

8th ANNUAL REPORT

2012-13



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 Website: www.kavitafabrics.com



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 8th Annual General Meeting of the Members of M/s. KAVITA FABRICS LIMITED will be held on 25th September, 2013 at 1:00 p.m. at 105, Balaji Industrial Society - 1, Udhna Magdalla Road, Surat – 395007, Gujarat to transact the following business:

ORDINARY BUSINESS

1. To Consider and adopt the Balance Sheet as at 31st March 2013, and the Statement of Profit & Loss for the year ended 31st March 2013, along with the report of the Board of Directors and Auditors thereon.
2. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.
3. To appoint a director in place of Mr. Shailesh Chandak, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. To regularize Mr. Govindlal Saboo as director on the Board of the Company.

To consider and if thought fit, pass, with or without modification(s), following resolution as an “Ordinary Resolution”.

“RESOLVED THAT Mr. Govindlal Saboo, who was appointed as an Additional Director of the company w.e.f. 10th October, 2012 and who holds the said office until the date of this meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 , proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation”.

“RESOLVED FURTHER THAT the Board of Directors be and hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary or desirable in such manner as it deem fit in this regard to give effect to this resolution”.

5. To regularize Mr. Nitin Maheshwari as director on the Board of the Company.

To consider and if thought fit, pass, with or without modification(s), following resolution as an “Ordinary Resolution”.

“RESOLVED THAT Mr. Nitin Maheshwari, who was appointed as an Additional Director of the company w.e.f. 10th October, 2012 and who holds the said office until the date of this meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 , proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation”.

“RESOLVED FURTHER THAT the Board of Directors be and hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary or desirable in such manner as it deem fit in this regard to give effect to this resolution”.



6. To regularize Mr. Kishan Kumar Sarda as director on the Board of the Company.

To consider and if thought fit, pass, with or without modification(s), following resolution as an “Ordinary Resolution”.

“RESOLVED THAT Mr. Kishan Kumar Sarda, who was appointed as an Additional Director of the company w.e.f. 10th October, 2012 and who holds the said office until the date of this meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 , proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation”.

“RESOLVED FURTHER THAT the Board of Directors be and hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary or desirable in such manner as it deem fit in this regard to give effect to this resolution”.

NOTES:

1. A member who is entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. A proxy form in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the scheduled commencement of the meeting. A blank proxy form is sent herewith.
3. The register of members and share transfer books of the Company will remain closed from 23th September, 2013 to 25th September, 2013 (both days inclusive).
4. The Shareholders are requested to notify their change of address immediately to the Registrar & Share Transfer Agent – Bigshare Services Private Limited. The Company or its Registrar and Share Transfer Agent will not act on any request received directly from the shareholder holding shares in electronic form for any change of bank particulars or bank mandate. Such changes are to be advised only to the Depository Participant by the Shareholders.
5. Section 109A of the Companies Act, 1956 extends nomination facility to all shareholders. They may like to avail it.
6. Equity shares of the Company are under compulsory demat trading by all investors. Those shareholders who have not dematerialized their equity shares are advised to dematerialize their shareholding, to avoid inconvenience in future.
7. Members intending to seek explanation / clarification about the Accounts at the Annual General Meeting are requested to inform the Company at least a week in advance of their intention to do so, so that relevant information may be made available, if the Chairman permits such information to be furnished.
8. Members are requested to intimate their Email IDs for correspondence and quicker response to their queries.



9. Re-appointment of Directors: At the ensuing Annual General Meeting Mr. Shailesh Chandak, liable for retire by rotation, and being eligible, offer herself for reappointment. The details pertaining to these directors required to be provided pursuant to Clause 52 of the listing agreement are furnished as annexure to this notice.
10. The Securities and Exchange Board of India (SEBI) has recently, vide its Circular No. MRD/DoP/Cir-05/2009 dated 20th May, 2009, made it mandatory to submit Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant with whom they are maintaining their demat accounts. Member holding shares in physical form can submit their PAN details to the Company. The Company has an Email Id. i.e info@kavitafabrics.com, which is being used for the purpose of redressing the complaints of the investors.

**BY ORDER OF THE BOARD
FOR KAVITA FABRICS LIMITED,**

Sd/-
HARISH CHANDAK
(Chairman & Managing Director)
Place: Surat
Date: 22nd August, 2013

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE
COMPANIES ACT, 1956**

ITEM No. 4

Mr. Govindlal Saboo was appointed as an Additional Director on the Board of the Company with effect from 10th October, 2012 and as such he holds his office till the date of the ensuing Annual General Meeting.

The Company has received a Notice from a shareholder proposing his name for appointment as Director of the Company liable to retire by rotation in terms of Section 257 of the Companies Act, 1956. Accordingly, a resolution is placed before the Members for his appointment for approval of the Members.

Your Directors recommend his appointment, as Director liable to retire by rotation, for the approval of Members. Apart from Mr. Govindlal Saboo, no other Director is interested in the resolution.

ITEM No. 5

Mr. Nitin Maheshwari was appointed as an Additional Director on the Board of the Company with effect from 10th October, 2012 and as such he holds his office till the date of the ensuing Annual General Meeting.



The Company has received a Notice from a shareholder proposing his name for appointment as Director of the Company liable to retire by rotation in terms of Section 257 of the Companies Act, 1956. Accordingly, a resolution is placed before the Members for his appointment for approval of the Members.

Your Directors recommend his appointment, as Director liable to retire by rotation, for the approval of Members. Apart from Mr. Nitin Maheshwari, no other Director is interested in the resolution.

ITEM No. 6

Mr. Kishan Kumar Sarda was appointed as an Additional Director on the Board of the Company with effect from 10th October, 2012 and as such he holds his office till the date of the ensuing Annual General Meeting.

The Company has received a Notice from a shareholder proposing his name for appointment as Director of the Company liable to retire by rotation in terms of Section 257 of the Companies Act, 1956. Accordingly, a resolution is placed before the Members for his appointment for approval of the Members.

Your Directors recommend his appointment, as Director liable to retire by rotation, for the approval of Members. Apart from Mr. Kishan Kumar Sarda, no other Director is interested in the resolution.

Pursuant to clause 52 of the listing agreement, the details of the directors seeking appointment / reappointment at the Meeting are as follows:

Name of Director	Mr. Govindlal Saboo	Mr. Nitin Maheshwari	Mr. Kishan Kumar Sarda	Mr. Shailesh Chandak
Age	71 Years	28 Years	42 Years	33 Years
Profile & Experience	Bachelors in Science from Rajasthan University, over 5 decades of entrepreneurial experience	Practicing Chartered Accountant having vast experience in accounts, audits, taxation and company law matters	Commerce graduate, associated with the textile industry since 1990	Done commerce graduation from Andhra University, Associated with Textile Industry since 2001
Details of directorship held in other Company	NIL	NIL	NIL	NIL
Details of Chairman ship/ Membership held in other Companies	NIL	NIL	NIL	NIL
Shareholding in the Company as on the date of notice	NIL	NIL	NIL	85334 Shares



DIRECTORS REPORT

To,

The Shareholders,

Your Directors have pleasure in presenting the 8th Annual Report of your Company along with the Audited Statement of Accounts for the Period ended 31st March, 2013.

Financial Highlights :

Particulars	Year Ending March, 2013	Year Ending March, 2012
	Amt. in Rs.	Amt. in Rs.
Sales	5,71,24,516	3,12,82,902
Other Income	2,03,110	
Total Income	5,73,27,626	3,12,82,902
Less:Expenditure	5,41,95,882	2,97,78,152
Profit/(Loss) before Interest,Depreciation & Tax	31,31,744	15,04,750
Less:Interest	8,43,569	3,77,273
:Depreciation And Amortization Cost	8,15,483	1,05,845
Profit/(Loss) before Tax	14,72,692	10,21,632
Tax Expense	5,03,473	3,00,826
Profit/(Loss) after Tax	9,69,219	7,20,806
Add:Profit/(Loss) Brought Forward	7,72,193	4,95,895
Less: Tax on Regular Assessment		(1,04,488)
Less: Issue of Bonus Shares		(3,40,020)
Amount available for Appropriation/(Loss)	17,41,411	7,72,193

Results of Operation Review:

During the current period of operation, your company has shown a marked improvement as turnover has increased more than 82% in FY 2012-13 from ₹ 312.83 Lakhs during FY 2011-12 to ₹ 571.25 Lakhs during FY 2012-13. Profit after Tax of the company has increased to ₹ 9.69 Lakhs during FY 2012-13 as compared to ₹ 7.20 Lakhs during FY 2011-12.

Listing of Equity Share on SME Segment of BSE

Your Directors are pleased to inform you that your company has got its equity shares listed on SME platform of BSE Limited on 12th of March, 2013.

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:

The Board of Directors is experienced in their respective fields.

Auditors:

The Auditors M/s. Sanjay Maheshwari & Associates, Chartered Accountants, Retire at the fourth coming 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 224 (1B) of the Companies Act 1956.

Public Deposits:

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

Fixed 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 Exchanges, the Management Discussion and Analysis of the financial condition and results of consolidated 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 :

<u>Power Consumption</u>	<u>2012-13</u>	<u>2011-12</u>
Electricity Consumption (in units)	162503	63,220
Total Amount (in ₹)	996046/-	3, 61,806/-
Rate/Unit (in ₹)	6.13/-	5.72/-

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



<u>Consumption per unit of Production</u>	<u>2012-13</u>	<u>2011-12</u>
Total Amount (in ₹)	996046/-	3, 61,806/-
Total Production (in mts.)	2,65,776	1, 11,370
Rate/Kgs. (in ₹)	3.75/-	3.25/-

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 reduction and cost control program to manage and reduce the cost of production.

C. Foreign Exchange Earning / Outgo : Nil.

Re-appointment of Directors:

In accordance with Section 255 and 256 of the Companies Act, 1956 read with the Articles of Association of the Company, Mr. Shailesh Chandak, retire by rotation and are being eligible offer himself for reappointment at the ensuing Annual General Meeting.

Based on the confirmations received from Directors, none of the Directors are disqualified from appointment under Section 274(1)(g) of the Companies Act, 1956.

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, you're Director 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;

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 viz., March 31, 2013 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 the Government Authorities, Company's Bankers, Dealers, Vendors, Customers, Suppliers, Shareholders



and other 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: 22nd August, 2013

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

**Shailesh Chandak
(Executive Director)**