KHATOR FIBRE AND FABRICS LIMITED

31ST ANNUAL REPORT & ACCOUNTS, 2016 – 17

MANAGING DIRECTOR	:	**Mr. Kailash S. Khator**
WHOLE TIME DIRECTORS	:	**Mr. Ashok S. Khator**
DIRECTORS	:	**Mr. Jogendra B. Chodhary** **Mr. Mukesh Khandelwal** **Mr. Devkumar P. Lohar** **Mrs. Sunita Goyal**
AUDITORS	:	**M/s. S. R. Goyal & Co.** Chartered Accountants, "SRG HOUSE", Plot No.2, Opp. Ganpati Plaza, M.I.Road, Jaipur – 302 001.
BANKERS	:	**UNION BANK OF INDIA**
REGISTRAR & SHARE TRANSFER AGENTS	:	**M/s. Sharex Dynamic (India) Pvt. Ltd.** Unit-1, Luthra Ind. Premises, 1st Flr, 44-E, M Vasanti Marg, Andheri-Kurla Rd., Safed Pool, Andheri (E), Mumbai: 400072 Tel: 22 64 13 76 / 2270 24 85 Fax: 22 64 13 49 E mail: sharexindia@vsnl.com Website: www.sharexindia.com
REGISTERED OFFICE	:	G/67, Modi Nagar, Ajmer Road, Jaipur, Rajasthan- 302019
CORPORATE OFFICE	:	9/11, Assembly Lane, 38, Dadi Seth Agiary Lane, Kalbadevi, Mumbai – 400002
PLANT	:	12-A.MIDC. Saravali, Kalyan-Bhiwandi Road, Dist. Thane, Maharashtra.

NOTICE

NOTICE is hereby given that the Thirty First Annual General Meeting of the Members of Khator Fibre & Fabrics Limited will be held on Friday, 29th September, 2017 at 12 noon at Hotel Imperial, Arvind Marg, M. I. Road, Jaipur, Rajasthan – 302 001 to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statement of the Company for the financial year ended 31st March, 2017 and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Ashok S. Khator (DIN: 00044325), who retires by rotation and being eligible, offers himself for re-appointment.
3. Appointment of Statutory Auditors:

   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, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014, (the Rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and pursuant to recommendation of the Audit Committee and the Board of Directors, M/s. Giriraj & Lohiya, Chartered Accountants, Jaipur having ICAI Firm Registration No.006031C, who have offered themselves for appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules, be and are hereby appointed as Statutory Auditors of the Company, in place of retiring auditor M/s. S. R. Goyal & Co., Chartered Accountants, the outgoing auditors who has completed his term as auditor pursuant to Section 139(2) of the Act at the end of conclusion of the 31st Annual General Meeting, be appointed as auditors of the company and to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to service tax and re-imbursement of out of pocket expenses incurred by them in connection with the audit of Accounts of the Company."

NOTES:

1. The relative Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item No. 3 of the accompanying Notice are annexed hereto.
2. A statement giving the additional details of the Directors seeking re-appointment as set out in resolution at Item No. 2 is annexed herewith as required under Regulation 36 (3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standard 2 on General Meeting.
3. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and such proxy need not be a Member of the Company. The instrument appointing a proxy, in order to be effective, should be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting i.e. by 12.00 noon on Wednesday, 27th September, 2017. As per Secretarial Standard 2 on General Meeting, the proxy should carry a valid photo-id card to the venue to tender vote.**
4. A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.
5. 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 copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
6. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their DP ID and Client ID / Folio No.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
8. Relevant documents referred to in the accompanying notice and in the Explanatory Statement are open for inspection by the members at the Company's Registered Office on all working days, except Saturdays, during business hours up to the date of the meeting.
9. Pursuant to the provisions of Section 91 of the Act, the Register of Members and Share Transfer Books of the Company shall remain closed on all days from Friday, 22nd September, 2017 to Friday, 29th September, 2017, both days inclusive.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company.
11. Members desiring any relevant information on the Accounts at the Annual General Meetings are requested to write to the Company at least seven days in advance, so as to enable the company to keep the information ready. Members

can also email their queries at the email address of the Compliance Officer, Mr. Omprakash Bajaj (khator@khator.com)

12. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Transfer Agents to facilitate better service:
    i. Any change in their address and
    ii. Share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of the names for consolidation of such holdings into one account.
13. Members holding shares in electronic form are advised that address/bank details as furnished to the Company by the respective Depositories, viz. NSDL and CDSL will be printed on the dividend warrants. Members are requested to inform the concerned Depository Participants of any change in address, etc.
14. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Act, are requested to submit details to the Registrar and Transfer Agents of the Company, in the prescribed Form SH. 13 for this purpose.
15. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses with the Company's Registrar and Transfer Agents for receiving communication from the Company in electronic form.
16. Information required under Regulation 36 (3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standard 2 on General Meeting relating to Documents & Information to Shareholders with respect to the Director retiring by rotation and being eligible, seeking re-appointment are as under:

Item No. 2:

Mr. Ashok S. Khator

Mr. Ashok S. Khator was born on 14th June, 1956. He has completed his graduation in Commerce and has wide experience in textile industries since last 25 years. He is one of the Promoter Director and part of the Company since last 27 years. He joined the Company on 1st January, 1990 as a Whole-Time Director of the Company. He was inducted on the Board w.e.f. 1st April, 2015 as a Chief Financial Officer of the Company for looking after the Bank Finance, day-to-day finance, Cash Flow Management of the Company.

Mr. Ashok S. Khator is not a member in any of the Committees of the Company.

He is a brother of Mr. Kailash S. Khator, Managing Director of the Company. He is holding 99,850 Equity Shares (2.35%) of the Company.

Mr. Ashok S. Khator is not a Director or a Member of any Committees in any other Listed Company as on 31st March, 2017.

PROCESS FOR MEMBERS OPTING FOR E-VOTING

Voting through electronic means

The instructions for shareholders voting electronically are as under:

(i) The voting period begins on Tuesday, 26th September, 2017 at 9.00 a.m. and ends on Thursday, 28th September, 2017 at 5.00 p.m. 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 Friday, 22nd September, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) 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.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) 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.

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

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). 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 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)	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. 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 (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) 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.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant **"KHATOR FIBRE & FABRICS LIMITED"** on which you choose to vote.

(xii) 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.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) 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.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If 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.

(xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

(xix) **Note for Non – Individual Shareholders and Custodians**

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

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.

The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

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.

Other Instructions:

1. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
2. The voting rights of Members shall be in proportion to the shares held by them on the paid up equity share capital of the Company as on Friday, 22nd September, 2017 and as per the Register of Members of the Company.
3. M/s. P. P. Shah & Co., Practicing Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
4. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses (not in the employment of the Company) and make out a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
5. The Chairman shall, at the general meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting, as provided in clauses (a) to (h) of sub-rule (1) of Rule 21 of the Companies (Management and Administration) Rules, 2014, as applicable, with the assistance of scrutinizer, by use of postal ballot or polling paper for all those members who are present at the general meeting but have not cast their votes by availing the remote e-voting facility.
6. A Member can opt for only one mode of voting i.e. either through e-voting or in physical form. If a Member casts his / her vote by both modes, then voting done through e-voting shall prevail and the vote by ballot shall be treated as invalid.
7. The results declared along with the Scrutinizer's Report shall be placed on the BSE's website and on the website of CDSL www.evotingindia.com within two days of the passing of the Resolutions at the 31st AGM of the Company and communicated to BSE Limited, where the shares of the Company are listed.

8. Route Map showing directions to reach to the venue of the 31st AGM is given at the end of this Notice as per the requirement of the Secretarial Standards 2 on General Meetings.

By order of the Board
For Khator Fibre & Fabrics Limited

Kailash S. Khator
Managing Director

Place: Mumbai
Date: 30th May, 2017

ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT

The following Explanatory Statement as required under Section 102 of the Companies Act, 2013, set out all material facts relating to the business under Item No. 3 of the accompanying Notice dated 30th May, 2017.

ITEM NO. 3 – APPOINTMENT OF STATUTORY AUDITOR

This Explanatory Statement is provided though strictly not required as per Section 102 of the Act.
Pursuant to the provisions of Section 139 of the Act read with applicable Rules framed thereunder, M/s. S. R. Goyal & Co., the present Auditors of the Company is completing their term as Auditors.

M/s. S. R. Goyal & Co., Chartered Accountants was re-appointed as Statutory Auditors of the Company for the Company's financial year 2016 – 17. They have continued in the office as Statutory Auditors of the Company for more than five years as on 31st March, 2014. The Ministry of Corporate Affairs has implemented the new Companies Act w.e.f. 1st April, 2014. Pursuant to Section 139(2) of the Companies Act, 2013, they can continue as Statutory Auditors for further period of three years from 1st April, 2014 upto financial year 2016 – 17. Accordingly, their term as Statutory Auditors is completing on the conclusion of 31st Annual General Meeting. The Audit Committee and the Board of Directors have placed on record their appreciation for the professional services rendered by M/s. S. R. Goyal & Co. for their association with the Company as its Auditors. The Company has to appoint new auditors in their place.
In view of the above, M/s. Giriraj & Lohiya , Chartered Accountants, having Registration No. 006031C, have been appointed as Auditors of the Company for the Company's financial year 2017 – 18 to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, subject to ratification of their appointment by the Members at every intervening Annual General Meeting on a remuneration plus applicable taxes, out-of-pocket expenses, etc. incurred in connection with the Audit as may be decided by the Board of Directors in consultation with the Auditors.
The Board commends the Resolution at Item No. 3 for approval by the Members.
None of the Directors or Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 3 of the Notice.

By order of the Board
For Khator Fibre & Fabrics Limited

Kailash S. Khator
Managing Director

Place: Mumbai
Date: 30th May, 2017

BOARD'S REPORT

TO THE MEMBERS OF
KHATOR FIBRE & FABRICS LIMITED

The Directors take pleasure in presenting the Thirty First Annual Report together with the Audited Financial Statements for the year ended 31st March, 2017. The Management Discussion and Analysis has also been incorporated into this report.

1. FINANCIAL RESULTS

Key highlights of the Financial Results for Khator Fibre & Fabrics Limited for the financial year 2016-17 are tabulated below: (Amt. in Lacs)

Particulars	2016 – 2017	2015 – 2016
Income from Operation	**5871.97**	**5550.43**
Revenue from ISDS	**666.94**	**302.30**
Less : Manufacturing, Administrative & Selling Expenses	5423.22	5074.84
Less: ISDS Expenses	666.94	302.30
Profit before Depreciation & Interest	**448.75**	**475.59**
Less : Interest	149.47	179.54
Depreciation	210.30	209.50
Provision for Taxation (Net Deferred Tax)	28.47	27.03
Profit after Taxation	**60.51**	**59.52**
Add : Surplus Brought Forward From Previous Year	18.35	18.83
Less : Transfer to General Reserves	60.00	60.00
Balance carried forward to Balance Sheet	**18.86**	**18.35**

2. HIGHLIGHTS OF PERFORMANCE

- The total net sale for the year was Rs. 5857.73 Lacs as compared to Rs. 5507.23 Lacs in 2015-16, a growth of 6.36 %.
- Total profit before tax for the year was Rs. 88.98 Lacs as compared to Rs. 86.55 Lacs in 2015-16.
- Total profit after tax for the year was Rs. 60.51 Lacs as compared to Rs. 59.52 Lacs in 2015-16.
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3. BUSINESS OPERATIONS

The total turnover of Company in processing and fabric sales increased by 6.36%. During the financial year the Company engaged in ISDS schemes promoted by Govt. of India under Skill India / Make In India & committed to economical & social responsibilities.

Further the Company is happy to inform its shareholders for being appointed as Exclusive Channel Partner from F.Y. 2017-18, in the category of School Uniforms and Corporate Uniforms for East, West & North Zone of India by M/s. The Bombay Dyeing & Mfg. Co. Ltd.

There was no change in nature of business of the Company, during the year under review.

4. DIVIDEND

Your Directors do not recommend any Dividend for the year under review, so as to conserve the resources of the Company.

5. SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2017 was Rs. 4,21,09,500/-. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. There was no change in the Company's share capital during the year under review.

6. TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 60.00 Lacs to the General Reserves. An amount of Rs. 18.86 Lacs is proposed to be retained in the Statement of Profit and Loss.

7. **DEPOSITS**

The Company has not accepted deposit from the public and shareholders falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. Hence, the requirement for furnishing details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

8. **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

9. **SUBSIDIARY COMPANIES**

The Company has no Subsidiary Company.

10. **DIRECTORS**

10.1 Retirement by Rotation

Pursuant to Section 152 (6) of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Mr. Ashok S. Khator, Director, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

10.2 Declaration by Independent Directors

The Company has received declarations from the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both, under Section 149 (6) of the Companies Act, 2013 and under Regulation 17 of the SEBI (LODR) Regulations, 2015.

10.3 Familiarization Programme for Independent Directors

The Program intends to provide insights into the Company so that the Independent Directors can understand the Company's business in depth and the roles, rights, responsibility that they are expected to perform/enjoy in the Company to keep them updated on the operations and business of the Company thereby facilitating their active participation in managing the affairs of the Company. In addition to the above, Directors are periodically advised about the changes effected in the Corporate Law, the SEBI (LODR) Regulations, 2015 with regards to their roles, rights and responsibilities as Directors of the Company.

10.4 Annual Board Evaluation

According to Regulation of 25(3) of the SEBI (LODR) Regulations, 2015 and Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 5th January, 2017 issued by SEBI on Guidance Note on Board Evaluation, a meeting of the Independent Directors was held on 14th February, 2017 to inter alia, evaluate the performance of the Non-Independent Directors, including the Chairman. The Board thereafter in its meeting held on the same day evaluated the performance of the Independent Directors.

10.5 Key Managerial Personnel

The following persons have been designated as Key Managerial Personnel of the Company pursuant to Section 2(51) and Section 203 of the Act, read with Rule 8(5)(iii) of the Companies (Accounts) Rules, 2014 framed thereunder.

1. Mr. Kailash S. Khator, Managing Director
2. Mr. Ashok S. Khator, Whole-Time Director - CFO

None of the Key Managerial Personnel have resigned during the year under review.

10.6 Remuneration Policy

The Board has in accordance with the provisions of Section 178 (3) of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management Employees. The detail of the same has been disclosed in the Corporate Governance Report.

10.7 Board Meetings

A calendar of Board Meetings is prepared and circulated in advance to the Directors.

During the year the Company has held 5 (five) Board Meetings which were held on 30th May, 2016; 13th August, 2016; 14th November, 2016; 09th December, 2016 & 14th February, 2017. The maximum interval between any two meetings did not exceed 120 days.

11. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

a) that in the preparation of the annual financial statements for the year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
b) that such accounting policies as mentioned in Note 1 of the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit of the Company for the year ended on that date;
c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
d) that the annual financial statements have been prepared on a going concern basis;
e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

12. PLEDGE OF SHARES

None of the equity shares of the Directors of the Company are pledged with any banks or financial institutions.

13. RELATED PARTY TRANSACTIONS

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

14. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

15. DISCLOSURES UNDER SECTION 134 (3) (l) OF THE COMPANIES ACT, 2013

No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

16. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder, your Company has in place a Policy for Prevention of Sexual Harassment of Women at Work Place and constituted an Internal Complaints Committees (ICC). No complaint has been raised during the year ended 31st March, 2017.

17. COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

There are no companies which have become or ceased to be its Subsidiaries, Joint Venture or Associate Companies during the financial year 2016-17.

18. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The criteria prescribed for the applicability of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 is not applicable to the Company.

19. BUSINESS RISK MANAGEMENT

The nature of business is manufacturing of Textiles. The inheritant risk to the business of the company is as follows:

a) Foreign Exchange Risk
b) Yarn Price Risk
c) Stiff Global Competition
d) Government Policy on incentives for exports
e) Risk elements in business transactions
f) Success of Cotton Crop

All the above risk has been discussed in the Management Discussion and Analysis Report. The nature of risk is dynamic of business and entrepreneurship. The Company has not formed Risk Management Committee since it is not applicable under Regulation 21 of the SEBI (LODR) Regulations, 2015.

20. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Company monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

21. INFORMATION SYSTEM

In a business where information is critical, Information Technology plays a vital role, facilitating informed decision making to grow the business. Over the years, the Company has invested extensively in infrastructure, people and processes with the objective to capture, protect and transmit information with speed and accuracy.

22. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any. The detail of the Whistle Blower Policy is explained in the Corporate Governance Report.

23. AUDITORS

23.1 Statutory Auditors

M/s. S. R. Goyal & Co., Chartered Accountants, the outgoing auditors has completed his term as auditor pursuant to Section 139(2) of the Act at the end of conclusion of the 31st Annual General Meeting.

It is proposed to appoint M/s. Giriraj & Lohiya, Chartered Accountant as Statutory Auditor of the company for the Company's financial year 2017 – 18 to hold office from the conclusion of the this Annual General Meeting of the Company till the conclusion of the next Annual General Meeting in place of M/s. S. R. Goyal & Co., Chartered Accountants. The Company has received a letter from M/s. Giriraj & Lohiya, Chartered Accountant to the effect that their appointment if made would be maintain be within the prescribed limit under Section 141(1)(g) of the Companies Act, 2013 and that they are willing to act as statutory auditors of the company. As required under Regulation 33 of the SEBI (LODR) Regulations, 2015, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

23.2 Statutory Auditors' Observations

The notes on financial statements referred to in the Auditor's Report are self-explanatory and do not call for any further comments. The Auditor's Report is an Un-modified report and does not contain any qualification, reservation, adverse remark or disclaimer.

23.3 Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s P. P. Shah & Co., Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as "Annexure A".

23.4 Qualifications in Secretarial Audit Report

A) Appointment of Company Secretary:

As per Section 203 (1) (ii), the Company is required to appoint Company Secretary. *The Company has not appointed Company Secretary, consequently the Annual Audited Financial Statements are not signed by Company Secretary.* In this regard the management of the Company has provided the following reply:

(i) The Company has appointed Mr. Omprakash Bajaj as Compliance Officer of the Company who looks after the compliance of the Companies Act, 2013 and SEBI Act and rules made thereunder;

(ii) The Company has availed the services of Practicing Company Secretary for advising on compliance of the Companies Act, 2013 and SEBI Act and rules made thereunder;

(iii)The Volume and Scope of work for the Company Secretary is less and it is not a full time work and the job of Company Secretary is not attractive commensurate with the scope of work and salary.

B) Appointment of Internal Auditor:

As per Section 138 of the Companies Act, 2013, the Company is required to appoint Internal Auditor. *The Company has not appointed Internal Auditor.* In this regard the management of the Company has provided the following reply:

(i) The size of operation of the Company is very small accordingly, it is not viable to appoint Internal Auditor but the Company has established the internal control system.

C) Website Posting:

As per the various sections of the Companies Act, 2013, regulations of the SEBI (LODR) Regulations, 2015 and Secretarial Standard – 2, the Company is required to post various information / policies on the website of the Company. *The Company has not posted any information / policies on the website of the Company.* In this regard the management of the Company has provided the following reply:

(i) The Company is filing regularly all the information with BSE and all the information is available on the website of BSE.

D) Dematerialization of Promoters Shareholding:

As per Regulation 31 (2) of the SEBI (LODR) Regulations, 2015, the listed entity shall ensure that 100% of shareholding of promoters and promoter group is maintained in dematerialize form and the same is maintained on a continuous basis. In this regard the management of the Company has provided the following reply:

(i) *One of the promoter holding 49,500 equity shares constituting 1.16% of total equity share capital listed on BSE Limited is not held in dematerialized form.*

(ii) *One of the deceased promoter holding 15,010 equity shares constituting 0.35% of total equity share capital listed on BSE Limited is not held in dematerialized form.*

E) Filing of Limited Review Report / Audit Report on Quarterly Basis:

As per Regulation 33(3)(c) of the SEBI (LODR) Regulations, 2015, in case the listed entity submits Unaudited Financial Results to the Stock Exchange on quarterly basis then the same shall be subject to limited review by the Statutory Auditors of the Company and in respect of the last quarter, the Audited Financial Results shall be accompanied by the Audit Report. *The Company has not filed Audit Report in respect of Audited Financial Results for the financial year ended 31st March, 2016 and Limited Review Report in respect of the Unaudited Financial Results for the quarter ended 30th June 2016, 30th September, 2016 and 31st December, 2016 with BSE Limited where its equity shares are listed.*

33. GREEN INITIATIVES

Electronic copies of the Annual Report 2016-17 and Notice of the 31st Annual General Meeting are sent to all members whose email addresses are registered with the Company / Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2016-17 and the Notice of the 31st Annual General Meeting under Section 101 of the Companies Act, 2013 are sent in the permitted mode. Members requiring physical copies can send a request to the Company.

Your Company provides e-voting facility to all its members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to the Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015.

34. ACKNOWLEDGEMENTS

Your Directors thank the various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them. The Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

35. CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

By Order of the Board of Directors

Kailash S. Khator
Managing Director

Ashok S. Khator
Whole-Time Director

Place: Mumbai
Date: 30th May, 2017

KHATOR FIBRE & FABRICS LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Board of Directors of your Company have pleasure in presenting the Management Discussion and Analysis Report in compliance with the code of Corporate Governance approval by the Securities and Exchange Board of India (SEBI) and in compliance with the provisions of the Listing Agreement.
Around the globe, companies in the Textile sector face continuous challenges, including relentlessly shrinking product and technology life cycles. With a fast growing population, India has the opportunity to change direction of the Textiles Industry by improving the pace of innovation. The industry is optimistically looking towards the newly elected Government and its policy initiatives for further development of the sector. All eyes are on the new government for transforming India into a global hub for Textile manufacturing & designing.

Your Company's focus still remains on consumer satisfaction and this belief has led us to launch a variety of products.

The Company has segments viz. 'Textile Processing & Fabric Sales & Exports'.

HUMAN RESOURCES
The Company has also considered human resources as the driving force for progress & success and they are the main assets of the Company. Management is of firm belief that the growth of the Company is due to the continuous contribution from its employees. The management & employees relations continued to be cordial during the year.

INTERNAL CONTROL
The Company has a formal system of internal control which checks the operational effectiveness to ensure reliability of financial & operational information and all statutory compliances.

FINANCIAL PERFORMANCE
The turnover of company has increased to Rs. 5857.73 Lacs as compared to Rs. 5507.23 Lacs in 2015-16, a growth of 6.36 %

Total profit before Tax for the year was Rs. 88.98 Lacs as compared to Rs. 86.55 Lacs in last year.

By Order of the Board of Directors

Kailash S. Khator
Managing Director

Ashok S. Khator
Whole-Time Director

Place: Mumbai
Date: 30th May, 2017

ANNEXURE 'A' TO BOARD'S REPORT
SECRETARIAL AUDIT REPORT
FORM NO. MR-3
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Khator Fibre and Fabrics Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Khator Fibre and Fabrics Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.
Based on my verification of the **Khator Fibre and Fabrics Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder;
2. The Securities Contracts ('Regulation') Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
   d) The Securities and Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during audit period)**.
   e) The Securities Exchange Board of India (Issue and Listing of Debt Securities), Regulations, 2008. **(Not Applicable to the Company during audit period)**.
   f) The Securities Exchange Board of India (Registrar to an Issue and Share Transfer Agent), Regulations, 1993 regarding the Companies Act, 2013 and dealing with the clients.
   g) The Securities Exchange Board of India (Delisting of Equity Shares), Regulations, 2009. **(Not Applicable to the Company during audit period)**.
   h) The Securities Exchange Board of India (Buyback of Securities), Regulations, 1998. **(Not Applicable to the Company during audit period)**.

I have also examined compliance with the applicable clauses of the following:

1) Secretarial Standards issued by the Institute of Company Secretaries of India i.e. Secretarial Standards – 1 for Board Meetings and Secretarial Standards – 2 for General Meetings.
2) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
I further report that during the audit period, there were no instances of:

1. Public/Right/Preferential Issue of Shares / Debentures / Sweat Equity, etc.
2. Redemption / Buy-Back of Securities.
3. Major decisions taken by the members in pursuance to Section 180 (1) (b) & Section 180 (1) (d) of the Companies Act, 2013.
4. Merger / Amalgamation / Reconstruction, etc.
5. Foreign Technical Collaborations.

Place: Mumbai
Date: May 30, 2017

Pradip Shah
For P. P. Shah & Co.,
Practicing Company Secretaries
FCS No. 1483, C P No.: 436

ANNEXURE 'B' TO BOARD'S REPORT
CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

All the applicable information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2017 is given as follows:

A. CONSERVATION OF ENERGY

				Current Year (2016-17)	Previous Year (2015-16)
A.	*Power and Fuel Consumption:*				
	1. Electricity:				
	a)	Purchased			
		Unit (KWH)		3727170.00	35,84,955.00
		Total Amount (Rs.)		29656828.00	2,71,21,471.00
		Rate / Unit (Rs.)		7.96	7.56
	b)	Own Generation			
		(i)	*Through Diesel Generator*	1466994	1041067
			Units (KWH)	75224	59,215.00
			Units per Ltr. of Diesel Oil	3.00	3.00
			Cost / Unit (Rs.)	19.50	17.58
B.	Furnace Consumption				
	a) Coal:				
	Unit tines			18549.5	16,329.1
	Amount (Rs.)			94004414.00	8,20,39,600.00
	Average Rate per Kg			5.06	5.02
C.	*Consumption per unit of Production/Product:*				
	(i)	Finishing of Fabrics			
		Electricity		0.111	0.112
D.	Dyes & Chemical Consumption				
	(i)	Unit (KG.)		1750248.40	16,94,278.70
		Amount (Rs.)		74608875.00	7,04,91,158.00

B. **TECHNOLOGY ABSORPTION**

The Company has not deployed any Research and Development facility or absorbed any technology. Hence, no disclosures are required to be given.

C. **FOREIGN EXCHANGE EARNING AND OUTGO**

Foreign Exchange Earnings/Outgo: (Rs. In Lacs)

	Current Year (2016-17)	Previous Year (2015-16)
Foreign Exchange Earned	621.77	865.32
Foreign Exchange Outgo	0.00	0.00

i. **Activities relating to Exports undertaken by the Company:**

a) Enhanced & modified existing process house with the installation of Latest Modern Technology Machineries.
b) Streamlining of the Sourcing & procurement activity.
c) Established separate department of R & D

ii. **Initiatives taken to increase Exports:**

a) Participation in the International Trade Exhibition worldwide to connect with new buyers.
b) Measures were undertaken to escalate market penetration by regular overseas travelling.
c) Integrated Separate Department to conduct market survey to have better preview of demand of the product.

iii. **Development of new export markets for products and services and export plans:**

a) Introduced the varied new category Product in the market.
b) No. of Overseas agents increased to capture the market in depth.
c) Augmented well qualified staffs with good communication & interpersonal skills to promote the Brand & product in the International Market.

ANNEXURE 'C' TO BOARD'S REPORT
EXTRACT OF ANNUAL RETURN
As on the financial year ended 31.03.2017
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]
FORM NO. MGT – 9

I. REGISTRATION AND OTHER DETAILS

CIN	L17124RJ1986PLC003629
Registration Date	2nd May, 1986
Name of the Company	KHATOR FIBRE AND FABRICS LIMITED
Category of the Company	Company limited by Shares
Sub-Category of the Company	Indian Non-Government Company
Address of the Registered Office and Contact details	G-67, Modi Nagar, Ajmer Road, Jaipur, Rajasthan – 302 019 Tel. No. 022 2241 4870, Fax No. 022 2240 4041 Email: khator@khator.com
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	M/s. Sharex Dynamic (India) Pvt. Ltd. Unit-1, Luthra Ind. Premises, 1st Floor, 44-E, M Vasanti Marg, Andheri-Kurla Road, Safed Pool, Andheri (E), Mumbai – 400 072 Tel. No. 022 2264 1376 / 2270 2485 Email: sharexindia@vsnl.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
1.	Manufacturing of Shirting and Suiting Fabrics	13139 (Other activities relating to finishing of textile n.i.c.)	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Nil	Nil	Nil	Nil	Nil

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	1707690	65010	1772700	41.71	1707690	65010	1772700	41.71	0.00
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c)State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
e) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total(A) (1):	**1707690**	**65010**	**1772700**	**41.71**	**1707690**	**65010**	**1772700**	**41.71**	**0.00**
(2) Foreign									
a) NRIs- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
C) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub- Total (A) (2):	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total Shareholding of Promoters(A) = (A)(1) + (A)(1)	**1707690**	**65010**	**1772700**	**41.71**	**1707690**	**65010**	**1772700**	**41.71**	**0.00**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds/UTI	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1):	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
(2)Non-Institutions									
a)Bodies Corporate									
i) Indian	31900	40400	72300	1.70	11048	64703	75751	1.78	-0.45
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i)Individual shareholders holding nominal share capital up to Rs. 2 Lacs	373354	1317000	1690354	39.77	404475	1297400	1701875	40.04	+0.27
ii)Individual shareholders holding nominal share capital in excess of Rs. 2 Lacs	650548	0	650548	15.31	637950	0	637950	15.01	-0.30
c) Others (specify)									
NRI / OCBs	8898	55200	64098	1.51	29953	30897	60850	1.43	-0.08
Clearing Members	0	0	0	0.00	874	0	874	0.02	+0.02
Sub-Total (B)(2):	**1064700**	**1412600**	**2477300**	**58.29**	**1084300**	**1393000**	**2477300**	**58.29**	**0.00**
Total Public Shareholding(B)= (B)(1)+(B)(2)	**1064700**	**1412600**	**2477300**	**58.29**	**1084300**	**1393000**	**2477300**	**58.29**	**0.00**
Total (A) + (B)	**2772390**	**1477610**	**4250000**	**100.00**	**2791990**	**1458010**	**4250000**	**100.00**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Grand Total (A+B+C)	**2772390**	**1477610**	**4250000**	**100.00**	**2791990**	**1458010**	**4250000**	**100.00**	**0.00**

v) Shareholding of Directors and Key Managerial Personnel

	Shareholding at the beginning of the year (As on 01.04.2016)		Cumulative Shareholding during the year (As on 31.03.2017)	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
A. DIRECTORS				
At the beginning of the year	Promoter Directors shareholding and their changes has already been given in earlier table. Mr. Jogendra Chodhary, Mr. Mukesh Khandelwal & Mr. Dev Kumar Lohar (Independent Directors) does not hold any shares in the company at the beginning of the year and at the end of the year.			
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc)				
At the end of the year				
B. KEY MANAGERIAL PERSONNEL				
At the beginning of the year	Not Applicable			
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc)				
At the end of the year				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
				(Amount in Rs.)
Indebtedness at the beginning of the financial year (01.04.2016)				
i) Principal Amount	18,56,38,995	0.00	0.00	18,56,38,995
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	**18,56,38,995**	**0.00**	**0.00**	**18,56,38,995**
Change in Indebtedness during the financial year				
Addition	0.00	0.00	0.00	0.00
Reduction (Net)	79,49,785	0.00	0.00	79,49,785
Net Change	**(79,49,785)**	**0.00**	**0.00**	**(79,49,785)**
Indebtedness at the end of the financial year (31.03.2017)				
Indebtedness at the end of the financial year				
i) Principal Amount	17,76,89,210	0.00	0.00	17,76,89,210
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	**17,76,89,210**	**0.00**	**0.00**	**17,76,89,210**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of Director		Total Amount (In Lacs)
		Kailash S. Khator MD	Ashok S. Khator WTD (CFO)	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	10.80	10.80	21.60
	(b) Value of perquisites under Section 17(2) income Tax Act, 1961	0.00	0.00	0.00
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	0.00	0.00	0.00
2.	Stock Options	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission			
	- as % of profit	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00
5.	Others, please specify			
	TOTAL (A)	**10.80**	**10.80**	**21.60**
	Ceiling As Per The Act	**Minimum Remuneration upto Rs. 7,00,000 per month**	**Minimum Remuneration upto Rs. 7,00,000 per month**	**–**

B. Remuneration to other Directors:

1. Independent Directors

	Particulars of Remuneration	Jogendra Chodhary	Devkumar Lohar	Mukesh Khandelwal	Sunita Goyal	Total Amount (In Lacs)
	- Fee for attending Board / Committee Meetings	0.00	0.00	0.00	0.00	0.00
	- Commission	0.172	0.172	0.172	0.172	0.69
	- Others, please specify	0.00	0.00	0.00	0.00	0.00
	Total (B)(1)					**0.69**

2. Other Non Executive Directors

	Particulars of Remuneration	Name of Director	Total Amount (In Lacs)
	- Fee for attending Board / Committee Meetings	0.00	0.00
	- Commission	0.00	0.00
	- Others, please specify	0.00	0.00
	Total (B)(2)		**0.00**
	Total (B)= (B)(1)+ (B)(2)		**0.69**
	Overall Ceiling as per the Act		**Upto Rs. 100,000 per meeting**

C. Remuneration to Key Managerial Personnel other than MD /Manager /WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (In Lacs)
		Ashok S. Khator Chief Financial Officer	Omprakash Bajaj Head Compliance	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	10.80	3.24	14.04
	(b) Value of perquisites under Section 17(2) income Tax Act, 1961	0.00	0.00	0.00
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	0.00	0.00	0.00
2.	Stock Options	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission			
	- as % of profit	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00
5.	Others, please specify	0.00	0.00	0.00
	TOTAL (C)	**10.80**	**3.24**	**14.04**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Sections of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding Fees imposed	Authority (RD/NCLT/COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

ANNEXURE 'D' TO BOARD'S REPORT

DISCLOSURES PERTAINING TO REMUNERATION AND OTHER DETAILS AS REQUIRED UNDER SECTION 197(12) READ WITH RULE 5(1) OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

PARTICULAR OF EMPLOYEES

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197 (12) of the Companies Act, 2013 read with Rule (5) (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Requirements	Details
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Nil
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Key Managerial Personnel Mr. Kailash S. Khator – Chairman – MD – Nil Mr. Ashok S. Khator – WTD – Director – CFO – Nil
3.	The percentage increase in the median remuneration of employees in the financial year	Nil
4.	The number of permanent employees on the rolls of company as on 31st March, 2017	52 Employees
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Nil
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	Remuneration paid during the year ended 31st March, 2017 is as per the Remuneration Policy of the Company

CORPORATE GOVERNANCE REPORT

Under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

For The Financial Year 31st March, 2017

The Directors' Report on the compliance of the Corporate Governance Code is given below.

1) CORPORATE GOVERNANCE

1.1 Company's Philosophy on Corporate Governance

Corporate Governance is about commitment to values and ethical business conduct. We look upon good corporate governance practices as a key driver of sustainable corporate growth and long-term shareholders value creation. Good Corporate Governance is about enhancing value for all our stakeholders. The Company is committed to adopt best practices in corporate governance and disclosures. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, a timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an important part of corporate governance.

The Company places great emphasis on values such as empowerment and integrity of its employees, safety of the employees & communities surrounding our plants, place of work transparency in decision making process, fair & ethical dealings with all, pollution free clean environment and last but not the least, accountability to all the stakeholders. These practices being followed since the inception have contributed to the Company's sustained growth.

The Company believes that sound corporate governance is critical to enhance and retain investors' trust. The Company's corporate governance philosophy is based on the following principles:

1. Primary responsibility of a good corporate entity is maximizing shareholders value.
2. Be transparent and maintain a high degree of disclosures level.
3. Sound system of risk management and internal control.
4. Principles of integrity, transparency, disclosures, accountability and fairness.
5. Upholding the highest standards of professionalism.
6. Management is the trustee of the shareholders' capital and not the owner.

A Report on compliance with the principles of Corporate Governance as prescribed by the Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Regulations") is given below:

1.2 The Governance Structure

Khator's Governance structure broadly comprises of the Board of Directors and the Committees of the Board at the apex level and the Management structure at the operational level. This layered structure brings about a harmonious blend in governance as the Board sets the overall corporate objectives and gives direction and freedom to the Management to achieve these corporate objectives within a given framework, thereby bringing about an enabling environment for value creation through sustainable profitable growth.

a. **Board of Directors** – The Khator Board plays a pivotal role in ensuring that the Company runs on sound and ethical business practices and that its resources are utilized for creating sustainable growth and societal wealth. The Board operates within the framework of a well defined responsibility matrix which enables it to discharge its fiduciary duties of safeguarding the interest of the Company; ensuring fairness in the decision making process, integrity and transparency in the Company's dealing with its Members and other stakeholders.

b. **Committee of Directors** - With a view to have a more focused attention on various facets of business and for better accountability, the Board has constituted the following committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee. Each of these Committees has been mandated to operate within a given framework.

c. **Management Structure**- Management structure for running the business as whole is in place with appropriate delegation of powers and responsibilities to the functional heads. The Managing Director and Whole-Time Director-CFO are in overall control and responsible for day-to-day working of the Company. They give strategic direction, lay down policy guidelines and ensure implementation of the Board of Directors and its various committees.

2) BOARD OF DIRECTORS

2.1 Composition and Category of Directors

The Board consists of 6 Directors, out of which 4 are Independent Directors. Composition of the Board and category of Directors are as follows:

Name	Executive / Non Executive	Promoter / Independent	Relationship with Directors
Mr. Ashok S. Khator	Executive	Promoter	Brother of Mr. Kailash S.Khator
Mr. Kailash S. Khator	Executive	Promoter	Brother of Mr. Ashok S. Khator
Mr. Jogendra Chodhary	Non Executive	Independent	Not Related to any Director
Mr. Devkumar Lohar	Non Executive	Independent	Not Related to any Director
Mr.Mukesh Khandelwal	Non Executive	Independent	Not Related to any Director
Mrs. Sunita Goyal	Non Executive	Independent	Not Related to any Director

The Company has received declaration from Independent Directors that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

3.4 Corporate Social Responsibility (CSR) Committee

The criteria prescribed for the applicability of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 is not applicable to the Company.

3.5 Risk Management Committee (Non-Mandatory)

The nature of business is manufacturing of Shirting and Suiting Fabrics. The inheritant risks to the business of the company are as follows:

a) Foreign Exchange Risk
b) Yarn Price Risk
c) Stiff Global Competition
d) Government Policy on incentives for exports
e) Risk elements in business transactions
f) Success of Cotton Crop

All the above risk has been discussed in the Management Discussion and Analysis Report. The nature of risk is dynamic of business and entrepreneurship. The Company has not formed Risk Management Committee as it is not applicable under Regulation 21 of the SEBI (LODR) Regulations, 2015.

3.6 Independent Directors' Meeting

As per the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, the Independent Directors are required to hold at least one meeting in a year to discuss the following:

Review the performance of non-independent directors and the Board as a whole.

Review the performance of the Chairperson of the Company taking into account the views of executive directors and non-executive directors.

Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Nomination and Remuneration Committee in its meeting held on 07th February, 2015 had adopted the performance evaluation criteria for the Independent Directors and the same had been applied by the Board in its meeting held on 14th February, 2017 for evaluating the performance of the Independent Directors. All the Independent Directors attended the meeting held on 14th February, 2017 and discussed the above points.

3.7 Policy for Selection and Appointment of Directors and their Remuneration

he Nomination and Remuneration Committee (NRC) has adopted a Policy which, inter alia, deals with the manner of selection of Board of Directors and CFO & Managing Director and their remuneration. The said Policy has been outlined below:

3.7.1 Criteria of Selection of Non Executive Directors

The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

In case of appointment of Independent Directors, the NRC shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

The NRC shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

The NRC shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

Qualification, expertise and experience of the Directors in their respective fields;

Personal, Professional or business standing;

Diversity of the Board.

In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

3.7.2 Remuneration

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder:

A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

3.7.3 Managing Director, Whole-Time Director and Chief Financial Officer - Criteria for Selection / Appointment

For the purpose of selection of the MD, WTD and CFO, the NRC shall recommend the Promoter Directors as Managing Director, Whole-Time Director and Chief Financial Officer who are persons of integrity who possess relevant expertise, experience and leadership qualities required for the position.

Remuneration for the Managing Director, Whole-Time Director and Chief Financial Officer

At the time of appointment or re-appointment, the Managing Director, Whole-Time Director and Chief Financial Officer shall be paid such remuneration as may be mutually agreed between the Company (which includes the NRC and the Board of Directors) and the Managing Director, Whole-Time Director and Chief Financial Officer within the overall limits prescribed under the Companies Act, 2013.

7.5 Dealing with securities which have remained unclaimed

Members are hereby informed that as per Regulation 39(4) read with Schedule VI of the SEBI Regulations, the Company is in the process of dematerializing unclaimed shares which are retained with the Company. These shares would be held by the Company on behalf of the holders of such shares in an "Unclaimed Suspense Account" to be opened with a depository. At the end of seven years, hereof, these shares shall be transferred by the Company to the IEPF. Dividends remaining unclaimed in respect of such shares shall also be held in a separate suspense account and would likewise be transferred to IEPF at the end of seven years.

The Company has sent out reminders to those Members whose share Certificate have remained unclaimed, to contact the Company immediately in the matter.

Members may note that the lawful claimant in respect of these shares will be able to claim such shares from the Company till such time they remain in the Unclaimed Suspense Account as aforesaid.

7.6 Pending Investors' Grievances

Any Member / Investor, whose grievance has not been resolved satisfactorily, may kindly write to the Compliance Officer at the Registered Office with a copy of the earlier correspondence.

7.7 Dematerialization of Shares and Liquidity

As per notification issued by SEBI, with effect from 26th June, 2000, it has become mandatory to trade in the Company's shares in the electronic form. The Company's shares are available for trading in the depository systems of both NSDL and CDSL.

As on 31st March, 2017, 65.69% of the Company's total paid up capital representing 27,91,990 equity shares were held in dematerialized form and the balance 34.31% representing 14,58,010 equity shares were held in physical form.

7.8 Disclosure with respect to demat suspense account / unclaimed suspense account

As on 31st March, 2017, there are no outstanding shares lying in the demat suspense account/unclaimed suspense account.

7.9 Reconciliation of Share Capital Audit

As required by the Securities & Exchange Board of India (SEBI) quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The Auditors' Certificate in regard to the same is submitted to BSE Limited and is also placed before Stakeholders' Relationship Committee and the Board of Directors.

Distribution of Shareholding as on 31st March, 2017:

Range (In Shares)	No. of Shareholders	% to total holders	Total Shares	% to capital
Upto 100	2,764	45.16	2,73,614	6.44
101 to 200	1,685	27.53	3,36,749	7.92
201 to 500	1,065	17.40	4,58,979	10.80
501 to 1000	474	7.74	3,60,271	8.48
1001 to 5000	95	1.55	2,10,602	4.96
5001 to 10000	14	0.23	1,14,084	2.68
10001 to 100000	18	0.29	6,50,511	15.31
100001 & Above	6	0.10	18,45,190	43.41
Total	**6,121**	**100.00**	**42,50,000**	**100.00**

The Company has entered into agreements with Central Depository Services (India) Limited (CDSL) whereby Members have an option to dematerialize their shares with either of the depositories.

Shareholding Pattern as on 31st March, 2017 (Equity Shares)

	Category	No. of Shares Held	% of Share Holding
A.	**Promoter(s) Holding**		
1.	Promoter(s)		
	- Indian Promoters	17,72,700	41.71
	- Foreign Promoters	0	0.00
2.	Person acting in concert	0	0.00
	Sub - Total (A)	**17,72,700**	**41.71**
B.	**Non-Promoters Holding**		
1.	**Institutional Investors**		
i.	Mutual Funds & UTI	0	0.00
ii.	Banks, Financial Inst, Insurance Company (Central / State Govt Inst / Non-Govt Inst)	0	0.00
iii.	FIIs	0	0.00
2.	**Others**		
i.	Private Corporate Bodies	75,751	1.78
ii.	Indian Public	23,39,825	55.06
iii.	NRI/OCBS	60,850	1.43
iv.	Clearing Members	874	0.02
	Sub - Total (B)	**24,77,300**	**58.29**
	GRAND TOTAL (A+B)	**42,50,000**	**100.00**

Statement showing Shareholding of more than 1% of the Capital as on 31st March, 2017

Sr. No.	Names of the shareholders		No. of Shares	% of Capital
1.	**Promoters:**			
	Arvind S. Khator	1,60,900	17,72,700	41.71
	Ashok S. Khator	4,04,665		
	Kailash S. Khator	2,36,975		
	Ashok S. Khator–HUF	99,850		
	Kailash S. Khator–HUF	4,54,750		
	Praful Arvind Khator	90,950		
	Ramdularidevi S Khator	47,400		
	Amit Khator	27,800		
	Ankit Khator	9,000		
	Arvind S. Khator HUF	31,750		
	Binadevi Khator	78,350		
	Satyanarayan Khator	15,010		
	Sushiladevi Khator	90,550		
	Yashodadevi Kailash Khator	24,750		
	Others:			
2.	Dayanand K Kadam		3,04,300	7.16
3.	Nagnath V Yadav		2,83,600	6.67
	Total		**23,60,600**	**55.54**

Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:

There are no outstanding GDRs/ ADRs/ Warrants or any Convertible instruments. Hence there will not be any impact on the equity of the company.

Particulars of Past Three Annual General Meetings

Date, time and venue for the Annual General Meetings and Extra Ordinary General Meeting held during the last 3 financial years and nature of special resolutions passed thereat are given below:

Financial Year Ending	Nature of Meeting	Nature of Special Resolution Passed	Date & Time	Location
31.03.14	28th AGM	Note 1	12.09.14 12.00 A.M.	Hotel Imperial, Arvind Marg, M. I. Road, Jaipur, Rajasthan – 302 001
31.03.15	29th AGM	NIL	28.09.15 01.00 P.M.	Hotel Imperial, Arvind Marg, M. I. Road, Jaipur, Rajasthan – 302 001
31.03.16	30th AGM	Note 2	24.09.16 12.00 Noon	Hotel Imperial, Arvind Marg, M. I. Road, Jaipur, Rajasthan – 302 001

Note 1:

1. Special Resolution for Borrowing powers of the company under Section 180(1)(c) and power to Mortgage the assets of the company under Section 180(1)(a) of the Companies Act, 2013.
2. Three special resolutions for appointment of Mr. Jogendra B. Chodhary, Mr. Devkumar P. Lohar and Mr. Mukesh Khandelwal as Independent Directors under Section 149 of the Companies Act, 2013.

Note 2:

1. Special Resolutions for appointment of Mrs. Sunita Goyal as Woman Director under Section 149 & 152 of the Companies Act, 2013.

Note 3:

1. During the financial year, no resolution was required to be passed through postal ballot.
2. No resolutions are proposed to be passed through postal ballot.

DECLARATIONS

FINANCIAL CALENDAR 2017

Board Meeting for consideration of Accounts for the financial year ended 31st March, 2017 and recommendation of dividend	30th May, 2017
Posting of Annual Reports	On or before Monday, 04th September, 2017
Book Closure Dates	Friday, 22nd September, 2017 to Friday, 29th September, 2017
Last date for receipt of Proxy Forms	by 12.00 noon on Wednesday, 27th September, 2017
Date, Time & Venue of the 31st Annual General Meeting	Friday, 29th September, 2017 at 12.00 noon at Hotel Imperial, Arvind Marg, M. I. Road, Jaipur, Rajasthan – 302 001
Dividend Payment Date	Nil
Probable date of dispatch of warrants	Not Applicable
Board Meeting for consideration of unaudited quarterly results for the financial year ended 31st March, 2017	Within Forty Five days from the end of the quarter, as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges
Audited results for the current financial year ending 31st March, 2017	Within Sixty days from the end of the last quarter, as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges

For and on behalf of the Board of Directors

Kailash S. Khator
Managing Director

Place: Mumbai
Date: 30th May, 2017

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT OF THE COMPANY

This is to state that the Company had duly adopted a Code of Conduct in the meeting of the Board of Directors held on 30th May, 2014. After adoption of the Code of Conduct, the same was circulated to all the Board of Members and Senior Management Personnel for compliance. The Code of Conduct has also been posted on the website of the Company. The Company has since received declaration from all the Board Members and Senior Management Personnel affirming compliance of the Code of Conduct of the Company in respect of the financial year 31st March, 2017. The same has been duly noted by the Board in its meeting held on 30th May, 2017.

Kailash S. Khator
Managing Director

Place: Mumbai
Date: 30th May, 2017

MANAGING DIRECTOR & CHIEF FINANCIAL OFFICE CERTIFICATION

Certificate under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

A. We have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2017 and that to the best of our knowledge and belief, we state that:
   1. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
   2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.

C. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.

D. We have indicated, based in our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee:
   1. significant changes, if any, in internal control over financial reporting during the year;
   2. significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
   3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over the financial reporting.

Yours Sincerely

Kailash Khator	**Ashok Khator**
Managing Director	**WTD – CFO**

Place: Mumbai
Date: 30th May, 2017

S. R. GOYAL & CO
CHARTERED ACCOUNTANTS

AUDITOR'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
THE MEMBERS OF KHATOR FIBRE AND FABRICS LIMITED

We have examined the compliance of conditions of corporate governance by **Khator Fibre and Fabrics Limited** for the year ended 31st March, 2017 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of Sub – Regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI (LODR) Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said Clause. 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 based on the 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 SEBI (LODR) Regulations, 2015.

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

For S. R. GOYAL & CO.
Chartered Accountants
FR No. 001537 C

Ajay Atolia
Partner
Membership No. 077201

Place: Mumbai
Date: 30th May, 2017

S. R. GOYAL & CO
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To,
THE MEMBERS OF KHATOR FIBRE AND FABRICS LIMITED

Report on the Standalone Financial Statements
We have audited the accompanying standalone financial statements of **KHATOR FIBRE AND FABRICS LIMITED** ('the Company'), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information [in which are included the returns of one branch of the Company audited by branch auditor for the year ended on that date].

Management's Responsibility for the Standalone Financial Statements
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these standalone financial statements based on our audit.
We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2017, its profit and its cash flows for the year ended on that date.

Other Matter
We did not audit the financial statements of one branch of the Company i.e. "Integrated Skill Development Scheme (ISDS)" branch included in the standalone financial statements of the Company, as considered in the standalone financial statements of the branch has been audited by the branch auditors whose reports have been furnished to us, and our opinion so far as it relates to the amount and disclosures included in respect of the branch, is based solely on the report of such branch auditor.
Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of ourknowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) The reports on the accounts of the branch office of the company audited under section 143(8) of the Act by the branch auditor has been sent to us and has been properly dealt with by us in preparing this report
   d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
   g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company did not have any pending litigations on its financial position in its financial statements.
      ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There is no requirement for funds to be transferred to the Investor Education and Protection Fund by the Company.
      iv. The company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company.

For S. R. Goyal & Co.
Chartered Accountants
FR No. : 001537C

Place: Mumbai
Date: 30/05/2017

A.K. Atolia
(Partner)
M. No. : 077201

Annexure A to the Independent Auditors' Report
to the members of KHATOR FIBRE AND FABRICS LIMITED

Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2016 ("the Order') issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 ("the Act") as referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) As explained to us , all the fixed assets have been physically verified by the management in a phased periodical manner , which in our opinion is reasonable, having regards to size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.

(ii) Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed.

(iii) The Company has not granted loans, secured or unsecured, to companies, firms and limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore paragraph 3 (iii) (a), (b) & (c) of the Order are not applicable;

(iv) According to the information and explanation given to us, the company has complied with the provisions of section 185 and 186 of Act, with respect to the loans, investments, guarantees, and security made.

(v) As informed to us, the Company has not accepted any deposit from the public during the year within the meaning of section 73 or 76 of the Companies Act 2013 and the rules framed there under. Therefore, the directives issued by the reserve bank of India or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable.

(vi) As per information and explanations given to us, the cost records as prescribed by the Central Government u/s 148(1) of the Companies Act 2013 in respect of process house are being made and maintained. We have, however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.

(vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. There are no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
(b) According to the information and explanation given to us , there are no dues in respect of Income tax , wealth tax , excise duty , custom duty , service tax and cess that have not been deposited with appropriate authorities on on account of any dispute.

(viii) The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or fraud on the Company by its officers or employees has been noticed or reported during the year;

(xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid or provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act;

(xii) The Company is not a Nidhi Company, hence clause (xii) of para 3 of the Order is not applicable to the Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards;

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause (xv) of para 3 of the Order is not applicable;

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934;

For S. R. Goyal & Co.
Chartered Accountants
FR No. : 001537C

Place: Mumbai
Date: 30/05/2017

A.K. Atolia
(Partner)
M. No. : 077201

Annexure B to the Independent Auditor's Report
to the members of KHATOR FIBRE AND FABRICS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section

We have audited the internal financial controls over financial reporting of **KHATOR FIBRE AND FABRICS LIMITED** ('the Company'), as of 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
b) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India specified under Section 143(10) of the Act, the financial statements of the Company, which comprise the Balance Sheet as at March 31, 2017, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated March 31, 2017 expressed an unqualified opinion thereon.

For S. R. Goyal & Co.
Chartered Accountants
FR No. : 001537C

Place: Mumbai
Date: 30/05/2017

A.K. Atolia
(Partner)
M. No. : 077201

KHATOR FIBRE & FABRICS LTD.
CIN:- L17124RJ1986PLC003629
BALANCE SHEET AS AT 31ST MARCH,2017

(Amount in Rs.)

	Particulars	Note No.	As At March 31, 2017	As At March 31, 2016
I	**EQUITY AND LIABILITIES:**			
1	**Shareholders funds**			
	(a) Share Capital	2	42,109,500.00	42,109,500.00
	(b) Reserves and Surplus	3	98,820,233.11	92,769,750.54
2	**Share application money pending allotment**		-	-
3	**Non-current liabilities**			
	(a) Long-term borrowings	4	177,689,209.93	185,638,994.92
	(b) Deferred tax liabilities (Net)	5	26,574,110.00	26,440,650.00
	(c) Other Long term liabilities		-	-
	(d) Long-term provisions	6	643,927.00	420,711.00
4	**Current Liabilities**			
	(a) Short-term borrowings		-	-
	(b) Trade payables	7	41,360,697.72	38,680,053.72
	(c) Other current liabilities	8	66,718,078.67	65,288,063.59
	(d) Short-term provisions	9	1,724,250.00	1,749,694.00
	TOTAL		**455,640,006.43**	**453,097,417.77**
II	**ASSETS:**			
1	**Non-current assets**			
	(a) Fixed assets			
	(i) Tangible assets	10	194,622,483.41	215,294,505.73
	(ii) Intangible assets			
	(iii) Capital work - in - progress	10	17,950,421.00	-
	(iv) Intangible assets under development			
	(b) Non-current Investments	11	3,500,000.00	3,500,000.00
	(c) Deferred tax assets (net)		-	-
	(d) Long- term loans and advances		-	-
	(e) Other non-current assets	12	2,754,500.00	250,000.00
2	**Current assets**			
	(a) Current Investments			
	(b) Inventories	13	70,649,128.00	64,384,149.79
	(c) Trade Receivable	14	90,385,301.80	94,623,643.03
	(d) Cash and cash equivalents	15	36,059,691.83	33,830,258.39
	(e) Short -term loans and advances	16	34,313,320.39	34,791,140.83
	(f) Other current assets	17	5,405,160.00	6,423,720.00
	TOTAL		**455,640,006.43**	**453,097,417.77**

Significant Accounting Policies and Notes to Accounts 1

The schedules referred to above form an integral part of the balance sheet.
As per our report of even date attached

For S.R.Goyal & Co.
Chartered Accountants
FRNO:001537C

For & on behalf of the Board

(A.K. Atolia)
Partner
M.No.077201

Ashok S. Khator
Director
DIN:- 00044325

Kailash S. Khator
Mg. Director
DIN:- 00044376

Camp : Mumbai
Dated : 30/05/2017

KHATOR FIBRE & FABRICS LTD.
CIN:- L17124RJ1986PLC003629
PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED 31 ST MARCH 2017

(Amount in Rs.)

	Particulars	Note No.	For The Period Ended March 31, 2017	For The Period Ended March 31, 2016
I	Revenue from operations	19	585,773,612.30	550,723,075.70
II	Other Income	20	1,423,302.00	4,320,103.65
III	Revenue from Integrated Skill Development Scheme	21	66,693,500.00	30,230,000.00
III	Total Revenue (I+II)		653,890,414.30	585,273,179.35
IV	Expenses:			
	a) Cost of materials consumed (purchase)	22	227,268,745.00	220,646,070.00
	b) Changes in inventories of finished goods work-in-progress and Stock-in-Trade	23	(6,256,739.00)	(13,575,000.00)
	c) Operating Expenses	24	291,052,208.00	270,127,266.16
	d) Employee benefit Expense	25	3,857,171.00	2,845,166.00
	e) Finance Costs	26	14,946,993.03	17,953,858.00
	f) Depreciation and amortisation expense	10	21,030,283.28	20,950,691.03
	g) Other Expenses	27	18,710,894.42	20,017,889.80
	h) Packing Expenses		7,689,326.00	7,421,773.92
	I) Skill Development Expenditure in ISDS	28	66,693,500.00	30,230,000.00
	Total Expenses		644,992,381.73	576,617,734.91
V	Profit before exceptional and extraordinary items and tax (III-IV)		8,898,032.57	8,655,444.44
VI	Exceptional Items		-	-
VII	Profit before extraordinary items and tax (V-VI)		8,898,032.57	8,655,444.44
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII-VIII)		8,898,032.57	8,655,444.44
X	Tax Expense:	29		
	(a) Current Tax		1,695,520.00	1,649,290.00
	(b) Mat Credit		1,018,560.00	(1,649,290.00)
	(c) Deferred Tax		133,470.00	2,703,090.00
	(d) Previous year income tax Adjustments		-	-
XI	Profit (Loss) for the period from continuing operations (IX-X)		6,050,482.57	5,952,354.44
XII	Profit/(loss) from discontinuing operations			-
XIII	Tax expense of discontinuing operations			-
XIV	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)			-
XV	Profit / (Loss) for the period (XI + XIV)		6,050,482.57	5,952,354.44
XVI	Earnings per equity share:			
	(1) Basic		1.42	1.40
	(2) Diluted		1.42	1.40

As per our report of even date attached
For S.R.Goyal & Co.
Chartered Accountants
FRNO:001537C

For & on behalf of the Board

(A.K. Atolia)
Partner
M.No.077201

Ashok S. Khator
Director
DIN:- 00044325

Kailash S. Khator
Mg. Director
DIN:- 00044376

Camp : Mumbai
Dated : 30/05/2017

KHATOR FIBRE & FABRICS LTD.
Notes To The Financial Statements
CIN:- L17124RJ1986PLC003629
CASH FLOW STATEMENT FOR 31ST MARCH, 2017.

		31.03.2017 Rs.		31.03.2016 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit before tax and extraordinary items		8,898,032.57		8,655,444.44
Adjustments for:				
1 Depreciation for the year	21,030,283.28		20,950,691.03	
2 Interest Expenses	14,946,993.03		17,953,858.00	
3 Misc. Income	(1,423,302.00)		(4,320,103.65)	
4 Loss on Sale of Plant & Machinery	(2,400.00)		-	
		34,551,574.31		34,584,445.38
		43,449,606.88		43,239,889.82
Operating profit before working capital changes				
Adjustments for:				
1 Trade & Other receivables	4,238,341.23		(18,471,543.15)	
2 Inventories	(6,264,978.21)		(13,494,092.00)	
3 Short -term loans and advances	477,809.48		(2,764,200.08)	
4 Other current assets	1,018,560.00		(1,649,290.00)	
5 Trade Payables	2,680,644.00		7,584,349.58	
6 Other current liabilities	1,430,015.08		38,544,755.59	
7 Provision for Gratuity	151,542.00		(101,138.00)	
8 Provision for Taxation	46,230.00		-	
		3,778,163.58		9,648,841.94
Cash generated from operations				
Add Interest Received	1,423,302.00		4,320,103.64	
Less Interest paid	(14,946,993.03)		(17,953,858.00)	
MAT Credit Entitlement	(1,018,560.00)		1,649,290.00	
Less: Direct Tax Paid	(1,695,520.00)		(1,467,170.00)	
		(16,237,771.03)		(13,451,634.36)
Net Cash used in operating activities:		30,989,999.43		39,437,097.40
		30,989,999.43		**39,437,097.40**
B. CASH FLOW FROM INVESTING ACTIVITIES;				
Purchases of fixed assets	(3,130,559.00)		(7,696,000.00)	
Capital WIP	(17,950,421.00)			
Addition in WIP	-		-	
Sale of Fixed Assets	2,774,699.00		7,682,000.00	
		(18,306,281.00)		(14,000.00)
Net cash used in Investing activities		**(18,306,281.00)**		**(14,000.00)**
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long Term Borrowings		(7,949,784.99)		(5,993,864.26)
Net cash from financing activities		**(7,949,784.99)**		**(5,993,864.26)**
Net Increase/Decrease in cash & cash equivalents		**4,733,933.44**		**33,429,233.14**
Cash and cash equivalents as at (Opening balance)		33,830,258.39		401,025.25
Cash and cash equivalents as at (Closing balance)		**38,564,191.83**		**33,830,258.39**

For S.R.Goyal & Co.
Chartered Accountants
FRNO:001537C

For & on behalf of the Board

(A.K. Atolia)
Partner
M.No.077201

Ashok S. Khator
Director
DIN:- 00044325

Kailash S. Khator
Mg. Director
DIN:- 00044376

Camp : Mumbai
Dated : 30/05/2017

KHATOR FIBRE & FABRICS LTD.
CIN:- L17124RJ1986PLC003629

Notes For The Year Ended On 31-03-2017

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation

Particulars	For The Period Ended March 31,2017		For The Period Ended March 31,2016
Note No-2			
Share Capital			
AUTHORIZED CAPITAL			
Equity Share Capital			
(C.Y. 50,00,000 Equity Shares of Rs. 10 each)	50,000,000.00		50,000,000.00
(P.Y. 50,00,000 Equity Shares of Rs. 10 each)			
Total Authorized Capital	50,000,000.00		50,000,000.00
ISSUED CAPITAL			
Equity Share Capital			
(C.Y. 4250000 Equity Shares of Rs.10 Each)	42,500,000.00		42,500,000.00
(P.Y. 4250000 Equity Shares of Rs. 10 each)			
Total	42,500,000.00		42,500,000.00
SUBSCRIBED AND FULLY PAID UP CAPITAL			
Equity Share Capital			
(C.Y. 4,25,00,00 Equity Shares of Rs.10 Each Fully paid up)	42,500,000.00		42,500,000.00
(P.Y. 4,25,00,00 Equity Shares of Rs.10 Each Fully paid up)			
Less : Call in Arrears	(390,500.00)		(390,500.00)
Total	**42,109,500.00**		**42,109,500.00**

3,60,000 Shares out of the issued, subscribed and paid up share capital were allotted as Bonus Shares by capitalisation of Securities Premium and Reserves during the year 1992-93

Reconciliation of the number of Equity shares outstanding as at March 31, 2017 and March 31, 2016:

Particulars	As At March 31, 2017		As At March 31, 2016	
	Number	Rupees	Number	Rupees
Equity Shares outstanding at the beginning of the year	4,250,000	42,109,500	4,250,000	42,109,500
Equity Shares Issued during the year	-	-	-	-
Equity Shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	4,250,000	42,109,500	4,250,000	42,109,500

The Company has only one class of equity shares having a face value of Rs.10 per share. Each Shareholder of equity share is entitled to one vote per share.

The company has not declared dividend in current year.

In the event of liquidation of the company, the shareholders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

Details of Equity Shareholders holding more than 5 % shares:

	Particulars	As At March 31, 2017		As At March 31, 2016	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Kailash Kumar S. Khator HUF	454,750	10.70%	454,750	10.70%
2	Ashok Kumar S. Khator HUF	404,665	9.52%	404,665	9.52%
3	Dayanand Kondiba Kadam	304,300	7.16%	304,300	7.16%
4	Nagnath Vishwanath Yadav	283,600	6.67%	283,600	6.67%
5	Kailash Kumar S. Khator	236,975	5.58%	236,975	5.58%

Note No. 3 - Reserves And Surplus

Particulars	As At March 31, 2017	As At March 31, 2016
	Rupees	Rupees
(a) Capital Reserve		
Opening Balance	1533970.00	1533970.00
(+) Addition during the year	0.00	0.00
Closing Balance	1533970.00	1533970.00
(b) Profit & Loss a/c		
Opening Balance	1835780.54	1883426.11
(+) Net Profit for the current year	6050482.57	5952354.44
(+) Transfer from Reserves	--	--
(-) Net Loss for the current year	--	--
(-) Proposed Dividends	--	--
(-) Interim Dividends	--	--
(-) Written off	--	--
(-) Transfer to Reserves	6000000.00	6000000.00
Closing Balance	1886263.11	1835780.54
(c) General Reserve		
Opening Balance	89400000.00	83400000.00
Add: Transfer from P&L	6000000.00	6000000.00
	95400000.00	89400000.00
Total	98820233.11	92769750.54

NOTE : 4 - Long Term Borrowings

PARTICULARS	As At March 31, 2017	As At March 31, 2016
	Rupees	Rupees
(a) Secured Loans		
Term Loans		
From Banks		
- XIII Union Bank of India	12754933.00	0.00
- XII Union Bank of India	24474467.00	26263042.00
- XI Union Bank of India	49097669.00	63216323.00
- X Union Bank of India	6437354.00	11827477.00
Cash Credit From Union Bank	64970547.27	61848591.44
Packing Credit From Union Bank	19954239.66	22483561.48
(Refer foot note (a) & (b) below)		
	177689209.93	185638994.92

Nature of Security and terms of repayment for Long Term secured borrowings

XIII Union Bank of India

Nature of security	Terms of Repayment
Hypothecation of Plant & Machinery at 12A MIDC, Saravali, Kalyan-Bhiwandi Road,District Thane-421302.	Repayment In 20 Equal Quarterly instalments commencing from December 2018. Last Instalment due in September 2023 Rates of interest MCLR+5.15% p.a. as at year end.

XII Union Bank of India

Nature of security	Terms of Repayment
Hypothecation of Plant & Machinery at 12A MIDC, Saravali, Kalyan-Bhiwandi Road,District Thane-421302.	Repayment in 25 Equal Quarterly instalments commencing from April 2015. Last Instalment due in June 2021 Rates of interest B.R+5.00% p.a. as at year end.

XI Union Bank of India

Nature of security	Terms of Repayment
Hypothecation of Plant & Machinery/fixture to be purchased out of the bank's finance and to be installed at factory premises at plot no. 12A MIDC, Saravali, Kalyan-Bhiwandi Road,District Thane-421302.	Repayment in 26 Quarterly instalments commencing from April 2014. Last Instalment due in December 2019 Rates of interest B.R+5.00% p.a. as at year end.

KHATOR FIBRE & FABRICS LTD.
CIN:- L17124RJ1986PLC003629
Notes To The Financial Statements

NOTE NO: 10 FIXED ASSETS

	Name of Assets		GROSS BLOCK				DEPRICIATION					NET BLOCK	
S.No	Particulars	Useful Life in Yea	AS ON 1.4.2016	Additions During the period	Deduction During the period	AS ON 31.03.2017	As on 31.3.2016	Addition During the year	Deduction during the year	As on 31.03.2017	Written off	AS ON 31.03.2017	AS ON 31.3.2016
A)	Tangible Fixed												
1	Leasehold Land	-	1898904.00	0.00	0.00	1898904.00	0.00	0.00	0.00	0.00	0.00	1898904.00	1898904.00
2	Factory Building	30	43060062.27	301196.00	0.00	43361258.27	18849569.98	1310118.54	0.00	20159688.52	0.00	23201569.75	24210492.29
3	Plant & Machinery	15	278872944.57	2829363.00	2905132.00	278797175.57	89956834.74	19497335.80	132833.96	109321336.58	205029.24	169270809.74	188711080.58
4	Furniture	10	2120762.50	0.00	0.00	2120762.50	1857050.91	24468.00	0.00	1881518.90	157459.12	81784.47	106252.47
5	Vehicle	8	2562810.00	0.00	0.00	2562810.00	2390861.03	126031.04	0.00	2516892.07	0.00	45917.93	171948.97
6	Office Equipment	5	748466.00	0.00	0.00	748466.00	656223.82	386.51	0.00	656610.33	76209.86	15645.81	16032.32
7	Electric Installation	10	4038247.09	0.00	0.00	4038247.09	3868164.41	67510.06	0.00 0.00	3935674.47	0.00	102572.62	170082.68
8	Computer	3	316552.00	0.00	0.00	316552.00	306839.58	4433.33	0.00	311272.91	0.00	5279.09	9712.42
	Total		333618748.43	3130559.00	2905132.00	333844175.43	117885544.47	21030283.28	132833.96	138782993.79	438698.23	194622483.41	215294505.73
B)	Capital Work-in-progress:		--	--	--	--	--	--	--	--	--	17950421.00	--

KHATOR FIBRE & FABRICS LTD.
Notes to the Financial Statements

NOTE NO: 18- CONTINGENT LIABILITIES AND COMMITMENTS

PARTICULARS	As At March 31, 2017	As At March 31, 2016
	Rupees	Rupees
i) Mathadi Labour Dispute	655,320.00	655,320.00
II) Corporate Guarantees on behalf of other companies	129,510,000.00	130,714,000.00
	130,165,320.00	**131,369,320.00**

NOTE NO: 19- REVENUE FORM OPERATIONS

PARTICULARS	For the Period Ended March 31, 2017	For the Period Ended March 31, 2016
	Rupees	Rupees
(a) Sale	585,773,612.30	550,723,075.70
	585,773,612.30	**550,723,075.70**

NOTE NO: 20 - OTHER INCOME

PARTICULARS	For the Period Ended March 31, 2017	For the Period Ended March 31, 2016
	Rupees	Rupees
(a) Miscellaneous Income	1,423,302.00	4,320,103.65
	1,423,302.00	**4,320,103.65**

NOTE NO: 21 - Revenue from Integrated Skill Development Scheme

PARTICULARS	For the Period Ended March 31, 2017	For the Period Ended March 31, 2016
	Rupees	Rupees
(a) Revenue from Integrated Skill Development Scheme	66,693,500.00	30,230,000.00
	66,693,500.00	**30,230,000.00**

NOTE NO: 22 - Purchases

PARTICULARS	For the Period Ended March 31, 2017	For the Period Ended March 31, 2016
	Rupees	Rupees
(a) Purchases	227,268,745.00	220,646,070.00
	227,268,745.00	**220,646,070.00**

NOTE NO: 23 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS

PARTICULARS	For the Period Ended March 31, 2017	For the Period Ended March 31, 2016
	Rupees	Rupees
CLOSING STOCK		
WORK IN PROGRESS	5,652,750.00	4,830,275.00
FINISHED FABRICS	42,248,332.00	48,016,099.00
GREY FABRICS	14,205,514.00	3,203,483.00
(A)	**62,306,596.00**	**56,049,857.00**
OPENING STOCK		
WORK IN PROGRESS	4,830,275.00	4,750,000.00
FINISHED GOODS	48,016,099.00	35,586,516.00
GREY FABRICS	3,203,483.00	2,138,341.00
(B)	**56,049,857.00**	**42,474,857.00**
Increase/Decrease in Stocks	**6,256,739.00**	**13,575,000.00**

NOTE NO: 24- OPERATING EXPENSES

PARTICULARS	For the Period Ended March 31, 2017	For the Period Ended March 31, 2016
	Rupees	Rupees
(a)Dyes & Chemicals consumed	74,608,675.00	70,491,158.00
(b)Water & Electricity	33,142,016.00	34,890,250.00
(c)Stores Consumed	6,591,476.00	11,527,223.88
(d) Job Expenses	22,560,866.00	12,336,882.00
(e) Rent Expenses	5,551,000.00	5,399,000.00
(f) Security Expenses	2,730,953.00	2,313,607.00
(g) Technical staff Expenses	10,844,782.00	6,699,395.00
(h)Transport, Carriage and Cartage	1,743,053.00	1,170,311.00
(i)Other Manufacturing Expenses	36,635,623.00	35,935,850.08
(j)Diesel Generator Expenses	1,466,994.00	1,041,067.00
(k)Furance and Lubricants	95,176,588.00	88,322,522.20
	291,052,208.00	**270,127,266.16**

KHATOR FIBRE & FABRICS LTD.
Notes to the Financial Statements

NOTE NO.25- EMPLOYEE BENEFIT EXPENSE

PARTICULARS	For the Period Ended March 31, 2017	For the Period Ended March 31, 2016
	Rupees	Rupees
(a) Salaries and wages	2,796,987.00	2,220,236.00
(b) Bonus	69,834.00	67,405.00
(c) Gratuity	267,612.00	(101,136.00)
(d) ESI Employer Contribution	276,426.00	230,270.00
(e) P.F.EMPLOYER EXP.A/C	446,312.00	428,413.00
	3,857,171.00	2,845,186.00

Disclosure pursuant to Accounting Standard- 15 "Employee Benefits"

(i) The company has made a provision amounting to Rs.1,51,542 in the profit & Loss Account for the year ended 31st march 2017 under defined Contribution Plans.
(ii) Details of Defined Benefit Plan

Assumptions	Gratuity
Discount Rate	7.5% P.A.
Expected Return On Plan Assets	N/A
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate
Future Salary Increases	5% after every 2 years
Disability	Nil
Attrition	5% p.a.
Retirement	58 Years

Change in the Present Value of the Obligation and in the fair Value of the Assets

	Mar-17	Mar-16
Present Value of Obligation(Opening)	521,115.00	622,253.00
Interest cost	34,731.00	49,780.00
Current Service Cost	392,285.00	223,814.00
Past Service Cost	-	-
Benefits Paid	116,070.00	-
Actuarial (gain) loss on Obligation	(159,404.00)	(374,732.00)
Present Value of Obligation(Closing)	672,657.00	521,115.00
Total Actuarial gain (Loss) to be recognised	159,404.00	374,732.00

Balance Sheet Recognition

Present value of obligation	672,657.00	521,115.00
Fair value of Plan Assets	-	-
Liability (assets)	672,657.00	521,115.00
unrecognised Past Service Cost	-	-
Liability (asset) recognised in the Balance Sheet	672,657.00	521,115.00

Profit & Loss- Expenses

Current Service Cost	392,285.00	223,814.00
Interest Cost	34,731.00	49,780.00
Expected Return on Plan Assets	-	-
Net Actuarial gain(loss) Recognised in the year	(159,404.00)	(374,732.00)
	-	-
Expenses Recognised in the statement of Profit & Loss	267,612.00	(101,138.00)

NOTE NO: 26- FINANCE COSTS

PARTICULARS	For the Period Ended March 31, 2017	For the Period Ended March 31, 2016
	Rupees	Rupees
(a) Interest on Term Loan	4,985,459.03	7,607,785.00
(b) Interest on Bank (Cash Credit Facilities)	8,222,847.00	8,329,805.00
(c) Interest on Packing Credit	1,738,687.00	2,016,268.00
	14,946,993.03	17,953,858.00

KHATOR FIBRE & FABRICS LTD.
Notes To The Financial Statements

Note No. 32 - Auditors Remuneration

Particulars	2016-17	2015-16
	Rs.	Rs.
Audit Fees	120,000.00	100,000.00
Tax Audit Fees	40,000.00	30,000.00
Others	24,000.00	20,000.00
	184,000.00	150,000.00

NOTE 33 - EARNINGS PER SHARE (EPS)

Particulars	2016-17	2015-16
(i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	6,050,482.57	5,952,354.44
(ii) Weighted Average number of equity shares used as denominator for calculating EPS	4,250,000.00	4,250,000.00
(iii) Basic and Diluted Earnings per share (Rs)	1.42	1.40
(iv) Face Value per equity share (Rs)	10.00	10.00

NOTE : 34 The details pertaining to related party transactions in terms of Accounting Standard (AS 18) "Related Parties" are as follows:

a). Related Parties:

Name of the related party	Nature of Relationship
1. Arvind S. Khator	Director
2. Ashok S. Khator	Director
3. Kailash S. Khator	Mg. Director

b). Relative of Key Management Personnel
1. Praful A.Khator
2. Ankit A.Khator

(c) Disclosure of Transactions between the Company and Related Parties and the status of Outstanding Balances as on 31st March, 2017

Name of the related party	Balance
1. Arvind S. Khator	NIL
2. Ashok S. Khator	NIL
3. Kailash S. Khator	NIL
4. Praful A.Khator	NIL
5. Ankit A.Khator	NIL

d)

Name of Transaction	Key Management Personnel & Others
Expenses	–
Remuneration	3309000.00

(e) Managerial Remuneration paid/payable to the Manager during the Year : –

Particulars	Current Year (In Rupees)	Previous Year (In Rupees)
Remuneration	1,080,000.00	780,000.00
TOTAL	1,080,000.00	780,000.00

(f) Managerial Remuneration paid/payable to the directors during the Year

Particulars	Current Year (In Rupees)	Previous Year (In Rupees)
Remuneration	1,149,000.00	1,853,700.00
TOTAL	1,149,000.00	1,853,700.00

(g) Remuneration paid/payable to director's relative during the Year

Particulars	Nature of Relationship	Current Year (In Rupees)	Previous Year (In Rupees)
Remuneration	Director's Son	1,080,000.00	810,000.00
TOTAL		1,080,000.00	810,000.00

KHATOR FIBRE & FABRICS LTD.
Notes To The Financial Statements

(g) Earning in foreign currency:

S.No	Particular	Amount (In Rs.)
1	FOB value of exports	62,177,190.00
2	Less: FCL Interest	-
3	Less: Travelling Expenses	-
4	**Earnings In Foreign Currency**	**62,177,190.00**

(h) Drawback Received from the Customs Department during the year which has been included in the sales :

S.No.	Particulars	31.03.2017 Rs.	31.03.16 Rs.
1	Drawback	4,637,588.00	6,327,822.00
	Total	4,637,588.00	6,327,822.00

(i) Corresponding figures of the previous year have been regrouped to confirm with the year's groupings.

(j) The company is not having adequate details to ascertain the status of sundry creditors as to whether they are Micro, Small and Medium enterprises or not, hence necessary information with regard to amount due and total outstandings are not ascertainable with reference to Micro, Small and Medium Enterprises.

(k) Balance in personal accounts are subject to confirmation from respective parties.

(l) SEGMENT REPORTING

Segment wise Revenue,Results and Capital Employed

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Segment Revenue		
Fabrics	274,121,086.30	272,836,304.09
Processing	317,909,265.00	291,461,771.61
Total Segment Revenue	**592,030,351.30**	**564,298,075.70**
Segment Results Profit/(Loss) before interest and tax		
Fabrics	12,549,612.46	12,216,944.14
Processing	24,120,679.56	22,541,609.45
Total Segment Results	**36,670,292.02**	**34,758,553.59**
Less: Interest (Expense)/Income	(13,523,691.03)	(13,633,754.35)
Add/(Less) : Unallocable Income/(Expense)-Net	(14,248,568.42)	(12,469,354.80)
Total Profit before tax and exceptional items	**8,898,032.57**	**8,655,444.44**
Capital Employed(Segment assets less segment liabilities)		
Fabrics	79,171,396.86	66,515,513.03
Processing	265,241,406.18	282,193,076.43
Total capital Employed in Segments	**344,412,803.04**	**348,708,589.46**
Add: Unallocable assets less liabilities	(1,724,250.00)	(1,749,694.00)
Total capital Employed in the Company	**342,688,553.04**	**346,958,895.46**

For S.R.Goyal & Co.
Chartered Accountants
FRNO:001537C

For & on behalf of the Board

(A.K. Atolia)
Partner
M.No.077201

Ashok S. Khator
Director
DIN:- 00044325

Kailash S. Khator
Mg. Director
DIN:- 00044376

Camp : Mumbai
Dated : 30/05/2017

KHATOR FIBRE AND FABRICS LIMITED
L17124RJ1986PLC003629
Registered Office: G/67, Modi Nagar, Ajmer Road, Jaipur, Rajasthan – 302 019

ATTENDANCE SLIP
(To be presented at the Entrance)

Thirty First Annual General Meeting of the Company held on Friday, 29th September, 2017 at 12.00 noon at Hotel Imperial, Arvind Marg, M. I. Road, Jaipur, Rajasthan – 302 001.

Folio No.: ..... DP ID No.: ..... Client ID No.: .....

Name of the Member: ..... Signature: .....

Name of the Proxyholder: ..... Signature: .....

1. Only Member / Proxyholder can attend the Meeting.
2. Member / Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.

KHATOR FIBRE AND FABRICS LIMITED
FORM NO. MGT – 11
PROXY FORM

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

CIN:	L17124RJ1986PLC003629
Name of the Company:	KHATOR FIBRE AND FABRICS LIMITED
Registered Office:	G/67, Modi Nagar, Ajmer Road, Jaipur, Rajasthan – 302 019
Email ID:	khator@khator.com
Folio No / Client ID / DP ID:	

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

1.	Name			
	Address			
	Email Id		Or failing him	
	Signature			
2.	Name			
	Address			
	Email Id		Or failing him	
	Signature			
3.	Name			
	Address			
	Email Id		Or failing him	
	Signature			

as my / our Proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Thirty First Annual General Meeting of the Company, on Friday, 29th September, 2017 at 12.00 noon at Hotel Imperial, Arvind Marg, M. I. Road, Jaipur, Rajasthan – 302 001, and at any adjournment thereof in respect of such resolutions as indicated below:

Sr. No.	Resolution	For	Against
1.	Adoption of Financial Statements for the year ended 31st March, 2017		
2.	Re-appointment of Mr. Ashok S. Khator, who retires by rotation		
3.	Appointment M/s. Giriraj & Lohiya, Chartered Accountants as Statutory Auditors and to fix their remuneration		

Signed this _____day of _____ 2017	Affix revenue stamp
Signature of shareholder : _____	
Signature of Proxy Holder (s): _____	

NOTE: The Proxy Form in order to be effective should be completed and deposited at the Registered Office of the Company not less than 48 before the commencement of the Meeting.

BOOK POST

To,

If undelivered, please return to

Khator Fibre and Fabrics Limited
G/67, Modi Nagar, Ajmer Road,
Jaipur, Rajsthan - 302019