

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

2013-14



# KAVITA FABRICS LIMITED



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### Board of Directors

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

### Bankers

Kotak Mahindra Bank

### Statutory Auditors

Sanjay Maheshwari & Associates, Chartered Accountants

### Registrar And Transfer Agent

Bigshare Services Private Limited

### Registered Office

105, Balaji Industrial Society - 1,  
Udhna Magdalla Road, Surat – 395007, Gujarat, India.  
Tel: +91 – 261 – 3018759 Fax: +91 - 261- 3018759  
Email: [info@kavitafabrics.com](mailto:info@kavitafabrics.com) Website: [www.kavitafabrics.com](http://www.kavitafabrics.com)



**KAVITA FABRICS LIMITED**

(CIN: L17110GJ2005PLC046929)

Registered Office: 105, Balaji Industrial Society-1,

Udhna Magdalla Road, Surat 395007

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

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

**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE 9<sup>th</sup> 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 26<sup>th</sup> June, 2014 at 11:00 a.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements of the Company for the financial year ended March 31, 2014 including audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mrs. Sarika (holding DIN 06361388), who retires by rotation and being eligible offered herself for re-appointment.
3. To appoint M/s. Sanjay Maheswari & Associates, Chartered Accountants (ICAI Registration No.113289W) as statutory auditors of the Company and fix their remuneration.

**SPECIAL BUSINESS:**

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Govindlal Meghrajji Saboo (holding DIN 06398313), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Kishan Kumar Sarda (holding DIN 06410244), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.



6. *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 61 and all other applicable provisions, if any, of the Companies Act, 2013, read with the relevant Rules thereof (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the provisions of the Memorandum and Articles of Association of the Company, the existing Authorised Share Capital of the Company of Rs 40,000,000 (Rupees Four crores only) divided into 4,000,000 (Forty lacs only) Equity Shares of Rs. 10/- each (Rupees Ten only), be and is hereby increased to Rs. 105,000,000 (Rupees Ten Crores fifty lacs only) comprising of 10,500,000 (One crore five lacs only) Equity Shares of Rs. 10/- each (Rupees Ten only).

RESOLVED FURTHER THAT, the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof with the following new Clause V:

“V. The Share Capital of the Company is Rs. 105,000,000 (Rupees Ten crores fifty lacs only) comprising of 10,500,000 (One crore five lacs only) Equity Shares of Rs. 10/- each (Rupees Ten only).”

RESOLVED FURTHER THAT, for the purpose of giving effect to this Resolution, the Board or a Committee thereof, be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard, as the Board or a Committee in its absolute discretion may deem necessary or desirable and its decision shall be final and binding”

7. *To consider and, if thought fit, to pass the following resolution a special Resolution:*

“Resolved that pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under, the clause 3 of the Memorandum of Association of the Company be and is hereby amended by deleting the existing article 3 and substituting with the following new article 3:

Share Capital	<p>3.</p> <p>The Authorized Share Capital of the Company shall be such amounts and be divided into such shares as may from time to time, be provided in Clause V (a) of the Memorandum of Association with power to increase or reduce the capital in accordance with the Company's regulations and legislative provisions for the time being in force in that behalf with the powers to divide the share capital, whether original or increased or decreased into several classes and attach thereto respectively such ordinary, preferential or special rights and conditions in such a manner as may for the time being be provided by the Regulations of the Company and allowed by law.</p>
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8. *To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution*

**“RESOLVED THAT,** in accordance with Section 63 of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013, read with the relevant Rules thereof (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), read with Article 229 of the Articles of Association of the Company together with the applicable regulations/guidelines issued by the Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) in this behalf and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate authorities, consent and approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company, including any Committee thereof (hereinafter referred to as “the Board”) for capitalization of a sum not exceeding Rs. 6,94,58,040/- (Rupees Six Crore Ninety Four Lakhs Fifty Eight Thousand and forty only) from the Securities Premium Account, Free Reserves or any other permitted reserves/ surplus of the Company for the purpose of issue of Bonus Equity Shares of Rs. 10/- (Rupees Ten only) each, credited as fully paid-up to the holders of the Equity Shares of the Company, whose names appear on the Register of Members on the 'Record Date' to be determined by the Board, in the proportion of 2 (Two) Bonus Equity Share of Rs. 10/- (Rupees Ten only) each, for every 1 (One) fully paid-up Equity Share of Rs. 10/- (Rupees Ten only) each held by Member and that the Bonus Shares so distributed shall, for all purposes, be treated as an increase in the paid- up capital of the Company held by each such Member, and not as Income.

**RESOLVED FURTHER THAT,** the Bonus Shares so allotted are subject to the Memorandum and the Articles of Association of the Company and shall rank pari-passu in all respects with the fully paid-up Equity Shares of the Company.

**RESOLVED FURTHER THAT,** no letter of allotment shall be issued in respect of the Bonus Shares and in the case of Members who hold Equity Shares or opt to receive the Equity Shares in dematerialized form, the Bonus Shares shall be credited to the respective beneficiary accounts of the Members, held with their respective Depository Participants and in the case of Members who hold Equity Shares in physical certificate form, the Share Certificates in respect of the Bonus Shares shall be dispatched, within such time as prescribed by law and the relevant authorities.

**RESOLVED FURTHER THAT,** the issue and allotment of the Bonus Shares to Non-Resident Members, Foreign Institutional Investors (FIIs) & other foreign investors, be subject to the approval of the Reserve Bank of India, as may be necessary.

**RESOLVED FURTHER THAT,** the Board be and is hereby authorized to take necessary steps for listing of such Equity Shares on the Stock Exchanges where the securities of the Company are listed, as per the provisions of the Listing Agreements with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.



**RESOLVED FURTHER THAT**, for the purpose of giving effect to this Resolution, the Board, be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.”

**By Order of the Board of Directors**

**Shailesh Chandak**  
**Director**

Date: May 27, 2014

Place: Surat

Kavita Fabrics Limited  
105, Balaji Industrial Society-1,  
Udhna Magdalla Road, Surat 395007

**NOTES:**

1. The Register of Members and the Share Transfer books of the Company will remain closed from 24<sup>th</sup> June, 2014 to 26<sup>th</sup> June, 2014 (both days inclusive) for the purpose of the Annual General Meeting
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
4. Details as required under the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
5. Electronic copy of the Notice of the 9<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 9<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
6. Notice of the 9<sup>th</sup> Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website [www.kavitafabrics.com](http://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: kavitaindustrieslimited@gmail.com.

**7. Voting through electronic means;**

- a. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 9<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Securities Depository Limited (CSDL).
- b. The instructions for e-voting are as under:
  - i. During the voting period, the shareholders can visit the e-voting website [www.evotingindia.com](http://www.evotingindia.com) and select the relevant EVSN/ company (Kavita Fabrics Limited) for voting.
  - ii. The shareholders having shares in the Demat form can Login to the e-voting system using their user-id (i.e. demat account number), PAN and Password provided by CDSL. Physical shareholders can log-in using their user-id (i.e folio number of the shares), PAN and the Password provided by CDSL.
  - iii. After logging in, demat security holders will have to mandatorily change their password. This password can be used by demat security holders for all future voting on resolution of companies in which they are eligible to vote. Physical shareholders will be provided with a fresh password for every postal ballot voting.
  - iv. Security holders can then cast their vote on the resolutions available for voting.
  - v. Security holders can also view the resolution details.
  - vi. Once the security holders cast the vote, the system will not allow modification of the same.
  - vii. During the voting Period, security holders can login any number of times till they have voted on all the resolutions.
- c. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- d. The e-voting period commences on 20<sup>th</sup> June 2014 (9:00 am) and ends on 22<sup>nd</sup> June, 2014\_ (6:00 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 30<sup>th</sup> May 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- e. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 30<sup>th</sup> May, 2014.
- f. Mrs. Ranjana Mimani, Practicing Company Secretary (Membership No. 6271) and has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- g. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- h. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.kavitafabrics.com](http://www.kavitafabrics.com) in and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.



8. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

#### **EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

##### **Item No. 4**

Mr. Govindlal Meghrajji Saboo is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in October 2012. Mr. Govindlal Meghrajji Saboo is member of the Remuneration/Compensation Committee, of the Board of Directors of the Company.

He is a Bachelor in Science from Rajasthan University, over 5 decades of entrepreneurial experience.

Mr. Govindlal Meghrajji Saboo does not hold directorship in any other Companies of India. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Govindlal Meghrajji Saboo by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Govindlal Meghrajji Saboo being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019.

A notice has been received from a member proposing Mr. Govindlal Meghrajji Saboo as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Govindlal Meghrajji Saboo fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Govindlal Meghrajji Saboo an Independent Director setting out the 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 on any working day, excluding Saturday.

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 the resolution in relation to appointment of Mr. Govindlal Meghrajji Saboo as an Independent Director, for the approval by the shareholders of the Company. Except Mr. Govindlal Meghrajji Saboo, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

This Explanatory Statement may also be regarded as a disclosure under the Listing agreement with the Stock Exchange.





#### Item No. 5

Mr. Kishan Kumar Sarda is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in October 2012. Mr. Kishan Kumar Sarda is Chairman of the shareholder/Investor Grievance Committee and a member of the Audit and Remuneration/Compensation Committee, of the Board of Directors of the Company.

He is a Commerce Graduate, associated with the textile industry since 1970.

Mr. Kishan Kumar Sarda does not hold directorship in any other Companies in India. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Kishan Kumar Sarda whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Kishan Kumar Sarda being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019.

A notice has been received by the Company from a member proposing Mr. Kishan Kumar Sarda as a candidate for the office of Director of the Company under section 160 of the Act along with the deposit of the requisite amount.

In the opinion of the Board, Kishan Kumar Sarda fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent 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 Director setting out the 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 on any working day, excluding Saturday.

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 the resolution in relation to appointment of Mr. Kishan Kumar Sarda as an Independent Director, for the approval by the shareholders of the Company. Except Mr. Kishan Kumar Sarda, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

This Explanatory Statement may also be regarded as a disclosure under the Listing agreement with the Stock Exchange.

#### Item No. 6 & 7

Presently the existing Authorised Share Capital of the Company is Rs40,000,000 (Rupees Four Crores only) divided into 4,000,000 (Forty lacs only) Equity Shares of Rs. 10/- each (Rupees Ten only), In order to augment further capital raise, it is necessary to increase the Authorised Share Capital to Rs. 105,000,000 (Rupees Ten Crores fifty lacs only) comprising of 10,500,000 (One crore five lacs only) Equity Shares of Rs. 10/- each (Rupees Ten only)



The alteration to the Capital Clause of Memorandum and Articles of Association of the Company is consequent upon increase in the Authorised Share Capital.

In order to accommodate the increased paid-up capital consequent to the proposed Bonus Issue, the Authorised Share Capital of the Company needs to be increased. A change to the Authorised Share Capital of the Company necessitates an amendment to Clause V of the Memorandum of Association and clause 3 of the Articles of Association of your Company respectively. As per the provisions of the Companies Act, 2013, any increase in Authorised Capital and consequent amendment to the Memorandum and Articles of Association of the Company requires consent and approval of the Members of the Company.

The Board of Directors recommend the Resolutions in Item No.6&7 of the Notice for approval by the Members. None of the Promoters Directors, Key Managerial Personnel or their relatives are interested in the Resolution(s) No. 6&7 of the accompanying Notice, except to the extent of Equity Shares, if any, will be allotted to them pursuant to the proposed Bonus Issue.

The Memorandum and Articles of Association referred herein above shall be open for inspection at the Registered Office of the Company on all working days between 11:00 hrs. to 13:00 hrs. up to the date of date of the Annual General Meeting of the Company

#### Item No. 8

The Board of Directors of the Company in its meeting held on May 27, 2014, has recommended for approval of the shareholders, issue of bonus shares to the holders of equity shares of the Company in the ratio of 2:1 (i.e. two bonus equity share of Rs.10/- for every one fully paid up equity shares of Rs.10/- each held) by increasing the Issued, Subscribed and Paid-up Share Capital of the Company to a sum not exceeding Rs. 69,458,040/- after capitalising a sum not exceeding Rs 69,458,040/- from the Securities Premium Account, General Reserves or any other permitted reserves/ surplus as per the Audited Accounts of the Company for the financial year ended March 31, 2014, and the same is proposed to be applied in paying up in full not exceeding 6,945,804 Equity Shares of Rs. 10/- each.

The fully paid-up Bonus Shares shall be distributed to the Members of your Company, whose names shall appear on its Register of Members on the Record Date determined by the Board of Directors of your Company (which term shall be deemed to include any Committee thereof) for the purpose of issue of Bonus Shares, in the proportion of 2 (Two) Bonus Share of Rs.10/- for every 1 (One) Equity Shares of Rs. 10/- each held by them on the Record Date.

None of the entity/Companies (which shall be allotted bonus shares) in which Promoters, Directors, Key Managerial Personnel have shareholding/s interest of more than 2% are interested.

The Bonus Shares so allotted shall rank pari-passu in all respects with the fully paid-up Equity Shares of the Company as existing on the Record Date, save and except that they shall not participate in any dividend that may be declared before the 'Record Date'.

The Promoters, Directors, Key Managerial Personnel of your Company and their relatives are interested in this Resolution to the extent of their respective shareholding/s in the Company.



The Board of Directors of your Company recommends this Resolution for your approval

**By Order of the Board of Directors**

**Shailesh Chandak**  
**Director**

Date: May 27, 2014

Place: Surat

KAVITA FABRICS LIMITED

Regd. Office; 105, Balaji Industrial Society-1,  
Udhna Magdalla Road, Surat 395007

Encl: Proxy Form



## **DIRECTORS REPORT**

**To,**

**The Shareholders,**

Your Directors have pleasure in presenting the 9<sup>th</sup> Annual Report of your Company along with the Audited Statement of Accounts for the Period ended 31<sup>st</sup> March, 2014.

### **Financial Highlights :**

<b>Particulars</b>	<b>Year Ending March, 2014</b>	<b>Year Ending March, 2013</b>
	<b>Amt. in Rs.</b>	<b>Amt. in Rs.</b>
Sales	95,593,031	57,124,516
Other Income	-	97,618
<b>Total Income</b>	<b>95,593,031</b>	<b>57,222,134</b>
Less:Expenditure	92,720,837	54,195,882
<b>Profit/(Loss) before Interest,Depreciation &amp; Tax</b>	<b>2,872,194</b>	<b>3,026,252</b>
Less:Interest	575,140	738,077
:Depreciation And Amortization Cost	1,175,155	815,483
<b>Profit/(Loss) before Tax</b>	<b>1,121,899</b>	<b>1,472,692</b>
Tax Expense	508,389	456,992
<b>Profit/(Loss) after Tax</b>	<b>613,510</b>	<b>1,015,700</b>
Add:Profit/(Loss) Brought Forward	1,741,411	772,193
Less: Prior year Tax Liability	(8,007)	-
Less: :Prior period adjustments	(105,492)	(46,482)
<b>Amount available for Appropriation/(Loss)</b>	<b>2,241,422</b>	<b>1,741,411</b>

### **Results of Operation Review:**

During the current period of operation, your company has shown a marked improvement as turnover has increased more than 67% in FY 2013-14 from ₹ 571.24 Lakhs during FY 2012-13 to ₹ 955.93 Lakhs during FY 2013-14. Though Profit after Tax of the company has decreased to ₹ 6.14 Lakhs during FY 2013-14 as compared to ₹ 10.16 Lakhs during FY 2012-13.

### **Dividends:**

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

### **Personnel:**

During the year, the company did not have any Employee covered under section 217 (2A) of the Companies Act, 1956 read with the Companies ( Particulars of Employees ) Rules, 1975 and therefore no particulars are required to be furnished.



Your Company's work force and management have been working with mutual respect, co-operation and understanding. The Board wishes to appreciate the efforts put in by all the categories of employees towards the progress achieved by the Company during the year.

**Directors:**

In terms of the provisions Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company, Mrs. Sarika Chandak, Director retire at the ensuing Annual General Meeting and is being eligible to offer herself for re-appointment at the ensuing Annual General Meeting.

In terms of the provision of Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company Mr. Govindlal Meghrajji Saboo, Director retire at the ensuing Annual General Meeting. The Company has received requisite notices in writing from members proposing Mr. Govindlal Meghrajji Saboo for appointment as Independent Director.

In terms of the provision of Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company the tenure of Mr. Kishan Kumar Sarda, Director is liable to determination by retirement of Directors by rotation and in respect of which the Company has received requisite notices in writing from members proposing Mr. Govindlal Meghrajji Saboo for appointment as Independent Director for a tenure of five years.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

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

**Auditors:**

The Auditors M/s. Sanjay Maheshwari & Associates, Chartered Accountants, retire at the forthcoming General Meeting and being eligible for re-appointment, the Company has received a certificate from the auditors to the effect that their re-appointment, if made, would be within the prescribed limits under Section 139 of the Companies Act 2013.

**Public Deposits:**

The company has not accepted any deposit within the meaning of the section 58A of the Companies Act, 1956.

**Management Discussion And Analysis Report:**

As required under Clause 52 of the Listing Agreement with the Stock Exchange, the Management Discussion and Analysis of the financial condition and results of operations of the Company under review, is annexed and forms an integral part of the Director's Report.

**Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings And Outgo:**

The information pursuant to section 217(1) (e) of the Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 is as under;



A. Conservation Of Energy:

<b><u>Power Consumption</u></b>	<b><u>2013-14</u></b>	<b><u>2012-13</u></b>
Electricity Consumption (in units)	204518	162503
Total Amount (in ₹)	1345927/-	996046/-
Rate/Unit (in ₹)	6.58/-	6.13/-

The company has been continuously attempting to create a conscious awareness against excessive consumption and wastage at all levels.

<b><u>Consumption per unit of Production</u></b>	<b><u>2013-14</u></b>	<b><u>2012-13</u></b>
Total Amount (in ₹)	1345927/-	996046/-
Total Production (inmts.)	3,73,191	2,65,776
Rate/mts (in ₹)	3.61/-	3.75/-

B. Technology Absorption, Research & Development:

The company has incurred expenditure towards quality management, quality control, and to improve the production capacity. The company has also undertaken cost reduction and cost control program to manage and reduce the cost of production.

C. Foreign Exchange Earning / Outgo: Nil.

**Stock Exchanges:**

The company's shares are listed on the SME platform of the Bombay Stock Exchange (BSE Ltd.). The company has paid the necessary listing fees of BSE Ltd. for the year 2014-15.

**Corporate Governance:**

A report on Corporate Governance along with a Certificate from the Auditors of the Company regarding the compliance with conditions of Corporate Governance as also the Management Discussion and Analysis Report as stipulated under Clause 52 of the Listing Agreement are annexed to this Report.

**Directors' Responsibility Statement:**

Pursuant to the requirements of the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirms as under:

- i) That in the preparation of the annual accounts the applicable accounting standards has been followed along with proper explanation relation to material departure, if any;
- ii) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates, that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year i.e., March 31, 2014 and of the profit of the Company for the year ended on that date;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



iv) That the directors have prepared the annual accounts on going concern basis.

**Acknowledgements:**

The Directors wish to thank and deeply acknowledge the co-operation, assistance and support extended by various Government Authorities, Company's Bankers, Dealers, Vendors, Customers, Suppliers, Shareholders, Stock Exchange and others who have supported the company during its difficult time and hope to receive their continued support.

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

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

**Place: Surat  
Date: 27<sup>th</sup> May, 2014**

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

**Shailesh Chandak  
(Executive Director)**



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Overview:**

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

### **Industry, Structure & Developments:**

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

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

### **Operational Performance**

During the current period of operation, your company has shown a marked improvement as turnover has increased more than 67% in FY2013-14 from ₹ 571.24 Lakhs during FY 2012-13 to ₹ 955.93 Lakhs during FY 2013-14. Profit after Tax of the company has decreased to ₹ 6.15 Lakhs during FY 2013-14 as compared to ₹ 10.16 Lakhs during FY 2012-13..

### **Outlook**

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





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

### **Risk & Concerns**

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

### **Adequacy of Internal Control System**

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

### **Human Resource Development**

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

### **Cautionary Statement**

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



## Corporate Governance Report

### Corporate Governance

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

#### 1. Company's Philosophy On Code of Governance

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

#### 2. Board Of Directors

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

Three - Promoter, Executive Directors

Three - Independent Directors

#### A) The Constitution of the Board as on March 31, 2014

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

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

None of the Directors is a member in more than ten committees and acts as chairman in more than 5 committees across all the companies in which he is a Director.

#### B) Board Procedure

The Directors of the Company are informed about the agenda of the Board Meetings and Committee Meetings, containing relevant information / supporting data, as required well in advance, to enable the Board to take decision. Statutory Auditors are also requested to attend the Board or Committee meeting as and when required. Matters discussed at Board Meeting generally relate to Company's performance, quarterly results of the Company, approval of related-party transactions, general notice of interest of Directors, review of the reports of the Audit Committee and compliance with their recommendation, suggestion, compliance of any regulatory, statutory or listing requirements, etc.



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

Sr. No.	Name of the Directors	Category of Directorship	No. of Board Meeting Attended	Attendance at the Last AGM held on 25.09.2013
1	Mr. Harish Chandak	Chairman & Managing Director	6	Present
2	Mr. Shailesh Chandak	Promoter, Executive Director	6	Present
3	Mrs. Sarika Chandak	Promoter, Executive Director	6	Present
4	Mr. Nitin Maheshwari	Non- Executive Director	5	Present
5	Mr. Govindlal Saboo	Non- Executive Director	4	Present
6	Mr. Kishan Kumar Sarda	Non- Executive Director	4	Present

During the Financial Year 2013-14, Six Meetings of the Board of Directors were held on the following dates:

18<sup>th</sup> May, 2013, 4<sup>th</sup> July 2013, 22nd August, 2013, 4<sup>th</sup> November, 2013, 7<sup>th</sup> March 2014, 10<sup>th</sup> March 2014

**(D) Directors Seeking Appointment / Reappointment:**

The brief particulars of the Director of the company, being eligible for re-appointment as Directors, retiring by rotation at the ensuing Annual General Meeting is as follows:

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

Mr. Govindlal Meghrajji Saboo, Director retire at the ensuing Annual General Meeting. The Company has received requisite notices in writing from members proposing Mr. Govindlal Meghrajji Saboo for appointment as Independent Director.

Mr. Kishan Kumar Sarda, Director is liable to determination by retirement of Directors by rotation and in respect of which the Company has received requisite notices in writing from members proposing Mr. Govindlal Meghrajji Saboo for appointment as Independent Director for a tenure of five years.

**3. Committees of the board:**

**A. Audit Committee**

Our Company has constituted an Audit Committee, as per the provisions of Section 292A of the Companies Act. The committee functions as prescribed under Section 292A of the Companies Act, 1956 and Clause 52 of the listing agreement. The members of the committee at present are:

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

During the year ended 31st March, 2014, 4 Audit Committee Meeting was held.

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



The Committee's terms of reference powers, role and functions are as stipulated in Clause 52 of the Listing Agreement and under Section 292 A of the Companies Act, 1956.

#### **B. Shareholders'/ Investors' Grievance Committee**

Our Company has a Shareholders'/Investors' Grievance Committee, the committee was formed to specifically look into the redressal of shareholder and investor complaints. The members of the committee at present are:

<b>Name of Director</b>	<b>Designation in Committee</b>	<b>Nature of Directorship</b>
Mr. Kishan Kumar Sarda	Chairman	Non-Executive and Independent
Mr. Nitin Maheshwari	Member	Non-Executive and Independent
Mr. Shailesh Chandak	Member	Executive Director

During the year ended 31st March, 2014, 1 Shareholders'/ Investors' Grievance Committee was held

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

- Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.
- Issue of duplicate / split / consolidated share certificates;
- Allotment and listing of shares;
- Review of cases for refusal of transfer / transmission of shares and debentures;
- Reference to statutory and regulatory authorities regarding investor grievances;
- And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

**Name, Designation and address of the Compliance Officer:**

**Mr. Amit Merai**

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](mailto:info@kavitafabrics.com), Website: [www.kavitafabrics.com](http://www.kavitafabrics.com)

**Status of Complaints received, resolved and pending as on 31st March, 2014**

Number of Shareholders' Complaints received during the year	Nil
Number of Shareholders' Complaints resolved during the year	Nil
Number of Shareholders' Complaints Pending at the end of the year	Nil

#### **C. Remuneration / Compensation Committee**

Our Company has Remuneration/Compensation Committee, following are the members of the committee:



Name of Director	Designation in Committee	Nature of Directorship
Mr. Nitin Maheshwari	Chairman	Non-Executive and Independent
Mr. Kishan Kumar Sarda	Member	Non-Executive and Independent
Mr. Govindlal Saboo	Member	Non-Executive and Independent

**The terms of reference of the compensation committee are:**

1. To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.).
2. To be authorized at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole time/ Executive Directors, including pension rights and any compensation payment.

During the year ended 31st March, 2014, 1 Remuneration/Compensation Committee meeting was held.

**Policy on Disclosure and Internal procedure for prevention of Insider Trading**

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

**4. CEO/CFO Certification**

The Managing Director and the person heading the finance function has certified to the board that:

- a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their 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 the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal, or violated of the company's code of conduct
- c) They accept responsibility for establishing and maintaining internal control and that they have evaluated the effectiveness of internal control systems of the company and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) They have indicated to the auditors and the Audit committee
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.



#### 5. Report on Corporate Governance:

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

6. The Company is compliant with the requirements as prescribed in Clause 52 of the Listing Agreement. A Certificate from the Statutory Auditors confirming compliance with all the conditions of Corporate Governance as stipulated in Clause 52 of the listing agreement with the Stock Exchange is annexed and forms part of this report. As far as adoption of non-mandatory requirements are concerned, the Board has constituted a Remuneration Committee of Directors comprising of Non-Executive and Independent Directors.

#### 7. General Body Meetings:

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

Year	Date of AGM	Day	Time	Venue
2012-13	25.09.2013	Wednesday	01:00 PM	105, Balaji Industrial Society -1, Udhna Magdalla Road, Surat – 395007, Gujarat, India
2011-12	26.09.2012	Wednesday	05:00 PM	105, Balaji Industrial Society -1, Udhna Magdalla Road, Surat – 395007, Gujarat, India
2010-11	30.09.2011	Friday	05:00 PM	105, Balaji Industrial Society -1, Udhna Magdalla Road, Surat – 395007, Gujarat, India

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

AGM	No. of Special Resolution
2012-13	NIL
2011-12	NIL
2010-11	NIL

Postal Ballot:-

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

#### 8. Disclosures:

##### a) Related Party Transaction:

The Company had not entered into any transaction of a material nature, which will have a conflict with its interest during the year. The disclosure of related party transactions as required by the Accounting Standard (AS) 18 on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India (ICAI) is given under Note No. 13 of Notes to the Financial Statements. All the transaction covered under related party transaction were fair, transparent and at arm's length.

##### b) Disclosure of Accounting Treatment

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



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

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

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

**d) Whistle Blower Policy:**

The Company has framed a Code of Conduct for Directors and Senior Management. At present, the Company does not have any formal Whistle Blower Policy.

**e) Proceeds from the Initial Public Offer of the Company:**

The Details about the utilization of the proceeds raised through Initial Public Offer of equity shares for FY 2012-13 of the Company are disclosed to the Audit Committee. The Company has not utilized these funds for the purposes other than those mentioned in the Prospectus of the Company.

**f) 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.

**g) 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.

**h) Status of Compliance with non-mandatory requirements:**

**i. The Board:**

No separate office for the Chairman is maintained, and hence no reimbursement is made towards the same. No Specific tenure has been specified for the Independent Directors. However, they are liable to retire by rotation and seek re-appointment by the Members.

**ii. Remuneration/Compensation Committee:**

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

**iii. Shareholders' Right:**

The Company has posted its half yearly and annual financial results on its website i.e. [www.kavitafabrics.com](http://www.kavitafabrics.com)

**iv. Audit Qualification:**

There are no audit qualifications in the financial statements for the financial year 2013-14. Standard practices and procedures are followed to ensure unqualified financial statements..

**v. Mechanism for evaluating Non-Executive Board Members:**



The Company presently does not have any formal mechanism for evaluating Non-Executive Board Members.

**vi. Whistle Blower Policy:**

At present, the Company does not have any formal Whistle Blower Policy.

**9. Means of Communications:**

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

These results are simultaneously posted on the website for the Company at [www.kavitafabrics.com](http://www.kavitafabrics.com).

**10. Code of Conduct:**

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

**ANNUAL DECLARATION BY CEO / MANAGING DIRECTOR PURSUANT TO CLAUSE 52 (1)(D)(ii) OF THE LISTING AGREEMENT**

I, Harish Chandak, Chairman & Managing Director of Kavita Fabrics Limited hereby declare that all the members of the Board of Directors of the Company and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them as laid down by the Company in terms of Clause 52(1)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges for the financial year ended 31st March, 2014.

FOR KAVITA FABRICS LIMITED

Sd/-  
Harish Chandak  
(Chairman & Managing Director)

Place: Surat

Date: 27<sup>th</sup> May, 2014

**11. General Shareholders Information:**

a)	Annual General Meeting	
	(1) Date and Time	26th June, 2014 At 1:00 pm
	(2) Venue	105, Balaji Industrial Society -1, Udhna Magdalla Road, Surat – 395007, Gujarat, India
b)	Financial Year	The Financial Year of the Company is from 1st April to 31st March of the following year.
c)	Book Closure Date	24 <sup>th</sup> June 2014 to 26 <sup>th</sup> June 2014
d)	Listing on stock exchange	SME Platform of BSE Limited
e)	Scrip Code	535136
f)	NSDL/CDSL - ISIN	INE149O01018
g)	CIN Number	L17110GJ2005PLC046929
h)	Registrar and Share Transfer Agent	<b>BIGSHARES SERVICES PRIVATE LIMITED</b> E-2 Ansa Industrial Estate, Sakivihar Road Saki Naka, Andheri (East), Mumbai –400 072





## 12. Dividend Payment Date:

Not applicable (As no dividend is proposed for the financial year 2013-14)

## 13. Stock Market Data:

Month	The Month High and Low Prices during the year at Bombay Stock Exchange	
	High ₹	Low ₹
April, 2013	40.9	39.1
May 2013	45.25	40.00
June, 2013	41.00	41.00
July, 2013	39.95	39.00
August, 2013	39.60	33.60
Sept. 2013	39.95	39.95
Oct. 2013	No Trading	No Trading
Nov. 2013	44.90	44.90
Dec. 2013	No Trading	No Trading
Jan. 2014	No Trading	No Trading
Feb. 2014	40.50	40.50
March, 2014	No Trading	No Trading

Source: [www.bseindia.com](http://www.bseindia.com)

## 14. Share holding pattern as on 31.03.2014

Sr. No.	Category	No. of Shares	% (Percentage)
1	Promoters ( Including Promoters Body Corporate )	1,247,802	35.93
2	Body Corporate	2,003,000	57.68
3	Resident Individuals and HUF	2,22,000	5.18
	<b>TOTAL</b>	<b>3,472,902</b>	<b>100.00</b>

## 15. Distribution of Shareholding as on 31.03.2014

No. of Shares held	No. of Shareholders	%	No. of Shares	% of Total
1 to 5000	41	66.13	105,300	3.03
5001 to 10000	4	6.45	24,000	0.69
10001 to 20000	4	6.45	51,000	1.47
20001 to 50000	2	3.23	48,000	1.38
50001 to 100000	4	6.45	262,334	7.55
100001 onwards	7	11.29	2,982,268	85.88

## 16. Share Transfer System:

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

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



#### **17. Dematerialisation of Shares:**

As on 31st March, 2014, 34,72,902 Equity shares were in dematerialized form representing 100% of total share capital of the Company.

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

NIL

#### **19. Plant Locations :-**

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

#### **20. Address for Correspondence :-**

##### **Company:**

##### **Kavita Fabrics Limited**

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](mailto:info@kavitafabrics.com); Website: [www.kavitafabrics.com](http://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](mailto:ipo@bigshareonline.com); Website: [www.bigshareonline.com](http://www.bigshareonline.com)



## DECLARATION

As provide under Clause 52 of the Listing Agreement with the Stock Exchange, all Boardmembers and senior management personnel have affirmed compliance with Kavita Fabrics Limited Code of Business Conduct and Ethics for the year ended March 31, 2014

FOR KAVITA FABRICS LIMITED

Sd/-  
Harish Chandak  
(Chairman & Managing Director)

Place: Surat  
Date: 27<sup>th</sup> May, 2014



### **Auditors' Certificate on Corporate Governance**

To  
The Members of  
Kavita Fabrics Limited

We have examined the compliance of conditions of corporate governance by Kavita Fabrics Limited, for the year ended March 31, 2014, as stipulated in clause 52 of the Listing Agreement of the said Company with stock exchange in India.

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

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

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

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

Sanjay Maheshwari  
(Partner)  
Membership No:046361  
Place: Surat  
Date: 27<sup>th</sup> May, 2014



## INDEPENDENT AUDITORS' REPORT

### To the Members of M/S KAVITA FABRICS LTD

#### Report on the Financial Statements

We have audited the accompanying financial statements of Kavita Fabrics Ltd, (The Company) which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards generally accepted in India including Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular no 15/2013 dated September 13, 2013 of Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

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

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



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

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books

(c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account

(d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular no 15/2013 dated September 13, 2013 of Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013

(e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

**Place : Surat**  
**Date: 27/05/2014**

**(Sanjay Maheshwari)**  
**Partner**  
**M. No. 046361**



## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph having reference to “Report on Other Legal and Regulatory Requirements” of our report of even date on the financial statements for the year ended 31<sup>st</sup> March 2014 on the basis of test checks as were considered appropriate and according to the records of the company and information and explanation given to us during the course of audit, we report that –

(i) In Respect of Fixed Assets:

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

(ii) In Respect of Stock:

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

(iii) In Respect of loans secured or unsecured, granted or taken by the company to or from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act 1956, According to the information and explanation given to us, the company has not taken nor given any secured or unsecured loans from companies, Firms, and other parties listed in the register.

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

(v) According to information given to us there are transactions during the period that need to be entered into a register in pursuance of section 301 of the Act and the same had been maintained in the register appropriately.

(vi) In our opinion and according to the information and explanation given to us, the company has not accepted deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956.

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



- (viii) The Central Government has not prescribed maintenance of cost records under clause (d) of sub section (1) of section 209 of the Act.
- (ix) The company is regular in depositing of undisputed statutory dues. As informed to us there is no arrears of outstanding statutory dues as at the last day of the financial year concerned for the period of more than six months from the date they become payable. Further it is explained to us Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Sales tax, Wealth tax, Custom Duty, Excise Duty, cess are not applicable to the company during the year.
- (x) The company does not have accumulated losses of more than 50% of its Net Worth at the end of the financial year; The Company has not incurred cash losses in the current as well as in the previous financial year.
- (xi) Based on our audit and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institution, Banks.
- (xii) According to the information and explanation given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the company is not a chit fund/nidhi /mutual benefit fund /society therefore the provision of clause (xiii) of paragraph 4 of the order are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments as such provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to information and explanations given to us, the company has not given guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has a term loans from banks and outstanding as on 31<sup>st</sup> March,2014 is as follows:
  - 1. Kotak Mahindra Bank Term Loan      Rs.36,24,252/-
- (xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company we report that no funds raised on short term basis have been used for long term investment by the company.
- (xviii) The company has not made preferential allotment of shares to parties and company covered in the register maintained under section 301 of the company Act 1956 .
- (xix) The company has not issued any debentures during the year.
- (xx) No funds were raised through public issue during the year.





- (xii) During the course of our examination of the books of account and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

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

**Place : Surat**  
**Date: 27/05/2014**

**(Sanjay Maheshwari)**  
**Partner**  
**M. No. 046361**



# **BALANCE SHEET AS AT 31st MARCH 2014**

Particulars	Note No.	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholder's Funds			
(a) Share Capital	3	34,729,020	34,729,020
(b) Reserves and Surplus	4	70,877,475	70,377,464
<u>(2) Non Current Liabilities</u>			
(a) Long Term Borrowings	5	3,624,252	4,866,324
(b) Deferred Tax Liabilities	6	70,447	(5875)
<u>(3) Current Liabilities</u>			
(a) Short-Term Borrowings	7	8,993,608	3,530,632
(b) Trade Payables	8	7,934,526	1,757,526
(c) Other Current Liabilities	9	1,523,418	1,459,023
(d) Short-Term Provisions	10	433,867	450,193
<b>Total Equity &amp; Liabilities</b>		<b>128,186,613</b>	<b>117,164,307</b>
<b>II. ASSETS</b>			
<u>(1) Non-Current Assets</u>			
(a) Fixed Assets	11	7,533,936	6,017,553
(i) Gross Block		2,324,163	1,149,009
(ii) Depreciation		5,209,773	4,868,544
(iii) Net Block			274,268
(b) Capital WIP		14,999,926	14,999,926
(c) Non-current investments	12	-	1,500,000
(d) Long term loans and advances	13		
<u>(2) Current Assets</u>			
(a) Current Investment	14	28,137,268	51,668,058
(b) Inventories	15	24,695,478	19,690,332
(c) Trade receivables	16	41,450,723	17,053,093
(d) Cash and cash equivalents	17	9,601,059	2,857,586
(e) Short-term loans and advances	18	4,092,386	4,252,500
<b>Total Assets</b>		<b>128,186,613</b>	<b>117,164,307</b>

## **NOTES TO ACCOUNTS**

**1,2**

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

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

**FOR SANJAY MAHESHWARI & ASSOCIATES**

**FOR, KAVITA FABRICS LIMITED**

**CHARTERED ACCOUNTANTS**

Sd/-  
(SANJAY MAHESHWARI)  
PARTNER

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

Sd/-  
HARISH CHANDAK  
(CHAIRMAN & MANAGING DIRECTOR)

Sd/-  
SHAILESH CHANDAK  
(EXECUTIVE DIRECTOR)

PLACE : SURAT  
DATED : 27/05/2014



**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31st MARCH, 2014**

Sr. No	Particulars	Note No.	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
I	Revenue from operations	19	95,593,031	57,124,516
II	Other Income	20	-	97,618
III	<b>III. Total Revenue (I + II)</b>		<b>95,593,031</b>	<b>57,222,134</b>
IV	<b>Expenses:</b>			
	Cost of materials consumed	21	80,288,746	51,056,708
	Direct Expenses	22	12,236,784	12,249,298
	Changes in inventories	23	(5,005,146)	(12,681,032)
	Employee Benefit Expense	24	2,613,739	1,748,901
	Financial Costs	25	575,140	738,077
	Depreciation and Amortization Expense	26	1,175,155	815,483
	Administrative Expenses	27	2,586,714	1,822,007
	<b>Total Expenses (IV)</b>		<b>94,471,132</b>	<b>55,749,442</b>
V	Profit before tax	(III - IV)	<b>1,121,899</b>	<b>1,472,692</b>
VI	<b>Tax expense:</b>			
	(1) Current tax		432,067	448,693
	(2) Deferred tax		76,322	8,299
VII	Profit/(Loss) for the period (XI + XIV)	(V - VI)	<b>613,510</b>	<b>1,015,700</b>
VIII	Earning per equity share:			
	(1) Basic		0.18	0.29
	(2) Diluted		0.18	0.29

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

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

**FOR SANJAY MAHESHWARI & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**FOR, KAVITA FABRICS LIMITED**

Sd/-  
  
(SANJAY MAHESHWARI)  
PARTNER

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

Sd/-  
HARISH CHANDAK  
(CHAIRMAN & MANAGING DIRECTOR)

Sd/-  
SHAILESH CHANDAK  
(EXECUTIVE DIRECTOR)

PLACE : SURAT  
DATED : 27/05/2014



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars	Period Ended 31.03.2014	Year Ended 31.03.2013
<b><u>CASH FLOW FROM OPERATING ACTIVITIES :</u></b>		
Net profit before tax	1,121,899	1,472,692
Adjustments for :		
Interest paid and Bank Charges	575,140	738,077
Depreciation / loss on assets	1,175,154	783,363
Preliminary expenses written off		32,120
Deferred tax adjustments	76,322	8,299
prior period adjustments	113,499	48,134
Operating profit before working capital changes	2,835,016	2,986,417
Movements in working capital:		
Decrease / (Increase) in Current Investment	23,530,790	(51,668,058)
Decrease / (Increase) in Inventories	(5,005,146)	(12,681,032)
Decrease / (Increase) in Trade receivables	(24,397,630)	(10,876,040)
Decrease / (Increase) in Short Term Loans and Advances	160,114	(4,174,888)
Increase / (Decrease) in Trade payables	6,177,000	85,042
Increase / (Decrease) in Short Term Provisions and other Current Liabilities	48,069	1,165,400
Increase/(Decrease) in short term borrowings	5,462,976	(340,231)
Cash generated from operations	8,811,189	(75,503,390)
Payment of income tax	508,389	456,992
Cash from operating activities before extra-ordinary items	8,302,800	(75,960,382)
Insurance-claim received	-	
<b>Net cash from operating activities (A)</b>	<b>8,302,800</b>	<b>(75,960,382)</b>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES :</u></b>		
Purchase of fixed assets(Including capital advances)	(1,516,384)	(5,326,205)
Purchase of investments(Equity & Preference Shares)	274,268	(15,274,194)
Long Term Loans & Advances	1,500,000	2,000,000
<b>Net cash used in investing activities (B)</b>	<b>257,884</b>	<b>(18,600,399)</b>
<b><u>CASH FLOW FROM FINANCING ACTIVITIES :</u></b>		
Proceeds from issue of share capital	-	24,053,000
Repayment of long term borrowings	(1,242,072)	4,866,324
Share premium		68,636,053
Interest paid	(575,140)	(738,077)
<b>Net cash from financing activities (C)</b>	<b>(1,817,212)</b>	<b>96,817,300</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>6,743,472</b>	<b>2,256,519</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,857,586</b>	<b>601,067</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9,601,058</b>	<b>2,857,586</b>
<p>This is the Cash Flow Statement referred to in our Report of even date.</p> <p><b>FOR SANJAY MAHESHWARI &amp; ASSOCIATES</b> <span style="float:right"><b>FOR KAVITA FABRICS LIMITED</b></span></p> <p><b>CHARTERED ACCOUNTANTS</b></p>		
<p>Sd /-</p> <p>(SANJAY MAHESHWARI)</p> <p>PARTNER</p> <p>Membership No. : 046361</p> <p>Firm Reg. No.: 113289W</p>	<p>Sd/-</p> <p>HARISH CHANDAK</p> <p>(CHAIRMAN &amp; MANAGING DIRECTOR)</p>	<p>Sd/-</p> <p>SHAILESH CHANDAK</p> <p>(EXECUTIVE DIRECTOR)</p> <p>PLACE : SURAT.</p> <p>DATED : 27/05/2014</p>



**Notes forming the part of the accounts for the year ended 31<sup>st</sup> March 2014.**

**1. Company Overview**

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

**2. Significant Accounting Policies**

**i. Method of accounting:**

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

**ii. Fixed Assets:**

Fixed Assets are state at cost less accumulated depreciation.

**iii. Depreciation:**

Depreciation has been taken on WDV method at the rates prescribed in Schedule - XIV to the Companies Act, 1956.

**iv. Inventories:**

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

**v. Revenue Recognition:**

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

**vi. Earning Per Share:**

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

**vii. Taxation & Deferred Tax:**

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

**viii. Borrowing Costs:**

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



**ix. Segment Reporting-**

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

**x. Contingent Liabilities:**

There is no any contingent liability of the company.

**xi. Current / Non Current-**

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

**xii. Payment to Auditors:**

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

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

- a) Associate Companies / Firm / HUFs:
  - 1. Shiv Textiles
- b) Key Management Personnel & Relatives
  - 1. Harish Chandak
  - 2. Shailesh Chandak
  - 3. Sarika Chandak
  - 4. Sudha Chandak

**Transactions with Related Parties:**

Nature of Transaction	2013-14			2012-13		
	Associate Companies / Firms	Key Management Personnel	Relatives of Key Management	Associate Companies / Firms	Key Management Personnel	Relatives of Key Management
Sales	NIL	NIL	NIL	NIL	NIL	NIL
Director	NIL	10,80,000	NIL	NIL	9,99,774	NIL
Rent	NIL	11,92,700	NIL	NIL	7,19,300	NIL
Loan Given	NIL	NIL	NIL	5,00,000	NIL	NIL
Job Work	30,63,808	NIL	NIL	60, 72,364	NIL	NIL
Repayment of	NIL	NIL	NIL	NIL	NIL	NIL



Name	Relationship	Nature of Transaction	Amount of transaction in in FY 2013-14 (Amt. in Rs.)	Amount outstanding as at 31.03.2014 (Payable) / Receivable	Amount of transaction in in FY 2012-13 (Amt. in Rs.)	Amount outstanding as at 31.03.2013 (Payable) / Receivable
Harish Chandak	Key Management	Director Remuneration	3,60,000	NIL	3,60,000	26,960
Shailesh Chandak	Key Management	Director Remuneration	3,60,000	NIL	3,60,000	26,960
Sarika Chandak	Key Management	Director Remuneration	3,60,000	NIL	2,46,774	26,960
Shiv Textile	Associate Firm	Job Work Charges	30,63,808	4,63,169	9,35,712	NIL
Shiv Enterprises	Associate Firm	Job Work Charges	NIL	NIL	3,294,808	(5,52,727)
Shree Balaji Twisting Works	Associate Firm	Job Work Charges	NIL	NIL	11,60,440	NIL
Kavita Fabrics	Associate Firm	Job Work Charges	NIL	NIL	6,81,404	NIL
Shailesh Chandak HUF	Relative of Director	Loan Given	NIL	NIL	5,00,000	NIL
	Relative of Director	Interest Received	NIL	NIL	15,000	NIL

**xiv. Others:-**

- Interest expenses have been shown as net-off of the interest received in profit and loss accounts for better presentation.
- Figures have been rounded off to the nearest Rupees.
- Previous Year figures have been regrouped/reclassified/reinstated wherever considered necessary.
- Proceeds from the Initial Public Offer of the Company:

The Details about the utilization of the proceeds raised through Initial Public Offer of equity shares of the Company are disclosed to the Audit Committee. The Company has not utilized these funds for the purposes other than those mentioned in the Prospectus of the Company. Proceeds from initial Public offer of Equity shares have been utilised as under:

Rs in lakhs

Sr. No	Particulars	Amount
<b>A</b>	<b><u>Proceeds from IPO</u></b>	<b>510.00</b>
<b>B</b>	<b><u>Utilization</u></b>	
1	Long Term Working Capital Requirement	354.78
2	General Corporate Purpose	120.00
3	Public Issue Expense	35.22
	Total	510.00



**Notes Forming Integral Part of the Balance Sheet as at 31st March, 2014**

**Note : 3 Share Capital**

Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
<b><u>AUTHORISED CAPITAL</u></b>		
40,00,000 Shares of Rs.10/- Each.	40,000,000	40,000,000
	40,000,000	40,000,000
<b><u>ISSUED CAPITAL, SUBSCRIBED &amp; FULLY PAID UP CAPITAL</u></b>		
34,72,902 Equity Shares of Rs.10/- Each fully Paid up	34,729,020	34,729,020
<b>Total in ₹</b>	<b>34,729,020</b>	<b>34,729,020</b>

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

Particulars	No. of Shares	No. of Shares
Authorised Share Capital	4,000,000	4,000,000
Issued At The Beginning Of The Year	3472902	1067602
Unissued Shares At Beginning Of The Year	527098	-
Issued Share Capital At End Of Year	-	2405300
Unissued Share Capital At Year End (1-4)	<b>527098</b>	<b>527,098</b>

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

Class of shares / Name of shareholder	As at 31 March, 2014	
	Number of shares held	% holding in that class of shares
Lakhotia Polysters (India) Ltd.	950000	27.35%
Sarika Chandak	656934	18.92%
Sanjoyog Trade Link Private Limited	411000	11.83%
Harish Chandak	372000	10.71%
Sangam Advisors Ltd	342000	9.85%

***Note : 4 Reserve & Surplus***





Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
A	Opening Profit & Loss	1,741,411	772,193
	Less: Tax on Regular Assessment Paid	(8,007)	-
	Less: : Prior Period Adjustment	(105,492)	(46,482)
	Add: Profit for the period	613,510	1,015,700
	Closing Profit & Loss		
	Sub-Total (a)	<b>2,241,422</b>	<b>17,41,411</b>
B	Opening Securities Premium	68,636,053	-
	Add: Share Premium Credited during the Period	-	7,21,59,000
	Less: Share Issue Expense	-	35,22,947
	Closing Securities Premium		
	Sub-Total (b)	<b>6,86,36,053</b>	<b>68,636,053</b>
	<b>Total in ₹</b>	<b>70,877,475</b>	<b>70,377,464</b>

**Note : 5 Long Term Borrowing**

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
	Kotak Mahindra Bank Term Loan	3,624,252	4,866,324
	<b>Total in ₹</b>	<b>3,624,252</b>	<b>4,866,324</b>

**Note : 6 Deferred tax Liabilities (net)**

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
	Balance of fixed assets as per books	5,209,774	4,868,544
	Balance of fixed assets as per I.T. Note	5,456,771	4,895,402
	Difference	246,997	26,858
	Provision for Deferred Tax @ 30.90%	76,322	8,299
	Provision already made	(5875)	(14174)
	<b>Balance at the end</b>	<b>70447</b>	<b>(5875)</b>

**Note : 7 Short Term Borrowings**

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	<b>Secured</b>		
	- From Kotak Mahindra Bank - OD*	4,454,242	3,173,318
	- From Kotak Mahindra Bank - OD2*	4,539,366	10,210
	*O/D Facility against Mortgage of Residential Property of Directors		-
	Kotak Mahindra Bank Term Loan (Repayable within 1 year)		347,104
	<b>Total in ₹</b>	<b>8,993,608</b>	<b>3,530,632</b>

**Note : 8 Trade Payable**



Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	Due to Micro, Small and Medium Enterprises	-	-
2	Others		
	Trade payable for Materiel/Supplies	7,049,092	804,151
	Trade payable for Jobwork & Process	885,434	953,375
	<b>Total in ₹</b>	<b>7,934,526</b>	<b>1,757,526</b>

**Note : 9 Other Current Liabilities**

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	Other Payables	1,523,418	1,459,023
	<b>Total in ₹</b>	<b>1,523,418</b>	<b>1,459,023</b>

**Note : 10 Short Term Provisions**

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	<b>Others</b>		
	Provision for ROC Filling Fees	1,800	1,500
	Provision for Taxation (F.Y. 12-13)	-	448,693
	Provision for Taxation (F.Y. 13-14)	432,067	
	<b>Total in `</b>	<b>433,867</b>	<b>450,193</b>

**Note : 11**



### Fixed Asset

Sr. No	Particulars	Rate	Gross Block				Depreciation				Net Block	
			Value at the beginning	Addition during the period	Deduction	Value at the end	Value at the beginning	Addition during the period	Deduction	Value at the end	WDV as on 31.03.2012	WDV as on 31.03.2013
	<b><u>Tangible Assets</u></b>											
1	Office Equipment	20.00%	256,967	-	-	2,56,967	79,017	35,590	-	1,14,607	177,950	142,360
2	Machinery	20.87%	3,530,236	1,516,384	-	5,046,620	677,498	709,704	-	1,387,202	2,852,738	3,659,418
3	Furniture & Fixture	18.10%	614,405	-	-	6,14,405	24,400	106,791	-	131,191	590,005	483,214
4	Motor Vehicle	25.89%	95,417	-	-	95,417	58,806	9,479	-	68,285	36,611	27,132
6	Mahindra XUV500	25.89%	15,20,528	-	-	15,20,528	3,09,288	313,590	-	622,878	1,211,240	897,650
	<b>TOTAL</b>		<b>6,017,553</b>	<b>1,516,384</b>	<b>-</b>	<b>7,533,937</b>	<b>1,149,009</b>	<b>1,175,154</b>		<b>2,324,163</b>	<b>4,868,544</b>	<b>5,209,774</b>

### Note : 12 Non Current Investment

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	Investment in Unquoted Equity Shares	1,49,99,926	1,49,99,926
	<b>Total in ₹</b>	<b>1,49,99,926</b>	<b>1,49,99,926</b>

### Note : 13 Long Term Loans and Advances

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1)	<b><u>Advances</u></b>		
	<u>UnSecured, Considered Good :</u>		
	Guj Eco Tex Upscale Park Pvt. Ltd.	-	15,00,000
	<b>Total in ₹</b>	<b>-</b>	<b>15,00,000</b>

### Note : 14 Current Assets

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	Share Investment	28,137,268	51,688,058
	<b>Total in ₹</b>	<b>28,137,268</b>	<b>51,688,058</b>

### Note : 15 Inventories



Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	Inventories (Raw Material, WIP and Finished Goods)	24,695,478	1,96,90,332
	<b>Total in ₹</b>	<b>24,695,478</b>	<b>1,96,90,332</b>

**Note : 16 Trade Recievables**

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	<u>Unsecured, Considered Good :</u> <u>Outstanding for less than 6 months</u> <u>Outstanding for more than 6 months</u>	41,450,723 - -	1,70,53,093 - -
	<b>Total in ₹</b>	<b>41,450,723</b>	<b>1,70,53,093</b>

**Note : 17 Cash & Cash Equivalent**

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	<b><u>Cash-in-Hand</u></b> Cash Balance	1,756,197	15,26,688
	<b>Sub Total (A)</b>	<b>1,756,197</b>	<b>15,26,688</b>
2	<b><u>Bank Balance</u></b> With Kotak Mahindra Bank	7,844,862	13,30,898
	<b>Sub Total (B)</b>	<b>7,844,862</b>	<b>13,30,898</b>
	<b>Total [ A + B ]</b>	<b>9,601,059</b>	<b>28,57,586</b>

**Note : 18 Short Terms Loans and Advances**

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	<b>Loans &amp; Advances</b> a) Secured, Considered Good : b) Unsecured, Considered Good : c) Doubtful	3,752,852	38,02,500
2	<b>Others</b> Advance Recoverable in cash or in kind or for value to be considered good Advance Income Tax/Refund Due	339,534	4,50,000
	<b>Total in ₹</b>	<b>4,092,386</b>	<b>42,52,500</b>



**Note : 19 Revenue from Operations**

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	Sales	95,593,031	57,124,516
	<b>Total in ₹</b>	<b>95,593,031</b>	<b>57,124,516</b>

**Note : 20 Other Income**

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	Claims	-	97,618
	<b>Total in ₹</b>	<b>-</b>	<b>97.618</b>

**Note: 21 Cost Of Material Consumed**

Sr. No.	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1.	<u>Purchases Of Raw Materials And Stores</u>		
	Raw Material	-	34,397,352
2.	Stores & Consumables	-	396,274
3.	Finish Goods	50,024,766	16,263,082
4	Yarn	30,263,980	-
	<b>Total in ₹</b>	<b>80,288,746</b>	<b>51,056,708</b>

**Note : 22 Direct/ Production Expenses**

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	Designing Expenses	727,514	400,691
2	Process Charges	990,627	1,053,329
3	Electricity Power Bill	1,352,852	996,046
4	Production Expenses	493,771	397,838
5	Wages Expenses	1,672,094	1,770,551
6	Job Charges	4,711,181	6,668,792
7	Consumables	762,809	
8	Finish Cutting Expenses	3,822	415,087
9	Bonus & other Labour Incentives	1,522,114	546,964
	<b>Total in ₹</b>	<b>12,236,784</b>	<b>12,249,298</b>



**Note : 23 Change in Inventories**

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	Opening Stock	19,690,332	7,009,300
2	Closing Stock	24,695,478	19,690,332
	<b>Total in ₹</b>	<b>(5,005,146)</b>	<b>(12,681,032)</b>

**Note : 24 Employment Benefit Expenses**

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	Salaries	1,518,739	688,691
2	Directors Remuneration & Sitting Fees	1,095,000	999,774
3	Employee Welfare Expenses		60,436
	<b>Total in ₹</b>	<b>2,613,739</b>	<b>1,748,901</b>

**Note : 25 Financial Cost**

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	Finance & Interest Expense (Net)	563,735	711,519
2	Bank Charges	11,405	26,558
	<b>Total in ₹</b>	<b>575,140</b>	<b>738,077</b>

**Note : 26 Depreciation & Amortised Cost**

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	Depreciation	1,175,155	783,363
2	Preliminary Expenses W/O		32,120
	<b>Total in ₹</b>	<b>1,175,155</b>	<b>815,483</b>



**Note : 27 Administrative Expenses**

Sr. No	Particulars	Figures for the year ended 31st March 2014	Figures for the year ended 31st March 2013
1	Advertisement Expenses	1,019	-
2	Audit Fees	30,000	30,000
3	Carriage & Cartage Expenses	33,245	-
4	Computer Exp.	30,300	49,150
5	Demat Charges	843	-
6	Discount Account	224,714	132,772
7	Electricity Exp.	58,230	97,507
8	Esic	85,728	34,682
9	Factory Exp.	106,807	101,199
10	Insurance Exp.	15,244	98,844
11	Loss On Disposal Of Assets	-	1,317
12	Marketing Expenses	-	14,042
13	Municipal Taxes	82,226	75,620
14	Other Office & Misc Expenses	6,567	6,526
15	Packing Expenses	124,114	124,535
16	Postal Expenses	4,415	6,570
17	Professional Tax	2,400	2,400
18	Provident Fund	91,773	86,517
19	Professional Fees	150,916	26,818
20	Registrar & Share Transfer Fees	27,056	1,500
21	Rent	1,192,700	719,300
22	Stationery Exp.	13,851	36,102
23	Interest on statutory Dues	6,155	-
24	Telephone Exp.	54,342	57,513
25	Transportation Expenses	28,440	14,470
26	Vehicle Exp.	209,629	104,623
27	Website Developing Expenses	6,000	-
	<b>Total in ₹</b>	<b>2,586,714</b>	<b>1,822,007</b>



**Proxy form**  
**Form No. MGT-11**

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

CIN: L17110GJ2005PLC046929

Name of the company: L17110GJ2005PLC046929

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

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

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

1. Name: .....

Address:

E-mail Id:

Signature:....., or failing him

2. Name: .....

Address:

E-mail Id:

Signature:....., or failing him

3. Name: .....

Address:

E-mail Id:

Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 9<sup>th</sup> Annual general meeting of the members of the company, to be held on the Thursday 26<sup>th</sup> of June 2014 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:

1. To receive, consider and adopt the Financial Statements of the Company for the financial year ended March 31,
2. To reappoint a director in place of Mrs. Sarikai, who retires by rotation and being eligible offered herself for re-appointment.
3. To appoint M/s. Sanjay Maheswari & Associates, Chartered Accountants as statutory auditors of the Company and fix their remuneration.
4. To appoint Mr. Govindlal Meghrajji Saboo as independent Director





5. To appoint Mr. Kishan Kuamr Sarda as independent Director
6. To alter the capital clause of the Memorandum of Association
7. To alter the article 3 of the Articles of Association
8. To issue Bonus shares by capitalization of reserve

Signed this..... day of..... 2014

\_\_\_\_\_  
Signature of shareholder

Affix  
Revenue  
Stamp

\_\_\_\_\_  
Signature of Proxy holder(s)

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

## BOOK- POST

If undelivered, Please return to:

***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](mailto:info@kavitafabrics.com).

Website: [www.kavitafabrics.com](http://www.kavitafabrics.com)