

9th 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 Website: 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 9th 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 26th 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 24th June, 2014 to 26th 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 9th 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 9th 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 9th Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website www.kavitafabrics.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Surat for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon



making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: 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 9th 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 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 20th June 2014 (9:00 am) and ends on 22nd 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 30th 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 30th 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 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.