may be determined by the Board of Directors of the Company from time to time.”

By Order of the Board of Directors

Date: September 04, 2016

Place: Surat

Harish Chandak
Managing Director



NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from September 22, 2016 to September 29, 2016 (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 authorizing 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 11th 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 11th 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 11th Annual General Meeting and the Annual Report for 2016 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
7. Ms. 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.



8. 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 11th 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).
9. 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.
10. 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.
11. 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.

12. VOTING BY ELECTRONIC MEANS

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins September 25, 2016 (9:00 am) and ends on September 28, 2016 (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 22, 2016 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 Birth (DOB)	<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> <p>a) If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</p>

- (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.



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- (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**
- b) Non-Individual shareholders (i.e. other than Individuals, HUF and NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - c) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - d) 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.
 - e) 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.
 - f) 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

Date: September 04, 2016
Place: Surat

Harish Chandak
(Managing Director)



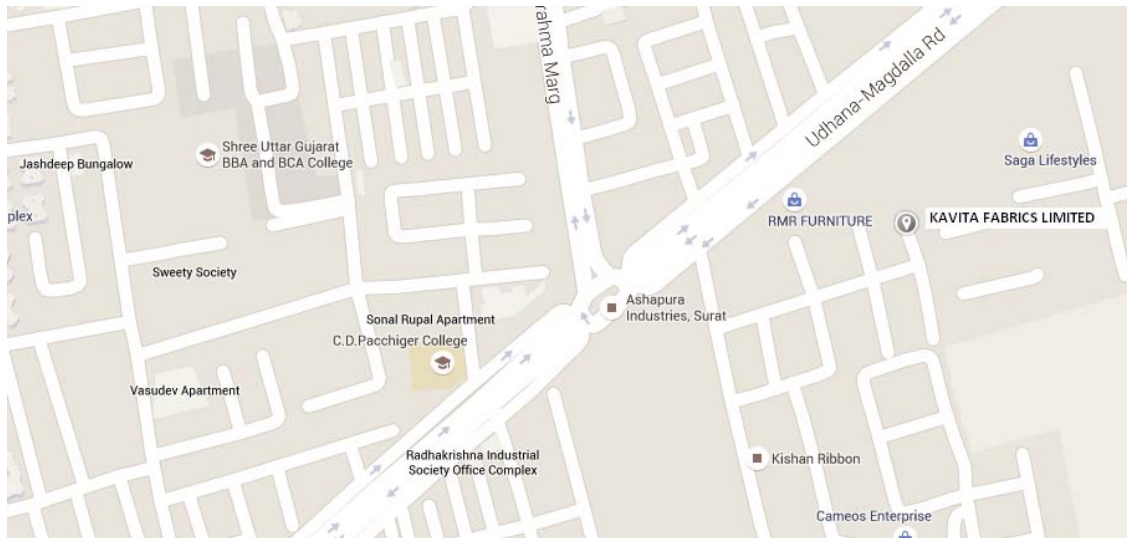
ANNEXURE TO ITEM NOS. 2 OF THE NOTICE

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

Name of Director	Ms. Sarika Chandak
Date of Birth	26/03/1979
Nationality	Indian
Date of First Appointment on the Board	25/07/2012
Qualifications	Commerce Graduation from Gujarat University
Expertise in specific functional Areas	Assisting in the designing process of fabric manufacturing and looking after the administration and human resource functions of our Company.
No. of Shares held in the Company	17,27,802
List of Directorships held in other Companies	Nil
Chairman/Member in the Committee of the Boards of Companies in which he is a	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	Wife of Mr. Shailesh Chandak (Promoter Director and CFO)
No. of Board Meetings attended in FY 2015-16	13 th April, 2016, 15 th April, 2016, 10 th May, 2015, 15 th May, 2015, 2 nd July 2015, 24 th August 2015, 31 st August 2015, 11 th November 2015, 7 th December 2015, 13 February 2016, 31 st March 2016.



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



DIRECTORS REPORT

To,
The Members,
Kavita Fabrics Limited,
Surat

The Directors are pleased to present the 11th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2016.

1. **FINANCIAL SUMMARY OR HIGHLIGHTS / PERFORMANCE OF THE COMPANY:**

Particulars	Current Year	Previous Year
	Ending March, 2016	Ending March, 2015
	Rs.	Rs.
Total Income	8,55,79,532	11,12,19,164
Less: Expenditure	8,27,73,645	10,76,13,159
Profit/(Loss) before Interest, Depreciation & Tax	28,05,887	36,06,005
Less : Interest	4,72,024	9,38,244
Depreciation	11,53,561	13,74,121
Profit/(Loss) before Tax	11,80,302	12,93,640
Profit/(Loss) after Tax	9,01,286	9,71,103

2. **BRIEF DESCRIPTION OF THE COMPANY'S OPERATIONS DURING THE YEAR / STATE OF COMPANY'S AFFAIR**

During the current period, your Company has shown a decrease in revenue to the extent of 23.05% from Rs. 11.12 Crores during FY 2014-15 to Rs.8.56 Crores during FY 2015-16. PAT has shown a decrease of 7 % from Rs. 9.71 Lakhs during FY 2014-15 to Rs. 9.01 Lakhs during FY 2015-16.

3. **FINANCIAL YEAR**

This report of Directors along with its Annexure, Management Discussion and Analysis, Corporate Governance Report, Financial Statements along with their Notes are prepared for the period April 01, 2015 to March 31, 2016 (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 is in compliance with the provisions of the Companies Act, 2013.

4. **DIVIDENDS AND RESERVES**

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.

5. **SHARE CAPITAL**

During the period April 01, 2015 to March 31, 2016, during the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity and there is no change in the Issued, Subscribed and paid up share Capital of Company. The Share Capital



Audit as per the directives of the Securities and Exchange Board of India (SEBI) is being conducted by Practicing Company Secretaries. The paid up Share Capital of the Company stands at Rs. 10,41,87,060/- (Rupees Ten Crores Forty One Lakh Eighty Seven Thousand and Sixty Only).

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Mr. Shailesh Chandak is the Chief Financial Officer of the Company and Mr. Harish Chandak is the Managing Director 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.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134(3) (c) 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, 2016 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.

8. PUBLIC DEPOSITS

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

9. CORPORATE SOCIAL RESPONSIBILITY :

The Company has not developed and implemented any Corporate Social Responsibility initiatives as provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company.

10. NUMBER OF MEETINGS OF BOARD OF DIRECTORS:

During the Financial Year 2015-16, the Board of Directors of the Company met on the following dates:

13th April, 2016, 15th April, 2016, 10th May, 2015, 15th May, 2015, 2nd July 2015, 24th August 2015, 31st August 2015, 11th November 2015, 7th December 2015, 13 February 2016, 31st March 2016

Frequency and quorum at these meetings were in conformity with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements), 2015 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, 2016.

11. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in the form MGT – 9 as required under Section 92 of the Companies Act, 2013, is annexed as Annexure I and forms an integral part of this Report.

12. PARTICULAR OF EMPLOYEES AND RELATED DISCLOSURES

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.

Further the information required pursuant to Section 197 of the Companies Act, 2013 (the Act) read with Rule, 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Compliance Officer in this regard.

13. DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS

All the Independent Non-Executive Directors of the Company viz. Mr. Govindlal Saboo, Mr. Nitin Maheshwari and Mr. Kishan Kumar Sarda 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 Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct.

14. 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 Sarda	Member	Non-Executive and Independent
Mr. Shailesh Chandak	Member	Executive Director

During the Financial Year 2015-16, Audit Committee met 4 times on 10th May, 2015, 31st August 2015, 11th November 2015 and 13th February, 2016. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the company with the Stock Exchanges.



15. 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 II**.

16. 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 III** to the Directors Report.

17. STATUTORY AUDITORS

M/s. Sanjay Maheshwari & Associates, Chartered Accountants, who are the Statutory Auditors of the Company hold office up to the forthcoming Annual General Meeting and expressed their unwillingness to continue as Statutory Auditors’ of the Company. M/s. R T Jain & Co., Chartered Accountants, (Firm Registration No. 103961W) has consented to act the Auditors’ o the Company, are recommended for appointment for a period of five years to carry out the audit the accounts of the Company beginning from the financial year 2016-17.

As required in terms of the provisions of section 139 of the Companies Act, 2013, the Company has obtained written confirmation from M/s. R T Jain & Co.; that their appointment, if made, would be in conformity with the limits specified in the said Section.

18. SECRETARIAL AUDITORS

The Board of Directors have appointed M/s R. M Mimani & Associates as Secretarial Auditors to conduct Secretarial Audit for the Financial Year 2015-16.

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 Qualifications stated in the said Secretarial Report forms a part of Directors Report as **Annexure IV**.

19. 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.

20. 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 2015-16.

21. 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 weaknesses were observed.

22. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, 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.

23. 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 2015-16 :

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

24. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review as stipulated under SEBI (LODR) Regulations, 2015 is presented in a separate section forming part of this Annual Report for the year ended 31st March 2016.

25. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be annexed with the report.

26. 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.



27. VIGIL MECHANISM AND WHISTLE BLOWER POLICY

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

28. 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).

29. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements.

30. 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).

31. LISTING WITH STOCK EXCHANGES

The Company is listed on Main Board of BSE Limited. The Company confirms that it has paid the Annual Listing Fees for the year 2016-2017 to BSE Limited where the Company's Shares are listed.

32. 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.

33. 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, 2016.

34. 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.



35. **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.

By Order of the Board of Directors

Date: September 04, 2016

Place: Surat

Sd/-

Harish Chandak
(Managing Director)

Sd/-

Shailesh Chandak
(Executive Director)

**ANNEXURE I****FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2016**

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L17110GJ2005PLC046929
2.	Registration Date	18-05-2005
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	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
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:

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

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 fibre 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, 2015)				No. Of Shares held at the end of the year (As on March 31, 2016)				% Change during The year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual / HUF	37,43,706	-	37,43,706	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):-	37,43,706	-	37,43,706	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 Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-



b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others - Market Maker	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	-	-	-	-	-	-	-	-	-
2. Non Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.									
(i) Indian	59,10,000	-	59,10,000	56.72	48,36,223	-	48,36,223	46.42	-10.30
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	2,79,000	-	2,79,000	2.68	5,40,000	-	5,40,000	5.18	+2.50
(ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	4,77,000	-	4,77,000	4.58	1298777	-	1298777	12.47	+7.98
c) Others – NRI	-	-	-	-	-	-	-	-	-
d) Others – Clearing Members	9,000	-	9,000	0.09	-	-	-	-	-0.09
Sub-total (B) (2)	68,32,797	-	68,32,797	64.07	66,75,000	-	66,75,000	64.07	-
Total Public Shareholding (B) = (B) (1) + (B) (2)	68,32,797	-	68,32,797	64.07	66,75,000	-	66,75,000	64.07	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1,04,18,706	-	1,04,18,706	100	1,04,18,706	-	1,04,18,706	100	-



i. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year i.e April 01, 2015			Shareholding at the end of the year i.e March 31, 2016			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbe red to total shares	No. of Shares	% of total Shares of the compa ny	%of Shares Pledged / encumbe red to total shares	
1.	Om Prakash Madanlal Daga	300	0.003	-	300	0.003	-	-
2.	Sarika Shailesh Chandak	17,27,802	16.58	-	17,27,802	16.58	-	-
3.	Shailesh Harish Chandak	2,56,002	2.46	-	2,56,002	2.46	-	-
4.	Sudha Harish Chandak	5,62,002	5.39	-	5,62,002	5.39	-	-
5.	Harish Bhagirath Chandak	10,86,711	10.43	-	10,86,711	10.43	-	-
6.	Shaileshkumar Harishkumar Chandak HUF	300	0.003	-	300	0.003	-	-
7.	Harish Bhagirath Chandak HUF	1,10,589	1.06	-	1,10,589	1.06	-	-
				-			-	-
	Total	37,43,706	35.93	-	37,43,706	35.93	-	-

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

Sr. no	Name of the Promoter	Shareholding at the beginning of the year i.e April 01, 2015		Cumulative Shareholding during the year ended March 31, 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Sarika Shailesh Chandak	17,27,802	16.58	17,27,802	16.58
2.	Harish Bhagirath Chandak	10,86,711	10.43	10,86,711	10.43
3.	Sudha Harish Chandak	5,62,002	5.39	5,62,002	5.39
4.	Shaileshkumar Harishkumar Chandak	2,56,002	2.46	2,56,002	2.46
5.	Harish Bhagirath Chandak HUF	1,10,589	1.06	1,10,589	1.06
6.	Shaileshkumar Harishkumar Chandak HUF	300	0.003	300	0.003
7.	Om Prakash Madanlal Daga	300	0.003	300	0.003



iii. 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, 2015		Cumulative Shareholding during the year i.e March 31, 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	LakhotiaPolysters (India) ltd	28,50,000	27.35	28,50,000	27.35
2.	Sangam Advisors Ltd	13,59,000	13.04	8,49,000	8.15
3.	Sanjoyog Trade Link Pvt Ltd	12,33,000	11.83	9,78,223	9.39
4.	Shatrunjaya Estates Pvt Ltd	4,50,000	4.32	1,41,000	1.35
5.	Vijaykumr Mukhiya	54,000	0.52	27,000	0.26
6.	Virendra G. Bajaj	45,000	0.43	45,000	0.43
7.	Bharat B. Mishra HUF	36,000	0.35	72,000	0.69
9.	Vipul Gaurishankar Bajaj	36,000	0.35	18,000	0.18
8.	Subhash Vasudo Chandwani	27,000	0.26	27,000	0.26
10.	Ramavatar Hiralal Baheti	27,000	0.26	27,000	0.26
11.	Nibe Ganesh Ramesh	0	0.00	5,63,777	5.41
12.	Manjusha Ganesh Nibhe	0	0.00	5,10,000	4.90

iv. Shareholding of Directors and Key Managerial Personnel

Sr. no	For each of the Directors and KMP	Shareholding at the beginning of the year (April 01, 2015)		Cumulative Shareholding during the end of year (March 31, 2016)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Sarika Shailesh Chandak	17,27,802	16.58	17,27,802	16.58
2.	Harish Bhagirath Chandak	10,86,711	10.43	10,86,711	10.43
3.	Shailesh Harish Chandak	2,56,002	2.46	2,56,002	2.46

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	16,49,050	-	-	16,49,050
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-
Total(i+ii+iii)	16,49,050	-	-	16,49,050
Change in Indebtedness during the financial year				



- Addition		-	-	-8,40,250
- Reduction	-8,40,250			
Net Change	-8,40,250	-	-	-8,40,250
Indebtedness at the end of the financial year				
i) Principal Amount	8,08,800	-	-	8,08,800
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	8,08,800	-	-	8,08,800

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. Sarika 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



A. 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)	
1	Independent Directors - Fee for attending board committee meetings - Commission - Others please specify	-	-	-	-
2	Total(1)	-	-	-	-
3	Other Non-Executive Directors ·Fee for attending board committee meetings · Commission · Others, please specify	-	-	-	-
4	Total(2)	-	-	-	-
5	Total(B)=(1+2)	-	-	-	-
6	Total Managerial Remuneration	-	-	-	-



B. 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 u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others specify...	-	-	-	-
5	Others, please specify	-	-	-	-
6	Total	-	-	-	-

** Mr. Shailesh Chandak is appointed as Chief Financial Officer of the Company w.e.f. August 24, 2015. Mr. Shailesh Chandak has not taken any remuneration as Chief Financial Officer. However he has been paid Directors Remuneration of Rs. 3,60,000/- per annum.



VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. Directors					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. Other Officers In Default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



ANNEXURE II

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 13th February, 2016 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 Regulation. 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 Nomination and Remuneration Committee comprises of following Directors:

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

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 minutised 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.



ANNEXURE III

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 arm's 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 in ordinary course of business and at arms length price
 - 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: April 13, 2016
 - 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 Agreement Renewed after every 11 Months on Leave and licence basis
- c. Duration of the contracts / arrangements/transactions: 11 Months on Leave and licence basis
- 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: April 13, 2016
- f. Amount paid as advances, if any: N.A.

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

**Date: September 04, 2016
Place: Surat**

Sd/-	Sd/-
Harish Chandak	Shailesh Chandak
(Managing Director)	(Executive Director)



ANNEXURE IV

MR - 3

Secretarial Audit Report for the financial year ended on March 31, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and the Rule 9 of the companies (Appointment and remuneration of managerial personnel) Rule, 2014]

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, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (**the Act**) 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 of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**‘SEBI Act’**) to the extent applicable to the Company;
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - 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) Other law applicable specifically to the Company, as detailed below;
 - i. Trade Mark Act, 1999

We have also examined compliance with the applicable clauses of the following;



- (i) Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI)
- (ii) The SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015
- (iii) The listing agreement entered into by the Company with Stock Exchanges in India.

We report that, during the financial year under review, the Company has complied with the provisions of the Act, rules, regulations, guidelines as mentioned above, subject to the following:

- i. *The Company has not complied with the provision of section 203 of the Companies Act 2013 and of regulation 6 of the SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015 with regard to the appointment of Company Secretary and Compliance Officer of the Company.*
- ii. *The Company has not complied with the regulation 33(1) (d) of the SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015.*

We further report that, there was no action/event in pursuance of;

- a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- c) The Securities and Exchange Board of India (Issue of Debt Securities) Regulations, 2008
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company and test verification on random basis carried out for compliances under other applicable Acts, Laws and Regulations to the Company

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

We further report that, based on the information provided and representation made by the Company and also on the review of compliance reports taken on record by the Board of Directors of the Company, in our opinion adequate system and process exists in the company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable general laws like labour laws, competition law and environmental laws.

We further report that the Board of Directors of the Company is not duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors of the Company during the financial year under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally at least seven days in advance, and 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 duly recorded and signed by the Chairman, majority decision carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there were no specific event/action in pursuance of any of the above referred laws, rules, regulations, guidelines etc., having a major bearing on the Company affairs.

For **R M MIMANI & ASSOCIATES LLP**
[COMPANY SECRETARIES]

RANJANA MIMANI
(PARTNER)

FCS No: 6271

CP No : 4234

Place: Mumbai

Dated: September 04, 2016

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”

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: September 04, 2016



**MANAGEMENT REPLY FOR QUALIFICATIONS MENTIONED IN THE SECRETARIAL
AUDITORS' REPORT**

Dear Shareholders,

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

- i. *The Company has not complied with the provision of section 203 of the Companies Act 2013 and of regulation 6 of the SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015 with regard to the appointment of Company Secretary and Compliance Officer of the Company.*

Management Reply: The Company has given newspaper advertisement for requirement of Company Secretary in the Financial Year 2015-16. However the Company could not find suitable Candidate for the appointment. The Company is in process of appointing Company Secretary.

- ii. *The Company has not complied with the regulation 33(1) (d) of the SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015.*

Management Reply: In the opinion of the Board, it is a technical in nature, however on notice, the Board has taken the necessary steps and in process of complying the same.



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 a decrease in revenue to the extent of 23.05% from Rs.11.12 crores during FY 2014-15 to Rs. 8.55 crores Lakhs during FY 2015-16. PAT has shown a decrease of 7.00 % from Rs. 9.71 Lakhs during FY 2014-15 to Rs. 9.01 Lakhs during FY 2015-16.

Outlook

According to International Monetary Fund (IMF), growth in advanced economies is projected to rise by 0.2 percentage points in 2016 to 2.1 percent, and hold steady in 2017. Growth in emerging markets and developing economies is projected to increase from 4 percent in 2015 - the lowest since the 2008 - 09 financial crisis - to 4.3 and 4.7 percent in 2016 and 2017, respectively. India continues to remain a bright spot in an overall gloomy global economy. As per the World Economic outlook released by



the IMF, India will be the fastest growing major economy in 2016-17 growing at 7.5%, ahead of China, at a time when global growth is facing increasing downside risks. India's growth is expected to continue to be driven by private consumption, which has benefited from lower energy prices and higher real incomes. With the revival of sentiment and pickup in industrial activity, a recovery of private investment is expected to further strengthen growth. Your company is well poised to benefit from the revival of industrial activity in the Indian economy.

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
Dated: September 04, 2016**

**Harish Chandak
(Managing Director)**

**Shailesh Chandak
(Executive Director)**



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2016, in terms of provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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 - Executive Directors

Three - Independent Directors

The composition of the Board also complies with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015

A) The Constitution of the Board as on March 31, 2016

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	Managing Director	0	0	0	0
2	Mr. Shailesh Chandak	Executive Director	0	0	2	0
3	Mrs. Sarika Chandak	Executive Director	0	0	0	0
4	Mr. Nitin Maheshwari	Independent Director	0	0	1	2
5	Mr. Govindlal Saboo	Independent Director	0	0	1	0
6	Mr. Kishan Kumar Sarada	Independent Director	0	0	2	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) 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 25.09.2015
1.	Mr. Harish Chandak	Managing Director	11	Present
2.	Mr. Shailesh Chandak	Executive Director	11	Present
3.	Mrs. Sarika Chandak	Executive Director	11	Present
4.	Mr. Nitin Maheshwari	Non- Executive Director	11	Present
5.	Mr. Govindlal Saboo	Non- Executive Director	11	Present
6.	Mr. Kishan Kumar Sarada	Non- Executive Director	11	Present

During the Financial Year 2015-16, Eleven Meetings of the Board of Directors were held on the following dates: 13th April, 2016, 15th April, 2016, 10th May, 2015, 15th May, 2015, 2nd July 2015, 24th August 2015, 31st August 2015, 11th November 2015, 7th December 2015, 13 February 2016, 31st March 2016.

C) 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 per the SEBI (LODR) Regulations, 2015 to the extent these are relevant and applicable.

D) 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 SEBI (LODR) Regulations, 2015 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.



E) Directors Seeking Appointment / Reappointment:

Ms. Sarika Chandak, Director retires at the ensuing Annual General Meeting and is being eligible to offer herself for re-appointment at the ensuing Annual General Meeting.

3. Committees of the board:

a) Audit Committee:

The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of SEBI (LODR) Regulations, 2015. 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. Members of the committee at present are:

Name of Director	Designation in Committee	Nature of Directorship	Total Meetings Held during the Year	Meetings Attended by the Member
Mr. Nitin Maheshwari	Chairman	Non-Executive and Independent	4	4
Mr. Kishan Kumar Sarda	Member	Non-Executive and Independent	4	4
Mr. Shailesh Chandak	Member	Executive Director	4	4

During the year ended 31st March, 2016, 4 Audit Committee Meeting was held on the following dates: 10th May, 2015, 31st August 2015, 11th November 2015 and 13th February, 2016

The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of SEBI (LODR) Regulations, 2015

b) 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 Committee	Nature of Directorship	Total Meetings Held during the Year	Meetings Attended by the Member
Mr. Nitin Maheshwari	Chairman	Non-Executive and Independent	4	4
Mr. Kishan Kumar Sarda	Member	Non-Executive and Independent	4	4
Mr. Govindlal Saboo	Member	Non-Executive and Independent	4	4

During the year ended 31st March, 2016, 4 Nomination & Remuneration Committee Meeting were held on the following dates: 10th May, 2015, 31st August 2015, 11th November 2015 and 13th February, 2016



c) Stakeholders Relationship Committee

The Stakeholders Relationship Committee is entrusted with the responsibility of addressing the shareholders/ investors complaints with respect to transfer of shares, non-receipt of Annual Report, non-receipt of dividend, etc.

Members of the committee as on March 31, 2016 are as under:

Name of Director	Designation in Committee	Nature of Directorship	Total Meetings Held during the Year	Meetings Attended by the Member
Mr. Kishan Kumar Sarda	Chairman	Non-Executive and Independent	4	4
Mr. Nitin Maheshwari	Member	Non-Executive and Independent	4	4
Mr. Shailesh Chandak	Member	Executive Director	4	4

During the year ended 31st March, 2016, 4 Stakeholders Relationship Committee Meeting was held on the following dates: 10th May, 2015, 31st August 2015, 11th November 2015 and 13th February, 2016

d) Risk Management Committee

Constituting Risk Management Committee is not applicable to our Company.

e) Independent Directors' Meeting

During the year under review, the Independent Directors met on March 31, 2016, inter alia, to discuss and review:

- 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. Harish Chandak, 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.

Also note that, Mr. Amit Merai has resigned from the post of Compliance Officer with effect from July 18, 2016. The Company has accepted his resignation and relieved him from his responsibilities effective from close of business hours on July 18, 2016 and Mr. Harish Chandak is appointed as Compliance Officer with effect from July 19, 2016.



5. Name, Designation and address of the Compliance Officer:

*** Mr. Harish Chandak**

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

* Mr. Amit Merai has resigned from the post of Compliance Officer with effect from July 18, 2016. The Company has accepted his resignation and relieved him from his responsibilities effective from close of business hours on July 18, 2016 and Mr. Harish Chandak is appointed as Compliance Officer with effect from July 19, 2016.

Status of Complaints received, resolved and pending as on 31st March, 2016

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

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
2014-15	25.09.2015	Friday	11.00 A.M.	105, Balaji Industrial Society □ 1, UdhnaMagdalla Road, Surat 395007
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 of Special Resolution
2014-15	NIL	Not applicable
2013-14	3 (Three)	1. Increase in Authorised Share Capital 2. Alteration of Memorandum of Association 3. Issue of Bonus Shares
2012-13	NIL	Not applicable
2011-12	NIL	Not applicable
2010-11	NIL	Not applicable



7. Postal Ballot:-

Result of Postal Ballot declared on May 22, 2015 for the below three businesses,

Resolution No 1: To migrate Company's present listing from SME Platform of BSE Limited to the Main Board of BSE Limited. (Special Resolution)

Promoter/ Public	No. of Shares held	No. of votes cast	% of Votes cast on outstanding shares	No. of Votes - in favour	No. of Votes – against	% of Votes in favour on votes cast	% of Votes against on votes cast
	(1)	(2)	$(3)=(2)/(1)*100$	(4)	(5)	$(6)=(4)/(2)*100$	$(7)=(5)/(2)*100$
Promoter and Promoter Group	3743706	3743706	100%	3743706	0	100%	0
Public Shareholders	6675000	3885000	58%	3885000	0	100%	0
Total	10418706	7628706	86%	7628706	0	100%	0

Resolution No. 2: To Adopt New set of Articles of Association as per Companies Act, 2013(Special Resolution)

Promoter/ Public	No. of Shares held	No. of votes cast	% of Votes cast on outstanding shares	No. of Votes - in favour	No. of Votes – against	% of Votes in favour on votes cast	% of Votes against on votes cast
	(1)	(2)	$(3)=(2)/(1)*100$	(4)	(5)	$(6)=(4)/(2)*100$	$(7)=(5)/(2)*100$
Promoter and Promoter Group	3743706	3743706	100%	3743706	0	100%	0
Public Shareholders	6675000	3885000	58%	3885000	0	100%	0
Total	10418706	7628706	86%	7628706	0	100%	0



Resolution No. 3: To appoint Mr. Nitin Maheshwari as independent director to hold office upto 31st March, 2019 (Ordinary Resolution)

Promoter/ Public	No. of Shares held	No. of votes cast	% of Votes cast on outstanding shares	No. of Votes - in favour	No. of Votes – against	% of Votes in favour on votes cast	% of Votes against on votes cast
	(1)	(2)	$(3)=(2)/(1)*100$	(4)	(5)	$(6)=(4)/(2)*100$	$(7)=(5)/(2)*100$
Promoter and Promoter Group	3743706	3743706	100%	3743706	0	100%	0
Public Shareholders	6675000	3885000	58%	3885000	0	100%	0
Total	10418706	7628706	86%	7628706	0	100%	0

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

8. 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 SEBI (LODR) Regulations, 2015

The Company is compliant with the requirements as prescribed in SEBI (LODR) Regulations, 2015. A Certificate from the Statutory Auditors confirming compliance with all the conditions of Corporate Governance is annexed and forms part of this report.

9. Disclosures:

a) Related Party Transaction:

The Company has entered into related party transactions and details are provided in Form AOC 2 and Notes forming the part of the accounts for the year ended 31st March 2016 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 Corporate Governance

The Company has complied with the mandatory requirements SME Listing Agreement / Clause 49 of Listing Agreement / Regulation 27 of SEBI (LODR) Regulations, 2015 and submits on quarterly/yearly basis the Corporate Governance reports to the concerned Stock Exchanges.

The provisions of regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (LODR), Regulations, 2015 are fully complied with, to the extent applicable to the Company. All the mandatory disclosure as required in term of the provisions of SEBI (LODR), Regulations, 2015 are disclosed in this report.

g) Means Of Communication

Quarterly, Half-Yearly and Annual results of the Company are published in newspapers such as Financial Express (Gujarati) and Financial Express (English). These results are promptly submitted to the BSE Limited. The Company's results and press releases are available on the Company's website www.kavitafabrics.com

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 other requirements:

- **The Board**

No separate office was maintained by the Chairman of the Company

No separate office was maintained by the present Managing Director of the Company.

- **Modified opinions in audit report**

Not applicable since there is no qualification in the audit reports



- **Reporting of Internal Auditors**

The Internal Auditors directly reported to the Audit Committee

- **Shareholders' Right:**

Quarterly or half yearly financial results including summary of the significant events are presently not being sent to shareholders of the Company. The Company has posted its half yearly and annual financial results on its website i.e. www.kavitafabrics.com. Quarterly, Half-Yearly and Annual results of the Company are published in newspapers such as Financial Express (Gujarati) and Financial Express (English).

10. 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 SEBI (LODR) Regulations, 2015. The annual certificate given by the Managing Director and the Chief Financial Officer is published in this Report.

11. General Shareholders Information:

(i) Annual General Meeting:

	(1) Date and Time	September 29, 2016 at 3.30 p.m.
	(2) Venue	105, Balaji Industrial Society -1, UdhnaMagdalla Road, Surat – 395007, Gujarat, India
(ii) Other Details:		
a	Financial Year	The Financial Year of the Company is from 1st April to 31st March of the following year.
b	Book Closure Date	September 22, 2016 to September 29, 2016
c	Listing on stock exchange	BSE Limited
d	Scrip Code	535136
e	NSDL/CDSL - ISIN	INE149O01018
f	CIN Number	L17110GJ2005PLC046929
g	Registrar and Share Transfer Agent	BIGSHARES SERVICES PRIVATE LIMITED E-2 Ansa Industrial Estate, Sakivihar Road Saki Naka, Andheri (East), Mumbai –400 072

(i) Financial Calendar for the year ended 31st March, 2017:

First quarter results	12th November, 2016
Second quarter results	13th February, 2016
Third quarter results	12th May, 2016
Result for the financial year ended on March 31, 2017	2nd week of May 2017

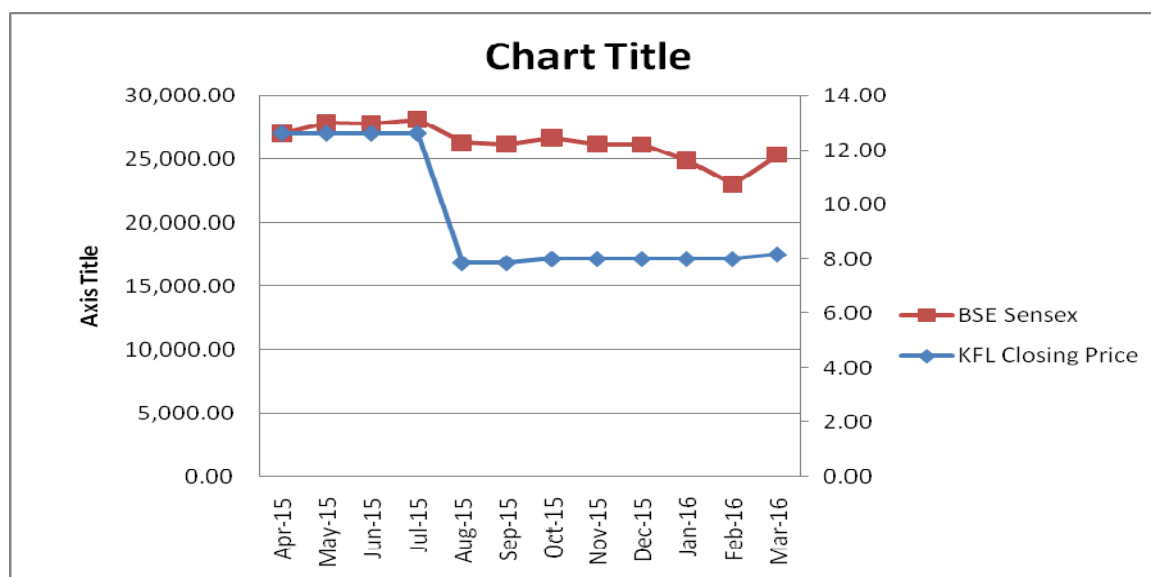


Dividend payment date	Not applicable
Payment of annual listing fees	Listing fees for the year 2016-2017 have been paid to BSE Limited
Demat ISIN no. for CDSL and NSDL	INE149O01018
Corporate Identity Number (CIN)	L17110GJ2005PLC046929

(iii) Stock Market Data:

Month	The Month High and Low Prices during the year at Bombay Stock Exchange	
	High (In Rs.)	Low (In Rs.)
April, 2015	12.60	12.60
May, 2015	No Trading	No Trading
June, 2015	No Trading	No Trading
July, 2015	No Trading	No Trading
August, 2015	12.60	7.85
September, 2015	7.85	7.85
October, 2015	8.00	8.00
November, 2015	8.00	8.00
December, 2015	No Trading	No Trading
January, 2016	8.00	8.00
February, 2016	No Trading	No Trading
March, 2016	8.16	8.16

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



*Source BSE



*When the last date of month is holiday or the stock is not traded, prices of the previous day have been considered.

*When the share trading has not been happen in any month, previous month's closing price has been considered for that month's closing price.

(v) Share holding pattern as on 31.03.2016

Sr. No.	Category	No. of Shares	% (Percentage)
1	Promoters (Including Promoters Body Corporate)	37,43,406	35.93
2	Body Corporate	48,36,223	46.42
3	Resident Individuals and HUF	18,39,077	17.65
	TOTAL	1,04,18,706	100

12. Distribution of Shareholding as on 31.03.2016

No. of Shares held	No. of Shareholders	%	No. of Shares	% of Total Capital
1 to 5000	3	4.69	662	0.01
5001 to 10000	28	43.08	2,52,000	2.42
10001 to 20000	17	26.15	3,05,938	2.94
20001 to 30000	4	6.15	1,08,000	1.04
30001 to 40000	-	-	-	-
40001 to 50000	1	1.54	45,000	0.43
50001 to 100000	1	1.54	72,000	0.69
100001 onwards	11	16.92	9635106	92.48
TOTAL	65	100.00	10,41,87,06	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, 2016, 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, Udhna Magdalla 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



DECLARATION BY THE CEO UNDER REGULATION 26(3) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE CODE OF CONDUCT

In accordance with Regulation 26(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct for the Financial Year ended March 31, 2016.

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

**Place: Surat
Dated: September 04, 2016**

**Harish Chandak
(Managing Director)**



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, 2016 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
- (ii) There are no instances of significant fraud in the company's internal control system over financial reporting.

For Kavita Fabrics Limited

Sd/-

Sd/-

**Date: May 12, 2016
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, 2016, as stipulated in SEBI (LODR), Regulations 2015 and in terms of requirement 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, we certify that the Company has complied with the conditions of Corporate Governance as specified under the applicable regulations of SEBI (LODR), Regulations, 2015.

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.

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

Place: Surat

Date: May 12, 2016

(Sanjay Maheshwari)
Partner



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, 2016, 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, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent
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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of sub-section (2) of section 164 of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our Separate Report in "**Annexure B**"

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

Place: Surat
Date: May 12, 2016

(Sanjay Maheshwari)
Partner



ANNEXURE A

Referred to in paragraph 1 under the heading, “Report on Other Legal and Regulatory Requirements” of our report on 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:

1. The Company has carried out physical verification at reasonable intervals commensurate to its size and nature of business and no discrepancy has been found.
2. 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.
3. 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 the information and explanations provided to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xi) According to information and explanations given to us, the company has not given guarantee for loans taken by others from banks or financial institutions.
- (xii) The Company has a term loans from banks and outstanding as on 31st March,2016 is as follows:
1. Kotak Mahindra Bank Term Loan Rs. 8,08,800/-
- (xiii) 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.

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

Place: Surat
Date: May 12, 2016

(Sanjay Maheshwari)
Partner



ANNEXURE B: TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KAVITA FABRICS LIMITED

Report on the Internal Financial Controls

Under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **KAVITA FABRICS LIMITED** (“the Company”) as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has maintained, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Surat
Date: May 12, 2016

(Sanjay Maheshwari)
Partner



M/s. KAVITA FABRICS LIMITED

105, BALAJI INDUSTRIAL SOCIETY-1, UDHNA MAGDALLA ROAD, SURAT.

CIN-L17110GJ2005PLC046929

BALANCE SHEET AS AT 31st MARCH 2016

Particulars	Note No.	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
I. EQUITY AND LIABILITIES			
<u>(1) Shareholder's Funds</u>			
(a) Share Capital	3	10,41,87,060	10,41,87,060
(b) Reserves and Surplus	4	23,46,984	15,29,614
<u>(2) Non Current Liabilities</u>			
(a) Long Term Borrowings	5	8,08,800	16,49,050
<u>(3) Current Liabilities</u>			
(a) Short-Term Borrowings	6	62,06,280	96,18,795
(b) Trade Payables	7	90,71,004	1,10,77,240
(c) Other Current Liabilities	8	12,56,842	15,97,825
(d) Short-Term Provisions	9	4,36,078	5,12,876
Total Equity & Liabilities		12,43,13,048	13,01,72,460
II. ASSETS			
<u>(1) Non-Current Assets</u>			
(a) Fixed Assets			
(i) Gross Block	10	90,05,874	90,05,874
(ii) Depreciation		47,44,095	35,90,534
(iii) Net Block		42,61,779	54,15,340
(b) Deffered Tax Assets	11	2,70,353	1,16,292
(c) Non-current investments	12	1,85,38,104	1,86,69,095
<u>(2) Current Assets</u>			
(a) Current Investment	13	1,97,34,477	1,74,09,149
(b) Inventories	14	3,78,04,565	2,93,34,801
(c) Trade receivables	15	3,84,74,813	4,48,20,726
(d) Cash and cash equivalents	16	8,77,148	21,71,730
(e) Short-term loans and advances	17	43,51,809	1,22,35,327
Total Assets		12,43,13,048	13,01,72,460
NOTES TO ACCOUNTS		1,2	
<i>Notes referred to above and Annexures attached there to form an integral part of Balance Sheet</i>			
<i>This is the Balance Sheet referred to in our Report of even date.</i>			
FOR SANJAY MAHESHWARI & ASSOCIATES		FOR KAVITA FABRICS LIMITED	
CHARTERED ACCOUNTANTS			
Firm Reg. No.: 113289W			
(SANJAY MAHESHWARI)		SHAILESH CHANDAK	HARISH CHANDAK
PARTNER		(DIRECTOR & CFO)	(MANAGING DIRECTOR)
Membership No. : 046361		DIN-01058498	DIN-01058531
Firm Reg. No.: 113289W			
PLACE :	SURAT	PLACE :	SURAT
DATED :	12/05/2016	DATED :	12/05/2016



M/s. KAVITA FABRICS LIMITED

105, BALAJI INDUSTRIAL SOCIETY-1, UDHNA MAGDALLA ROAD, SURAT.

CIN-L17110GJ2005PLC046929

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31st MARCH, 2016

Sr. No	Particulars	Note No.	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
I	Revenue from operations	18	8,55,88,824	11,11,03,636
II	Other Income	19	-9292	1,15,528
III	III. Total Revenue (I +II)		8,55,79,532	11,12,19,164
IV	Expenses:			
	Cost of materials consumed	20	6,77,44,568	8,97,79,359
	Direct Expenses	21	1,61,70,026	1,64,89,196
	Changes in inventories	22	-84,69,764	-46,39,323
	Employee Benefit Expense	23	28,41,743	28,09,035
	Financial Costs	24	4,72,024	9,38,244
	Depreciation and Amortization Expense	25	11,53,561	13,74,121
	Administrative Expenses	26	44,87,072	31,74,892
	Total Expenses (IV)		8,43,99,229	10,99,25,524
V	Profit before tax	(III - IV)	11,80,302	12,93,640
VI	Tax expense:			
	(1) Current tax		4,33,078	5,09,276
	(2) Deferred tax Assets		-154061	-186739
VII	Profit/(Loss) for the period (XI + XIV)	(V-VI)	9,01,286	9,71,103
VIII	Earning per equity share:			
	(1) Basic		0.09	0.09
	(2) Diluted		0.09	0.09

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
Firm Reg. No.: 113289W

FOR KAVITA FABRICS LIMITED

(SANJAY MAHESHWARI)
PARTNER
MEMBERSHIP NO. : 046361

SHAILESH CHANDAK HARISH CHANDAK
(DIRECTOR & CFO) (I (MANAGING DIRECTOR)
DIN-01058498 DIN-01058531

PLACE : SURAT
DATED : 12/05/2016

PLACE : SURAT
DATED : 12/05/2016



M/s. KAVITA FABRICS LIMITED
105, BALAJI INDUSTRIAL SOCIETY-1, UDHNA MAGDALLA ROAD, SURAT.
CIN-L17110GJ2005PLC046929

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	Period Ended 31.03.2016	Period Ended 31.03.2015
<u>CASH FLOW FROM OPERATING ACTIVITIES :</u>		
Net profit before tax	11,80,302	12,93,640
Adjustments for :		
Interest paid and Bank Charges	4,72,024	9,38,244
Depreciation / loss on assets	11,53,561	13,74,121
profit on sale of fixed assets	-	(2,344)
Deferred tax adjustments	(1,54,061)	1,86,739
prior period adjustments	(83,915)	-
Operating profit before working capital changes	25,67,911	37,90,400
Movements in working capital:		
Decrease / (Increase) in Current Investment	(23,25,328)	1,07,28,119
Decrease / (Increase) in Inventories	(84,69,764)	(46,39,323)
Decrease / (Increase) in Trade receivables	63,45,913	(1,12,70,003)
Decrease / (Increase) in Short Term Loans and Advances	78,83,518	(2,42,941)
Increase / (Decrease) in Trade payables	(20,06,236)	31,42,714
Increase / (Decrease) in Short Term Provisions and other Current Liabilities	(4,17,781)	1,53,416
Increase/(Decrease) in short term borrowings	(34,12,515)	6,25,187
Cash generated from operations	1,65,718	22,87,569
Payment of income tax	2,79,017	6,96,015
Cash from operating activities before extra-ordinary items	(1,13,298)	15,91,554
Insurance-claim received	-	-
Net cash from operating activities (A)	(1,13,298)	15,91,554
<u>CASH FLOW FROM INVESTING ACTIVITIES :</u>		
Purchase of fixed assets(Including capital advances)	-	(16,17,625)
Sale of Fixed Assets	-	13,000
Purchase of investments(Equity & Preference Shares)	1,30,991	(36,69,169)
Long Term Loans & Advances	-	-
Net cash used in investing activities (B)	1,30,991	(52,73,794)
<u>CASH FLOW FROM FINANCING ACTIVITIES :</u>		
Proceeds from issue of share capital	-	-
Repayment of long term borrowings	(8,40,250)	(19,75,202)
Share Issue Expense	-	(8,33,643)
Interest paid	(4,72,024)	(9,38,244)
Net cash from financing activities (C)	(13,12,274)	(37,47,089)
Net increase in cash and cash equivalents (A+B+C)	(12,94,581)	(74,29,329)
Cash and cash equivalents at the beginning of the period	21,71,729	96,01,058
Cash and cash equivalents at the end of the period	8,77,147	21,71,729

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 : 12/05/2016

FOR KAVITA FABRICS LIMITED

SHAILESH CHANDAK

(DIRECTOR & CFO)

DIN-01058498

PLACE : SURAT

DATED : 12/05/2016

HARISH CHANDAK

(MANAGING DIRECTOR)

DIN-01058531



Notes forming the part of the accounts for the year ended 31st March 2016

i. 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.

ii. Significant Accounting Policies

j) Basis of accounting and preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principle and the provision of the companies Act, 2013. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis except elsewhere stated. The preparation of financial statements in conformity with Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period.

k) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

l) 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.

m) Fixed Assets & Depreciation:

I. All fixed assets are stated at historical cost of acquisition/Construction cost less depreciation. Expenses for bringing the respective assets to working condition for their intended use are capitalized.

II. Depreciation on fixed assets has been provided In accordance with the requirement of schedule II to the Companies Act 2013

n) 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.

o) Earnings Per Share:

Basic earnings 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.



p) 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).

q) 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.

r) Provisions and contingencies:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. In the opinion of management, there is no contingent liability at the end of year.

s) 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 on 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.

t) 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.

u) Payment to Auditors:

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

v) Related parties with whom Transactions done during the period:

Associate Companies / Firm / HUFs:

- i. Shiv Textiles

f) Key Management Personnel & Relatives:

- i. Harish Chandak
- ii. Shailesh Chandak
- iii. Sarika Chandak
- iv. Sudha Chandak



w) **Transactions with Related Parties:**

Nature of Transaction	2015-16			2014-15		
	Associate Companies / Firms	Key Management Personnel	Relatives of KMP	Associate Companies / Firms	Key Management Personnel (KMP)	Relatives of KMP
Sales	Nil	Nil	Nil	Nil	Nil	Nil
Director remuneration	Nil	10,80,000	Nil	Nil	10,80,000	Nil
Rent	Nil	16,20,000	Nil	Nil	12,72,000	Nil
Loan Given	Nil	Nil	Nil	Nil	Nil	Nil
Job Work Charges	47,49,483	Nil	Nil	38,98,969	Nil	Nil

Name	Relationship	Nature of Transaction	Amount of transaction in in FY 2015-16 (Amt. in Rs.)	Amount outstanding as at 31.03.2016 (Payable) / Receivable	Amount of transaction in in FY 2014-15 (Amt. in Rs.)	Amount outstanding as at 31.03.2015 (Payable) / Receivable
Harish Chandak	KMP	Director Remuneration	3,60,000	NIL	3,60,000	-
Shailesh Chandak	KMP	Director Remuneration	3,60,000	NIL	3,60,000	-
Sarika Chandak	KMP	Director Remuneration	3,60,000	NIL	3,60,000	-
Shiv Textile	Associate Firm	Job Work Charges	47,49,483	(10,71,971)	38,98,973	(5,09,984)

x) **Others:-**

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



M/s. KAVITA FABRICS LIMITED

Notes Forming Integral Part of the Balance Sheet as at 31st March, 2016

Note : 3 Share Capital

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	AUTHORISED CAPITAL 105,00,000 Shares of Rs.10/- Each. Previous year Authroised capital was 10,50,000 Shares of Rs.10/- Each.	105,000,000	105,000,000
		105,000,000	105,000,000
2	ISSUED CAPITAL, SUBSCRIBED & FULLY PAID UP CAPITAL 10418706 Equity Shares of Rs.10/- Each fully Paid up	104,187,060	104,187,060
	Total in ₹	104,187,060	104,187,060

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

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

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

Class of shares / Name of shareholder	As at 31 March, 2016	
	Number of shares held	% holding in that class of shares
Lakhotia Polysters (India) Ltd.	2850000	27.35%
Sarika Chandak	1727802	16.58%
Sanjoyog Trade Link Private Limited	978223	9.39%
Harish Chandak	1086711	10.43%
Sudha Chandak	562002	5.39%
Sangam Advisors Ltd	849000	8.15%
Nibhe Ganesh Ramesh	563777	5.41%

Note : 4 Reserve & Surplus

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
a	Opening Profit & Loss	15,29,614	22,41,422
	Less: Previous Year Tax Adjustment	-83915	-
	Less: Utilised for Bonus Issue	-	-16,55,630
	Add: Profit for the period	9,01,286	9,71,103
	Less: Depreciation Adjustment	-	-27281
	Closing Profit & Loss	23,46,984	15,29,614
b	Opening Securities Premium	-	6,86,36,053
	Less: Utilised for Bonus Issue	-	-67802410
	Less: Share Issue Expense	-	-833643
	Closing Securities Premium	-	-
	Total in ₹	23,46,984	15,29,614

Note : 5 Long Term Borrowing

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Kotak Mahindra Bank Term Loan	8,08,800	16,49,050
	Total in ₹	8,08,800	16,49,050

Note : 6 Short Term Borrowings

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Secured		
	- From Kotak Mahindra Bank - OD*	26,68,811	55,72,021
	- From Kotak Mahindra Bank - OD2*	35,37,469	40,46,774
	*O/D Facility against Mortgage of Residential Property of Directors Kotak Mahindra Bank Term Loan (Repayable within 1 year)		
	Total in ₹	62,06,280	96,18,795

**Note : 7 Trade Payable**

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Due to Micro, Small and Medium Enterprises		
2	Trade payable for Materiel/Supplies	71,61,288	99,20,342
3	Trade Payable For Services / Process:	16,44,749	8,72,015
4	Trade Payable For Job Work & Expense	2,64,967	2,84,883
	Total in ₹	90,71,004	1,10,77,240

Note : 8 Other Current Liabilities

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Other Payables	12,56,842	15,97,825
	Total in ₹	12,56,842	15,97,825

Note : 9 Short Term Provisions

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
	Others		
1	Provision for ROC Filling Fees	3,000	3,600
2	Provision for Taxation (F.Y. 15-16)	4,33,078	-
3	Provision for Taxation (F.Y. 14-15)	-	5,09,276
	Total in ₹	4,36,078	5,12,876



Note 10 Depreciation Chart for the year ended on 31-03-2016

Date of Acquisition	Rate of Depreciation	Asset	Carrying Amount as on 01/04/2015	Additions during the year	Total	Deletions During The year	Depreciation for the year	Carrying Cost as on 31-03-2016
01/09/2008	63.16	AIR CONDITION	1290	-	1290	-	815	475
01/09/2008	25.89	CAMERA	826	-	826	-	214	612
26/12/2008	25.89	CAMERA	359	-	359	-	93	266
08/09/2012	19.26	CAMERA	5336	-	5336	-	1028	4308
24/01/2013	77.64	COMPUTER	2103	-	2103	-	1633	470
27/01/2013	77.64	COMPUTER	449	-	449	-	349	100
25/02/2013	77.64	COMPUTER	7878	-	7878	-	6116	1762
01/09/2008	25.89	EPBAX SYSTEM	639	-	639	-	165	474
02/11/2012	19.26	EPBAX SYSTEM	6418	-	6418	-	1236	5182
01/10/2014	18.10	EPBAX SYSTEM	1820	-	1820	-	329	1491
06/02/2015	18.10	EPBAX SYSTEM	1217	-	1217	-	220	997
31/03/2012	20.58	SPLIT AIR-CONDITION	28081	-	28081	-	5779	22302
06/12/2008	25.89	TELEPHONE INSTRUMENT	2094	-	2094	-	542	1552
07/11/2009	23.84	TELEPHONE INSTRUMENT	302	-	302	-	72	230
25/07/2011	20.58	TELEPHONE INSTRUMENT	3619	-	3619	-	745	2874
18/06/2012	19.26	TELEPHONE INSTRUMENT	3855	-	3855	-	742	3113
01/09/2008	45.07	FIXTURE & FURNITURE	995	-	995	-	448	547
27/11/2012	28.31	FIXTURE & FURNITURE	345118	-	345118	-	97703	247415
01/06/2008	31.23	PLANT & MACHINERY	68783	-	68783	-	21481	47302
15/02/2010	23.84	PLANT & MACHINERY	14384	-	14384	-	3429	10955
06/04/2012	19.26	PLANT & MACHINERY	152545	-	152545	-	29380	123165
06/09/2012	19.26	PLANT & MACHINERY	577595	-	577595	-	111245	466350
06/09/2012	19.26	PLANT & MACHINERY	577595	-	577595	-	111245	466350
19/09/2012	19.26	PLANT & MACHINERY	457902	-	457902	-	88192	369710
01/04/2013	18.10	PLANT & MACHINERY	330447	-	330447	-	59811	270636
03/04/2013	18.10	PLANT & MACHINERY	28953	-	28953	-	5240	23713
30/09/2013	18.10	PLANT & MACHINERY	749276	-	749276	-	135619	613657
22/08/2014	18.10	PLANT & MACHINERY	1452663	-	1452663	-	262932	1189731
20/03/2010	39.30	HERO HONDA DELUXE	7710	-	7710	-	3030	4680
15/05/2012	34.82	MAHINDRA XUV 500	585088	-	585088	-	203728	381360
Total		TOTAL	5415340	0	5415340	0	1153561	4261779



Note : 11 Deferred tax Liability (Assets)

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
	Balance of fixed assets as per books	42,61,779	54,15,340
	Balance of fixed assets as per I.T. Note	51,36,708	60,19,674
	Difference	8,74,929	6,04,334
	Provision already made	-1,16,292	-70,447
	Provision to be made	-1,54,061	1,86,739
	Total in ₹	(270353)	(116292)

Note : 12 Non Current Investment

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Long Term Investment	1,85,38,104	1,86,69,095
	Total in ₹	1,85,38,104	1,86,69,095

Note : 13 Current Investment

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Share Investment	1,97,34,477	1,74,09,149
	Total in ₹	1,97,34,477	1,74,09,149

Note : 14 Inventories

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Inventories (Raw Material, WIP and Finished Goods)	3,78,04,565	2,93,34,801
	Total in ₹	3,78,04,565	2,93,34,801

Note : 15 Trade Recievables

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Unsecured, Considered Good :		
	Outstanding for less than 6 months	-	4,48,20,726
	Outstanding for more than 6 months	3,84,74,813	-
	Total in ₹	3,84,74,813	4,48,20,726



Note : 16 Cash & Cash Equivalent

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Cash-in-Hand Cash Balance	8,60,962	4,01,494
	Sub Total (A)	8,60,962	4,01,494
2	Bank Balance With Kotak Mahindra Bank	16,186	17,70,236
	Sub Total (B)	16,186	17,70,236
	Total [A + B]	8,77,148	21,71,730

Note : 17 Short Terms Loans and Advances

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Loans & Advances <u>Short Term Advances</u>	40,24,852	1,18,08,084
2	Others <i>Advance Recoverable in cash or in kind or for value to be considered good</i> Advance Income Tax/Refund Due TDS Receivable FY 2015-2016	3,00,000 26,957	4,27,243
	Total in ₹	43,51,809	1,22,35,327

Note : 18 Revenue from Operations

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Sales	85,588,824	111,103,636
	Total in ₹	85,588,824	111,103,636

Note : 19 Other Income

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Misc Receipt	-	87,210
2	Profit on Sale of Fixed Assets	-	2,344
3	Profit on Share Trading	-12,795	25,974
4	Dividend	500	-
5	Longterm Capital Gain	3,003	-
	Total in ₹	-9,292	115,528



Note : 20 Cost of Material Consumed

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
	PURCHASES OF RAW MATERIALS AND STORES		
1	Finish Goods	31,168,583	54,060,837
2	Yarn	36,575,985	35,718,522
	Total in ₹	67,744,568	89,779,359

Note : 21 Direct/ Production Expenses

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Designing Expenses	633,507	978,583
2	Process Charges	1,584,429	1,390,244
3	Gas & Electricity Power Bill	1,868,376	2,087,973
4	Production Expenses	664,191	719,964
5	Wages Expenses	3,917,705	3,891,745
6	Job Charges	5,815,450	5,108,534
7	Consumables	760,294	955,755
8	Finish Cutting Expenses	64,432	8,480
9	Bonus & other Labour Incentives	861,642	1,347,918
	Total in ₹	16,170,026	16,489,196

Note : 22 Change in Inventories

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Opening Stock	29,334,801	24,695,478
2	Closing Stock	37,804,565	29,334,801
	Total in ₹	(8,469,764)	(4,639,323)

Note : 23 Employment Benefit Expenses

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Salaries & Bonus	1,761,743	1,729,035
2	Directors Remuneration	1,080,000	1,080,000
	Total in ₹	2,841,743	2,809,035

Note : 24 Financial Cost

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Finance & Interest Expense (Net)	460,459	921,362
2	Bank Charges	11,565	16,882
	Total in ₹	472,024	938,244



Note : 25 Depreciation & Amortised Cost

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Depreciation	1,153,561	1,374,121
	Total in ₹	1,153,561	1,374,121

Note : 26 Administrative Expenses

Sr. No	Particulars	Figures for the year ended 31st March 2016	Figures for the year ended 31st March 2015
1	Advertisement Expenses	58,698	10,268
2	Audit Fees	30,000	30,000
3	Brokerage	3,448	-
4	Carriage & Cartage Expenses	64,195	51,740
5	Computer Exp.	26,650	26,300
6	NSDL /CDSL Charges	114,368	59,066
7	Discount Account	481,265	102,007
8	Demat Charges	1,302	-
9	Electricity Exp.	76,137	52,230
10	Esic	37,206	57,580
11	Factory Exp.	169,052	195,511
12	Insurance Exp.	113,687	63,557
13	Legal Expense	69,130	76,371
14	Listing Fees	506,890	-
15	Municipal Taxes	129,132	107,081
16	Office & Misc Expenses	-	75,000
17	Packing Expenses	148,123	163,245
18	Postal Expenses	9,601	4,890
19	Professional Tax	2,400	2,400
20	Provident Fund	310,741	218,619
21	Professional Fees	46,537	112,360
22	Registrar & Share Transfer Fees	47,934	33,193
23	ROC fees	38,400	25,200
24	Rent	1,620,000	1,272,000
25	Stationery Exp.	18,862	23,586
26	Interest on statutory Dues	-	990
27	Telephone Exp.	62,964	102,039
28	Transportation Expenses	83,447	58,230
29	Vehicle Exp.	209,461	244,687
30	Website Developing Expenses	7,442	6,742
	Total in ₹	4,487,072	3,174,892



KAVITA FABRICS LIMITED

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

Email : info@kavitafabrics.in **Website:** www.kavitafabrics.com

ATTENDANCE SLIP

(Please fill the attendance slip and hand it over at the entrance of the meeting hall)

Regd. Folio

No. **.....

DP ID.....

No. of Shares held

Client ID

Name(s) and address of the shareholder in full

.....
.....

...

I/we hereby record my/our presence at the 11th Annual General Meeting of the Company held on Thursday, September 29, 2016 at 3.30 p.m. at 105, Balaji Industrial Society-1, UdhnaMagdalla Road, Surat 395007

Signature of Shareholder /Proxy

**Applicable for investor holding shares in physical form



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 11th Annual general meeting of the members of the company, to be held on the 29th September, 2016 at 3:30 P.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, 2016 including audited Balance Sheet as at March 31, 2016 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 Mrs. Sarika Chandak (holding DIN 06361388), who retires by rotation and being eligible offered herself for re-appointment.



-
3. To appoint M/s. R T Jain & Co., Chartered Accounts as Statutory Auditors of the Company and to fix their remuneration;

Signed this..... day of..... 2016

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