

DIRECTORS' REPORT

To
The Members
Global Knitfab Limited

Your Directors are pleased to present to the valued stakeholders the 24th Annual Report of **Global Knitfab Limited** along with the Audited Financial Statements of the Company for the Year ended March 31st, 2018.

FINANCIAL HIGHLIGHTS- AT A GLANCE

➤ Overall Performance of your Company

- The Financial Year 2017-18 had been a little tumultuous for the Company as your Company has shown a conventional performance during the year under review. The Net Profits of your Company had gone down from Rs. 14,841,560.51 in 2016-17 to Rs. 9,510,324.81 in 2017-18.

➤ The financial summary, performance highlights operations/state of affair of your Company for the year are summarized below:

PARTICULARS	Amount (In Lacs)	
	Standalone	
	2017-18	2016-17
Income from Business Operations	218.47	608.84
Other Income	1.75	56.64
Total Income	220.22	665.48
Less: Expenditure except Depreciation, Interest and other Financial Charge(s)	93.55	485.32
Profit/Loss before Interest, Depreciation and Tax	126.67	180.16
Less: Interest and other Financial Charge(s)	0.40	0.30
Profit/Loss before Depreciation and Tax	126.27	179.86
Less: Depreciation	31.17	31.46
Profit/Loss before Tax	95.10	148.41
Less: Tax Expense	0.00	0.00
Add: Deferred Tax Asset	0.00	0.00
Net Profit/Loss after Tax	95.10	148.41
Earnings per share:		
Basic Diluted	1.14	1.78
	1.14	1.78

DIVIDEND

Company has accumulated losses to the tune of Rs. 46,245,840.66/- in the financial year 2016-17 and amount of Rs. 9,510,324.81/- generated as profit is adjusted against the accumulated losses. In light of accumulated losses in the company, the Board of Directors of the company are unable to declare any amount as dividend and hence do not propose & to recommend any dividend for the financial year on equity shares.

RESERVES& SURPLUS

The Board proposes to transfer the entire amount of Rs. 9,510,324.81/- to the reserves & surplus account and which is apportioned against the accumulated losses incurred in the past.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid/unclaimed Dividend declared or paid by the Company, the provisions of Section 125 of the Companies Act, 2013 do not apply.

DEPOSITS

During the year under review, the Company has not accepted any deposits in terms of *section* 73 of the Companies Act, 2013.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section of this Annual Report.

CHANGE IN NATURE OF BUSINESS

During the year under review, there was no change in nature of business of the Company.

CHANGE IN DIRECTORS /KEY MANAGERIAL PERSONNEL DURING THE YEAR

There is no Change in the Directorship or Board of Directors of the Company during the year except below **Retire by Rotation**.

S. No.	Name	Designation	Nature of Change
1.	Mr. Ashwani Gupta	Managing Director	Retire by Rotation

The details about Key Managerial Personnel by way of Appointment are as follows:

During the year under review there is no change in Key Managerial Personnel of the Company. Further the Company has appointed Mr. Jatin Jaisingh after closure of Financial Year.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SECTION 149(6) OF COMPANIES ACT, 2013

All Independent Directors have given declarations under section 149(7) that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act, 2013 and Rules made there under to be read with SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015.

DISCLOSURE OF CHANGE IN ACCOUNTING TREATMENT IN FINANCIAL STATEMENTS

During the period under review, the Company has adopted Indian Accounting Standards for Accounting treatment in the Financial Statements.

EXTRACT OF ANNUAL RETURN

The details forming part of extract of Annual Return under sub section 3 of Section 92 of the Companies Act, 2013 in Form *MGT-9* is annexed herewith as “*Annexure-A*.”

SUBSIDIARY / ASSOCIATE/ JOINT VENTURES COMPANIES OF THE COMPANY

The Company is not having any Subsidiary Company/ Joint Venture/ Associate Company during the financial year 2017-18. A statement about Associate and Subsidiary Companies is mentioned in Form AOC-1 is annexed as *Annexure-B* with this report.

NUMBER OF MEETINGS OF THE BOARD& COMMITTEES

During the year under review, Five Board Meetings, Four Audit Committee Meetings, One Nomination & Remuneration Committee Meetings, Four Stakeholders’ Relationship Committee Meetings and One Internal Compliant Committee Meetings were convened and held. All the Meetings including Committee Meetings were duly held and convened and the intervening gap between two consecutive meetings was within the period prescribed under

the Companies Act, 2013 to be read with the SEBI(Listing Obligations & Disclosure Requirements), Regulations 2015.

The detail in respect of the dates of the meetings along with attendance has been provided in the Corporate Governance Report which forms part of this Annual Report.

AUDIT COMMITTEE

The Audit Committee of the Company is constituted in line with the provisions of section 177 of the Companies Act, 2013 to be read with Regulation 18 of the SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015. The Composition of Audit Committee is given in the Corporate Governance Report which forms the integral part of this Annual Report.

NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee of the Company is constituted in line with the provisions of section 178 of the Companies Act, 2013 to be read with Regulation 19 of the SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015. The Composition of the Committee is given in the Corporate Governance Report which forms the integral part of this Annual Report.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee of the Company is constituted in line with the provisions of section 178 of the Companies Act, 2013 to be read with Regulation 20 of the SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015. The Composition of the Committee is given in the Corporate Governance Report which forms the integral part of this Annual Report.

VIGIL MECHANISM COMMITTEE

The Vigil Mechanism Committee of the Company is constituted in line with the provisions of section 177 of the Companies Act, 2013 to be read with Regulation 22 of the SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015.

PARTICULAR OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188 OF THE COMPANIES ACT, 2013

In the financial year 2017-2018, company did not enter into any contracts or arrangements with any related party. AOC-2 is also attached herewith as *Annexure C*.

BOARD ANNUAL EVALUATION

The provisions of section 134(3)(p) of the Companies Act, 2013 read with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 mandate that a Formal Annual Evaluation is to be made by Board of its own performance and that of its Committee and individual Directors. Schedule IV of the Companies Act, 2013 states that performance evaluation of the Independent Director shall be done by Directors excluding the Director being evaluated. The Board carried out a formal annual performance evaluation as per the criteria/framework laid down by the Nomination & Remuneration Committee of the company and adopted by the Board. The evaluation was carried out through a structured evaluation process to judge the performance of individual Directors including the Chairman of the Board. They were evaluated on parameters such as their education, knowledge, experience, expertise, skills, behavior, leadership qualities, level of engagement & contribution, independence of judgment, decision making ability for safeguarding the interest of the Company, stakeholders and its shareholders.

The performance evaluation of the Independent Directors was carried out by the entire Board except the participation of concerned Independent Director whose evaluation was to be done. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Board was satisfied with the evaluation process and approved the evaluation results thereof.

REMUNERATION POLICY OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board on the recommendation of Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management Personnel and fixation of their remuneration thereof. The Policy contains, inter-alia, directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director, etc.

FAMILIARIZATION POLICY

Pursuant to the provisions of Regulation 25(7) of Listing Regulations, 2015, the Board has framed a policy to familiarize Independent Directors about the Company.

STATUTORY AUDITOR & SECRETARIAL AUDITOR WITH THEIR QUALIFICATION, RESERVATION OR ADVERSE REMARKS ALONG WITH THE EXPLANATION OR COMMENTS BY THE DIRECTORS

A. STATUTORY AUDITOR

The members at the Annual General Meeting held on September 30, 2017 appointed *M/s KJMA & Associates, Chartered Accountants (Firm Registration No. 010895N)* as Statutory Auditors of the Company for a period of One year. Further the Board of Directors recommended appointment of *M/s Gaur Jain & Co., Chartered Accountants (Firm Registration No. 022957N)* as statutory auditor for the term of Five years in the ensuing Annual General Meeting.

Qualification(s) and Directors' comments on the report of Statutory Auditor:

The Notes on Accounts and observations of the Auditors in their Report on the Accounts of the Company are self-explanatory and in the opinion of the Directors, do not call for any further clarification(s). Also, the report submitted by the Auditor is unqualified.

B. SECRETARIAL AUDITOR

Pursuant to provision of section 204 of the Companies act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014, the Company has appointed *M/s Jain P & Associates, Company Secretaries* to undertake Secretarial Audit of the Company.

The Secretarial Audit was conducted by *Ms. Preeti Jain*, Company Secretary, and the report thereon is annexed herewith as "Annexure- D".

Qualification(s) and Directors' comments on the report of Secretarial Auditor:

The observation made by the Secretarial Auditor in its report is given below:

- 1. The Company has not appointed a Whole Time Company Secretary pursuant to Section 203 of the Companies Act, 2013.***
- 2. The Company has not filed few forms as required to be filed to Registrar of Companies like for Approval of Financial Statements, Appointment of Secretarial Auditor, and Approval of Board Report.***

Reply of Management for observation made by the Secretarial Auditors in their report:

1. In respect of observation pertaining to Section 203 of the Companies Act, 2013 for the appointment of Company Secretary, it was replied by the management that the company is in process of searching right candidate for the post of company secretary.

Further the Company has appointed Mr. Jatin Jaisingh after closure of Financial Year on May 11, 2018.

2. The filing of said forms was left due to oversight and the same being filed with the ROC in due course of time.

INTERNAL AUDIT

The Company had appointed Mr. Om Kant Aggarwal as Internal Auditor of the Company to carry out the Internal Audit Functions. The Internal Auditor submits a “Quarterly Report” to the Audit Committee for its review.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITOR

There were no instances of fraud, those have been observed by the Statutory Auditor during audit of the financial statements for the financial year 2017-18, which are required to be disclosed by the company in its Board Report under Section 143 (12) of the Companies Act, 2013.

PARTICULAR OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not given any loan(s) or guarantee(s) and has not made any investment covered under the provision of the section 186 of the Companies Act, 2013 during the year under review.

SHARE CAPITAL

During the period under review, there is no change in the capital structure of the Company. Further, we report that:

A) Issue of equity shares with differential voting rights

No equity shares with differential voting rights has been issued by the company during the financial year 2017-2018.

B) Issue of sweat equity shares

The Company has not issued sweat equity shares pursuant to provisions of Section 54 read with Rule 8 of the Companies (Share Capital and Debenture) Rules, 2014 during the Financial Year.

C) Issue of employee stock options

The Company has not issued shares under employee’s stock options scheme pursuant to provisions of Section Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014, so question does not arise about voting rights not exercised by employee during the year under review.

D) Buy Back Of Securities

The Company has not bought back any of its securities pursuant to the provisions of Section 67 and Section 68 of the Companies Act 2013 during the year under review.

E) Voting Rights of Employees

During the year under review the company has not given loan to any employee for purchase of its own shares as per section 67 (3) (c) of the Companies Act, 2013.

MATERIAL CHANGES AND COMMITMENTS, IF ANY

There are no material changes or commitments noticed by the Board between the end of financial year of the company as on 31st March, 2018 and the date of this Report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

To the best of the Management's knowledge, no significant and material order(s) were passed by any regulator(s) or courts or tribunals which could impact the going concern status and company's operation in future.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT-GO

The provisions of Section 134(3)(m) of the Companies Act, 2013 do not apply to our Company. There was no foreign exchange inflow or Outflow during the year under review.

RISK MANAGEMENT

The provisions of SEBI Regulations for formation of Risk Management Committee are not applicable to the Company. However, as per section 134 (3) (n) of Companies Act 2013, the company regularly maintains a proper check in normal course of its business regarding risk management. Currently, the company does not identify any element of risk which may threaten the existence of the company.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The company does not fall under the criteria of net worth, turnover or profit for applicability of Corporate Social Responsibility (CSR) provisions as per Section 135 of the Companies Act, 2013, hence the same are not applicable to the company for the period under review.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

As per Regulation 22 of the SEBI Regulations, 2015, in order to ensure that the activities of the Company & its employees are conducted in a fair & transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behavior, the company has adopted a vigil mechanism policy.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per the requirement of “The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013” and Rules made thereunder, your Company has constituted Internal Complaints Committee (ICC) at its workplaces. During the year, no complaints were filed with the Company.

CORPORATE GOVERNANCE REPORT

As per Reg. 34 of SEBI Regulation, 2015 to be read with Part A of Schedule V of the said regulations, a separate section on corporate governance practices followed by the company, together with the certificate from the company’s Statutory Auditors/ Practicing Company Secretary confirming compliance forms an integral part of this Report.

HUMAN RESOURCE



The relationship with employees continues to be harmonious. The company always considers its human resource as its most valuable asset. Imparting adequate and specialized training to its employees is ongoing exercise in the company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a robust and comprehensive Internal Financial Control system commensurate with the size, scale and complexity of its operation. The system encompasses the major processes to ensure reliability of financial reporting, compliance with policies, procedures, laws, and regulations, safeguarding of assets and economical and efficient use of resources.

The Company has performed an evaluation and made an assessment of the adequacy and the effectiveness of the Company’s Internal Financial Control System. The Statutory Auditors of the Company have also reviewed the Internal Financial Control system implemented by the Company on the financial reporting and in their opinion, the Company has, in all material respects, adequate Internal Financial Control system over Financial Reporting and such Controls over Financial Reporting were operating effectively as on 31st March, 2018 based on the internal control over financial reporting criteria established by the Company.

The policies and procedures adopted by the Company ensures the orderly and efficient conduct of its business and adherence to the company's policies, prevention and detection of frauds and errors, accuracy & completeness of the records and the timely preparation of reliable financial information.

The Internal auditors continuously monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organization's risk management with regard to the internal control framework.

Audit committee meets regularly to review reports submitted by the Internal Auditors. The Audit Committee also meet the Company's Statutory Auditors to ascertain their views on the financial statements, including the financial reporting system and compliance to accounting policies and procedures followed by the Company.

LISTING AGREEMENT

The shares of the Company are presently listed at Bombay Stock Exchange (BSE). Trading in the securities of the company is suspended by the Stock Exchange and company has initiated the process for revocation of suspension of trading in the securities of the Company.

PERSONNEL RELATIONS

Your Directors hereby place on record their appreciation for the services rendered by executives, staff and other workers of the Company for their hard work, dedication and commitment. During the year under review, relations between the Employees and the Management continued to remain cordial.

CODE OF CONDUCT

The Board of Directors has laid down the code of conduct for all Board Members and members of the Senior Management of the Company. Additionally, all Independent Directors of the company shall be bound by duties of Independent Directors as set out in Companies Act, 2013 to be read with SEBI Listing Regulations, 2015.

All Board Members, Key Managerial Personnel and Senior Management Personnel have affirmed compliance with the Code of Conduct.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is as follows:

The remuneration paid by the company to the directors is disclosed in MGT-9.

The particulars of the employees who are covered by the provisions contained in Rule 5(2) and rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are:

- | | | |
|----|-------------------------------|-----|
| a) | Employed throughout the year | Nil |
| b) | Employed for part of the year | Nil |

The remuneration paid to all Key Managerial Personnel was in accordance with the remuneration policy as adopted by the company.

Pursuant to Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the list of top 10 employees of the Company is attached as “Annexure-E.”

DIRECTOR’S RESPONSIBILITY STATEMENT

In terms of Section 134(3) of the Companies Act 2013, the Directors, would like to state as follows:

- (a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments & estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the company at the end of the financial year and of the profit & loss of the Company for that period ;
- (c) The Directors had taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing & detecting fraud & other irregularities;
- (d) The Directors had prepared the Annual Accounts on a going concern basis;
- (e) The Directors had laid down Internal Financial Controls to be followed by the Company and such controls are adequate and are operating effectively;
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation for assistance and co-operation received from the various stake holders including Financial Institutions, Banks, Governmental authorities and other business associates who have extended their valuable support and encouragement during the year under review.

Your Directors take the opportunity to place on record their deep appreciation of the committed services rendered by the employees at all levels of the Company, who have contributed significantly towards Company's performance and for enhancing its inherent strength. Your Directors also acknowledge with gratitude the encouragement and support extended by our valued stakeholders.

**By Order of the Board of Directors
For Global Knitfab Limited**



Date:10.08.2018

Place: Chandigarh

**Ashwani Gupta
Managing Director
DIN:02186333**

**Sanjita Gupta
Director
DIN:03027503**