

NOTICE

Notice is hereby given that the 35th Annual General Meeting of the members of **KHATEMA FIBRES LIMITED** will be held on Thursday, 31st December, 2020 at 5:00 P.M. at the registered office of the Company at UPSIDC Industrial Area, Lohia Head Road, Khatima (Udham Singh Nagar) Uttarkhand-262308 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider, and adopt the Audited Financial Statements of the Company for the financial year ended 31st March 2020, the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mukesh Chander Rastogi (DIN: 00279728), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. Ratification of remuneration of Cost Auditor for Financial Year 2019-20

To consider and if thought fit to pass with or without modification the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), remuneration Rs. 15,000/- per annum plus GST as applicable and out of the pocket expenses, if any being paid to M/s. Jain Sharma & Associates, Firm Registration Number-000270, Cost Auditors appointed by the Board of Directors, to conduct the audit of the cost records made and maintained by the Company, for the Financial Year ended March 31, 2021, be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

4. Re-appointment of Mr Rajiv Goel (DIN: 01810584) as an Independent Director to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013(“the Act”) read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in

force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mr Rajiv Goel (DIN: 01810584), who holds office of Independent Director up to 17th March, 2020 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act, from a Member, signifying his intention to propose Mr Rajiv Goel's candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from 18th March, 2020 upto 17th March, 2025."

“RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

**By Order of the Board of Directors
For Khatema Fibres Limited**

**(Rakesh Chandra Rastogi)
Chairman and Managing Director
DIN: 00100919
Place: Delhi
Dated: 9th November, 2020**

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not to be a member of the Company. The instrument appointing a proxy must be deposited with the Company at its registered office not less than 48 hours before the time of holding the meeting.
2. A person can act as a proxy on behalf of members not exceeding fifty 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 proxy and such person shall not act as a proxy for any other person or shareholder.
3. A Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.

EXPLANATORY STATEMENT AS PER SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO.2

Details of Directors proposed to be Appointed/Re-Appointed Pursuant to Secretarial Standards issued by The Institute Of Company Secretaries Of India

Name of the Director	Mr. Mukesh Chander Rastogi
DIN	00279728
Date of Birth	20/06/1956
Date of first Appointment	29/09/2000
Experience	Mr. Mukesh Chander Rastogi has wide experience in Administration.
Qualification(s)	B.A. (Arts)
Directorship held in other Public Companies	Nil
Chairmanship/Membership of Committees of other Boards	Nil
Shareholding in the Company	10,000
Relationship with other Directors and KMPs of the Company	Brother of Mr. R.C. Rastogi
No. of Board Meeting Attended during the FY 2019-20	4

ITEM NO. 3

The Board has approved the appointment of M/s. Jain Sharma & Associates, Firm Registration Number-000270 as the Cost Auditors at remuneration Rs. 15,000/- per annum plus GST as applicable and out of the pocket expenses, if any to conduct the audit of the cost records of the Company, for the financial year ended on March 31, 2021.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as approved by the Board of Directors, has to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 3 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ended March 31, 2021.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice except to the extent of their respective shareholding, (if any).

The Board commends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the members.

ITEM NO.4**Details of Directors proposed to be Appointed/Re-Appointed Pursuant to Secretarial Standards issued by The Institute Of Company Secretaries Of India**

Name of the Director	Mr. Rajiv Goel
DIN	01810584
Date of Birth	
Date of first Appointment	
Experience	
Qualification(s)	
Directorship held in other Public Companies	
Chairmanship/Membership of Committees of other Boards	
Shareholding in the Company	
Relationship with other Directors and KMPs of the Company	
No. of Board Meeting Attended during the FY 2019-20	

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their Annual Report together with the Audited Financial statement of the Company for the Year ended March 31, 2020.

FINANCIAL RESULTS

Particulars	(in Rupees)	
	Financial Year 2019-2020	Financial Year 2018-2019
Total Income	2,18,49,63,135	2,56,40,32,737
Total Expenditure	2,17,22,42,034	241,83,40,220
Profit before Tax	76,14,79,500	147,47,17,729
Tax	-	-
Net Profit After Tax	76,14,79,500	147,47,17,729

TRANSFER TO RESERVES

No amount has been transferred to reserves during the Financial Year ended March 31, 2020.

DIVIDEND

The Board of Directors does not recommend any dividend for the financial year 2019-20.

STATE OF COMPANY'S AFFAIRS

The Company has earned a profit of Rs. 761.48 lakhs for current year (previous year profit of Rs. 1,474.72 lakhs) and, as of that date, the Company's net worth is Rs. 3082 lakhs.

CHANGE IN THE NATURE OF BUSINESS

During the financial year under review, no changes have occurred in the nature of the Company's business.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure A".

NUMBER OF MEETINGS OF THE BOARD

During the financial year under review, Ten Board Meetings were held on 02.05.2019, 25.05.2019, 28.06.2019, 23.07.2019, 21.09.2019, 11.11.2019, 20.12.2019, 14.02.2020, 17.02.2020, 17.03.2020. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

The attendance of Directors at the Board Meetings and Annual General Meeting (AGM) held during the financial year ended March 31, 2020 are given below:

Annual General Meeting was held on 30.09.2019 in the 2019-20

Name of the Director	DIN	No. of Board meetings held	No. of meetings Board attended	Attended last AGM
Mr. R. C. Rastogi	00100919	10	10	Yes
Mrs. Manju Rastogi	00101118	10	7	Yes
Mr. Nipurn Rastogi	00418920	10	8	Yes
Mr. Mukesh Chander Rastogi	00279728	10	8	Yes
Mr. Rajiv Goel	01810584	10	6	Yes
Mr. Mohan Lal	07259333	10	7	Yes

DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had 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 and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) The directors had taken proper and 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 and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis; and
- (e) The Directors had laid down Internal Financial Control to be followed by the Company and such financial controls are adequate and operating efficiently;
- (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.

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

The Company has received declarations from the Independent Director confirming that they meet the criteria of Independence as prescribed under the provisions of Companies Act, 2013 read with the Schedules and Rules issued thereunder.

AUDITOR

Statutory Auditors

The Company has appointed M/s Gupta Dutt & Associates, Chartered Accountants (FRN: 009979N) as Statutory Auditors of the Company in the Annual General Meeting held on 30.09.2019 to hold office for a period of five consecutive years from the conclusion of the said AGM, subject to the ratification at every Annual General Meeting.

Secretarial Auditor

As required under section 204 (1) of the Companies Act, 2013 the Secretarial Audit provisions are applicable to the Company for the 2019-20.

The Company has appointed M/s D.K. Agarwal & Associates, Company Secretaries (C.P. No. 2823) as Secretarial Auditor of the for the FY 2019-20 pursuant to the provisions of Section 204 read with

rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The detailed Secretarial Audit Report (MR-3) attached herewith as **Annexure-B**

Cost Auditors

The Company has appointed M/s Jain Sharma & Associates, Firm Registration Number-000270, for conducting the audit of cost records of the Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 for the financial year 2020-2021 on a remuneration of Rs. 15,000/- per annum plus GST as applicable and out of the pocket expenses, if any.

EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS:

S.NO.	AUDITORS QUALIFICATION	MANAGEMENT VIEW
1.	It has been explained to us that the cost records are under compilations and after the records are completed the cost record statement shall be drawn as required under subsection (1) of Section 148 of Companies Act, 2013. Therefore we have not made examination of records.	The Company is in the process of compilation and will complete the same at the earliest.

S. NO.	SECRETARIAL AUDITORS QUALIFICATION	MANAGEMENT VIEW
1.	<i>Internal Auditor is not appointed in the Company as required under Section 138 of the Companies Act, 2013.</i>	The Company is in the process of searching of suitable candidate and will appoint the same at the earliest.
2	<i>Nomination & Remuneration Committee is not duly constituted with proper composition as per the provisions of the Section 178 of the Companies Act, 2013.</i>	The Company is in the process of searching of suitable candidate and will appoint the same at the earliest.

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

The Company has not given any loans or guarantees or investments during the year covered under the provisions of section 186 of the Companies Act, 2013.

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

There was no related party transaction made by the Company during the year under section 188 of the Companies Act 2013.

DISCLOSURE FOR COMPANIES COVERED UNDER SECTION 178(1) ON DIRECTORS APPOINTMENT AND REMUNERATION INCLUDING OTHER MATTERS AS PROVIDED UNDER SECTION 178 (3) OF COMPANIES ACT, 2013

Functions and Terms of Reference of the Nomination and Remuneration Committee of the Company are as per the Companies Act, 2013. Further, Company's Remuneration policy is market led and takes into account the competitive circumstance of the business so as to attract and retain quality talent and leverage performance significantly.

NOMINATION & REMUNERATION COMMITTEE

The Company was required to constitute a Nomination and Remuneration Committee under Section 178(1) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014.

The Composition of the Nomination and Remuneration Committee consists of the following 3 members:

1. Mr. Rajiv Goel, Independent Director
2. Mr. R. C. Rastogi, Managing Director
3. Mr. Mohan Lal, Independent Director

During the financial year 2019-20, three meetings of the Nomination and Remuneration Committee were held on 25.05.2019, 28.06.2019 & 21.09.2019

Name of Member	Meetings held	Meeting Attended
Mr. R.C. Rastogi	3	3
Mr. Rajiv Goel	3	3
Mr. Mohan Lal	3	3

DEPOSITS

During the year under review, your Company neither accepts any deposits nor made any default within the meaning of provisions of Chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

MATERIAL CHANGES AND COMMITMENTS, IF ANY

There are no changes and commitments noticed by the Board between the end of the financial year of the company, i.e., 31.03.2020 and the date of the report.

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

In pursuance to section 134 of the Companies Act, 2013, comments are required in relation to Conservation of Energy, Technology Absorption as the company is engaged in manufacturing activities.

The details forming part of the extract of Conservation of Energy, Technology Absorption and Foreign Exchange is annexed herewith as “**Annexure C**”.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Section 135 of the Companies Act, 2013 and rules there under are applicable to the Company. The corporate social responsibility (CSR) Policy has been devised in accordance with 135 of the Companies Act, 2013. The company has, thus already put in place the framework under which it will pursue its CSR initiatives. The details of the CSR Activities are given as “Annexure-D” forming part of this Report.

AUDIT COMMITTEE:

The Company was required to constitute an Audit Committee under Section 177(1) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014.

The Composition of the Audit Committee consists of the following 3 members:

1. Mr. Rajiv Goel, Independent Director
2. Mr. R.C. Rastogi, Managing Director
3. Mr. Mohan Lal, Independent Director

During the financial year 2019-20, one meeting of the Audit Committee was held on 25th May 2019:

Name of Member	Meetings held	Meeting Attended
Mr. R. C. Rastogi	1	1
Mr. Rajiv Goel	1	1
Mr. Mohan Lal	1	1

All the recommendations made by the Audit Committee were accepted by the Board.

ESTABLISHMENT OF VIGIL MECHANISM

The vigil mechanism provides for adequate safeguards against any victimization of director and employees who use this mechanism and makes provisions for direct access to the chairperson of the audit committee in appropriate and exceptional circumstances.

The audit committee oversees the vigil mechanism and none of the members of the audit committee have any conflict of interest in any case.

However, no complaints have been received from any person by using this mechanism.

INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Company has adequate internal financial controls and processes in place with respect to its financial statements which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. These controls and processes are driven through various policies, procedures and certifications. The processes and controls are reviewed periodically. The Company has a mechanism of testing the controls at regular intervals for their design and operating effectiveness to ascertain the reliability and authenticity of financial information.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

During the financial year 2019-20, the Company has not received any complaints on sexual harassment.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any subsidiary, Joint Ventures and Associate Companies.

RISK MANAGEMENT POLICY

Pursuant to section 134 (3) (n) of the Companies Act, 2013, the company regularly maintains a proper check in normal course of its business regarding Risk Management. At present the Company has not identified any element of risk which may threaten the existence of the company. However the Board of Directors are in processes of developing the risk management policy.

DIRECTORS/KEY MANAGERIAL PERSONNAL

DIRECTORS

1. Mr. Nipurn Rastogi was appointed by the Board of Directors on 21st September, 2019 and regularized by the members at the Annual General Meeting held on 30th September, 2019.
2. Mr. Rajiv Goel was re-appointed by the Board of Directors as an Independent Director w.e.f. 17th March, 2020 subject to the approval of shareholders in General Meeting.

KEY MANGERIAL PERSONNELS

No KMP was appointed or resigned in the F.Y.2019-20.

DISCLOSURE OF APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNELS

The Company being an Unlisted Public Company is not required to give disclosures under Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTOR

In terms of provisions of the Companies Act, 2013 read with Rules issued thereunder, the Board of Directors on recommendation of Nominations & Remuneration Committee have evaluated the effectiveness of the Board/Director(s) for financial year 2019-20.

The performance evaluation of the Independent Directors was done by the entire Board excluding the Directors evaluated. The performance evaluation of the chairman, Board as a whole and the Non- Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS

No significant and material order had been passed by the regulators or courts or tribunals impacting the going concern status and Company's operation in future.

DETAILS OF FRAUD REPORTED BY AUDITORS

No fraud has been noticed or reported by the Auditor as per Section 134 (3)(ca) of the Companies Act, 2013 read with Companies (Amendment) Act, 2015.

SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards as per Section 118 of the Companies Act, 2013.

ACKNOWLEDGEMENTS

Your Company and its Directors wish to extend their sincerest thanks to the Members of the Company, Bankers, State Government, Executives, Staff and workers at all levels for their continuous co-operation and assistance.

**On behalf of the Board of Directors
For KHATEMA FIBRES LIMITED**

**(R.C. Rastogi)
Chairman and Managing Director
DIN -00100919
Date: 09th November, 2020
Place: Delhi**

ANNEXURE "B"

**FORM NUMBER –MR-3
SECRETARIAL AUDIT REPORT
for the Financial Year ended on 31st March, 2020**

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the
Companies (Appointment and Remuneration Personnel) Rules, 2014)

To,

The Members,

M/s Khatema Fibres Limited

Registered Office: UPSIDC Industrial Area, Lohia Head Road, Khatema-262308

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Khatema Fibres Limited (hereinafter referred as 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s Khatema Fibres Limited for the financial year ended on 31st March, 2020 according to the provisions of:

- (i)** The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii)** The Securities Contracts (Regulation) Act, 1956 ('SCRA) and the rules made thereunder; **(Not applicable to the Company during the audit period)**
- (iii)** The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Not applicable to the Company during the audit period)**
- (iv)** 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: **(Not applicable to the Company during the audit period);**
- (v)** The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
 1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the audit period)**

2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not applicable to the Company during the audit period)**
3. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the audit period)**
4. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the audit period)**
5. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period)**
6. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the audit period)**
7. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period)** and
8. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **(Not applicable to the Company during the audit period)**

(vi) We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange. **(Not applicable to the Company during the audit period)**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above subject to the following observations:

1. *Internal Auditor is not appointed in the Company as required under Section 138 of the Companies Act, 2013.*
2. *Nomination & Remuneration Committee is not duly constituted with proper composition as per the provisions of the Section 178 of the Companies Act, 2013.*

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The composition of the Board of Directors during the period under review was in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists

for seeking and obtaining 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.

We 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.

We further report that during the audit period i.e. FY 2019-20, following instances has taken place:

1. Special Resolution passed on 30th September, 2019 under Section 180 (1) (a) and 180 (1) (c) of the Companies Act, 2013;
2. Appointment of Mr. Nipurn Rastogi as Whole Time Director of the Company.

Except above, there were no instances of:-

- (i) Public / Rights / Preferential Issue of Shares / Debenture / Sweat Equity;
- (ii) Redemption / Buy-back of Securities;
- (iii) Merger / Amalgamation / Reconstruction etc.;
- (iv) Foreign Technical Collaborations.

Place: Delhi
Date: 09.11.2020

Dinesh Kumar Agarwal
Practicing Company Secretary
Membership No: FCS 3764
CP No.: 2823

ANNEXURE "C"

Particulars of Conversation of energy ,Technology absorption and Foreign exchange earning and outgo in terms of Section 134(3) (m) of the Act read with Rule, 8 of The Companies (Accounts) Rules,2014, forming part of the Director's Report for the year ended March 31,2020

(A) CONSERVATION OF ENERGY:

(i)The steps taken or impact on conversation of energy: The Company's operation involves low energy consumption. Nevertheless, energy conservation measures have been taken wherever possible. Efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.

(ii)The steps taken by the Company for utilizing alternate sources of energy: NIL

(iii) The capital investment on energy conversation equipments: NIL

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(i) Efforts made towards technology absorption: Constant efforts have been made for improvement in quality of products and range of products.

(ii)Benefits derived as a result of the above efforts: Company has been able to improve the quality and reduce product cost.

(iii) Details of technology imported, if any: The Company has not imported technology.

(iv) Expenditure on Research & Development, if any: Nil

C. FOREIGN EXCHANGE EARNING & OUTGO

<u>Foreign Exchange Earnings and Outgoings</u>	<u>Amount</u>
Outgoing	1,244,579,829/-
Earned	54,157,602/-

**On behalf of the Board of Directors
For KHATEMA FIBRES LIMITED**

**(R.C. Rastogi)
Chairman and Managing Director
DIN -00100919
Date: 09th November, 2020
Place: Delhi**

ANNEXURE "D"

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR Policy, including an overview of projects or programmes proposed to be undertaken and a reference to the web links to the CSR Policy and projects or programme:

(i) Outline of CSR Policy:

This policy encompasses the Company's philosophy for giving to society as a Corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for the transformation and sustainable development.

(ii) CSR Projects:

Focus area relate to economic development, quality education and health care.

2.Composition of CSR Committee:The Corporate Social Responsibility committee consists of:

Sl. No.	Name of Members	Designation
1.	Rakesh Chandra Rastogi	Chairman
2.	Nipurn Rastogi	Member
3.	Rajiv Goel	Member

3. Average Net Profit of the Company for last three Financial Year:

S.NO.	YEAR	AMOUNT(INR)
1	2018-19	145,692,517/-
2	2017-18	-217,710,540/-
3	2016-17	-240,139,489/-
Total Profit		-312,157,511/-

4.Prescribed CSR Expenditure (two percent of the amount as in item 3 above)

There is negative value of Average Profit, So no applicability of CSR Expenditure.

5.Details of CSR Spend during the Financial Year:

(a) Total amount to be spent for the financial Year: NIL

(b) Amount unspent, if any: NIL

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount:

Not Applicable

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR Policy, is in compliance with CSR objective and Policy of the Company.

The Company recognizes its obligations to act responsibly, ethically and with integrity in its dealings with employees, community, customers and the environment as a whole. The Company understands that corporate responsibility is essential for current and future success as a business and believes it has the greatest opportunity to drive values through CSR initiatives in areas pertaining to Health, Education and has committed to improving the quality of life in communities in many years.

The CSR Committee confirms that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**On behalf of the Board of Directors
For KHATEMA FIBRES LIMITED**

**(R.C. Rastogi)
Chairman and Managing Director
DIN -00100919
Date: 09th November, 2020
Place: Delhi**

Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corporate		-	-	-	-	-	-	-	-
i) Indian	-	50,000	50,000	0.18%	-	50,000	50,000	0.18%	
ii) Overseas	-	-	-	-	-	-	-	-	
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	
ii) Individual shareholders holding nominal share capital in excess of Rs 1lakh	-	-	-	-	-	-	-	-	
c) Others(specify)	-	-	-	-	-	-	-	-	
Sub-total (B)(2)	-	50,000	50,000	0.18%	-	50,000	50,000	0.18%	
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	50,000	50,000	0.18%	-	50,000	50,000	0.18%	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	
Grand Total (A+B+C)	-	2,82,43,800	2,82,43,800	100%		2,82,43,800	2,82,43,800	100%	

ii) Shareholding of Promoters

S. NO	SHAREHOLDER'S NAME	SHAREHOLDING AT THE BEGINING OF THE YEAR	SHARE HOLDING AT THE END OF THE YEAR	% change
-------	--------------------	--	--------------------------------------	----------

		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	in share holding during the year
1.	Mr. R.C. Rastogi	2,15,11,630	76.16%	-	2,15,11,630	76.16%	-	0.45%
2.	Mrs. Manju Rastogi	29,14,600	10.32%	-	29,14,600	10.32%	-	0.00%
3.	Mr. Nipurn Rastogi	37,26,570	13.19%	-	37,26,570	13.19%	-	0.00%
4.	Mr. M.C. Rastogi	10,000	0.04%	-	10,000	0.04%	-	0.00%
5.	Mrs. Nisha Rastogi	21,000	0.07%	-	21,000	0.07%	-	0.00%
6.	Mrs. Neerja Rastogi	10,000	0.04%	-	10,000	0.04%	-	0.00%
	Total	2,81,93,800	99.82%	-	2,81,93,800	99.82%	-	0.00%

iii) Change in Promoters' Shareholding (please specify, if there is no change)

PARTICULARS	DATE	REASON	SHAREHOLDING AT THE BEGINNING OF THE YEAR		CUMULATIVE SHAREHOLDING DURING THE YEAR	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
NO CHANGES						
At the beginning of the year						
Changes during the year						
At the End of the year						

iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and holders of GDRs and ADRs):

NAME OF SHAREHOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR		CUMULATIVE SHAREHOLDING DURING THE YEAR	
	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
NO CHANGES				
At the beginning of the year	-	-	-	-

Change	-	-	-	-
At the End of the year	-	-	-	-

v) Shareholding of Directors and Key Managerial Personnel:

SL. NO.	NAME OF THE DIRECTOR	SHAREHOLDING AT THE BEGINNING OF THE YEAR		SHAREHOLDING AT THE END OF THE YEAR	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1.	Mr. R.C. Rastogi	2,15,11,630	76.16%	2,15,11,630	76.16%
2.	Mrs. ManjuRastogi	29,14,600	10.32%	29,14,600	10.32%
3.	Mr. M.C. Rastogi	10,000	0.04%	10,000	0.04%

V. INDEBTEDNESS

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

(Amt. in Rs.)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	71,50,57,718	2,07,30,496	-	73,57,88,214
ii) Interest due but not paid	56,91,00,681	-	-	56,91,00,681
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,28,41,58,399	2,07,30,496	NIL	1,30,48,88,895
Change in Indebtedness during the financial year				
• Addition	18,38,78,140	68,00,000	-	19,06,78,140
• Reduction	(98,41,58,399)	(35,00,000)	-	(98,76,58,399)
Net Change	(80,02,80,259)	33,00,000	NIL	(79,69,80,259)
Indebtedness at the end of the financial year				
i) Principal Amount	47,50,00,000	2,40,30,496	-	49,90,30,496
ii) Interest due but not paid	88,78,140	-	-	88,78,140
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	48,38,78,140	2,40,30,496	NIL	50,79,08,636

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Directors and/or Manager.

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount (Rs. per annum)
		Mr. R.C. Rastogi	Mrs. Manju Rastogi	Mr. Nipurn Rastogi	Mr. Mukesh ChanderRastogi	
	Designation	Managing Director	Whole Time Director	Whole Time Director	Whole Time Director	
1.	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	51,00,000 - -	18,00,000 - -	15,83,333	1,80,000 - -	86,63,333/- - -
2.	Stock Option	-	-		-	-
3.	Sweat Equity	-	-		-	-
4.	Commission - as % of profit - Others, specify...	- -	- -		- -	- -
5.	Others, please specify	-	-		-	-
	Total (A)	51,00,000	18,00,000	15,83,333	1,80,000	86,63,333/-
	Ceiling as per the Act	51,00,000	18,00,000	15,83,333	1,80,000	86,63,333/-

B. REMUNERATION TO OTHER DIRECTORS

S.N	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS	TOTAL AMOUNT
			(Rs.)
1	Independent Directors		
	Fee for attending board committee meetings		-
	Commission		-
	Others, please specify		-
	Total (1)		-
2	Other Non-Executive Directors		
	Fee for attending board committee meetings		-
	Commission		-
	Others, please specify		-
	Total (2)		-
	Total (B)=(1+2)		-
	Total Managerial Remuneration		-
	Overall Ceiling as per the Act		-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
		NAME	Jitendra Prakash Varshney	Anuradha Sharma	(Rs. Per annum)
		CEO	CFO	CS	
1.	Gross salary	-	10,68,000	3,96,000	14,64,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- Others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	-	10,68,000	3,96,000	14,64,000

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ Court]	Appeal made, if any (give details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**On behalf of the Board of Directors
For KHATEMA FIBRES LIMITED**

**(R.C. Rastogi)
Chairman and Managing Director
DIN -00100919
Date: 09th November, 2020
Place: Delhi**

FORM NUMBER –MR-3
SECRETARIAL AUDIT REPORT
for the Financial Year ended on 31st March, 2020

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the
Companies (Appointment and Remuneration Personnel) Rules, 2014)

To,

The Members,

M/s Khatema Fibres Limited

Registered Office: UPSIDC Industrial Area, Lohia Head Road, Khatema-262308

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Khatema Fibres Limited (hereinafter referred as 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s Khatema Fibres Limited for the financial year ended on 31st March, 2020 according to the provisions of:

- (i)** The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii)** The Securities Contracts (Regulation) Act, 1956 ('SCRA) and the rules made thereunder; **(Not applicable to the Company during the audit period)**
- (iii)** The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Not applicable to the Company during the audit period)**
- (iv)** 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: **(Not applicable to the Company during the audit period);**
- (v)** The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
 1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the audit period)**
 2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not applicable to the Company during the audit period)**
 3. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)

- Regulations, 2009; **(Not applicable to the Company during the audit period)**
4. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the audit period)**
 5. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period)**
 6. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the audit period)**
 7. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: **(Not applicable to the Company during the audit period)**and
 8. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **(Not applicable to the Company during the audit period)**

(vi) We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange. **(Not applicable to the Company during the audit period)**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above subject to the following observations:

1. *Internal Auditor is not appointed in the Company as required under Section 138 of the Companies Act, 2013.*
2. *Nomination & Remuneration Committee is not duly constituted with proper composition as per the provisions of the Section 178 of the Companies Act, 2013.*

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The composition of the Board of Directors during the period under review was in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining 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.

We 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.

We further report that during the audit period i.e. FY 2019-20, following instances has taken place:

1. Special Resolution passed on 30th September, 2019 under Section 180 (1) (a) and 180 (1) (c) of the Companies Act, 2013;
2. Appointment of Mr. Nipurn Rastogi as Whole Time Director of the Company.

Except above, there were no instances of:-

- (i) Public / Rights / Preferential Issue of Shares / Debenture / Sweat Equity;
- (ii) Redemption / Buy-back of Securities;
- (iii) Merger / Amalgamation / Reconstruction etc.;
- (iv) Foreign Technical Collaborations.

Place: Delhi
Date:09.11.2020

Dinesh Kumar Agarwal
Practicing Company Secretary
Membership No: FCS 3764
CP No.: 2823

INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF
Khatema Fibres Limited**

1. Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Khatema Fibres Limited ("The Company"), which comprise the Balance Sheet as at 31st March, 2020, Statement of Profit & Loss and Cash Flow Statement for the period April 1, 2019 to March 31, 2020 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

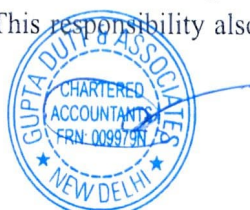
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, Statement of Profit & Loss and its Cash Flow Statement for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities* for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Responsibility of Management for Financial Statement

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 and presentation of these 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. 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

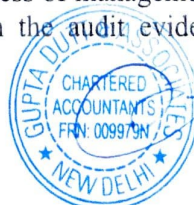
Those Board of Directors are also responsible for overseeing the company's financial reporting process.

4. Auditor's Responsibility for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material



uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

5. 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 sub –section (11) of section 143 of the Companies Act, 2013, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by section 143(3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

- (a) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- (b) The Balance Sheet, the Statement of Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- (c) In our opinion the aforesaid financial statements comply with accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (d) On the basis of written representations received from the directors as on 31 March 2020 taken on record by the Board of directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.



- (e) With respect to the adequacy of internal financial control over financial reporting of the company and the operating effectiveness of such control, we report that the company is in the process to strength the same.
- (f) 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 does not have any pending litigations which would impact its financial position.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : New Delhi
Date : 09-11-2020
UDIN: 20083961AAAALJY215

For Gupta Dutt & Associates.
Chartered Accountants
FRN No : 009979N

Vishal Dutt
Partner

Membership number: 83961

KHATEMA FIBRES LTD

BALANCE SHEET AS AT 31.03.2020

CIN: U21011UR1985PLC007433

	Particulars	Note No	As at 31st March 2020	As at 31st March 2019
I.	EQUITY AND LIABILITIES			
(1)	SHAREHOLDER'S FUND			
	(a) Share Capital	4	282,438,000	282,438,000
	(b) Reserves & Surplus	5	25,742,588	(734,053,206)
(2)	Non-Current Liabilities			
	(a) Long-term borrowings	6	490,000,000	269,166,668
	(c) Long-term provisions	7	14,808,239	8,486,577
(3)	Current Liabilities			
	(a) Short-term borrowings	8	9,030,496	117,550,214
	(b) Trade payables	9	455,530,507	359,311,224
	(c) Other current liabilities	10	119,705,272	1,027,741,102
	TOTAL		1,397,255,102	1,330,640,579
II.	ASSETS			
(1)	Non-Current Assets			
	(a) FIXED ASSETS			
	(i) Tangible assets	11	812,999,290	763,200,076
	(ii) Capital Work-in-Progress		9,284,917	9,284,917
	(b) Long term Trade Receivables	12	917,008	885,651
	(c) Long term loans and advances	13	32,825,214	35,203,337
(2)	Current Assets			
	(a) Inventories	14	373,447,064.06	384,889,926
	(b) Trade Receivables	15	22,674,812	9,001,865
	(c) Cash and Cash Equivalents	16	3,601,381	554,933
	(d) Short term loans and advances	17	33,593,977	19,708,435
	(e) Other current assets	18	107,911,439	107,911,439
	TOTAL		1,397,255,102	1,330,640,579
			0	

Significant Accounting Policies

1 & 2

The accompanying notes 1 to 38 are integral part of the financial statements.

As per our Report of even date attached

For **GUPTA DUTT & ASSOCIATES**
CHARTERED ACCOUNTANTS



VISHNU DUTT (M.NO- 83961)

PARTNER

FRN- 009979N

UDIN 20083961AAACT4215

Place: Delhi

Date: 09 NOV 2020

Rakesh Chandra Rastogi
Chairman & Managing Director
DIN- 00100919

Jitendra Prakash Varshney
CFO

Rajiv Goel
Director
DIN- 01810584

Anuradha Sharma
Company Secretary
M.No.-51838

KHATEMA FIBRES LTD
STATEMENT OF PROFIT AND LOSS

CIN: U21011UR1985PLC007433

	Particulars	Note No	For the year ended 31st March 2020	For the year ended 31st March 2019
I.	Revenue from Operations	22	2,181,137,758	2,560,528,776
	Revenue from Operations		-	-
			2,181,137,758	2,560,528,776
II.	Other Income	23	3,825,377	3,503,961
III.	Total Revenue (I+II)		2,184,963,135	2,564,032,737
	EXPENSES			
	Cost of materials consumed	24	1,168,695,298	1,467,016,406
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	(241,458)	(26,695,481)
	Other Direct Manufacturing Expenses	26	727,800,633	763,223,179
	Employee benefit expenses	27	122,878,998	124,152,394
	Finance Cost	28	104,823,075	44,242,492
	Depreciation and amortization expenses	11	34,413,458	27,657,151
	Other expenses	29	13,892,030	18,729,231
	Prior Period Expenses	30	0	14,848
IV.	Total expenses		2,172,262,034	2,418,340,220
V	Profit before Tax & Exceptional Items (III-IV)		12,701,101	145,692,517
VI	Exceptional Items	31	748,758,399	1,329,025,211.70
VII.	Profit before tax (V+VI)		761,459,500	1,474,717,729
VIII.	Tax expense			
	(1) Current Tax		-	-
	(2) Deferred Tax		-	-
IX.	Profit (Loss) for the period (XI + XIV)		761,459,500	1,474,717,729
X.	Earnings per equity share:			
	(1) Basic		26.96	52.21
	(2) Diluted	32	26.96	52.21

Significant Accounting Policies

1 & 2

The accompanying notes 1 to 38 are integral part of the financial statements.

As per our Report of even date attached

For **GUPTA DUTT & ASSOCIATES**
CHARTERED ACCOUNTANTS



VISHNU DUTT (M.NO- 83961)

PARTNER

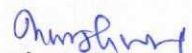
FRN- 009979N


UDIN- 20083961AAAAT4215


Place: Delhi

Date: **09 NOV 2020**


Rakesh Chandra Rastogi
Chairman & Managing Director
DIN- 00100919


Jitendra Prakash Varshney
CFO


Rajiv Goel
Director
DIN- 01810584


Anuradha Sharma
Company Secretary
M.No.-51838

KHATEMA FIBRES LTD
Cash Flow Statement of 2019-20

	31-Mar-2020	31-Mar-2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit\ (Loss) before tax as per Profit & Loss Account	761,459,500	1,474,717,729
Adjusted for:-		
Add:- non cash Debits		
Depreciation \ Amortisation \ Impairment	34,413,458	27,657,151
Loss\ (Profit) on Sale of Assets	-	-
Interest Income	(1,803,440.00)	(3,182,391)
Operating Profit before Working Capital Changes	<u>32,610,018</u>	<u>24,474,760</u>
Adjusted for:-	794,069,518	1,499,192,489
Increase\ (Decrease) in Capital Reserve	-	-
(Increase)\ (Decrease) in Trade & other receivables	(25,211,723)	(11,689,392)
(Increase)\ (Decrease) in Other Bank Balances	-	7,003,443
(Increase)\ (Decrease) in Inventories	11,442,862	(187,920,349)
Increase\ (Decrease) in Trade Payable & other payable	(805,494,885)	(1,195,897,481)
Cash Generated from Operations	<u>(819,263,746)</u>	<u>(1,388,503,779)</u>
Taxes (Paid) \ Refund	(25,194,228)	110,688,710
Net Cash from Operating Activities	<u>(25,194,228)</u>	<u>110,688,710</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed Assets	(85,876,377)	(122,403,072)
Sale of Fixed Assets	-	-
Decrease / (Increase) in Capital Work in Progress	-	20,435,760.00
Interest Income	1,803,440.00	3,182,391
Net Cash from\ (used in) Investing Activities	<u>(84,072,937)</u>	<u>(98,784,921)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/Decrease in Share Capital	-	-
Increase in Share Application Money Pending Allotment	-	-
Increase\ (Decrease) in Long Term Borrowings	220,833,332	254,166,668.00
Increase\ (Decrease) in Short Term Borrowings	(108,519,718)	(265,547,852)
Net Cash from\ (used in) Financing Activities	<u>112,313,614</u>	<u>(11,381,184)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	3,046,448	522,606
Opening Balance of Cash & Cash Equivalents	554,933	32,327
Closing Balance of Cash & Cash Equivalents	<u>3,601,381</u>	<u>554,933</u>

Note: -

- The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on cash flow statement
- Figures in bracket indicate cash outflow and without brackets indicate cash inflow.
- The provision of interest to be paid to the lenders has not been considered in the cash flow either in operating or financing activities.


As per our Report of even date attached
For **GURTA DUTT & ASSOCIATES**
CHARTERED ACCOUNTANTS

VISHNU DUTT (M.NO. 83961)
PARTNER
FRN- 009979N

UDIN - 20083961AAAATJ4215

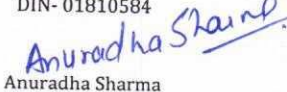
Place: Delhi

Date: 09 NOV 2020


Rakesh Chandra Rastogi
Chairman & Managing Director
DIN- 00100919


Jitendra Prakash Varshney
CFO


Rajiv Goel
Director
DIN- 01810584


Anuradha Sharma
Company Secretary
M.No.-51838

KHATEMA FIBRES LTD
Significant Accounting Policies and Notes forming part of the Financial Statements
Year Ending: 31st March 2020

1 Company Overview

Khatema Fibers Limited is a leading paper manufacturer in India manufacturing industrial and specialty papers. The product range includes Kraft Paper, Poster Paper, Tissue Paper, etc. The products of the company are import substitute and used mainly by packaging industry.

2 Significant Accounting Policies

a) General

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all aspects with the accounting standards as notified.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services provided, the Company has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

The Company has incurred a net profit of Rs. 7,614.60 lakhs for current financial year (previous year Profit Rs. 14747.17 lakhs) and, as of that date, the Company's net worth is positive by Rs. 3,082.00 lakhs.

The Company has done one time settlement with ICICI Bank for its entire debt to ICICI Bank for Rs.23.04 Cr (through assignment of loan to Assets Care Reconstruction Enterprise Ltd. (ACRE) of Rs.17.50 Cr). The financial statements have been drawn on a going concern basis.

b) Use of Estimates:-

The preparation of the financial statements in conformity with the GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities as at the date of the financial statements and reported amount of income and expenses for the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, Income tax and the useful lives of fixed assets.

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs when the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the assets net sale price or present as determined above. Contingencies are recorded when it is probable that the liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

c) Revenue Recognition

i) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

ii) Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. The sales include sales of goods and adjusted for discounts and returns. Revenue is taken at net of applicable GST.

iii) Exceptional Items

As a result of one time settlement with ICICI Bank Interest provided of Rs 5,691 Lac has been reversed and Principal of Rs 1,797 Lac has been reversed and which has resulted in Exceptional Income of Rs 7,488 Lac.

iv) Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

v) Export Benefits

The Company recognizes income in respect of the Export Incentive(s) entitlement on Export Sales on accrual basis.

d) Fixed Assets & Depreciation






- i) Fixed assets are stated at cost (or revalued amounts, as the case may be); less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use in accordance with AS 16.

At the end of each year, the company determines whether a provision should be made for impairment of loss on its fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS 28 "Impairment of Asset") issued by the Institute of Chartered Accountants of India where the recoverable amount of any fixed asset is lower than its carrying amount. There exists no indication for the management to conclude that any of its cash generating units are impaired and accordingly no provision for impairment has been made in the financial statements

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- ii) The Depreciation has been charged on SLM as per the period prescribed in Schedule II of the Companies Act, 2013. The Depreciation on addition during the year has been charged on Pro-rata basis
iii) No amount has been written off in respect of premium of Lease Hold Land.
iv) The Company had made revaluation of its Land and Factory Building which till now was based on historical cost. The same has been valued on the valuation report submitted by RDCONS Pvt. Ltd. to Assets Care & Reconstruction Enterprises Ltd. (ACRE).

e) **Employee Retirement Benefits**

- i) Incremental liability in respect of Gratuity under the Payment of Gratuity Act to employees has been provided for on all employees who have put in one year of service. Liability of gratuity is recognized as per the actuarial valuer in accordance with the Accounting Standard 15.
ii) Provident & other funds liability is determined on the basis of contributions as required under statutes.
iii) Liability for employees leave encashment benefits in accordance with the rules is provided for at current basic salary rates for the cashable un-availed leaves

f) **Borrowing Cost**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.



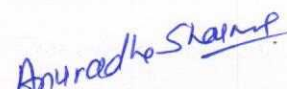

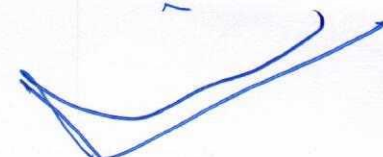
g) **Income Tax**

Income Tax expenses is accrued in accordance with AS 22 - "Accounting for taxes on income" which includes current taxes and deferred tax. Deferred Income Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be taxable. Deferred tax and liabilities are measured using the tax rates and tax laws that have been enacted or subsequently enacted by the balance sheet date.

Due to the losses of the current year the company is allowed to create a deferred tax asset but in the absence of virtual certainty the same has not been created.

h) **Foreign currency translation**

- i) Initial Recognition
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
ii) Conversion
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

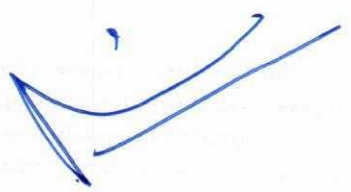






iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

Exchange differences arising on a monetary item that, in substance, form part of company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

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KHATEMA FIBRES LIMITED

11. TANGIBLE ASSETS

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS AT	ADDITIONS	ADDITIONS	SALES	AS AT	AS AT	DEP FOR	ADJUSTMENT	AS AT	AS AT	AS AT	AS AT
	01.04.2019	PRIOR TO	AFTER	ADJUST.	31.03.2020	01.04.2019	THE YEAR	for Dep.	31.03.2020	31.03.2020	31.03.2019	31.03.2019
Land (Leasehold)	375,375,500	-	-	-	375,375,500	-	-	-	-	-	375,375,500	375,375,500
Building	194,763,721	4,213,406	24,097,284	-	223,074,411	67,328,279	4,225,983	1,663,706	-	-	149,856,443	127,435,442
Plant & Equipment	1,005,502,760	5,684,653	51,387,804	-	1,062,575,217	746,136,133	30,029,982	-	73,217,968	-	286,409,103	259,366,627
Furniture & Fixtures	3,809,520	-	493,230.00	-	4,302,750	3,574,465	29,572	-	3,604,037	-	698,713	235,055
Office Equipment	15,994,051	-	-	-	15,994,051	15,313,892	68,883	-	15,382,775	-	611,276	680,159
Computer	464,408	-	-	-	464,408	357,115	59,038	-	416,153	-	48,255	107,293
TOTAL	1,595,909,960	9,898,059	75,978,318	-	1,681,786,337	832,709,884	34,413,458	1,663,706	868,787,047	-	812,999,290	763,200,076
Work in Progress	9,284,917	-	-	-	9,284,917	-	-	-	-	-	9,284,917	9,284,917
Grand Total	1,605,194,877	9,898,059	75,978,318.22	-	1,691,071,254	832,709,884	34,413,458	-	868,787,047	-	822,284,207	772,484,993
PREVIOUS YEARS FIGURES	1,084,480,487	16,063	122,387,009	439,182,839	1,605,194,877	805,048,175	27,657,151	4,558.00	832,709,884	-	772,484,993	279,432,312

Aniradha Sharma

Amrinder Singh

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22	Revenue from Operations	31-Mar-2020	31-Mar-2019
	Sale of Products	<u>2,181,137,758</u>	<u>2,560,528,776</u>
		<u>2,181,137,758</u>	<u>2,560,528,776</u>
23	Other Income	31-Mar-2020	31-Mar-2019
	Interest Income	1,803,440	3,182,391
	Others	<u>2,021,937</u>	<u>321,570</u>
		<u>3,825,377.00</u>	<u>3,503,961</u>
24	Cost of materials consumed	31-Mar-2020	31-Mar-2019
	Opening Stock	192,845,121	67,768,329
	Add: Purchases (Including Inward Expenses)	<u>1,169,125,298</u>	<u>1,592,093,198</u>
		1,361,970,419	1,659,861,527
	Less:- Closing Stock	<u>193,275,121</u>	<u>192,845,121</u>
		<u>1,168,695,298</u>	<u>1,467,016,406</u>
25	Changes in inventories of finished goods, work-in-progress and stock-in-trade	31-Mar-2020	31-Mar-2019
	Opening Stock		
	Work-in-progress;	49,754,767	30,453,677
	Finished goods;	14,918,292	7,523,901
	Scrap	<u>2,150,000</u>	<u>2,150,000</u>
		66,823,059	40,127,578
	Closing Stock		
	Work-in-progress;	40,198,975	49,754,767
	Finished goods;	24,715,542	14,918,292
	Scrap	<u>2,150,000</u>	<u>2,150,000</u>
		67,064,517	66,823,059
	Net (Increase)\Decrease	(241,458)	(26,695,481)
26	Direct Expenses	31-Mar-2020	31-Mar-2019
	Loading and Unloading	98,562	123,177
	Inward Freight	6,794,158	15,634,439
	Stores & Packing Consumed	232,936,424	227,589,821
	Power and fuel	476,718,230	515,041,371
	Repairs to machinery	<u>11,253,258</u>	<u>4,834,371</u>
		<u>727,800,633</u>	<u>763,223,179</u>
27	Employee benefit expenses	31-Mar-2020	31-Mar-2019
	Salaries & Wages	105,208,608	112,395,806
	Contribution to Provident and other funds	7,558,708	6,480,325
	Staff welfare expenses	1,448,349	896,263
	Managerial Remuneration	<u>8,663,333</u>	<u>4,380,000</u>
		<u>122,878,998</u>	<u>124,152,394</u>
28	Finance Cost	31-Mar-2020	31-Mar-2019
	Interest Expenses	<u>104,823,075</u>	<u>44,242,492</u>
		<u>104,823,075</u>	<u>44,242,492</u>
29	Other Expenses	31-Mar-2020	31-Mar-2019
	Advertisement & Publicity	115,221	95,956
	Audit Fee	225,000	225,000
	Amount Written Off	(171,888)	(92,529)
	Bank Charges	488,900	24,282

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Anuradhe Sharma



Books & Periodicals	4,435	-
Business Promotion	10,000	177,500
Conveyance	268,491	116,101
Courier	141,280	112,059
Electric & Water Charges	368,485	328,618
Freight Outward	105,800	194,400
General Expenses	371,219	874,143
Insurance	1,208,828	1,104,587
Legal & Professional Expense	2,578,441	9,787,407
Lease Rent	9,545	9,545
Printing & Stationary	478,867	404,619
Postage & Telegram	928	5,910
Packing & Forwarding Exp.	170,238	185,602
Rent	780,000	791,500
Repair (Others)	2,209,928	737,713
Rates & Taxes	784,627	889,438
Repairs to Building	1,818,971	613,436
Subscription & Membership Fees	82,022	55,600
Telephone expenses	541,459	684,385
Travelling Expenses	1,301,234	1,403,960
TOTAL	13,892,030	18,729,231

	31-Mar-2020	31-Mar-2019
30 Prior Period Expenses		
Prior Period Expenses	-	14,848

	31-Mar-2020	31-Mar-2019
31 Exceptional Items- Income/(Loss)		
Profit on OTS-Principal	179,657,718	289,323,433
Profit on OTS-Unpaid Interest	569,100,681	1,039,701,778
	<u>748,758,399</u>	<u>1,329,025,212</u>

	31-Mar-2020	31-Mar-2019
32 Earning per equity shares		
Earning available to equity shareholder (A)	761,459,500	1,474,717,729
Weighted average no. of equity shares (B)	28,243,800	28,243,800
Earning per equity share (A/B)	26.96	52.21
Diluted earning available to equity shareholder (C)	761,459,500	1,474,717,729
Diluted weighted average no. of equity shares (D)	28,243,800	28,243,800
Diluted earning per share (C/D)	26.96	52.21

	31-Mar-2020	31-Mar-2019
33 Payment to Auditor		
Payment should be classified as under:		
As Auditor:	225,000	225,000
Other capacity	-	-
- For taxation matters	-	-
- For Other Charges	-	-
	<u>225,000</u>	<u>225,000</u>

	31-Mar-2020		31-Mar-2019	
	Exceptional	Extraordinary	Exceptional	Extraordinary
34 Additional Information				
a Adjustments to the carrying amount of investments	-	-	-	-
b Net gain or loss on foreign currency translation (other than considered as finance cost)	-	-	-	-
c Provisions for losses of subsidiary companies.	-	-	-	-
d Items of Exceptional and Extraordinary gains	-	-	-	-
Bad Debtors written off	-	-	-	-

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Litigation Settlement & Others

e Manufactured Goods	Gross Sales Value		Closing Inventory	Opening Inventory
	31-Mar-20	31-Mar-19		
Finished Goods	2,181,137,758	2,560,528,776	24,715,542	14,918,292
	<u>2,181,137,758</u>	<u>2,560,528,776</u>	<u>24,715,542</u>	<u>14,918,292</u>

g Work in Progress	31-Mar-2020	31-Mar-2019
Semi Finished Goods	40,198,975	49,754,767
	<u>40,198,975</u>	<u>49,754,767</u>

h Value of imports calculated on C.I.F basis in respect of	31-Mar-2020	31-Mar-2019
I. Raw materials;	529,280,481	330,158,304
	<u>529,280,481</u>	<u>330,158,304</u>

i **Expenditure in foreign currency**

j **Imported & indigenous Raw Material, Components Stores & Spares Consumed:**

	Value		Percentage	
	Curr Yr.	Pr Yr.	Curr Yr.	Pr Yr.
Imported	803,215,330	895,619,477	64.54%	59.60%
Indigenous	441,364,500	606,985,729	35.46%	40.40%

k **Amount Remitted in Foreign Currency on account of Dividends**

Amount Remitted	-	-
Total No of Non-resident shareholders	-	-
Total No of shares held by them on which dividends were due	-	-
Years to which related	-	-

l **Earning in Foreign Exchange**

Export of Goods on FOB basis	54,157,602.00	4,412,555
	<u>54,157,602.00</u>	<u>4,412,555</u>

35 In absence of balance confirmations the balance in Trade Payables, Trade Receivables and Loans and Advances etc. are subject to reconciliation and such are as per books of accounts only. Adjustments thereon having an impact of a revenue nature, if any, will be made in the year in which same are fully settled.

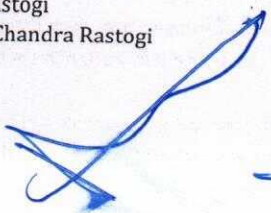
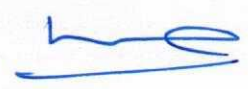
36 The Micro, Small and Medium Enterprises Development Act, 2006, the company is required to identify the Micro, Small and Medium suppliers and pay them interest on over dues beyond the specified period, irrespective of the terms agreed with the suppliers. The company has initiated the process of identification of such suppliers at this point in time. In view of large number of suppliers and non-receipt of critical inputs and response from several such potential parties, the liability of interest cannot be reliably estimated, nor required disclosures can be made. Accounting in this regard will be carried out after process is complete and reliable estimates can be made in this regard.

37 In terms of the Accounting Standard issued by the Institute of Chartered Accountants of India on Segment Reporting (AS 17) the company has only one 'business segment' and 'geographical segment'

38 The Related parties are defined by the Accounting standard 18 "Related Party Disclosure" issued by the Institute of chartered Accountants of India in respect of which the disclosure has been made, have been identified on the basis of disclosures made by the key management person and taken on record by the Board. The related party disclosure are as under: -

A) **List of related parties and nature of relationship where control exists:**

Name of the Related Party	Relationship
Rakesh Chandra Rastogi	Managing Director
Manju Rastogi	Key Managerial Personel
Mukesh Chandra Rastogi	Executive Director
	Key Managerial Personel
	Executive Director
	Key Managerial Personel


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B) Transactions during the year with Related Parties

Nature of Transactions		Key Managerial Personnel	Associates	Relatives of Key Managerial Personnel	Total
a) Salary		8,663,333	-	-	8,663,333
	Pr Yr.	4,380,000	-	-	4,380,000
b) Purchases		-	-	-	-
	Pr Yr.	-	-	-	-
c) Sales		-	-	-	-
	Pr Yr.	-	-	-	-
C) Balances as at 30.06.2019					
a) Borrowings		6,500,000	-	-	6,500,000
	Pr Yr.	3,200,000	-	-	3,200,000
b) Imperest		-	-	-	-
	Pr Yr.	-	-	-	-
c) Debtors		-	-	-	-
	Pr Yr.	-	-	-	-

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Anuradha Sharma

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Notes on Accounts:-

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

SHARE CAPITAL

	31-Mar-20		31-Mar-19	
	Numbers	Amount	Numbers	Amount
AUTHORIZED CAPITAL				
Equity Shares of Rs. 10/-each	30,000,000	300,000,000	30,000,000	300,000,000
	<u>30,000,000</u>	<u>300,000,000</u>	<u>30,000,000</u>	<u>300,000,000</u>
Issued, Subscribed & Fully Paid Share Capital				
Equity Shares of Rs 10/-each	28,243,800	282,438,000	28,243,800	282,438,000
TOTAL	<u>28,243,800</u>	<u>282,438,000</u>	<u>28,243,800</u>	<u>282,438,000</u>

Note:-

1. Reconciliation of Opening and closing outstanding No of shares

	31-Mar-20		31-Mar-19	
	Numbers	Amount	Numbers	Amount
Equity Shares Subscribed				
Opening Balance	28,243,800	282,438,000	28,243,800	282,438,000
Fresh Issue	-	-	-	-
Closing Balance	<u>28,243,800</u>	<u>282,438,000</u>	<u>28,243,800</u>	<u>282,438,000</u>

2. Shares held by each shareholder holding more than 5% shares as on period end.

Name of Share holder	31-Mar-20		31-Mar-19	
		No's held		No's held
a) Rakesh Chandra Rastogi	76.16%	21,511,630	76.16%	21,511,630
b) Nipurn Rastogi	13.19%	3,726,570	13.19%	3,726,570
c) Manju Rastogi	10.32%	2,914,600	10.32%	2,914,600

RESERVES & SURPLUS

	31-Mar-20		31-Mar-19	
a) Capital Reserve				
Opening Balance	9,500,000		9,500,000	
Additions during the year (Share forfeiture)	-		-	
Less: Utilised\Transferred	-	9,500,000	-	9,500,000
b) Revaluation Reserve (Refer Note 2(d) (iv))				
Opening Balance	418,742,521		-	
Additions during the year (Revaluation)	-		418,747,079.00	
Less: Utilised\Transferred	1,663,706	417,078,815	4,558.00	418,742,521
c) Surplus\ (Deficit)				
Opening Balance	(1,162,295,727)		(2,637,013,456)	
Add: Profit after tax for the year	761,459,500		1,474,717,729	
Less: Dividend Distribution Tax	-	(400836227)	-	(1,162,295,727)
Total		<u>25,742,588</u>		<u>(734,053,206)</u>

Long Term Borrowings

	31-Mar-20		31-Mar-19	
	Secured	Un-Secured	Secured	Un-Secured
a) Term Loans				
(i) from Banks	-	-	-	-
(i) from Other Parties	475,000,000	-	254,166,668	-
	<u>475,000,000</u>	-	<u>254,166,668</u>	-
b) Other Loans and Advances				
	-	15,000,000	-	15,000,000
	<u>475,000,000</u>	<u>15,000,000</u>	<u>254,166,668.00</u>	<u>15,000,000</u>

Details of long-term borrowings guaranteed by some of the directors or others

	31-Mar-20	31-Mar-19
Term Loan from Banks	-	-
Term Loan from Other Parties	475,000,000	254,166,668

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Anuradh Sharma



Notes:-

The term loan from Assets Care & Reconstruction Enterprise Ltd. (ACRE) are secured against the hypothecation of Fixed Assets (moveable and immovable except vehicles), stocks, book debts and other current assets having pari-pasu charge and personal guarantee of Directors.

		31-Mar-20	31-Mar-19
7	Long Term Provisions		
a)	Provisions for Employee Benefits	14,808,239	8,486,577
b)	Others	-	-
		<u>14,808,239</u>	<u>8,486,577</u>

		31-Mar-20		31-Mar-19	
		Secured	Un-Secured	Secured	Un-Secured
8	Short Term Borrowings				
a)	Loans Repayable on demand				
	(i) from Banks	-	-	111,819,718	-
	(i) from Other Parties	-	-	-	-
b)	Deferred payment Liabilities	-	-	111,819,718	-
c)	Loans & Advances from Related Parties	-	2,530,496	-	2,530,496
		-	6,500,000	-	3,200,000
		<u>-</u>	<u>9,030,496</u>	<u>111,819,718</u>	<u>5,730,496</u>

Details of Short-term borrowings guaranteed by some of the directors or others

		31-Mar-20	31-Mar-19
	Loans Repayable on Demand from Banks	-	111,819,718

The Company has defaulted in repayment of loans and interest in respect of the following

Particulars	31-Mar-20		31-Mar-19	
	Period of default	Amount	Period of default	Amount
Loans Repayable on demand from Banks				
Principal	-	-	-	111,819,718
Interest	-	-	96 months	569,100,681

Notes:-

		31-Mar-20	31-Mar-19
9	Trade Payables		
a)	Sundry Creditors	413,968,012	328,468,250
b)	Other Payables	41,562,495	30,842,974
		<u>455,530,507</u>	<u>359,311,224</u>

		31-Mar-20	31-Mar-19
10	Other Current Liabilities		
a)	Current maturities of Long term debt	-	349,071,332
b)	Interest accrued and due on borrowings	8,878,140	569,100,681
c)	Other payables		
	Other Liabilities- Expenses & Taxes payable etc.	35,540,479	99,914,485
	Due to Directors	2,828,630	4,844,000
	Advance from Customers	72,458,024	4,810,605
		<u>119,705,272</u>	<u>1,027,741,102</u>

11 **Tangible & Intangible Assets** Refer to Annexure

Handwritten signatures and stamps:
 A large blue checkmark is drawn across the bottom of the page.
 A circular blue stamp of "GUPTA DUTT & ASSOCIATES CHARTERED ACCOUNTANTS ERN: 000079N NEW DELHI" is located in the bottom right corner.
 Handwritten signatures in blue ink are present above the stamp, including one that appears to read "Anurag Sharma".

12	Long Term Trade Receivables	31-Mar-20		31-Mar-19	
		Secured	Un-Secured	Secured	Un-Secured
	Considered Good	-	917008	-	885651
	Doubtful	-	10664211	-	12431490
	Less:- Provision for Bad & Doubtful Debts	-	11581219	-	13317141
	Balance	-	917008	-	885651

Note:-
Aggregate amount of Trade Receivables outstanding for a period exceeding 6 months from the date they are due for payment

	31-Mar-20	31-Mar-19
	917,008	885,651

In absence of Balance Confirmations, Sundry Debtors, Creditors and Advances are subject to reconciliation and such are as per books of accounts only. Adjustments thereon having an impact of a revenue nature, if any, will be made in the year in which same are fully settled. The above classification as given in notes is based on the disclosures given by the directors to the board.

13	Long term loans and advances	31-Mar-20		31-Mar-19	
	a) Capital Advances;	-	-	5,010,553	-
	b) Security Deposits;	32,825,214	-	30,192,784	-
	Of the above				
	Secured, Considered Good	-	-	-	-
	Un-Secured, Considered Good	32,825,214	-	35,203,337	-
	Doubtful	-	-	-	-
		32,825,214	-	35,203,337	-

14	Inventories	31-Mar-20		31-Mar-19	
		In Hand	In- Transit	In Hand	In- Transit
	a) Raw materials	193275121	-	192845121	-
	b) Work-in-progress	40198975	-	49754767	-
	c) Finished goods	24715542	-	14918292	-
	e) Stores and spares	103373301	-	111631171	-
	g) Others				
	Scrap	2150000	-	2150000	-
	Fuel	9734125	-	13590576	-
		373447064	-	384889926	-

Note:-

Items

Raw Material

Work in Progress and Finished Goods

Scrap

Basis of Valuation

Lower of Cost or net realizable value

Lower of Cost or net realizable value

Realizable Value

Cost includes all charges in bringing the goods to the point of sale, including Octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable. Scrap has been valued at realizable value wherein realizable value refers to that value which is the estimated sale price in the ordinary course of business less estimated costs of completion and to make it saleable.

15	Trade Receivables	31-Mar-20		31-Mar-19	
		Secured	Un-Secured	Secured	Un-Secured
	Considered Good	-	22674812	-	9001865
	Doubtful	-	-	-	-
	Less:- Provision for Bad & Doubtful Debts	-	22674812	-	9001865
	Balance	-	22674812	-	9001865

Note:-

1 Aggregate amount of Trade Receivables outstanding for a period exceeding 6 months from the date they are due for payment

31-Mar-20

6,869,091

31-Mar-19

8,315,634



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In absence of balance confirmations from Sundry Debtors they are subject to reconciliation and the figures are as such per books of accounts only. Adjustments thereon having an impact of a revenue nature, if any, will be made in the year in which same are fully settled. The above classification as given in notes is based on the disclosures given by the directors to the board.

The responsibility of the detection of the related parties mentioned in Note 1,2 and 3 is that of the management. The above figures (if any) are based on such identification.

16 Cash & Cash Equivalents		31-Mar-20	31-Mar-19
1	Balance with Banks	2,901,618	352,171
2	Cash in Hand	699,763	202,762
	Other Bank Balances	3,601,381	554,933
	Fixed Deposits (Margin against LC)	-	-
	Note:- of the above	3,601,381	554,933
	Balances with bank held as margin money or security against borrowing, guarantees and other commitments.	-	-
17 Short term loans and advances		31-Mar-20	31-Mar-19
	Advances recoverable in cash or in kind or for value to be received	33,593,977	19,708,435
	Less:- Provision for Bad & Doubtful loans and advances	33,593,977	19,708,435
	Of the above	33,593,977	19,708,435
	Secured, Considered Good	-	-
	Un-Secured, Considered Good	33,593,977	19,708,435
	Doubtful	-	-
		33,593,977	19,708,435
18 Other Current Assets		31-Mar-20	31-Mar-19
	Insurance Claims *	107,911,439	107,911,439
		107,911,439	107,911,439

* During the financial year 2007-08, there was a major fire in which some raw material were destroyed for which the company filed a claim of Rs 13.65 with the Insurance Company. The insurers have paid Rs. 2.86 Crore (accepted by the company as "under protest" in court thereby reducing the amount pending from Insurers to Rs. 10.79 Crore approximately). The company has filed lawsuit against the repudiation of the claim with the Supreme Court of India for Rs. 40 Cr. (which includes loss of business and other incidental costs). The legal advisors to the company for the lawsuit are very confident of being awarded this amount by the court therefore the insurance claim as shown stands without being written down.

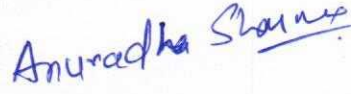
19 a) Contingent Liabilities (to the extent not provided for)		31-Mar-20	31-Mar-19
i)	Claims against the company not acknowledged as debt;	150,000	150,000

b) Contingent Liabilities: -

Claim Lodged against company by one of the land owners for compensation for the land acquired by the UPSIDC Rs. 16.50 lacs has not been acknowledged by the company as debts, as the company has gone in appeal before the Appropriate Authority which is pending. Against this a sum of Rs 15.00 lacs has been paid to UPSIDC.

20 In respect of an issue of securities made for a specific purpose, the whole or part of the amount which has not been used for the specific purpose at the Balance Sheet date, that shall be indicated by way of note how such unutilized amounts have been used or invested.

21 In the opinion of the Board, all of the assets other than fixed assets and non-current investments have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the financial statements.







KHATEMA FIBRES LIMITED

HEAD OFFICE: 403-405, Vikas Deep Building, District Center Laxmi Nagar, Delhi - 110092

Phone: +91-11-47699999; Fax: +91-11-47699980

Email: info@khatemafibres.com; Website: www.khatemafibres.com

CIN: U21011UR1985PLC007433

REGD. OFFICE & WORKS: UPSIDC Industrial Area, Khatima, Uttarakhand - 262308

Phone: +91-5943-250180; Mob.: +91-9756208788; Fax.: +91-5943-250474

Email: infoworks@khatemafibres.com

SHAREHOLDERS DETAILS AS ON 31.03.2020			
NAME OF SHAREHOLDER	ADDRESS	NO OF EQUITY SHARES	% OF TOTAL EQUITY
Mr. R.C. Rastogi S/o Late Dr. R. P. Rastogi	142, Madhuban, Shakarpur, Delhi-110092	21,511,630	76.16%
Mrs. Manju Rastogi W/o Shri R.C. Rastogi	142, Madhuban, Shakarpur, Delhi-110092	2,914,600	10.32%
Mr. Nipurn Rastogi S/o Shri R. C. Rastogi	142, Madhuban, Shakarpur, Delhi-110092	3,726,570	13.19%
Mr. M. C. Rastogi S/o Late Dr. R. P. Rastogi	House No. 150, Indira Nagar, Khatima, Udham Singh Nagar, Uttarakhand-262308	10,000	0.04%
Mrs. Nisha Rastogi W/o Shri Shiv Shankar Rastogi	D-1/100, Sector-F, Jankipuram, Sitapur Road, Lucknow	21,000	0.07%
Mrs. Neerja Rastogi W/o Shri Kuldeep Rastogi	B-96, Indra Vihar, Near Firjee Centre, Kota- 324005	10,000	0.04%
3A Capital Services Ltd.	204/304, 2nd & 3rd Floor, Sahyog Bldg, Above Central Bank, S. V. Road, Kandivali	50,000	0.18%
TOTAL		28,243,800	100.00%

For KHATEMA FIBRES LIMITED

Rakesh Chandra Rastogi
Chairman & Managing Director

DIN: 00100919

Address: 142, Madhuban, Shakarpur, Delhi-110092



Producing paper by recycling waste - saving the nation's wealth.

Form No. MGT-8

[Pursuant to section 92(2) of the Companies Act, 2013 and rule 11(2) of Companies (Management and Administration) rules, 2014]

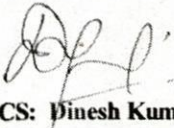
CERTIFICATE BY A COMPANY SECRETARY IN PRACTICE

I have examined the registers, records and papers of **KHATEMA FIBRES LIMITED** as required to be maintained under the Companies Act, 2013 (the Act) and the rules made thereunder for the financial year ended on 31.03.2020. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that:

- A. The Annual Return states the facts as at the close of the aforesaid financial year correctly and adequately.
- B. During the aforesaid financial year the Company has complied with provision of the Act & Rules made there under in respect of:
1. Its status under the Act;
 2. Maintenance of registers/records & making entries therein within the prescribed time therefore;
 3. Filing of forms and returns as stated in the annual return, with the Registrar of Companies, Regional Director, Central Government, The Tribunal, Court or other authorities within/beyond the prescribed time;
 4. Calling/ convening/ holding meeting of Board of Directors or its committees, if any, and the meetings of the members of the company on due dates as stated in the annual return in respect of which meetings, proper notices were given and the proceedings including the circular resolutions and resolutions passed by postal ballot, if any, have been properly recorded in the Minute Book/registers maintained for the purpose and the same have been signed;
 5. Closure of Register of members / Security holders, as the case may be: **Register was not closed during the Financial year.**
 6. Advanced any loans to its directors and/or persons or firms or companies referred in section 185 of the Act; **No Advance was given to any director and/or persons or firms or Companies referred in section 185 of the Act.**
 7. Contracts/arrangements with related parties as specified in section 188 of the Act; **No such Contracts/arrangements with related parties as specified in section 188 of the Companies Act, 2013.**
 8. Issue or allotment/ transfer or transmission or buy back of securities/ redemption of preference shares or debentures/ alteration or reduction of share capital/ conversion of shares/ securities and issue of security certificates in all instances; **No such kind of transactions were taken place during the year.**
 9. Keeping in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act; **No such declaration/ payment of dividend in abeyance.**

10. Declaration/ payment of dividend; transfer of unpaid / unclaimed dividend / other amounts as applicable to the Investor Education and Protection Fund in accordance with section 125 of the Act; **No such declaration/ payment of dividend.**
11. Signing of audited financial statement as per the provision of section 134 of the Act and report of directors is as per sub – sections (3), (4) and (5) thereof;
12. Constitution/ appointment/ re-appointments/ retirement/ filling up casual vacancies/ disclosures of the Directors, Key Managerial Personnel and the remuneration paid to them:- **Mr. Nipurn Rastogi was appointed as an Additional Director by the Board of Directors w.e.f. 21st September, 2019 and as Whole Time Directors by the shareholders of the Company w.e.f. 30th September, 2019.**
- Mr. Rajiv Goel reappointed as Independent Director for the second term of Years w.e.f 1st March, 2020.**
13. Appointment/ reappointment/ filling up casual vacancies of auditors as per the provision of section 139 of the Act: **M/s Gupta Dutt & Associates, Chartered Accountants, (FRN:09979N), were appointed as Statutory Auditor for a period of 5 years and the same has been complied with the provisions of the Companies Act, 2013.**
14. Approvals required to be taken from the Central Government, Tribunal, Regional Director, Registrar Court or such other authorities under the various provisions of the Act: **No Approval required from Central Government or any other authority.**
15. Acceptance/ renewal/ repayment of deposits; **There is no such acceptance/ renewal/ repayment of deposits.**
16. Borrowing from its directors, members, public financial institutions, banks and others and creation/ modification/ satisfaction of charges in that respect, wherever applicable; **During the year the Company has taken term loan and the same has been complied with the provisions of the Act.**
17. Loans and investments or guarantee given or providing of securities to other bodies corporate or persons falling under the provision of section 186 of the Act; **No such loans and investments or guaranties.**
18. Alteration of the provisions of the Memorandum and/ or Articles of Association of the Company; **There was no alteration in the Memorandum and/or Articles of Association during the financial year 2019-20.**

Place: Delhi
Date: 10.02.2021

Signature: 
Name of the PCS: **Dinesh Kumar Agarwal**
C. P. No.: **2823**
UIDIN: **F003764B002726264**

Note: The qualification, reservation or adverse remarks; if any, may be stated at the relevant place(s).