



KAVITA FABRICS LIMITED
11th ANNUAL REPORT 2015-16



THIS PAGE IS INTENTIONALLY LEFT BLANK



TABLE OF CONTENTS

<u>Particulars</u>	<u>Page No</u>
Company Information	4
Notice	5
Route Map to Annual General Meeting	11
Directors Report	12
Nomination and Remuneration Policy	28
Secretarial Audit Report	35
Management Discussion and Analysis	40
Corporate Governance Report	42
CEO/CFO Certification	55
Auditors Certificate on Corporate Governance	56
Auditors Report	57
Balance Sheet	63
Profit and Loss Account	64
Cash Flow Statement	65
Notes to Accounts	66
Attendance Slip	77
Proxy Form	78



11th ANNUAL REPORT OF 2015-2016

Board of Directors

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

Key Managerial Personnel

- | | |
|------------------------|-------------------------|
| • Mr. Harish Chandak | Managing Director |
| • Mr. Shailesh Chandak | Chief Financial Officer |

Internal Auditor

Mr. Mohanlal Karnani

Bankers

Kotak Mahindra Bank

Statutory Auditors

Sanjay Maheshwari & Associates, Chartered Accountants

Secretarial Auditors

M/s. R.M. Mimani & Associates, Company Secretaries

Registrar And Transfer Agent

Bigshare Services Private Limited
E-2 Ansa Industrial Estate,
Sakivihar Road Saki Naka,
Andheri (East), Mumbai –400 072
Tel: +91 – 22 – 4043 0200; Fax: +91 – 22 – 2847 5207
Email: ipo@bigshareonline.com; Website: www.bigshareonline.com

Registered Office and Contact Details and Website

Kavita Fabrics Limited,
105, Balaji Industrial Society - 1, Udhna Magdalla Road, Surat – 395007, Gujarat, India.
Tel: +91 – 261 – 3018759 Fax: +91 - 261- 3018759
Email: info@kavitafabrics.com, **Website:** www.kavitafabrics.com
CIN: L17110GJ2005PLC046929



NOTICE

KAVITA FABRICS LIMITED

(CIN: L17110GJ2005PLC046929)

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

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

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

NOTICE IS HEREBY GIVEN THAT THE 11th ANNUAL GENERAL MEETING OF “**KAVITA FABRICS LIMITED**” will be held at the registered office of the Company at 105, Balaji Industrial Society-1, Udhna Magdalla Road, Surat 395007 on September 29, 2016 at 3:30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the financial year ended March 31, 2016 including audited Balance Sheet as at March 31, 2016 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mrs. Sarika Chandak (holding DIN 06361388), who retires by rotation and being eligible offered herself for re-appointment.
3. To appoint M/s. R T Jain & Co., Chartered Accounts as Statutory Auditors of the Company and to fix their remuneration;

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

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

By Order of the Board of Directors

Date: September 04, 2016

Place: Surat

Harish Chandak
Managing Director

NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from September 22, 2016 to September 29, 2016 (both days inclusive) for the purpose of the Annual General Meeting.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
3. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified true copy of the relevant Board of Directors resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
4. Details under as required under of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
5. Electronic copy of the Notice of the 11th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 11th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
6. Notice of the 11th Annual General Meeting and the Annual Report for 2016 will also be available on the Company's website www.kavitafabrics.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Surat for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: info@kavitafabrics.com
7. Ms. Monika Kothari Practicing Chartered Accountant (Membership No. 137777) and has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

8. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 11th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
9. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
10. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kavitafabrics.com immediately after the declaration of result by Chairman of the Company and the same will be communicated to the BSE Limited.
11. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

12. VOTING BY ELECTRONIC MEANS

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins September 25, 2016 (9:00 am) and ends on September 28, 2016 (5:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 22, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/Postal Ballot Form/mail) in the PAN Field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>a) If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</p>

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for “Kavita Fabrics Limited” on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.



-
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Note for Non-Individual Shareholders and Custodians**
- b) Non-Individual shareholders (i.e. other than Individuals, HUF and NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - c) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - d) After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - e) The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - f) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

By Order of the Board of Directors

Date: September 04, 2016
Place: Surat

Harish Chandak
(Managing Director)

ANNEXURE TO ITEM NOS. 2 OF THE NOTICE

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

Name of Director	Ms. Sarika Chandak
Date of Birth	26/03/1979
Nationality	Indian
Date of First Appointment on the Board	25/07/2012
Qualifications	Commerce Graduation from Gujarat University
Expertise in specific functional Areas	Assisting in the designing process of fabric manufacturing and looking after the administration and human resource functions of our Company.
No. of Shares held in the Company	17,27,802
List of Directorships held in other Companies	Nil
Chairman/Member in the Committee of the Boards of Companies in which he is a	Nil
Terms and Conditions of Appointment/re-appointment	As per Section 149 and 152 of Companies Act, 2013
Remuneration paid (Paid in the last year)	Rs 3,60,000/-
Relationship with other Directors	Wife of Mr. Shailesh Chandak (Promoter Director and CFO)
No. of Board Meetings attended in FY 2015-16	13 th April, 2016, 15 th April, 2016, 10 th May, 2015, 15 th May, 2015, 2 nd July 2015, 24 th August 2015, 31 st August 2015, 11 th November 2015, 7 th December 2015, 13 February 2016, 31 st March 2016.