



Kavita Fabrics Limited

105, Balaji Industrial Society - 1, Udhna Magdalla Road,
Surat-395 007. (Guj.) India. E-mail : info@kavitafabrics.com

Date: September 10, 2019

The General Manager
Corporate Relation Department,
BSE Limited,
Dalal Street,
Mumbai - 400 001

Dear Sir,

Sub.: Copy of Annual Report pursuant to Regulation 34(1) of SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015

Ref.: Scrip Code: 535136

Pursuant to Regulation 34 (1) of the SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015, we enclosed herewith 14th Annual Report of Kavita Fabrics Limited for the Financial Year 2018-19.

This is for your information and records.

Thanking you,

Yours faithfully,

For Kavita Fabrics Ltd

Shaliesh Chandak
Director
DIN: 01058498





14TH ANNUAL REPORT 2018-19

KAVITA FABRICS LIMITED



2018 - 19

KAVITA FABRICS LIMITED

105 BALAJI INDUSTRIAL SOCIETY - 1, UDHNA MAGDALLA ROAD, SURAT – 395007, GUJARAT, INDIA



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14th ANNUAL REPORT OF 2018-2019

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Shailesh Chandak	Chairman and Managing Director & Chief Financial Officer
Mrs. Sarika Shailesh Chandak	Non-Executive Director
Mr. Kishan Kumar Sarda	Non-Executive Independent Director
Mr. Govindlal Meghrajji Saboo	Non-Executive Independent Director

KEY MANAGERIAL PERSONNEL

Mr. Shailesh Chandak	Managing Director & Chief Financial Officer
Ms. Nupur Tanmay Gadekar	Company Secretary and Compliance Officer

BOARD COMMITTEES

AUDIT COMMITTEE

- Mr. Govindlal Meghrajji Saboo - Chairman
- Mr. Kishan Kumar Sarda - Member
- Mr. Shailesh Chandak - Member

NOMINATION AND REMUNERATION COMMITTEE

- Mr. Govindlal Meghrajji Saboo - Chairman
- Mr. Kishan Kumar Sarda - Member
- Mrs. Sarika Shailesh Chandak - Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

- Mr. Govindlal Meghrajji Saboo - Chairman
- Mr. Kishan Kumar Sarda - Member
- Mrs. Sarika Shailesh Chandak - Member

INTERNAL AUDITOR

M/s. Mahesh Bairat & Associates, Chartered Accountants

BANKERS

Kotak Mahindra Bank

STATUTORY AUDITORS

M/S. R T Jain & Co. LLP 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



LETTER TO THE SHAREHOLDERS

Dear Shareholders,

It gives me immense pleasure to present the Annual Report for 2018-19 for **Kavita Fabrics Limited**.

While Your Company is in its 14th year of operations, the outlook for 2018-19 is positive. I would like to take this opportunity to thank each and every employee as well as those who work with us across the value chain for their unstinting support and hard work in the service of our Company. I would also like to thank you, our shareholders, for your continued trust in the business and look forward to the same in the next fiscal year.

Best Regards

Shailesh Chandak
Chairman



NOTICE OF 14th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 14th 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 30, 2019 at 10:00 a.m. to transact the following business:

ORDINARY BUSINESS:

- 1. To receive, consider and adopt the Financial Statements of the Company for the financial year ended March 31, 2019 including audited Balance Sheet as at March 31, 2019 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 Mrs. Sarika Chandak (holding DIN 06361388) as a director liable to retire by rotation.**

SPECIAL BUSINESS:

- 3. Change in Designation of Mr. Shailesh Chandak as the Managing Director of the Company**

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

RESOLVED THAT pursuant to the provisions of Section 196 of the Companies Act, 2013 and the rules made thereunder, consent of the Company be and is hereby accorded for the change of designation of Mr. Shailesh Chandak from Executive Director to Managing Director for a period of five years commencing from 05.09.2019 on such remuneration, terms and conditions as may be recommended by the Compensation Committee of the Board.

RESOLVED FURTHER THAT the Board (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

- 4. Re-appointment of Mr. Govindlal Meghrajji Saboo as an Independent Non-Executive Director**

To consider, and if thought fit, to pass, the following Resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Govindlal Meghrajji Saboo (DIN: 06398313), Independent Non-Executive Director of the Company, who



has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years with effect from 1st April, 2019 to 31st March, 2024 and whose office shall not be liable to retire by rotation”.

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Company be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto”.

5. Re-appointment of Mr. Kishan Kumar Sarda as an Independent Non-Executive Director

To consider, and if thought fit, to pass, the following Resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Kishan Kumar Sarda (DIN: 06410244), Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years with effect from 1st April, 2019 to 31st March, 2024 and whose office shall not be liable to retire by rotation”.

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Company be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto”.

NOTES:

- 1. 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.** Pursuant to Section 105 of the Companies Act, 2013, 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. Members holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy, who shall not act as a Proxy for any other Member. If a Proxy is appointed for more than fifty Members, the Proxy shall choose any fifty Members and confirm the same to the Company not later than 48 hours before the commencement of the meeting. In case, the Proxy fails to do so, the first fifty proxies received by the Company shall be considered as valid. The instrument of Proxy, in order to be effective, should be deposited, either in person or through post, at the Registered



Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.

2. 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.
3. The Register of Members and the Share Transfer books of the Company will remain closed from September 23, 2019 to September 30, 2019 (both days inclusive) for the purpose of the Annual General Meeting.
4. Details as required in Regulation 36(3) of the Listing Regulations, in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, forms integral part of the notice. The Requisite declarations have been received from the Directors seeking appointment / re-appointment.
5. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository Participant(s). Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company who have registered their e-mail address are also entitled to receive such communication in physical form, upon request.
6. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail address with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the AGM.
7. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means by Central Depository Services (India) Limited (CDSL)
8. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on September 23, 2019, i.e. the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. Members may cast their votes on electronic voting system from any place other than the venue of the meeting (remote e-voting).
9. The remote e-voting period will commence at 9 a.m. on 27th September, 2019 and will end at 5 p.m. on 29th September, 2019. In addition, the facility for voting through electronic voting system



shall also be made available at the AGM and the Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM.

10. The Company has appointed Mrs. Monika Kothari (M. S. Kothari & Associates) Practicing Chartered Accountant (Membership No. 137777), to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.
11. Notice of the 14th Annual General Meeting and the Annual Report for 2019 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
12. 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 favors or against, if any, forthwith to the Chairman of the Company.
13. 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.
14. All documents referred to in the accompanying Notice 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.

15. VOTING BY ELECTRONIC MEANS

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins 27th September 2019 (9:00 am) and ends on 29th September 2019 (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 23rd September 2019 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
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - 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 10digit 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> <ol style="list-style-type: none">If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.



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- (xii) Click on the EVSN for “Kavita Fabrics Limited” on which you choose to vote.
- (xiii) **EVSN of Kavita Fabrics Limited is 190905057**
- (xiv) 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.
- (xv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xvi) 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.
- (xvii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xviii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xix) 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.
- (xx) **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.
- (xxi) 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

Sd/-

Date: 05.09.2019

Place: Surat

**Regd Office: 105, Balaji Industrial Society - 1,
Udhna Magdalla Road, Surat – 395007,
Gujarat, India**

**Shailesh Chandak
(Managing Director)**



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 AND REGULATION 36 (5) OF THE SEBI ((LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Item No. 3

Change in Designation of Mr. Shailesh Chandak as the Managing Director of the Company

Mr. Harish Chandak who was re- appointed as the Managing Director of the Company for the period of five years with effect from September 29, 2017 have resigned from the post of Managing Director with effect from 05.09.2019.

Hence Mr. Shailesh Chandak who was appointed as Executive Director of the Company is proposed to be the candidate for the post of Managing Director of the Company and his change in designation to from Executive Director to Managing Director is proposed by the Board at its meeting held on 05.09.2019.

According to Section 196 of the Companies Act, 2013, Managing Director is to be appointed by the Members of the Company for a term not exceeding five years. The Board of Directors have, subject to the approval of the shareholders, appointed Mr. Shailesh Chandak as Managing Director of the Company with effect from 05.09.2019 for a period of 5 years on the remuneration, terms and conditions recommended by the Nomination and Remuneration Committee.

Mr. Shailesh Chandak and Mrs. Sarika Chandak may be deemed to be concerned or interested in the said resolution. No other Director, key managerial personnel or their relatives are concerned or interested in the said resolution.

Your Directors therefore recommends the said resolution No 3 and your approval is sought by passing of a Special resolution.

The principle terms and conditions of the appointment as entered into agreement between the Company and Mr. Shailesh Chandak (DIN: 01058498) are as follows:

1. Term of Appointment: 5 Years
2. Period: 05.09.2019 to 05.09.2024

3. Remuneration:

Sr. no	Description	Particulars
1	a. Annual Salary	Rs. 3,60,000/-
	b. Annual Bonus	Nil
2	Deduction of Tax at Source	Remuneration shall be subject to deduction of tax at source and other statutory deductions as applicable.



Sr. no	Description	Particulars
4	Benefits/facilities: I. Housing: II. Car and Driver: III. Gas, Electricity & Water charges for the house: IV. Telephone: V. Club Membership: VI. Security and Gardener Maintenance at the house: VII. Satellite TV: VIII. Medical Reimbursement: IX. Gratuity:	NIL
5	End of Contract	The contract of employment may be terminated by either party upon notice of 12 months, to expire at the end of a calendar quarter

Item No. 4

Re-appointment of Mr. Govindlal Meghrajji Saboo as an Independent Non-Executive Director

Mr. Govindlal Meghrajji Saboo was appointed as an Independent Non-Executive Director of the Company on 10/10/2012. As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Govindlal Meghrajji Saboo, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for second term of five consecutive years from 1st April, 2019 upto 31st March, 2024.

The Company has received declaration from him stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He has also given his consent to continue to act as Director of the Company, if so appointed by the members. In the opinion of the Board, Mr. Govindlal Meghrajji Saboo fulfils the conditions specified under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his reappointment as an Independent Non-Executive Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Govindlal Meghrajji Saboo as an Independent Non-Executive Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours (9:00 am to 5:00 pm) on any working day, except Saturday, upto and including the date of AGM of the Company. The Board considers that his continued association would be of



immense benefit to the Company and it is desirable to continue to avail services of Mr. Govindlal Meghrajji Saboo as an Independent Director.

Accordingly, the Board recommends passing of the Special Resolution in relation to re-appointment of Mr. Govindlal Meghrajji Saboo as an Independent Director for another term of five consecutive years with effect from 1st April 2019 to 31st March, 2024, for the approval by the shareholders of the Company.

Except Mr. Govindlal Meghrajji Saboo, being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the accompanying Notice of the AGM. Mr. Govindlal Meghrajji Saboo is not related to any Director of the Company.

Item No. 5

Re-appointment of Mr. Kishan Kumar Sarda as an Independent Non-Executive Director

Mr. Kishan Kumar Sarda was appointed as an Independent Non-Executive Director of the Company on 10/10/2012. As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Kishan Kumar Sarda, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for second term of five consecutive years from 1st April, 2019 upto 31st March, 2024.

The Company has received declaration from him stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He has also given his consent to continue to act as Director of the Company, if so, appointed by the members. In the opinion of the Board, Mr. Kishan Kumar Sarda fulfils the conditions specified under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his reappointment as an Independent Non-Executive Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Kishan Kumar Sarda as an Independent Non-Executive Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours (9:00 am to 5:00 pm) on any working day, except Saturday, upto and including the date of AGM of the Company. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Kishan Kumar Sarda as an Independent Director.

Accordingly, the Board recommends passing of the Special Resolution in relation to re-appointment of Mr. Kishan Kumar Sarda as an Independent Director for another term of five consecutive years with effect from 1st April 2019 to 31st March, 2024, for the approval by the shareholders of the Company.

Except Mr. Kishan Kumar Sarda, being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or



otherwise, in the resolution set out at Item No. 5 of the accompanying Notice of the AGM. Mr. Kishan Kumar Sardar is not related to any Director of the Company.

By Order of the Board of Directors

Date: 05.09.2019

Place: Surat

Regd Office: 105, Balaji Industrial Society - 1,
Udhna Magdalla Road, Surat – 395007,
Gujarat, India

Sd/-
Shailesh Chandak
(Managing Director)



PROFILE OF DIRECTOR
(Seeking Appointment / Re-appointment)

ANNEXURE TO ITEM NOS. 3, 4 and 5 OF THE NOTICE

BRIEF RESUME OF DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AT THIS ANNUAL GENERAL MEETING

(Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards – 2 on General Meetings)

Name of Director	Mr. Shailesh Chandak
Date of Birth	17/04/1979
Nationality	Indian
Date of First Appointment on the Board	October 18, 2005 (Appointed as Director since incorporation)
Qualifications	B. Com (Andhra University)
Expertise in specific functional Areas	Corporate Relationships, Strategic planning and Marketing Functions
No. of Shares held in the Company	2,56,002
List of Directorships held in other Companies	Nil
Chairman/Member in the Committee of the Boards of Companies in which he is a Director	<u>Kavita Fabrics Limited</u> Audit Committee
Terms and Conditions of Appointment /re-	As per item no.3 and Section 149 and 152 of Companies Act, 2013
Remuneration paid (Paid in the last year)	Rs 3,60,000/-
Relationship with other Directors	Husband of Mrs. Sarika Chandak (Promoter and Non-Executive Director)
No. of Board Meetings attended in FY 2018-19	April 12, 2018, August 14, 2018, September 05, 2018, November 10, 2018 and February 13, 2019



Name of Director	Mr. Govindlal Meghrajji Saboo
Date of Birth	20.04.1942
Nationality	Indian
Date of First Appointment on the Board	10/10/2012
Qualifications	Bachelor's in science from Rajasthan University
Expertise in specific functional Areas	Over 5 decades of entrepreneurial experience and his experience in diversified businesses assists the Company with the growth strategies
No. of Shares held in the Company	Nil
List of Directorships held in other Companies	Nil
Chairman/Member in the Committee of the Boards of Companies in which he is a Director	<u>Kavita Fabrics Limited</u> Audit Committee Stakeholder Relationship Committee Nomination and Remuneration Committee
Terms and Conditions of Appointment /re-	As per item no.4
Remuneration paid (Paid in the last year)	Sitting Fees
Relationship with other Directors	Nil
No. of Board Meetings attended in FY 2018-19	April 12, 2018, August 14, 2018, September 05, 2018, November 10, 2018 and February 13, 2019

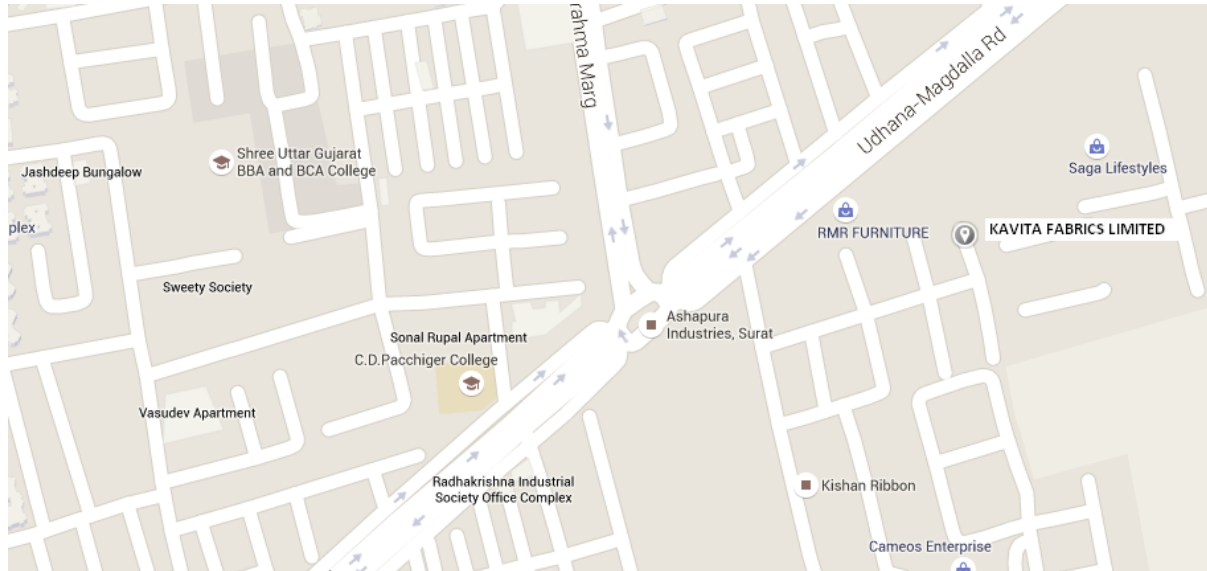


Name of Director	Mr. Kishan Kumar Sarda
Date of Birth	05.02.1971
Nationality	Indian
Date of First Appointment on the Board	10/10/2012
Qualifications	Bachelor of Commerce
Expertise in specific functional Areas	Textile industry assists our Company with insights into the textile industry
No. of Shares held in the Company	Nil
List of Directorships held in other Companies	Nil
Chairman/Member in the Committee of the Boards of Companies in which he is a Director	<u>Kavita Fabrics Limited</u> Audit Committee Stakeholder Relationship Committee Nomination and Remuneration Committee
Terms and Conditions of Appointment /re-	As per item no.5
Remuneration paid (Paid in the last year)	Sitting Fees
Relationship with other Directors	Nil
No. of Board Meetings attended in FY 2018-19	April 12, 2018, August 14, 2018, September 05, 2018, November 10, 2018 and February 13, 2019



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	16,27,802
List of Directorships held in other Companies	Nil
Chairman/Member in the Committee of the Boards of Companies in which he is a Director	<u>Kavita Fabrics Limited</u> Stakeholder Relationship Committee Nomination and Remuneration Committee
Terms and Conditions of Appointment/re-appointment	As per Item No.2
Remuneration paid (Paid in the last year)	Rs 3,60,000/-
Relationship with other Directors	Wife of Mr. Shailesh Chandak (Promoter Managing Director and CFO)
No. of Board Meetings attended in FY 2015-16	April 12, 2018, August 14, 2018, September 05, 2018, November 10, 2018 and February 13, 2019

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,

Your Directors are pleased to present the 14th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2019.

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

The Board's Report shall be prepared based on the stand-alone financial statements of the Company.

Particulars	Current Year ending March, 2019	Previous Year ending March, 2018
	Rs.	Rs.
Total Income	2,30,22,736	4,95,44,841
Less: Expenditure	2,27,98,070	4,82,00,126
Profit/(Loss) before Interest, Depreciation & Tax	6,94,972	23,34,941
Other Income	39,04,884	26,50,851
Less : Interest	47,685	2,77,305
Less: Depreciation	4,22,620	7,12,921
Profit/(Loss) before Tax	2,24,666	13,44,715
Profit/(Loss) after Tax	(41,777)	7,79,551

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

The Company suffered a loss of Rs. 41,777 as compared to profit of Rs. 7,79,551 in the previous year.

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, 2018 to March 31, 2019 (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, 2018 to March 31, 2019, 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. **RESERVES**

No amount has been transferred by the Company to Reserves during the year.

7. **PUBLIC DEPOSITS**

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

8. **SUBSIDIARY AND ASSOCIATE COMPANIES**

As on March 31, 2019 the Company does not have any subsidiary or associate company.

9. **CONSOLIDATED FINANCIAL STATEMENT**

The Company is not required to consolidate its financial statements in terms of provisions of Companies Act, 2013 and rules thereunder.

10. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

- In accordance with the provisions of the Section 152 Companies Act, 2013 read with applicable Rules, if any, Mrs. Sarika Chandak, retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.
- Mr. Shailesh Chandak offers himself for appointment as Managing Director. As per the provisions of the Companies Act, 2013.
- Pursuant to the provisions of the Companies Act, 2013 (“the Act”) and applicable provision of SEBI (LODR) Regulations, 2015 Mr. Govindlal Meghrajji Saboo and Mr. Kishan Kumar Sarda were appointed as Independent Non-Executive Directors to hold office for five consecutive years by the Members of the Company are eligible for reappointment as Independent Directors for another term of five consecutive years. Pursuant to the provisions of the Act, based on the recommendation of the Nomination and Remuneration Committee, the Board recommends for the approval of the Members through Special Resolution at the ensuing Annual General Meeting reappointment of Mr. Govindlal Meghrajji Saboo and Mr. Kishan Kumar Sarda as Independent Directors for another five consecutive years from 1st April, 2019 upto 31st March, 2024. Profile and other information of the aforesaid Directors, as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 forms part of the notice convening the ensuing Annual General Meeting. The above proposal for re-appointment forms part of the Notice of the 14th Annual General Meeting and the relevant Resolutions are recommended for your approval therein.
- The Independent Directors of your Company have given the certificate of independence to your Company stating that they meet the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013. Mr. Govindlal Meghrajji Saboo and Mr. Kishan Kumar Sarda are Independent Directors 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.
- The Company has appointed Mr. Shailesh Chandak as the Chairman and Managing Director & Chief Financial Officer in accordance with the provisions of Section 2(51), 203 of the Companies



Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, from time to time.

- The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and also remuneration for Key Managerial Personnel and other employees, forms part of the Corporate Governance Report of this Annual Report.

11. PROPOSED CHANGE OF MANAGEMENT/PROMOTERS

Pursuant to Share Purchase Agreement dated July 12, 2019 with the promoters and promoter group of the Company and subsequent open offer in accordance with Regulations 3(1) and 4 of the Securities And Exchange Board of India (Substantial Acquisition Of Shares And Takeovers) Regulations, 2011, as amended from time to time, Mr. Ganesh Nibe ("Acquirer") along with Manjusha Nibe ("PAC") had proposed to take over the control of the management by acquiring 29.58 % equity of the Company from the Promoter and Promoter Group of the Company . The Public Announcement dated 12-07-2019 was filed with SEBI by Mr. Ganesh Nibe along with Mrs. Manjusha Nibe to acquire 26.00% of the Equity Share Capital of the Company from the shareholders. Mr. Ganesh Nibe along with Mrs. Manjusha Nibe prior to public announcement hold 23,26,477 equity shares aggregating to 22.33% of the paid up equity share capital of the company. The proposed Change in management / promoters shall take place after the completion of the Open Offer.

12. 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 confirm that—

- 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;
- they 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 and of the profit and loss of the company for that period;
- they have 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;
- they have prepared the annual accounts on a going concern basis; and
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

13. NUMBER OF MEETINGS OF BOARD OF DIRECTORS:



During the Financial Year 2018-19, the Board met Five times. The meetings were held on April 12, 2018, August 14, 2018, September 05, 2018, November 10, 2018 and February 13, 2019.

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. All the Board members and the senior management personnel have affirmed compliance with the Code of Conduct during the year ended on 31st March, 2019.

14. COMMITTEES OF THE BOARD

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee

Details of Committee and their meetings are detailed in Corporate Governance Report.

15. BOARD EVALUATION

Pursuant to the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) 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 Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

16. 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 (if any) are given in the notes to the Financial Statements.

17. CONSERVATION OF ENERGY, TECHNICAL ABSORPTION, FOREIGN EXCHANGE EARNING:

(A) Conservation of Energy

Your company is taking continuously taking initiatives to ensure 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 utilisation 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 2018-19.

18. WHISTLE BLOWER POLICY

The Company has adopted a 'Whistle Blower Policy' with an objective to conduct its affairs in a fair and transparent manner and by adopting the highest standards of professionalism, honesty, integrity



and ethical behaviour. The Company has established mechanism for reporting concerns about unethical behaviour, actual or suspected fraud, violation of Code of Conduct and Ethics.

The Whistle Blower Policy has been posted on the website of the Company www.kavitafabrics.com.

19. NOMINATION AND REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members.

20. CORPORATE SOCIAL RESPONSIBILITY

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

21. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

22. 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.

23. 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. 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, 2019.

24. DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS

All Independent Directors have given necessary declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended.

25. STATUTORY AUDITORS

M/S. R T Jain & Co. LLP were appointed as Statutory Auditors of your Company at the Annual General Meeting held on September 29, 2016 for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

26. EXTRACT OF ANNUAL RETURN



As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report as **Annexure I**.

27. 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**.

28. 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.

29. 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 2018-19.

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

30. AUDIT COMMITTEE

The composition of Audit Committee is as follows:

Name of Directors	Designation in Committee	Category
Mr. Nitin Maheshwari*	Chairman	Non-Executive and Independent Director
Mr. Kishan Kumar Sarada	Member	Non-Executive Independent Director
Mr. Shailesh Chandak	Member	Chairman & Managing Director

**Mr. Nitin Maheshwari resigned from the office of Director w.e.f. 05.09.2019*

During the Financial Year 2018-19, Audit Committee met 5 times on May 13, 2018, August 14, 2018, September 04, 2018, November 09, 2018 and February 12, 2019. 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, Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the company with the Stock Exchanges.

31. BUSINESS RISK MANAGEMENT

The Company has a robust Business Risk Management (BRM) framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company’s competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business. The Company has adopted risk management policy.



32. 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 endeavours 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. No complaints were received by the company during the year for sexual harassment.

In order to build awareness in this area, the Company has been conducting programmes in the organisation on a continuous basis.

33. PARTICULAR OF EMPLOYEES

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

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.

34. MANAGEMENT DISCUSSION AND ANALYSIS

In compliance with the Regulation 34 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), a separate section on the Management Discussion and Analysis Report giving details of overall industry structure, developments, performance and state of affairs of Company's business forms an integral part of this Report.

35. CORPORATE GOVERNANCE

In compliance with Regulation 34 of the Listing Regulations, a separate report on Corporate Governance along with a certificate from the Auditors on its compliance, forms an integral part of this report.

The extract of annual return in Form MGT-9 as required under Section 92(3) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure to this Report.

36. VIGIL MECHANISM



The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.

37. CAUTIONARY STATEMENT

Statements in the Annual Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

38. 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.

39. 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 on-going 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. The Human Resource agenda continues to support the business in achieving sustainable and responsible growth by building the right capabilities in the organisation. It continues to focus on progressive employee relations policies, creating an inclusive work culture and a strong talent pipeline.

40. 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).

41. DISCLOSURE ABOUT COST AUDIT

As per the Cost Audit Orders, Cost Audit is not applicable to the Company.

42. 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 2019-2020 to BSE Limited where the Company's Shares are listed.

43. APPRECIATIONS AND ACKNOWLEDGMENTS

Your Directors wish to express their appreciation and gratitude to all the employees at all levels for their hard work, dedication and cooperation during the year. Your Directors wish to express their sincere appreciation for the excellent support and co-operation extended by the Company's shareholders, customers, bankers, suppliers, regulatory and government authorities and all other stakeholders.



The Directors also take this opportunity to thank all Shareholders, Clients, Vendors, Banks, Government and Regulatory Authorities and Stock Exchanges, for their continued support.

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

Date: September 05, 2019
Place: Surat

**Sd/-
Shailesh Chandak
(Managing Director)**



ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE I

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

[As on financial year ended on 31.03.2019]

[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
NIL					



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 , 2018)				No. Of Shares held at the end of the year (As on March 31, 2019)				% Change during The year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual / HUF	35,28,910	-	35,28,910	33.87	30,81,704	-	30,81,704	29.58	(4.29)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1)	35,28,910	-	35,28,910	33.87	30,81,704	-	30,81,704	29.58	(4.29)
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	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. Of Shares held at the beginning of the year (As on April 01 , 2018)				No. Of Shares held at the end of the year (As on March 31, 2019)				% Change during The year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others - Market Maker	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	-	-	-	-	-	-	-	-	-
2. Non-Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.									
(i) Indian	38,28,223	-	38,28,223	36.74	29,64,913	-	29,64,913	28.46	(8.28)
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	5,80,896	-	5,80,896	5.58	5,15,016	-	5,15,016	4.94	(0.64)
(ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	24,74,477	-	24,74,477	23.75	38,57,073	-	38,57,073	37.02	13.27
c) Others – NRI	5,000	-	5,000	0.05	5,000	-	5,000	0.05	-
d) Others – Clearing Members	1,200	-	1,200	0.01	-	-	-	-	(0.01)
Sub-total (B) (2)	68,89,796	-	68,89,796	66.13	73,37,002	70.42	73,37,002	70.42	4.29
Total Public Shareholding (B) = (B) (1) + (B) (2)	68,89,796	-	68,89,796	66.13	73,37,002	70.42	73,37,002	70.42	4.29
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	-



ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year i.e April 01, 2018			Shareholding at the end of the year i.e March 31, 2019			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Om Prakash Madanlal Daga	300	0.00	-	300	0.00	-	-
2.	Sarika Shailesh Chandak	17,27,802	16.58	-	16,27,802	15.62	-	(0.96)
3.	Shailesh Harish Chandak	2,56,002	2.46	-	2,56,002	2.46	-	-
4.	Sudha Harish Chandak	3,47,206	3.33	-	-	-	-	(3.33)
5.	Harish Bhagirath Chandak	10,86,711	10.43	-	10,86,711	10.43	-	-
6.	Shaileshkumar Harishkumar Chandak HUF	300	0.00	-	300	0.00	-	-
7.	Harish Bhagirath Chandak HUF	1,10,589	1.06	-	1,10,589	1.06	-	-
	Total	35,28,910	33.87	-	30,81,704	29.58	-	(4.29)

i. 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, 2018		Cumulative Shareholding during the year ended March 31, 2019	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Sudha Harish Chandak	3,47,206	3.33	-	-
2.	Sarika Shailesh Chandak	17,27,802	16.58	16,27,802	15.62

ii. 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, 2018		Cumulative Shareholding during the year i.e March 31, 2019	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Nibe Ganesh Ramesh	18,16,477	17.43	18,16,477	17.43
2.	Lakhotia Polysters (India) Ltd	28,50,000	27.35	15,31,690	14.70
3.	Sanjoyog Trade-Link Private Limited	9,78,223	9.39	9,78,223	9.39
4.	Manjusha Ganesh Nibhe	5,10,000	4.90	5,10,000	4.90



Sr. No.	Name of Shareholder	Shareholding at the beginning of the year i.e. April 01, 2018		Cumulative Shareholding during the year i.e March 31, 2019	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5.	Vaishno Media Graphix Private	-	-	4,50,000	4.32
6.	Swapnali Kiran Mahajan	-	-	3,00,000	2.88
7.	Vijaylaxmi Bajaj	650	0.00	1,60,685	1.54
8.	Rohan M Jain	-	-	1,52,400	1.46
9.	Khanderao Tulsiram Vidhate	-	-	1,51,017	1.45
10.	Mukesh Kumar Jain (H.U.F.)	-	-	1,48,250	1.42

iii. 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, 2018)		Cumulative Shareholding during the end of year (March 31, 2019)	
		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	16,27,802	15.62
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

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



Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Interest accrued but not due				
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time Directors, Executive Directors and Key Managerial Personnel

Sr. No.	Particulars of Remuneration	Mr. Harish Chandak*	Mr. Shailesh Chandak- Managing Director # & CFO	Ms. Sarika Chandak- Non-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

Note:

*Mr. Harish Chandak have resigned from the post of Managing Directorship w.e.f September 05, 2019.

#Mr. Shailesh Chandak have been proposed as the Managing Director by the Board in their meeting held on 05.09.2019 subject to members approval in this AGM as per agenda item 3.

\$Mrs. Sarika Chandak have been designated as the Non-Executive Director vide the Board Resolution dated 05.09.2019.



A. Remuneration to Other directors:

Sl. No.	Particulars of Remuneration	Name of Director		Total Amount
		Mr. Govindlal Saboo (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	-	-	-

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

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

Date: September 05, 2019
Place: Surat

**Sd/-
Shailesh Chandak
(Managing Director)**



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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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" consisting of three (3) member Non- Executive 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 Regulation 19(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as may be amended from time to time). 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)

**Mr. Nitin Maheshwari resigned from the office of Director w.e.f. 05.09.2019*

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

APPLICABILITY

The Policy is applicable to:

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

ROLE OF COMMITTEE:

The Committee shall:

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

➤ Appointment criteria and qualifications:

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

a) Directors

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



b) Independent Directors

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

c) Senior Management Personnel and KMP

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

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

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

➤ **Term / Tenure**

a) Managing Director/Whole-time Director:

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

b) Independent Director:

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

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

➤ **Evaluation**

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

a) Criteria for evaluating Non-executive Board members:

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



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

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

➤ Removal

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

➤ Retirement

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

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

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

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

SITTING FEES

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

COMMISSION

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

STOCK OPTIONS

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

MEMBERSHIP, FREQUENCY OF MEETINGS

Chairperson of the Committee shall be an Independent Director. The Committee shall consist of a minimum 3 non-executive directors. Membership of the Committee shall be disclosed in the Annual Report. Term of the Committee shall be continued unless terminated by the Board of Directors. The



meeting of the Committee shall be held at such regular intervals as may be required.

MINUTES OF COMMITTEE MEETING

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

COMMUNICATION OF THIS POLICY

For all Directors, a copy of this Policy shall be handed over within one month from the date of approval by the Board. This Policy shall also be posted on the website 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.

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

Date: September 05, 2019
Place: Surat

**Sd/-
Shailesh Chandak
(Managing Director)**



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, Erstwhile Managing Director and Sister of Mr. Shailesh Chandak, Managing Director of the Company)
 - b. **Nature of contracts/arrangements/transactions:** Job Work in ordinary course of business and at arm's 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 12, 2018
 - f. **Amount paid as advances, if any: N.A.**



(B) FACTORY RENT

- a. **Name(s) of the related party and nature of relationship:** Mr. Shailesh Chandak (Promoter- Managing Director)
- 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 12, 2018
- f. **Amount paid as advances, if any:** N.A.

(C) SALE OF GOODS AND MACHINERY AND RENT ON MACHINERY

- g. **Name(s) of the related party and nature of relationship:** Kavita Creations (Mr. Shailesh Chandak (Promoter- Managing Director) and Mr. Harish Chandak, Erstwhile Managing Director are partners)
- h. **Nature of contracts/arrangements/transactions:** Sale of Goods And Machinery And Rent On Machinery
- i. **Duration of the contracts / arrangements/transactions:** Order basis
- j. **Salient terms of the contracts or arrangements or transactions including the value, if any:** NIL
- k. **Date(s) of approval by the Board, if any:** April 12, 2018
- l. **Amount paid as advances, if any:** N.A.

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

Date: September 05, 2019
Place: Surat

**Sd/-
Shailesh Chandak
(Managing Director)**



ANNEXURE IV

Form No. MR.3

Secretarial Audit Report for the financial year ended on March 31, 2019

[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]

To,

The Members

Kavita Fabrics Limited

[CIN: L17110GJ2005PLC046929]

105, Balaji Industrial Society-1

Udhna Magdalla Road

Surat-395007

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, 2019 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, 2019 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 applicable.
- (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;
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (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 related to the meetings of Board of Directors and General Meetings;
- (ii) The SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 and listing agreement entered into by the Company with Stock Exchanges in India.

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 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 provisions of sections 197 of the Companies Act 2013 with regard to payment of remuneration to Executive Directors of the Company.*
- ii. *The Company has not appointed Company Secretary during the financial year as required under section 203 of the Companies Act, 2013 and has not fully complied with the regulation 6 (1) of the SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015 with regard to appointment of compliance officer of the Company.*
- iii. *The Compliance certificate submitted to the Exchange under regulation 7 (3) of SEBI (LODR), 2015 is not in compliance with the provisions of SEBI (LODR), 2015.*
- iv. *The company has delayed in payment of Listing fee for the financial year 2018-19 as required under regulation 14 of SEBI (LODR), 2015 which was beyond April 30, 2018.*
- v. *The Company has delayed in submission of Voting Results of the AGM held on September 30, 2018 which are to be submitted within 48 hours of conclusion of AGM as per regulation 44 (3) of SEBI (LODR), 2015.*
- vi. *The Company has not complied with the provisions of section 149 of the Companies Act, 2013 with regards to appointment and re-appointment of Independent Directors of the Company.*

During the financial year under review, provisions of the following regulations were not applicable to the Company;



- i. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- iii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- iv. The Securities and Exchange Board of India (Issue of Debt Securities) Regulations, 2008
- v. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999
- vi. 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;

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. During the period under review, there is no change in the composition of the Board of Directors of the Company.
- Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and there was no formal system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.
- Decisions at the meetings of Board of Directors of the Company and Committee thereof were carried out with requisite majority.

We further report that based on the information provided and representation made by the Company and also on the review of compliance reports of the respective department duly signed by the department head and Compliance Certificate(s) of the Managing Director/Company Secretary/CFO taken on record by the Board of Directors of the Company, in our opinion system and process exists in the company required to be strengthened to commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

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]
[Firm Registration No. I2001MH250300]

Ranjana Mimani



(Partner)

FCS No: 6271

CP No. : 4234

Place: Mumbai

Dated: September 05, 2019

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



Annexure - "A"

To,
The Members
Kavita Fabrics Limited
[CIN: L17110GJ2005PLC046929]
105, Balaji Industrial Society-1
Udhna Magdalla Road,
Surat-395007

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]
[Firm Registration No. I2001MH250300]

Ranjana Mimani
(Partner)
FCS No: 6271
CP No. : 4234

Place: Mumbai
Dated: September 05, 2019



MANAGEMENT REPLY FOR QUALIFICATIONS MENTIONED IN THE SECRETARIAL AUDITORS' REPORT

Dear Members,

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

- i. *The company has not complied with the provisions of sections 197 of the Companies Act 2013 with regard to payment of remuneration to Executive Directors of the Company.*

Management Reply: The Company have approved the payment of remuneration to Executive Directors Mr. Shailesh Chandak and Mrs. Sarika Chandak on April 1, 2012 and July 25, 2012 respectively. Further the Management at its Board Meeting held on September 5, 2019 have changed the Board Composition of the Company in which Mr. Shailesh Chandak is appointed as the Managing Director of the Company and Mrs. Sarika Chandak is designated as the Non Executive Director of the Company.

- ii. *The Company has not appointed Company Secretary during the financial year as required under section 203 of the Companies Act, 2013 and has not fully complied with the regulation 6 (1) of the SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015 with regard to appointment of compliance officer of the Company.*

Management Reply: The Company was unable to find the suitable candidate for the post of Company Secretary and hence Mr. Harish Chandak Managing Director of the Company was the Compliance Officer of the Company. The Company had given newspaper advertisement for "Requirement for the Post of Company Secretary" in the Financial Year 2018-19. Post the advertisement the company conducted many interviews of the candidates who applied for the post and selected Ms. Madhura Shrikant Muley and appointed her as the Company Secretary and Compliance Officer of the Company w.e.f 13.04.2019 and post her appointment she resigned on 11.07.2019 and Ms. Nupur Tanmay Gadekar was appointed as the Company Secretary and Compliance Officer of the Company in her place.

- iii. *The Compliance certificate submitted to the Exchange under regulation 7 (3) of SEBI (LODR), 2015 is not in compliance with the provisions of SEBI (LODR), 2015.*

Management Reply: The Company Secretary and Compliance Officer of the Company was appointed w.e.f 13.04.2019. Hence Mr. Harish Chandak Managing Director of the Company was the Compliance Officer of the Company.

- iv. *The company has delayed in payment of Listing fee for the financial year 2018-19 as required under regulation 14 of SEBI (LODR), 2015 which was beyond April 30, 2018.*

Management Reply: The Listing Fees for the financial year 2018-19 was paid by the company with delayed fees.



- v. *The Company has delayed in submission of Voting Results of the AGM held on September 30, 2018 which are to be submitted within 48 hours of conclusion of AGM as per regulation 44 (3) of SEBI (LODR), 2015*

Management Reply: The Company hereby states that the Outcome of AGM held on September 30, 2018 was submitted to the Stock Exchange on October 01, 2018.

- vi. *The Company has not complied with the provisions of section 149 of the Companies Act, 2013 with regards to appointment and re-appointment of Independent Directors of the Company.*

Management Reply: The Company hereby states that our Independent Directors Mr. Govindlal Meghrajji Saboo and Mr. Kishan Kumar Sarada are to be reappointed in the AGM for the FY 2018-19 and Mr. Nitin Maheshwari have resigned from the Board w.e.f. 05.09.2019.

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

**Date: September 05, 2019
Place: Surat**

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

**Sd/-
Shailesh Chandak
(Executive Director)**



MANAGEMENT DISCUSSION AND ANALYSIS

Overview of the Economy:

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP is estimated to have increased 7.3 % in 2018-19. Young population corresponding low dependency ratio, improved investment rating and high FDI inflow are some of the major factor of growth of the Indian economy.

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 Textile Industry overall, is going through tough times due to the structural transformation after GST and due to the weak market position in the Domestic as well as overseas markets. E-Commerce/On-line sales are growing with reputed brands retailers. That coupled with low cotton production and increasing prices, is putting pressure on prices and margins. The Surat textile industry has grown considerably over time. 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, The Company suffered a loss of Rs. 41,777 as compared to profit of Rs. 7,79,551 in the previous year.



Outlook

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market.

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

Statements in this report on Management Discussion and Analysis, describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking, considering the applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include finished goods prices, raw materials costs and availability, global and domestic demand-supply conditions, fluctuations in exchange rates, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts. The Company assumes no responsibility in respect of the forwardlooking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events

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

Date: September 05 2019
Place: Surat

**Sd/-
Shailesh Chandak
(Managing Director)**



CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance pursuant to the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the SEBI Listing Regulations) for the financial year ended 31st March 2019.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Transparency and accountability are the two basic tenets of Corporate Governance. The Company's philosophy on Corporate Governance is to achieve business excellence, enhance long term values for its stakeholders, maintaining excellent relations across all levels and proper compliance with all applicable legal and regulatory requirements. Responsible corporate conduct is integral to the way we do our business. We believe that Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. In its endeavor to achieve the higher standards of governance by adopting the best emerging practices, the Company not only adheres to the prescribed corporate governance practices in terms of the regulatory requirements but is also committed to sound corporate governance principles and practices. To succeed, we believe, requires highest standards of corporate behaviour towards everyone we work with, the communities we touch and the environment on which we have an impact.

2. BOARD OF DIRECTORS

The Board of Directors ('the Board') is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board.

The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with requisite powers, authorities and duties.

Composition

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 4 (Four), whose composition and category is given below:

One - Executive Director

One - Non-Executive Director

Two - Independent Directors

The composition of the Board also complies with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business.

A) Composition and Directorship(s) / Committee Membership(s) / Chairmanship(s) as on 31st March 2019

Sr. No	Directors	Category	Date of joining the Board	Directorship in Other Companies [#]	No. of Committee positions held in other companies	
					Member	Chairman
1	Mr. Harish Chandak	Managing Director- (Resigned on 05.09.2019)	18/10/2005	0	0	0
2	Mr. Shailesh Chandak	Executive Director- (From 05.09.2019 he is appointed as Managing Director)	18/10/2005	0	0	0
3	Mrs. Sarika Chandak	Executive Director- (From 05.09.2019 she is appointed as Non – Executive Director)	25/07/2012	0	0	0
4	Mr. Nitin Maheshwari	Independent Director- (Resigned on 05.09.2019)	10/10/2012	0	0	0
5	Mr. Govindlal Saboo	Independent Director	10/10/2012	0	0	0
6	Mr. Kishan Kumar Sarda	Independent Director	10/10/2012	0	0	0

[#] Excluding Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.

Composition and Directorship(s) / Committee Membership(s) / Chairmanship(s) as on 31st March 2019 in Kavita Fabrics Limited

Sr. No	Directors	Category	Date of joining the Board	Directorship in Other Companies [#]	No. of Committee positions held in other companies	
					Member	Chairman
1	Mr. Harish Chandak	Managing Director	18/10/2005	0	0	0
2	Mr. Shailesh Chandak	Executive Director	18/10/2005	0	2	0
3	Mrs. Sarika Chandak	Executive Director	25/07/2012	0	0	0
4	Mr. Nitin Maheshwari	Independent Director	10/10/2012	0	1	2
5	Mr. Govindlal Saboo	Independent Director	10/10/2012	0	1	0
6	Mr. Kishan Kumar Sarda	Independent Director	10/10/2012	0	2	1



Composition and Directorship(s) / Committee Membership(s) / Chairmanship(s) as on the date of AGM in Kavita Fabrics Limited

Sr. No	Directors	Category	Date of joining the Board	Directorship in Other Companies [#]	No. of Committee positions held in companies	
					Member	Chairman
1	Mr. Shailesh Chandak	Executive Director	18/10/2005	0	1	0
2	Mrs. Sarika Chandak*	Non- Executive Director	25/07/2012	0	2	0
3	Mr. Govindlal Saboo	Independent Director	10/10/2012	0	0	3
4	Mr. Kishan Kumar Sarda	Independent Director	10/10/2012	0	3	0

**The Designation of Mrs. Sarika Chandak was changed from Executive Director to Non-Executive Director w.e.f. 05.09.2019*

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. Hence the number of Directorships, Committee Membership(s) / Chairmanship(s) of all Directors is within respective limits prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as Listing Regulations).

B) Appointment and Tenure

The Directors of the Company are appointed by Members at the General Meetings. The Managing Director of the Company is appointed for a term of five years as per the requirement of the statute. The Executive Directors on the Board have been appointed as per the provisions of the Companies Act, 1956/ Companies Act, 2013 and serve in accordance with the terms of their contract of service with the Company.

As regards the appointment and tenure of Independent Directors, following is the policy adopted by the Board:

- The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which are consistent with the Companies Act, 2013 and Listing Regulations.

The Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by provisions of the Companies Act, 2013 and Listing Regulations.

C) Board Meetings

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. The notice of Board meeting is given well in advance to all the Directors. Meetings of the Board are held in Mumbai. The Agenda of the Board / Committee meetings is set by the Managing Director of the Company. The Agenda is circulated a week prior to the date of the meeting. The Agenda for the Board and Committee meetings cover items set out as per the guidelines in Listing Regulations to the extent it is relevant and applicable. The Agenda for



the Board and Committee meetings include detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

During the financial year ended 31st March, 2019, Five Board meetings were held on April 12, 2018, August 14, 2018, September 05, 2018, November 10, 2018 and February 13, 2019. The maximum interval between any two meetings was well within the maximum allowed gap of 120 days.

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 30.09.2018
1.	Mr. Harish Chandak*	Managing Director	5	Present
2.	Mr. Shailesh Chandak	Executive Director	5	Present
3.	Mrs. Sarika Chanda#	Executive Director	5	Present
4.	Mr. Nitin Maheshwari*	Non- Executive Director	5	Present
5.	Mr. Govindlal Saboo	Non- Executive Director	5	Present
6.	Mr. Kishan Kumar Sarda	Non- Executive Director	5	Present

**Resigned on 05.09.2019*

The Designation of Mrs. Sarika Chandak was changed from Executive Director to Non- Executive Director w.e.f. 05.09.2019

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.

D) Directors' Induction and Familiarization

At the time of appointing a Director, a formal letter of appointment is given. The Directors are familiarized with the History, Vision and Mission of the Company and also explained in details the compliances required from them under Companies Act, 2013, 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) Reappointment of Directors:

Mrs. 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:

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Chairman of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of all Committees are placed before the Board for review. The Board Committees can request special invitees to join the meeting, as appropriate.

The Board has established the following statutory and non-statutory Committees.

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 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.

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	5	5
Mr. Kishan Kumar Sarda	Member	Non-Executive and Independent	5	5
Mr. Shailesh Chandak [#]	Member	Managing Director	5	5

* Mr. Nitin Maheshwari resigned from the office of Director w.e.f. 05.09.2019

[#]Mr. Shailesh Chandak was appointed as Managing Director on 05.09.2019

During the year ended 31st March, 2019, 5 Audit Committee Meeting was held on the following dates: May 13, 2018, August 14, 2018, September 04, 2018, November 09, 2018 and February 12, 2019.

Frequency and quorum at these meetings were in conformity with the provisions of the Companies Act, 2013, Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the company with the Stock Exchanges.

Terms of reference of the audit committee are broadly defined as under:

The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of SEBI (LODR) Regulations, 2015. The Committee is governed by the terms of reference which are in line with the regulatory requirements mandated by the Act and Listing Regulations.



The Audit Committee ensures that it has reviewed each area that it is required to review under its terms of reference and under applicable legislation or by way of good practice. This periodic review ensures that all areas within the scope of the Committee are reviewed.

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	2	2
Mr. Kishan Kumar Sarda	Member	Non-Executive and Independent	2	2
Mr. Govindlal Meghrajji Saboo	Member	Non-Executive and Independent	2	2

* Mr. Nitin Maheshwari resigned from the office of Director w.e.f. 05.09.2019

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

The Committee's terms of reference powers, role and functions are as stipulated under Section 178 of The Companies Act, 2013 and Regulation 19 of the Listing Regulation, which are as followed:

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

During the year ended 31st March, 2019, 2 Nomination & Remuneration Committee Meeting was held on April 13, 2019 and February 12, 2019.

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, 2019 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	2	2
Mr. Nitin Maheshwari*	Member	Non-Executive and Independent	2	2
Mr. Shailesh Chandak [#]	Member	Managing Director	2	2

*Mr. Nitin Maheshwari resigned from the office of Director w.e.f. 05.09.2019

[#]Mr. Shailesh Chandak was appointed as Managing Director on 05.09.2019

The Stakeholders Relationship Committee met 2 time during the financial year ended 31st March, 2019 on September 04, 2018 and February 12, 2019.

Terms of reference of the Stakeholders Relationship Committee are broadly defined as under:

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

Name, Designation and address of the Compliance Officer:

Ms. Nupur Tanmay Gadekar*

105, Balaji Industrial Society - 1,
Udhna Magdalla Road,
Surat – 395007, Gujarat, India

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

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

*Appointed on 11/07/2019

Details of Shareholders' / Investors' Complaints during the FY ended 31st March 2019.

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

d) Risk Management Committee

Constituting Risk Management Committee is not applicable to our Company.

e) Policy on material subsidiary

Company does not have a material subsidiary and hence the Company is not required to formulate policy on material subsidiary.

f) Policy on Related party transactions

The Company has not entered into any material Related Party Transaction during the year. In line with requirement of the Companies Act, 2013 and Listing Regulations. The details of the policy have been disclosed on company's website www.kavitafabrics.com. The



Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the ordinary course of business and are at Arm's Length. All Related Party Transactions entered during the year were in Ordinary Course of the business and on Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company.

g) Independent Directors' Meeting

During the year under review, the Independent Directors met on March 31, 2019, 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

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

5. SHAREHOLDER INFORMATION

A. Annual General Meetings:

The details of date, time and location of annual general meetings of last two years are as under:

Year	Date of AGM	Day	Time	Venue	Special Resolution
2017-18	30.09.2018	Sunday	11.00 A.M.	105, Balaji Industrial Society-1, UdhnaMagdalla Road, Surat 395007	Yes
2016-17	29.09.2017	Friday	11.00 A.M.	105, Balaji Industrial Society-1, UdhnaMagdalla Road, Surat 395007	No

B. Postal Ballot

No resolution was passed through the postal ballot during F. Y. 2018-19.



C. Annual General Meeting for the financial year 2018-19

Date	September 30, 2019
Venue	105, Balaji Industrial Society-1, Udhna Magdalla Road, Surat 395007.
Time	10.00 A.M.

D. Calendar of financial year ended 31st March, 2019

The Company follows April-March as the financial year. The meetings of Board of Directors for approval of quarterly financial results during the financial year ended 31st March, 2019 were held on the following dates:

First Quarter	August 14, 2018
Second Quarter	November 10, 2018
Third Quarter	February 13, 2019
Fourth Quarter	May 30, 2019

E. Bifurcation of shares held in physical and demat form as on 31st March, 2019

Particulars	No. of Shares	%
Physical Shares	0	0
Demat Shares		
NSDL (A)	59,56,244	57.17
CDSL (B)	44,62,462	42.83
Total (A+B)	1,04,18,706	100.00
TOTAL	1,04,18,706	100.00

F. Listing Details

Name and Address of Stock Exchange	Stock Code
BSE Limited (BSE)* Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	KFL
ISIN	INE149O01018

The listing fee for the financial year 2019-20 has been paid to the above Stock Exchanges.

G. Share Price Data

The monthly high and low prices and volumes of shares of the Company at BSE Limited (BSE) for the year ended 31st March, 2019 are as under:

Month	BSE		Shares Volume
	High Price	Low Price	
Apr-18	7.8	7.44	35
May-18	8	7.6	467439
Jun-18	7.59	7.22	56
Jul-18	7	7	700000
Aug-18	7	7	220001
Sep-18	6.65	6.32	35
Nov-18	6.32	6.32	457250
Dec-18	6.32	6.32	3700
Jul-19	6.44	5.85	9765



H. Share holding pattern of the Company as on 31.03.2019:

Sr.	Category	No. of Shares	% (Percentage)
1.	Promoters (Including Promoters Body Corporate)	30,81,704	29.58
2.	Body Corporate (Public)	29,64,913	28.46
3.	Resident Individuals and HUF (Public)	43,67,089	41.91
4.	Non-Resident Indian (NRI)	5,000	0.05
	TOTAL	1,04,187,06	100.00

I. Distribution of Shareholding as on 31.03.2019:

No. of Shares held	No. of Shareholders	%	No. of Shares	% of Total Capital
1 to 5000	45	42.45%	31227	0.30%
5001 to 10000	22	21.70%	202664	1.95%
10001 to 20000	16	15.09%	286725	2.75%
20001 to 30000	1	0.94%	27000	0.26%
30001 to 40000	2	1.89%	76000	0.73%
40001 to 50000	0	0.00%	0	0.00%
50001 and 100000	6	5.66%	515244	4.95%
100001 onwards	14	13.21%	9279846	89.07%
Total	106		10418706	100%

J.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 form 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.



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

Nil

L. Plant Locations :-

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

M. ADDRESS FOR CORRESPONDENCE:-

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

N. DISCLOSURES:

a) Related Party Transaction:

Details are as mentioned in Form AOC 2 which forms part of Directors Report.

b) 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, 2013 while preparing its financial statements.

c) 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.



d) 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.

e) Compliance with mandatory requirements of Corporate Governance

The Company has complied with the mandatory requirements SME 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.

f) CEO / CFO CERTIFICATE:

Appropriate certification as required under Regulation 17(8) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 has been made to the Board of Directors by the CEO/CFO which has been taken note of by the Board.

g) Means of Communication

Quarterly, 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) Further the company adopted the following discretionary requirements under Regulation 27 (1) of SEBI (LODR), Regulations, 2015

• **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).



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, 2019.

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

**Place: Surat
Dated: May 30th, 2019**

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



CEO / CFO CERTIFICATION

**CEO / CFO certification for Preparation of Financial Statements on Standalone Basis
[Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015]**

**To,
The Board of Directors,
Kavita Fabrics Limited**

We, the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Kavita Fabrics Limited ('the Company'), to the best of our knowledge and belief certify that:

- a) We have reviewed financial statements and the cash flow statement prepared for the financial year ended on 31st March, 2019 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) We further state 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 hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- d) We are responsible 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.
- e) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee
 - (i) There are no significant changes in internal control over financial reporting during the year;
 - (ii) There are no changes in accounting policies during the year requiring disclosure in the notes to financial statements; and
 - (iii) There are no instances of significant fraud in the company's internal control system over financial reporting.

For Kavita Fabrics Limited

Sd/-

Sd/-

Date: May 30th, 2019

Place: Surat

**Harish Chandak
Managing Director**

**Shailesh Chandak
Chief Financial Officer**



CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE

INDEPENDENT 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** (“the Company”), for the year ended on **31st March, 2019**, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”).

Managements’ Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor’s Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the “ICAI”), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the year ended 31st March, 2019.

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

**For R T Jain & Co LLP
Chartered Accountants
FRN : 103961W / W100182**

**Sd/-
(CA Bankim Jain)
Partner
Mem No. : 139447**

Surat, May 30th, 2019



INDEPENDENT AUDITORS' REPORT

To the Members of

Kavita Fabrics Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Kavita Fabrics Limited** ("the Company"), which comprise the balance sheet as at March 31, 2019, the statement of profit and loss and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 2013, as amended ("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 March 31, 2019; and its profit / (loss) and cash flows for the year ended on that date.

Basis for opinion

We have conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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 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 adequate 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.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty



exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the order.
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, the statement of profit and loss and the statement of cash flows 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 31 March, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019, from being appointed as a director in terms of Section 164(2) of the Act;



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- 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”**.
- g) In our opinion, the managerial remuneration for the year ended 31st March, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V of the Act;
- h) with respect to the other matters to be included in Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For R T Jain & Co. LLP
Chartered Accountants
FRN : 103961W / W100182

(CA Bankim Jain)
Partner
Mem No. : 139447

Mumbai, May 30, 2019



Annexure A to the Independent Auditors' Report

Referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date on the accounts of the company for the year ended 31st March, 2019

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management during the year; no material discrepancies were noticed on such verification.

(c) Based on our audit procedures and the information and explanation received by us, we report that the company does not own any immovable properties held as fixed assets. Thus no opinion on the validity of the title of the company on immovable properties is given.
- ii. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.

(b) In our opinion and on the basis of our examination of the records, no material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loan to any associate concern covered in the register maintained under Section 189 of the Companies Act, 2013.
- iv. The company has not given any loans, made any investments or provided any guarantee and security under section 185 and section 186 of Companies Act, 2013.
- v. In our opinion, the company has not accepted any deposits within the meaning of Rule 2 (b) of Companies (Acceptances of Deposits) Rules, 2014.
- vi. According to the information and explanations provided by the management, no cost records have been prescribed under section 148(1) of the Companies Act, 2013 in respect of products of the Company.



- vii. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Goods and Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there are following outstanding statutory dues as on 31st of March, 2019 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, service tax, goods and service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
- viii. Based on our audit procedures and the information and explanations given by the management, we are of the opinion that, there are no dues to any financial institution, bank or debenture holders.
- ix. Based on records of the company, the company has neither raised any moneys by way of Initial Public Offer or Further Public Offer or term loan during the year.
- x. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.
- xi. According to information and explanations given to us, in our opinion, the company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a nidhi company. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- xiii. Based on our audit procedures and on the information given by the management, the company has complied with the sections 177 and 188 of the Companies Act, 2013 for all the transactions with the related parties and the details of such transactions have been properly disclosed in the financial statements as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment of shares during the year to parties covered in register maintained under section 189 of the Companies Act, 2013.
- xv. The company has not entered into any non-cash transactions with directors of the company or its subsidiary or persons connected with them.



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- xvi. The Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934.

For R T Jain & Co LLP
Chartered Accountants
FRN : 103961W / W100182

(CA Bankim Jain)
Partner
Mem No. : 139447

Mumbai, May 30, 2019



Annexure - B to the Independent Auditors' Report

Referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the accounts of the company for the year ended 31st March, 2019

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 March 31, 2019 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 ('ICAI'). 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, issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, 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 judgment, 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, in all material respects, an adequate internal financial controls system over financial reporting. However the Company does not have appropriate system manuals or predefined standard operation procedure to maintain the efficacy and effectiveness of the internal financial controls throughout the year. Thus, the company does not have formal internal financial controls over financial reporting based on our verification.



**For R T Jain & Co LLP
Chartered Accountants
FRN : 103961W/W100182**

**(CA Bankim Jain)
Partner
Mem No. : 139447**

Mumbai, May 30, 2019



KAVITA FABRICS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2019

(Amt. in Rs.)

Particulars	Note No.	As at 31st March 2019	As at 31st March 2018
I. ASSETS			
(1) Non-Current Assets			
(a) Property, Plant & Equipment	2	196,915	2,416,849
(b) Financial Assets			
(i) Investments	3	840,300	840,300
(ii) Loans	4	37,155,284	25,213,693
(c) Deferred Tax Assets	5	169,165	159,409
(d) Other Non Current Assets	6	5,500,000	5,500,000
(2) Current Assets			
(a) Inventories	7	27,789,057	48,066,004
(b) Financial Assets			
(i) Investments	8	4,294,751	-
(ii) Trade receivables	9	26,462,708	17,414,404
(iii) Cash and cash equivalents	10	390,138	5,216,903
(iv) Loans	11	-	578,261
(v) Other Financial Asset	12	4,588,096	4,603,299
(c) Current Tax Asset	13	260,880	214,169
TOTAL		107,647,293	110,223,291
I. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	14	104,187,060	104,187,060
(b) Other Equity	15	2,877,879	3,629,665
(2) Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings		-	-
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	-	5,927
(ii) Trade Payables	17	-	883,438
(iii) Other Financial Liabilities			
(b) Other Current Liabilities	18	210,554	621,297
(c) Provisions	19	371,798	895,903
(d) Current Tax Liabilities		-	-
TOTAL		107,647,292	110,223,291
Significant Accounting Policies 1			
<i>The accompanying notes form an integral part of financial statements.</i>			
As per our report of even date			
FOR R T JAIN & CO LLP CHARTERED ACCOUNTANTS (FRN NO. 103961W/W100182)		For and on behalf of the Board	
CA BANKIM JAIN PARTNER M No-139447		HARISH CHANDAK (Managing Director) DIN - 01058531	SHAILESH CHANDAK (Director & CFO) DIN - 01058498
Surat, May 30th, 2019			



KAVITA FABRICS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

(Amt. in Rs.)

Sr. No	Particulars	Note No.	2018-19	2017-18
	INCOME			
I	Revenue from operations	20	19,117,852	46,893,990
II	Other Income	21	3,904,884	2,650,851
III	Total Revenue		23,022,736	49,544,841
	EXPENDITURE			
IV	Cost of Material Consumed	22	4,454	36,452,439
	Purchase of Stock in Trade		-	-
	Changes in Inventory of Finished Goods, Stock in Trade and Work in Progress	23	20,276,947	3,232,113
	Employee Benefits Expenses	24	1,143,141	3,595,089
	Financial Costs	25	47,685	277,305
	Depreciation and Amortization Expense	26	422,620	712,921
	Other Expenses	27	903,222	3,930,259
	Total Expenses		22,798,070	48,200,126
V	Profit before tax		224,666	1,344,715
VI	Tax expense:	28		
	(1) Current tax		175,250	383,335
	(2) Deferred tax (liability) / asset		(9,756)	153,215
	(3) Previous Year Tax Adjustment		100,949	28,614
VII	Profit/(Loss) for the period		(41,777)	779,551
VIII	Other Comprehensive Income / (Loss)			
	Item that will not be subsequently reclassified to profit or loss		-	-
	Income tax effect relating to items that will not be subsequently reclassified to profit or loss:		-	-
	Item that may be subsequently reclassified to profit or loss		(710,008)	-
	Income Tax relating to Item that will be subsequently reclassified to profit or loss		-	-
	Total Other Comprehensive Income / (Loss) of the year		(710,008)	-
IX	Total Comprehensive Income / (Loss) of the year		(751,785)	779,551
X	EPS (face value of Rs.10/- each) Basic and Diluted (Rs)	29	(0.0040)	0.0748

Significant Accounting Policies

1

The accompanying notes form an integral part of financial statements.

As per our report of even date

FOR R T JAIN & CO LLP
CHARTERED ACCOUNTANTS
(FRN NO. 103961W/W100182)

For and on behalf of the Board

CA BANKIM JAIN
PARTNER
M No-139447

HARISH CHANDAK **SHAILESH CHANDAK**
(Managing Director) **(Director & CFO)**
DIN - 01058531 **DIN - 01058498**

Surat, May 30th, 2019



KAVITA FABRICS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

(Amt. in Rs.)

Particulars	March 31,2019	March 31,2018
Cash flow from operating activities:		
Net Profit before tax as per Profit And Loss A/c	224,666	1,344,715
Adjusted for:		
Depreciation & Amortisation	422,620	712,921
Assets written off	2,507	
Interest & Finance Cost	47,685	277,305
Interest Income	(2,900,002)	(2,065,792)
Profit on sale of fixed asset	(320,192)	(91,523)
Profit on sale of investment	-	(418,114)
Operating Profit Before Working Capital Changes	(2,522,715)	(240,488)
Adjusted for (Increase)/ Decrease in:		
-Inventories	20,276,947	3,232,113
-Trade receivables	(9,048,304)	(5,037,219)
-Short-term loans and advances	578,261	(435,080)
-Other Non Current Asset	-	-
-Other Current Asset	(46,711)	(214,169)
-Other financial assets	15,203	(15,203)
-Trade payables	(883,438)	(1,343,845)
-Provisions	(524,105)	891,498
-Other Current Liabilities	(410,744)	(29,140)
Cash Generated From Operations	7,434,394	(3,191,533)
Direct Tax Paid	(276,199)	(411,949)
Net Cash Flow from/(used in) Operating Activities: (A)	7,158,195	(3,603,482)
Cash Flow From Investing Activities:		
Sale / (Purchase) of Fixed Assets	2,114,999	336,000
Sale of Non Current investment	-	1,283,272
Sale / (Purchase) of Current Investment	(5,004,759)	12,191,105
Long Term Loans and Advances given	(11,941,591)	(16,669,023)
Interest Income	2,900,002	2,065,792
Net Cash Flow from/(used in) Investing Activities: (B)	(11,931,348)	(792,854)
Cash Flow from Financing Activities:		
Proceeds from Long Term Borrowings	-	-
Proceeds from Short Term Borrowings	(5,927)	(5,872)
Interest & Financial Charges	(47,685)	(277,305)
Net Cash Flow from/(used in) Financing Activities (C)	(53,612)	(283,177)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(4,826,766)	(4,679,512)
Cash & Cash Equivalents As At Beginning of the Year	5,216,903	9,896,414
Cash & Cash Equivalents As At End of the Year	390,137	5,216,902

The accompanying notes form an integral part of financial statements.

As per our report of even date

FOR R T JAIN & CO LLP

CHARTERED ACCOUNTANTS

(FRN NO. 103961W/W100182)

For and on behalf of the Board

CA BANKIM JAIN

PARTNER

M No-139447

Surat, May 30th, 2019

HARISH CHANDAK
(Managing Director)

DIN - 01058531

SHAILESH CHANDAK
(Director & CFO)

DIN - 01058498



Notes forming part of the Ind AS Financial Statements

CORPORATE INFORMATION

KAVITA FABRICS LIMITED was incorporated in the year 2005 as a private company. Subsequently In 2012, it was converted into a public company. The Company is in the business of trading of fabrics from man-made yarns by using weaving technology in the form of semi-finished sarees and dress materials.

NOTE 1: BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of Measurement

The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities, including financial instruments which have been measured at fair value as described below:

-Certain asset and liabilities measured at fair value.

Fair value measurement

The Company measures financial instruments, such as, equity shares at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either

-In the principal market for the asset or liability, or

-In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value for measurement and /or disclosure purpose in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the



financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES

The Company has applied following accounting policies in the Ind AS Financial Statement.

a) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts, volume rebates, outgoing sales taxes and other indirect taxes.

Revenue from sales is recognised when all significant risks and rewards of ownership of the commodity sold are transferred to the customer which generally coincides with delivery. Revenues from sale of byproducts are included in revenue.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised at the agreed rate on time proportion basis.

b) Property, Plant and Equipment

Property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, attributable borrowing cost and any other directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the present value of the expected cost for the decommissioning and removing of an asset and restoring the site after its use, if the recognition criteria for a provision are met.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met.



When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized within other income/other expenses in statement of profit and loss.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital work in progress

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed. Revenue generated from production during the trial period is credited to capital work in progress.

Depreciation

Assets in the course of development or construction and freehold land are not depreciated.

Other property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use. Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a written down value basis over its expected useful life as provided in the Companies Act, 2013 (determined by the management based on technical estimates), as follows:

Major inspection and overhaul costs are depreciated over the estimated life of the economic benefit derived from such costs. The carrying amount of the remaining previous overhaul cost is charged to the statement of profit and loss if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

When significant spare parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.



Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes in estimates, if any, are accounted for prospectively.

Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. The Company currently does not have any intangible assets with indefinite useful life. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

Subsequent measurement of financial assets is described below -

Debt instruments at amortised cost

A. Debt instrument¹ is measured at the amortised cost if both the following conditions are met:



- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

Debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent solely payment of principle and interest (herein after referred to as "SPPI").

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. Debt instrument at FVTPL. FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has designated its investments in debt instruments as FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Financial Assets – Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:
□ The rights to receive cash flows from the asset have expired, or
□ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive

cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits and trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

☑ **Financial assets measured as at amortised cost:** ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

☑ **Debt instruments measured at FVTPL:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. The change in fair value is taken to the statement of Profit and Loss.

☐ **Debt instruments measured at FVTOCI:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI. For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e. financial assets which are credit impaired on purchase/origination.

Financial liabilities – Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through statement of profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments. The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through statement of profit and loss

Financial liabilities at fair value through statement of profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.☐ Gains or losses on liabilities held for trading are recognised in the statement of profit and loss. Financial liabilities designated upon initial recognition at fair value through statement of profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through statement of profit and loss.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (hereinafter referred as EIR) method. Gains and losses are recognized in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.



Financial liabilities - Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Impairment of Non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Company bases its impairment calculation on detailed budgets

and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is treated as deferred income and released to the statement of profit and loss over the expected useful lives of the assets concerned. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Inventories

Inventories are valued at the lower of cost and net realisable value except scrap and by products which are valued at net realisable value.

Costs incurred in bringing the inventory to its present location and condition are accounted for as follows:

Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and work in progress: Cost includes cost of direct materials and labour and a portion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.



Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Obsolete inventories are identified and written down to net realisable value. Slow moving and defective inventories are identified and provided to net realisable value.

Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Sales/ value added taxes paid on acquisition of assets or on incurring expenses. Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except: When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as



part of the expense item, as applicable. When receivables and payables are stated with the amount of tax included, the net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Employee benefit schemes

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, performance incentives and compensated absences which are expected to occur in next twelve months. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Post-employment benefits

Defined benefit plans –Provident fund

Provident Fund

Eligible employees of the Company receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.

Provision for liabilities and charges, Contingent liabilities and contingent assets

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS.

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

The Company has significant capital commitments in relation to various capital projects which are not recognized on the balance sheet. In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based



on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company involved, it is not expected that such contingencies will have a material effect on its financial position or profitability. Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

Foreign currency transactions

In the financial statements of the Company, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined. All exchange differences are included in the statement of profit and loss except any exchange differences on monetary items designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in the other comprehensive income. The Company has applied paragraph 46A of AS 11 under Indian GAAP. Ind AS 101 gives an option, which has been exercised by the Company, whereby a first time adopter can continue its Indian GAAP policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. Hence, foreign exchange gain/loss on long-term foreign currency monetary items recognized upto March 31, 2016 has been deferred/capitalized. A long-term foreign currency monetary item is an item having a term of 12 months or more at the date of its origination.

Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue are accounted for based on the cost price. Revenue, expenses, assets and liabilities which are not allocable to segments on a reasonable basis, are included under "Unallocated revenue/ expenses/ assets/ liabilities".

Cash Flow Statement



Cash flows are reported using indirect method as set out in Ind AS -7 “Statement of Cash Flows”, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company’s general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

Use of Estimates and Judgments

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.



NOTES TO THE FINANCIAL STATEMENTS

Note 2 : Property, Plant & Equipments

(Amt. in Rs.)

Description of Asset	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION					NET BLOCK	
	As on 01.04.2018	Addition during year	Deduction during year	As on 31.03.2019	Up to 01.04.2018	Provided during year	Write off during the year	Deduction/ Adjustment	Up to 31.03.2019	As on 31.03.2019	As on 31.03.2018
I. Tangible Assets											
Office Equipment	124,183	-	124,183	-	122,514	302	1,367	124,183	-	-	1,669
Machinery	5,842,866	-	5,842,866	-	3,718,749	329,310	-	4,048,059	-	-	2,124,117
Computers	69,650	-	69,650	-	69,650	-	-	69,650	-	-	-
Furniture & Fixture	614,377	-	5,531	608,846	487,057	36,072	91	5,531	517,688	91,158	127,320
Vehicles	1,562,049	-	41,521	1,520,528	1,398,307	56,936	1,048	41,521	1,414,770	105,758	163,742
TOTAL	8,213,125	-	6,083,751	2,129,374	5,796,276	422,620	2,506	4,288,944	1,932,459	196,915	2,416,849
Previous Year	9,005,875	-	792,750	8,213,125	5,631,628	712,921	-	548,273	5,796,276	2,416,849	3,374,247

Note 3 : Financial Asset - Non current Investment

Particulars	At at 31st March, 2019	At at 31st March, 2018
Investment in Equity Shares (Unquoted)	840,300	840,300
TOTAL	840,300	840,300

Note 4 : Financial Asset - Non Current - Loans

Particulars	At at 31st March, 2019	At at 31st March, 2018
Unsecured, Considered Good		
Loans & Advances to Others	37,155,284	25,213,693
TOTAL	37,155,284	25,213,693

Note 5 : Deferred Tax Asset

Particulars	At at 31st March, 2019	At at 31st March, 2018
Related to Depreciation	169,165	159,409
TOTAL	169,165	159,409

**Note 6 : Other Non Current Assets**

Particulars	At at 31st March, 2019	At at 31st March, 2018
Unsecured, Considered Good		
Capital advances	5,500,000	5,500,000
TOTAL	5,500,000	5,500,000

Note 7 : Inventories

Particulars	At at 31st March, 2019	At at 31st March, 2018
Inventories	27,789,057	48,066,004
TOTAL	27,789,057	48,066,004

Note 8 : Financial Asset - Current - Investments

Particulars	At at 31st March, 2019	At at 31st March, 2018
Investment in Equity Shares (Quoted)	5,004,759	-
Less : Change in fair value through other comprehensive Income	(710,008)	-
TOTAL	4,294,751	-

Note 9 : Financial Asset - Current - Trade Receivables

Particulars	At at 31st March, 2019	At at 31st March, 2018
Trade receivables	26,462,708	17,414,404
Less : Provision for Doubtful Debts	-	-
Total receivables	26,462,708	17,414,404
TOTAL	26,462,708	17,414,404

Note 10 : Financial Asset - Current - Cash and Cash Equivalentents

Particulars	At at 31st March, 2019	At at 31st March, 2018
Cash in hand	290,629	652,158
Balances with banks in current account	99,509	4,564,745
TOTAL	390,138	5,216,903



Note 11 : Financial Asset - Current - Loans

Particulars	At at 31st March, 2019	At at 31st March, 2018
Advance recoverable in cash or in kind	-	135,000
Balance with Revenue Authorities	-	443,261
TOTAL	-	578,261

Note 12 : Financial Asset - Current - Others

Particulars	At at 31st March, 2019	At at 31st March, 2018
Receivable on sale of shares	4,588,096	4,588,368
Advance to Suppliers	-	14,931
TOTAL	4,588,096	4,603,299

Note 13 : Current Tax Asset

Particulars	At at 31st March, 2019	At at 31st March, 2018
Advance Income Tax (Net of Provision)	260,880	214,169
TOTAL	260,880	214,169

Note 14 : Equity Share Capital

Particulars	As at 31st March 2019	As at 31st March 2018
Equity Share Capital		
Authorised Share Capital		
1,05,00,000 Equity Shares of Rs. 10/- each	105,000,000	105,000,000
	105,000,000	105,000,000
Issued, Subscribed and Fully Paid Up Share Capital		
1,04,18,706 Equity Share of Rs.10/- Each fully paid up	104,187,060	104,187,060
TOTAL	104,187,060	104,187,060

a) Reconciliation of number of shares outstanding at the end of year

Particulars	As at 31st March 2019	As at 31st March 2018
Equity shares at the beginning of the year	10,418,706	10,418,706
Add: Shares issued during the year	-	-
Equity Shares at the end of the year	10,418,706	10,418,706

The Company has issued only one class of Equity Shares having a Par Value of Rs 10/- each. Each holder of equity shares is entitled to one vote per share.



b) Details of shareholders holding more than 5% shares of the aggregate shares in the company

Name of shareholder	As at 31 March, 2019		As at 31 March, 2018	
	No. of Shares	Percentage	No. of Shares	Percentage
Lakhotia Polysters (India) Ltd.	1,531,690	14.70%	2,850,000	27.35%
Nibhe Ganesh Ramesh	1,816,477	17.43%	1,816,477	17.43%
Sarika Chandak	1,627,802	15.62%	1,727,802	16.58%
Sanjoyog Trade Link Private Limited	978,223	9.39%	978,223	9.39%
Harish Chandak	1,086,711	10.43%	1,086,711	10.43%

Note 15 : Other Equity

Particulars	At at 31st March, 2019	At at 31st March, 2018
1) Surplus in the Statement of Profit and Loss		
As Per Last Balance Sheet	3,629,665	2,850,114
Add: Profit / (loss) for the year	(41,777)	779,551
Less: Appropriations	-	-
Closing Balance	3,587,887	3,629,665
2) Other Comprehensive Income		
As Per Last Balance Sheet	-	-
Add / (Less) : Other Comprehensive Income / (loss) for the year	(710,008)	-
Less: OCI Transferred to Profit and Loss	-	-
Closing Balance	(710,008)	-
TOTAL	2,877,879	3,629,665

Note 16 : Financial Liabilities - Current - Borrowings

Particulars	At at 31st March, 2019	At at 31st March, 2018
Secured -Cash Credit Facility*	-	5,927
*(O/D Facility is against Mortgage of Residential Property of Directors)		
TOTAL	-	5,927

Note 17 : Financial Liabilities - Current - Trade Payables

Particulars	At at 31st March, 2019	At at 31st March, 2018
Due to Micro, Small and Medium Enterprises	-	-
Due to Others	-	883,438
TOTAL	-	883,438

**Note 18 : Other Current Liabilities**

Particulars	At at 31st March, 2019	At at 31st March, 2018
Statutory Dues	183,127	31,123
Creditors for Expenses	27,427	590,174
TOTAL	210,554	621,297

Note 19 : Provisions

Particulars	At at 31st March, 2019	At at 31st March, 2018
Provision for Employee Benefits	371,798	895,903
TOTAL	371,798	895,903

Note 20 : Revenue from Operations**(Amt. in Rs.)**

Particulars	2018-19	2017-18
Sale of Goods	19,117,852	46,893,990
TOTAL	19,117,852	46,893,990

Note 21 : Other Income**(Amt. in Rs.)**

Particulars	2018-19	2017-18
Interest Income	2,900,002	2,065,792
Profit on Trading of Shares	-	75,368
Long Term Capital Gain on sale of Shares	-	418,114
Rent of Machinery	651,000	
Profit on sale of machinery	320,192	91,523
Discount Received	33,690	
Round Off	-	55
TOTAL	3,904,884	2,650,851

**Note 22 : Cost of Material Consumed****(Amt. in Rs.)**

Particulars	2018-19	2017-18
Purchase of Raw Material	(18,446)	26,804,648
Direct Expenses:		
-Designing Expenses	-	508,383
-Process Charges	-	969,916
-Gas & Electricity Charges	22,900	1,293,596
-Production Expenses	-	664,992
-Wages Expenses	-	3,994,083
-Job Charges	-	789,206
-Consumables	-	660,312
-Finish Cutting Expenses	-	4,748
-Bonus & Other Labour Incentives	-	762,555
TOTAL	4,454	36,452,439

Note 23 : Change in Inventories**(Amt. in Rs.)**

Particulars	2018-19	2017-18
Opening Stock	48,066,004	51,298,117
Less: Closing Stock	27,789,057	48,066,004
TOTAL	20,276,947	3,232,113

Note 24 : Employee Benefits Expenses**(Amt. in Rs.)**

Particulars	2018-19	2017-18
Salary Expenses	-	1,861,363
Gratuity	-	371,798
Provident Fund	62,402	251,512
ESIC	739	30,416
Directors Remuneration	1,080,000	1,080,000
TOTAL	1,143,141	3,595,089

Note 25 : Financial Cost**(Amt. in Rs.)**

Particulars	2018-19	2017-18
Interest to Bank	44,627	244,238
Interest on Income Tax	2,610	8,582
Interest on TDS	-	270
Bank Charges	448	24,215
TOTAL	47,685	277,305


Note 26 : Depreciation and Amortization Cost
(Amt. in Rs.)

Particulars	2018-19	2017-18
Depreciation	422,620	712,921
TOTAL	422,620	712,921

Note 27 : Other Expenses
(Amt. in Rs.)

Particulars	2018-19	2017-18
Advertisement Expenses	53,571	62,709
Audit Fees	60,000	30,000
Asset written off	2,507	
Brokerage		220,882
Carriage & Cartage Expenses		54,990
Computer Expenses	5,100	24,861
Conveyance Expenses		3,570
Demat Charges	1,156	1,878
Depository Charges	78,242	135,898
Discount Account		501,279
Electricity Expenses		32,425
Factory Expenses		133,776
Insurance Expenses		156,664
Late Fee of GST	450	
Legal Expense	64,200	75,700
Listing Fees	250,000	287,500
Packing Expenses		82,743
Postal Expenses	914	10,462
Registrar & Share Transfer Fees	34,156	35,028
Rates & Taxes	2,400	142,585
Rent	180,000	1,620,000
ROC fees	18,900	29,400
Stationery Expenses		17,102
Telephone Expenses	23,625	48,994
Transportation Expenses	9,254	40,903
Vehicle Expenses	111,247	173,910
Website Developing Expenses	7,500	7,000
TOTAL	903,222	3,930,259

Payment to Auditors		
-As Auditor	60,000	30,000
-As Advisor	-	-
-Any other Manner	-	-


Note 28 : Tax Expenses
(Amt. in Rs.)

Particulars	2018-19	2017-18
a) Income Tax Expense		
Current Tax		
Provision For Income Tax	175,250	383,335
Deferred Tax Liability / (Asset)		
Related to Depreciation	(9,756)	153,215
Short Provision of Income Tax	100,949	40,713

b) Reconciliation of tax expenses and the accounting loss multiplied by India's tax rate

Particulars	2018-19	2017-18
Profit/(Loss) before income tax expenses	224,666	1,344,715
Tax at the Indian tax rate of 26% (March 31, 2018- 25.75%)	58,413	346,264
Current Tax effect of:		
Depreciation	76,189	70,286
Gratuity	-	95,738
Interest on Statutory Dues	679	2,279
Long term capital Gain considered separately	-	(107,664)
Profit on sale of Asset considered separately	(83,250)	(23,567)
Capital Gain on sale of asset	123,219	
Profit on sale of shares considered separately	-	-
Dividend	-	-
Disallowance u/s 43B	-	-
Deferred Tax effect of:		
Written Down Value of Assets	(9,756)	57,477
Gratuity	-	95,738
Total	165,494	536,551
Adjustement in respect of current tax of previous year	100,949	28,614
Tax expense as per Statement of Profit and Loss	266,443	565,165

Note 29 : Earning Per Share
(Amt. in Rs.)

Particulars	2018-19	2017-18
Profit for the period attributable to Equity Shareholder	(41,777)	779,551
No of weighted average equity shares outstanding during the year	10,418,706	10,418,706
Nominal Value of Equity Share	10	10
Basic and Diluted Earning Per Share	(0.0040)	0.0748



KAVITA FABRICS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(Amount in Rupees)

Note 30 : Fair Value Measurement

i) Fair Value of Financial assets and Financial liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are recognised in the financial statements.

Particulars	March 31, 2019		March 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets designated as fair value through other comprehensive income				
Investments				
- Investment in Shares - Current	4,294,750	4,294,750	-	-
Financial assets designated at amortised cost				
Non Current				
Investments	840,300	840,300	840,300	840,300
Loans	37,155,284	37,155,284	25,213,693	25,213,693
Current				
Trade receivables	26,462,708	26,462,708	17,414,404	17,414,404
Cash and cash equivalents	390,138	390,138	5,216,903	5,216,903
Loans	-	-	578,261	578,261
Other Financial Asset	4,588,096	4,588,096	4,603,299	4,603,299
	73,731,276	73,731,276	53,866,860	53,866,860
Financial liabilities designated at amortised cost				
Borrowings	-	-	5,927	5,927
Trade payables	-	-	883,438	883,438
	-	-	889,365	889,365

(ii) Valuation technique used to determine fair value

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- Fair value for financial investments are valued using closing NAV.
- Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Fair value of variable interest rate borrowings approximates their carrying values.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are: (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An

Financial assets and liabilities measured at fair value-recurring fair value measurements	At March 31, 2019				
	Notes	Level 1	Level 2	Level 3	Total
Financial assets at amorised Cost					
Non Current Investment in Shares	3	-	-	840,300	840,300
Financial investments at FVTOCI					
Current Investment in Shares	1	4,294,751	-	-	4,294,751
Total financial assets		4,294,751	-	-	5,135,051



Financial assets and liabilities measured at fair value-recurring fair value	At March 31, 2018				
	Notes	Level 1	Level 2	Level 3	Total
Financial assets at amorised Cost		-	-		-
Non Current Investment in Shares	3	-	-	840,300	840,300
Financial investments at FVTOCI		-	-		-
Current Investment in Shares		-	-	-	-
Total financial assets		-	-	-	-
Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using closing NAV.					
Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument are included in Level 2.					
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in Level 3.					
The Company's policy is to recognise transfers into and transfer out in fair value hierarchy levels at the end of the reporting period.					

KAVITA FABRICS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(Amount in Rupees)

Note 31 : Financial Risk Management

Financial Risk Factors

The Company's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company has loan, trade and other receivables, cash and short-term deposits that arise directly from its operations. The Company's activities expose it to a variety of financial risks:

i) Credit Risk

Credit risk arises from cash and cash equivalents and deposits with bank(s) / other company, as well as credit exposure to counter party that will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.



Expected credit loss for trade receivables

Particulars	Past Due		Total
	Upto 6 months	above 6 months	
Trade Receivables			
As at March 31, 2019			
Gross carrying amount	8,060,061	18,402,647	26,462,708
Expected loss rate	0%	0%	0%
Expected credit losses (Loss allowance provision)	-	-	-
Carrying amount of trade receivables (net of impairment)	8,060,061	18,402,647	26,462,708
As at March 31, 2018			
Unsecured but considered good	7,955,450	9,458,954	17,414,404
Net Total	7,955,450	9,458,954	17,414,404

ii) Market Risk

The sensitivity analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligations provisions and on the non-financial assets and liabilities. The sensitivity of the relevant Statement of Profit and Loss item is the effect of the assumed changes in the respective market risks. The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

(a) Foreign Exchange Risk

The Company transacts business in Indian National Rupee (INR). The Company does not have any foreign currency financial instruments and therefore is not exposed to foreign exchange risk.

(b) Price Risk

The business of the company is selling fabrics and related products. The price volatility of the commodities in domestic and international markets does not generally affect the operating activity of the Company.

iii) Liquidity Risk

The Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant cash and deposit balances other than those required for its day to day operations subject to the compliance with loan facilities. Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.



Particulars	As at March 31, 2019				
	Carrying Amount	On Demand	< 6 months	6 to 12 months	> 1 year
Borrowings	-	-	-	-	-
Trade Payables	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-
Total	-	-	-	-	-

Particulars	As at March 31, 2018				
	Carrying Amount	On Demand	< 6 months	6 to 12 months	> 1 year
Borrowings	5,927	5,927	-	-	-
Trade Payables	883,438	883,438	-	-	-
Other Financial Liabilities	-	-	-	-	-
Total	889,365	889,365	-	-	-

KAVITA FABRICS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(Amount in Rupees)

Note 32 :Capital Management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves.

The Company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders.
- Maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is debt divided by equity capital. No changes were made in objectives, policies or processes during the year ended March 31, 2019 and March 31, 2018.

Particulars	As at March 31, 2019	As at March 31, 2018
Borrowings	-	5,927
Current Maturities of Long Term Debts	-	-
Less: Cash and cash equivalents	(390,138)	(5,216,903)
Net Debt (a)	(390,138)	(5,210,976)
Total Equity	107,064,939	107,816,725
Total capital (b)	107,064,939	107,816,725
Net Debt to Equity ratio (a/b)	(0.0036)	(0.0483)



KAVITA FABRICS LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(Amount in Rupees)

Note 33 : Related Party Transactions

In accordance with the requirements of IND AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods, are:

a) List of the related party

Particulars	Relationship	(% of holding)	
		As at March 31, 2019	As at March 31, 2018
Shailesh Chandak	Director	2.46%	2.46%
Harish Chandak	Director	10.43%	10.43%
Sudha Chandak	Relative of Director	-	3.33%
Sarika Chandak	Director	15.62%	16.58%
Kavita Creation	Associate Concern		
Shiv Textiles	Associate Concern	-	-

b) Key Management Personnel of Company

Name	Designation
Shailesh Chandak	Director
Harish Chandak	Director
Sarika Chandak	Director
Sudha Chandak	Relative of Director

c) Transactions during the year with related parties

Name of the party	Nature of transactions	As at March 31, 2019	As at March 31, 2018
Shailesh Chandak	Director Remuneration	360,000	360,000
	Rent Paid	180,000	660,000
Harish Chandak	Director Remuneration	360,000	360,000
	Rent Paid	-	480,000
Sudha Chandak	Rent Paid	-	480,000
Sarika Chandak	Director Remuneration	360,000	360,000
Shiv Textiles	Job work charges	-	552,350
Kavita Creation	Sale of Goods	7,542,082	-
	Sale of Machinery	1,292,100	-
	Rent of Machinery Received	651,000	-

d) Balance outstanding of related parties

Name of the Party	Receivable/ (Payable)	As at March 31, 2019	As at March 31, 2018
Shailesh Chandak	-	-	-
Harish Chandak	-	-	-
Sudha Chandak	-	-	-
Sarika Chandak	-	-	-
Kavita Creation	Receivable	7,542,082	-

e) Key Management Personnel Compensation

Particulars	As at March 31, 2019	As at March 31, 2018
Shailesh Chandak	360,000	360,000
Harish Chandak	360,000	360,000
Sarika Chandak	360,000	360,000
Total Compensation	1,080,000	1,080,000

Note 34 :Contingent Liabilities

Particulars	Contingent Liability not provided in the books of accounts (Rs. In Lakh)	
	As at March 31, 2019	As at March 31, 2018
NIL	-	-

Note 35 : Commitments

a) Capital expenditure contracted at the end of the reporting period but not recognised as liability is as follows :

Particulars	Capital Commitments	
	As at March 31, 2019	As at March 31, 2018
NIL		

b) The lease arrangement for all premises taken on lease are on verbal commitment without any written agreements. Thus in absence of lease agreement the agewise classification of lease commitments cannot be provided

Particulars	Operating Lease	
	As at March 31, 2019	As at March 31, 2018
- Not later than 1 year	-	-
- Later than 1 year but not later than 5 years	-	-
- Later than 5 years	-	-



Note 36 :Segment Reporting

The company is operating in single segment of Trading in fabrics as per IND AS 108. Hence segment reporting is not applicable.

Note 37 :

Figures of Previous year have been regrouped / reclassified in order to make them comparable with current year figures, wherever necessary.

As per our report of even date

FOR R T JAIN & CO LLP
CHARTERED ACCOUNTANTS
(FRN NO. 103961W/W100182)

For and on behalf of the Board

CA BANKIM JAIN
PARTNER
M No-139447

HARISH CHANDAK SHAILESH CHANDAK
(Managing Director) (Director & CFO)
DIN - 01058531 DIN - 01058498

Surat, May 30th, 2019



KAVITA FABRICS LIMITED

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

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

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

CIN: L17110GJ2005PLC046929

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 14th Annual General Meeting of the Company held on September 30, 2019 at 10:00 a.m. at 105, Balaji Industrial Society-1, Udhna Magdalla Road, Surat 395007.

Signature of Shareholder /Proxy

**Applicable for investor holding shares in physical form



KAVITA FABRICS LIMITED

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

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

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

CIN: L17110GJ2005PLC046929

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]

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/ her

2. Name: _____

Address: _____

E-mail Id: _____

Signature: or failing him/ her

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 14th Annual general meeting of the members of the company, to be held on the September 30, 2019 at 10:00 a.m. at the registered office of the Company at 105, Balaji Industrial Society-1, Udhna Magdalla Road, Surat 395007 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Optional	
		For	Against
Ordinary Business:			
1.	To receive, consider and adopt the Financial Statements of the Company for the financial year ended March 31, 2019 including audited Balance Sheet as at March 31, 2019 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 Mrs. Sarika Chandak (holding DIN 06361388) as a		



	director liable to retire by rotation		
Special Business:			
3.	Change in Designation of Mr. Shailesh Chandak as the Managing Director of the Company		
4.	Re-appointment of Mr. Govindlal Meghrajji Saboo as an Independent Non-Executive Director		
5.	Re-appointment of Mr. Kishan Kumar Sarda as an Independent Non-Executive Director		

Signed this..... day of..... 2019

Signature of shareholder

Affix
Revenue
Stamp

Signature of Proxy holder(s)

Notes:

- i. Please put a 'X' in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.**
- ii. A Proxy need not be a Member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total Share Capital of the Company carrying voting rights. Members holding more than ten percent of the total Share Capital of the Company carrying voting rights may appoint a single person as Proxy, who shall not act as Proxy for any other Member**
- iii. 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**



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