KHEMANI DISTRIBUTORS & MARKETING LIITED

5TH ANNUAL REPORT

2015-2016

CORPORATE INFORMATION

Board of Director

1)	Mr. Dhiraj Ashok Khandelwal	Independent & Non Executive Director
2)	Mr. Amit Mahavirprasad Jain	Independent & Non Executive Director
3)	Mr. Vijaykumar Mangturam Khemani	Managing Director
4)	Mr. Amit Vijaykumar Khemani	Whole Time Director
5)	Mrs. Anupa Amitkumar Khemani	Non Executive Director

Chairman: - Mr. Dhiraj Ashok Khandelwal

Company Secretary & Compliance Officer: - Mr. Nilesh Kalsariya

Chief Financial Officer: - Mr. Amit Khemani

Statutory Auditor: - M/s C.P. Jaria & Co.

Secretarial Auditor :- Mrs. Richa Goyal

Banker: - Kotak Mahindra Bank

Registrar & Transfer Agent: -
BIGSHARE SERVICES PRIVATE LIMITED
E/2, Ansa Industril Estate, Sakivihar Road,
Sakinaka, Andheri East, Mumbai-400072
Contact No. 022-40430200

Registered Office:-
Survey No. 187, Plot No. 1 to 4, Opp. Saiffee Complex,
Nr. Baroda Rayon Corporation (BRC),
Udhana, Bhestan, Surat-394210

Contact No.:- 0261-2905031
E-mail:- investors@khemanigroup.net
Website:- www.khemanigroup.net

KHEMANI

NOTICE OF 5TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifth (5th) Annual General Meeting of the Members of KHEMANI DISTRIBUTORS & MARKETING LIMITED will be held on Wednesday, 28 September 2016, at 2:00 p.m. at Survey No. 187, Plot No. 1 to 4, Opposite Saiffee Complex, Near Baroda Rayon Corporation (BRC), Udhana, Bhestan, Surat-394210 Gujarat, to transact the following business:

ORDINERY BUSINESS:

1. **Adoption of Financial Statement and Report of Board of Directors.**

   To consider and adopt the audited financial statement of the Company for the financial year ended on 31st March, 2016, the reports of the Board of Directors and Auditors Report thereon.

2. **Re-appointment of Director Retiring by Rotation.**

   To appoint a Director in place of Mr. Vijaykumar Mangturam Khemani (DIN: 02227389), who retires by rotation and being eligible, offer himself for re-appointment.

3. **Appointment of Auditors.**

   To consider and if thought fit, to pass with or without modification(s), the following resolution for re-appointment of the Statutory Auditors as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit & Auditors) Rules, 2014, including any statutory enactment or modification thereof, M/s. C.P. Jaria & Co. (FRN 104058W), Chartered Accountant, be and is hereby appointed as the Statutory Auditors of the Company and to hold the office from the conclusion of this Annual General Meeting till the conclusion of 10th Annual General Meeting of the Company for 5 years, subject to ratification as to the said appointment at every Annual General Meeting, on such remuneration including out of pocket expenses and other expenses as may be mutually agreed by and between the Board of Directors and the Auditor."

"RESOLVED FURTHER THAT to give effect to above resolution, Mr. Amit Khemani, Whole Time Director, and Mr. Nilesh Kalsariya, Company Secretary and Compliance Officer, be and are hereby severally authorized for and on behalf of the Company to take all necessary steps and to do all such acts, deeds, matters and things which may deem necessary in this behalf."

By Order of the Board of Directors

Sd/-
Nilesh Kalsariya
Company Secretary
Membership No. ACS 39846

Reg. Office:
Survey No. 187, Plot No. 1 to 4, Opp. Saiffee Complex,
Near Baroda Rayon Corporation,
Udhana, Bhestan, Surat-394210

Date: - 22nd August, 2016
Place: Surat

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

2. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, is not required to attach with this notice as there is not any special business transacted.

3. The Register of Members and the Share Transfer books of the Company will remain closed from Thursday, 22th September 2016 to Wednesday, 28th September 2016 (both days inclusive) for Annual General Meeting.

4. The Board of Director of the Company did not recommend any dividend hence provision of dividend is not applicable.

5. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

7. Electronic copy of the Annual Report being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for being sent in the permitted mode.

8. Electronic copy of the Notice of the 5th Annual General Meeting of the Company inter alia indicating the process and manner of electronic voting ('e-voting') along with Attendance Slip, Proxy Form and Route Map is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 5th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip, Proxy Form and Route Map is being sent in the permitted mode.

9. Members may also note that the Notice of the 5th Annual General Meeting, Attendance Slip, Proxy Form, Route Map, Ballot Paper and the Annual Report will also be available on the Company's website www.khemanigroup.net for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office at Surat for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post. For any communication, the shareholders may also send requests to the Company's investor email id: investors@khemanigroup.net.

10. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a Certified Copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.

11. Members are requested to bring attendance slip along with their copy of Annual Report to the meeting.

12. In case of joint holders attending the meeting, only such holder who is higher in the order of names will be entitled to vote.

13. Voting through electronic means.

i. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015') and Regulation 44 of the Listing Regulations and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be considered at the 5th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

ii. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

iii. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

iv. The remote e-voting period commences on 24th September, 2016 (9:00 am) and ends on 27th September, 2016 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21st September, 2016 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

v. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.

vi. The process and manner for remote e-voting are as under:

a) Member whose email IDs are registered with the Company/Depository Participants(s) will receive an email from NSDL informing them of their User-ID and Password. Once the Members receives the email, he or she will need to go through the following steps to complete the e-voting process:

1) Open the attached PDF file **"e-Voting.pdf"** giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting.

2) Launch internet browser by typing the **www.evoting.nsdl.com**

3) Click on “Shareholder - Login”.

4) Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com.

5) Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.

6) Home page of remote “e-Voting” opens. Click on e-Voting: Active Voting Cycles.

7) Select “EVEN” of Khemani Distributors & Marketing Limited. Members can cast their vote online from 24th September, 2016 (9:00 am) till 27th September, 2016 (5:00 pm).

   Note: e-Voting shall not be allowed beyond said time.

8) Now you are ready for “e-Voting” as “Cast Vote” page opens.

9) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm”, when prompted.

10) Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail contact@synergymedsol.com with a copy marked to evoting@nsdl.co.in.

vii. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of www.evoting.nsdl.com or contact NSDL at the toll free no.: 1800-222-990.

viii. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the ‘Forgot Password’ option available on the site to reset the password.

ix. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 21st September, 2016.

x. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. 21st September, 2016, may obtain the user ID and password by sending a request at evoting@nsdl.co.in or evoting@in.nestle.com . However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password,

you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com.

xi. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

xii. Mrs. Richa Goyal, Practicing Company Secretary (FCS 8265) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

xiii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

xiv. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

xv. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.nestle.in and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

14. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9:00 am to 5:00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

By Order of the Board of Directors

Sd/-
Nilesh Kalsariya
Company Secretary
Membership No. ACS 39846

Reg. Office:
Survey No. 187, Plot No. 1 to 4, Opp. Saiffee Complex,
Near Baroda Rayon Corporation,
Udhana, Bhestan, Surat-394210
Date: - 22nd August, 2016
Place: Surat

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

Name of Director	VIJAYKUMAR MANGTURAM KHEMANI
DIN	02227389
Nationality	Indian
Date of Appointment in the Board	06/01/2011
Qualification	Higher Secondary
Age	69 Year
Experience	• Over 5 year of rich experience in the field of trading in FMCG goods. • Looking into the matter of trading in FMCG goods for the Company. • He has been on board since incorporation and pioneered of the company. • He has been appointed as Managing Director of the Company w.e.f. 2nd January, 2016.
List of directorships held in other Companies	BSAS Infotech Limited
Chairperson/Member in the Committees of the Boards of Companies in which he/she is a Director	NIL
Number of shares held in the Company	34,54,500 (60.15 %)

KHEMANI

DIRECTOR'S REPORT

Dear Member

Your Directors take pleasure in presenting the 5th Annual Report on the business and operations of your company together with the Audited Accounts for the financial year ended on 31st March 2016.

FINANCIAL RESULT

(Rs. in Lakh)

PARTICULAR	2015-2016	2014-2015
Net Sales	7480.46	6667.51
Other Operating Income	0.00	0.00
Total Operating Income	**7480.46**	**6667.51**
Other Income (non Operating)	64.57	214.56
Total Income	**7545.03**	**6882.07**
Total Expenditure	7328.91	5951.28
Profit / (Loss) before, Finance Cost and Exceptional Item	**216.12**	**930.79**
Finance Cost	220.33	187.73
Profit /(Loss) before Exceptional Items & Tax	**(4.21)**	**743.06**
Add/ (Less): Exceptional Items	0	0
Profit/(Loss) before Tax Expenses	**(4.21)**	**743.06**
Add/ (Less): Tax Expenses	11.22	(8.73)
Net Profit	**7.01**	**734.33**

OPERATIONS

The total operating income of the company for the year under review is Rs. 7480.46 Lakh compare to previous year's operating income of Rs 6667.51 Lakh. The company incurred loss before tax of Rs. 4.21 Lakh compared to previous year's profit of Rs. 743.06 and profit after tax of the Company is Rs. 7.01 Lakh compare to previous year's profit after tax of Rs. 734.33. In previous year company had received dividend income of Rs. 715.15 Lakh from investments.

DIVIDEND

With a view to provide a cushion for any financial contingencies in the future and to strengthen the financial position of the Company, your Directors have decided not to recommend any dividend for the period under review.

AMOUNTS TRANSFERRED TO RESERVES

The Board of the company has proposed to carry RS. 7.01 Lakh being the profit for the current year to reserves and surplus.

DEPOSITS

The Company has not accepted any deposits within the meaning of section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014.

INITIAL PUBLIC OFFERING

During the year under review your company entered into the capital markets with a maiden public issue of 1584000 equity shares of Rs. 10/- each at a premium of Rs. 90/- per share aggregating to Rs1584.00 lacs. The issue received good response. The equity shares have been listed and traded on the SME Platform of BSE Ltd. Subsequent to the IPO the issued, subscribed and paid up capital of your company stands at Rs. 574.35 lacs divided into 57,43,500 equity shares of Rs. 10/- each.

SHARE CAPITAL

1) **Authorised Capital**

- There is change in the authorized share capital during the year.
- The Company has increased authorised share capital by ordinary resolution passed by members of the company in extra ordinary general meeting held on 10/12/2015 by 6,15,00,000 divided into 6,15,00,000 equity shares of Rs. 1 each.
- Company has authorised share capital of Rs. 6,15,00,000/- divided into 62,00,000 equity shares of Rs. 10 each on year ended 31st March 2016.

2) **Consolidation of Share Capital**

- Company has consolidated its nominal value of share capital from Rs. 1 per share into Rs. 10 per share and accordingly the number of shares decreased from 6,20,00,000 to 62,00,000 equity shares.

3) **Paid Up Share Capital**

- Paid up share capital has been changed during the year 2015-2016
- Company had issued bonus share to the existing share holders of 4,13,00,000 (Four Crore Thirteen Lacs Only) equity shares of Rs.1 (Rupees One) each as fully paid up in proportion of 140 (One hundred and forty) equity shares for every 1 (One) fully paid up equity shares held by the shareholders and approved by the members of the company by ordinary resolution passed in the extra ordinary general meeting held on 10/12/2015.
- Company has raised capital through Initial public Offer (IPO) of Rs. 15,84,00,000/- (Fifteen crore Eighty Four Lacs Only) by issuing 15,84,000 (Fifty Lacs Eighty Four Thousand) equity shares of face value of Rs. 10 (Rupees Ten Only) each for cash at a

price of Rs. 100 (Rupees Hundred Only) per equity share and got listed on BSE SME Exchange on 30th March 2016.

- The Paid up share capital of the Company is Rs. 5,74,35,000/- (Rupees Five Crore Seventy Four Lacs Thirty Five Thousand Only) divided into 57,43,500 (Fifty Seven Lacs Forty Three Thousand Five Hundred Only) equity shares of Rs. 10/- each as on 31st March, 2016**.**

CHANGE IN NATURE OF BUSINESS, IF ANY

During the year there is no change in business carried on by the Company.

SUBSIDIARY COMPANIES

As on 31st March, 2016 the Company does not have any Subsidiary Company, Joint Venture Company and Associates Company.

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

No significant and material orders were passed by the regulators or courts or tribunals which affect the going concern status and future operation of the Company.

DIRECTORS

In accordance with the provisions of Section 152 of the Companies Act and Articles of Association, Mr. Vijaykumar Mangturam Khemani (DIN: 02227389) shall retire by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting of the Company and he was also appointed as managing director of the company w.e.f 2nd January, 2016 for a period of 3 years.

Mrs. Anupa Amitkumar Khemani (DIN 07360209) was appointed as an additional non executive director of the company on 10th December, 2015 and was regularized in extra ordinary general meeting held on 10th December, 2016.

Mr. Amit Vijaykumar Khemani was appointed as Whole Time Director of the Company w.e.f 2nd January, 2016 for period of 3 years.

Mr. Dhiraj Ashok Khandelwal and Mr. Amit Mahavir Prasad Jain was appointed as Independent non executive director of the company w.e.f 02/01/2016 for a period of 5 years.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declaration from each Independent Director of the Company under section 149 (7) of the Companies Act, 2013 that he/she meets the criteria of independence laid down in section 149 (6) of the Companies Act, 2013.

KEY MANAGERIAL PERSONNEL

As per section 203 of Companies Act, 2013 and rules made there under Company has appointed Mr. Amit Vijaykumar Khemani as CFO and whole time director of the Company w.e.f 2nd January, 2016 and Ms. Shilpa Naresh Mittal was appointed as Company Secretary and Compliance Officer of the Company w.e.f 2nd January, 2016.

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors of the Company was met 21 times during the year 2015-2016. The details of the number of meetings of the Board held during the financial year are as follow:

Board Meetings held during the year 2015-16

Sr. No.	Date of the Board Meeting
1	06/04/2015
2	08/04/2015
3	02/05/2015
4	15/06/2015
5	17/06/2015
6	03/09/2015
7	01/10/2015
8	03/10/2015
9	24/10/2015
10	07/12/2015
11	08/12/2015
12	10/12/2015
13	10/12/2015
14	02/01/2016
15	05/01/2016
16	11/01/2016
17	18/01/2016
18	11/02/2016
19	09/03/2016
20	23/03/2016
21	28/03/2016

The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The names of members of the Board and their attendance at the Board Meetings are as under:

Sr. No.	Name of Director	Meeting attended out of 21 meeting
1	Mr. Vijaykumar Mangturam Khemani	21
2	Mr. Amit Vijaykumar Khemani	21
3	Mrs. Anupa Amitkumar Khemani[1]	9
4	Mr. Dhiraj Ashok Khandelwal[2]	7
5	Mr. Amit Mahavirprasad Jain[2]	7

1. Appointed w.e.f. 10th December, 2015. 2. Appointed w.e.f. 2nd January, 2016.

EXTRA ORDINARY GENERAL MEETING

During the year under review extra ordinary general meeting of members of the Company was held 3 times.

SR.No.	Date of Meeting	Total Members Present
1	10th December, 2016	6
2	4th January, 2016	6
3	16th January, 2016	6

COMMITTEES OF BOARD

Currently, the Board has three committees i.e. Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee All committees constitute proper composition of Independent Directors as mentioned in relevant provisions of Companies Act, 2013.

1. **Audit Committee**

Sr. No.	Name of Director	Designation	Category
1	Mr. Dhiraj Khandelwal	Non executive Independent Director	Chairman
2	Mr. Amit Jain	Non executive Independent Director	Member
3	Mr. Amit Khemani	Director	Member

2. **Nomination and Remuneration Committee**

Sr. No.	Name of Director	Designation	Category
1	Mr. Amit Jain	Non executive Independent Director	Chairman
2	Mr. Dhiraj khandelwal	Non executive Independent Director	Member
3	Mr. Anupa Khemani	Non executive Director	Member

3. **Stakeholders Relationship Committee**

Sr. No.	Name of Director	Designation	Category
1	Mr. Dhiraj khandelwal	Non executive Independent Director	Chairman
2	Mr. Amit Jain	Non executive Independent Director	Member
3	Mr. Vijaykumar Khemani	Managing Director	Member

PARTICUALRS OF EMPLOYEES

Disclosure pertaining to remuneration and other details as required under section 197(12) of the Act, read with Rule 5(1) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report as “Annexure A” further no employee of the Company was employed during the year drawing remuneration exceeding the limits as prescribed under Rule 5(2) of the (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence the information under Rule 5(2) is not applicable.

EXTRACT OF ANNUAL RETURN

The extract of the annual return in form MGT-9 as "Annexure-B" as required under section 134(3) (a) of the Companies Act 2013 is annexed with this report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in ordinary course of business and on an arm's length basis. Further, during the year, the Company had not entered into any contract / arrangement /transaction with related parties covered under sub-section (1) of section 188 of the Companies Act, 213 which could be considered material in accordance with the policy of the Company on materiality of related party transactions therefore form AOC-2 as "Annexure-C" annexed with this report is NIL . The details of the related party transactions as required under Accounting Standard-18 are set out in note to the financial statements forming part of this Annual Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees given and investments made by the Company during F.Y. 2016, pursuant to the provisions of Section 186 of the Companies Act, 2013 and Schedule V of the Listing Regulations are given in the note to the Financial Statements.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year of the company to which the financial statements relate and the date of this report.

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

No significant and material orders were passed by the regulators or courts or tribunals which affect the going concern status and future operation of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORTS

In terms of the Regulation 34(e) of SEBI (LODR) Regulations, 2015, Management Discussion and Analysis is set out in the Annual Report as "Annexure D".

NOMINATION AND REMUNERATION POLICY

Company has converted from private limited to public limited in the month of January 2016. Company got listed on the date of 30th March, 2016 hence Section 178(3) of Companies Act, 2013 was not applicable to the Company in the year 2015-2016.

VIGIL MECHANISM

The Company has formulated Whistle Blower Policy with a view to providing a mechanism for employees to report violations and assure them of the process that will be followed to address the reported violation.

RISK MANAGEMENT POLICY

The assessment of the risks covers Strategy, Technology, Financial, Operations & Systems, Legal & Regulatory and Human Resources Risks. There is appropriate assurance and monitoring mechanism in place to monitor the effectiveness of the risk management. Further company is in the process of developing risk management framework to implement and adhere to the policy to mitigate risk, avoid risk or take risk that cannot be mitigate or avoid for the benefit of the company's business and growth.

CORPORATE SOCIAL RESPONSIBILITY

Section 135 of the Companies Act, 2013 is not applicable to the Company as Company is not covered under the prescribed criteria.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company is committed to provide a safe and conducive work environment to its employees during the year under review.

Your Directors further state that during the year under review there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

STATEMENT IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS

There is an adequate internal control procedure commensurate with the size of the company and nature of the business for the purchase of inventory, fixed assets and for the sale of goods or services.

CORPORATE GOVERNANCE

Your company is being SME Company and listed on SEM exchange of BSE Limited therefore, pursuant to Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the compliance with corporate governance as specified in regulation 17 to 27 and clauses (b) to (i) of sub regulation 2 of regulation 46 and Para C, D and E of Schedule V shall not apply.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act 2013, your directors confirm that:

a) In the preparation of the annual accounts for the financial year ended 31st March 2016, 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 as at 31st March 2016 and of the profit /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 the Companies Act 2013 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;

e) The Directors have laid down internal financial controls, which are adequate and are operating effectively.

f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo are as under:

1. **Conservation of Energy:**

   a) The Company is not in manufacturing sector therefore company has not adopted proper criteria for conservation of energy although company is committed to optimum utilization and maximum possible savings of energy.

   b) No specific investment has been made in reduction in energy consumption.

2. **Technology Absorption**

   The Company has no activity relating to technology absorption.

3. **Foreign Exchange Earnings/ Outgo:**

   Company is not in the activity of import and export of goods therefore it has not any foreign earning and outgo as on 31st March, 2016.

BOARD EVALUATION

During the year under review Company has converted from private limited to public limited in the month of January and appointed independent and non executive director in the month of January.

Company get its share listed on BSE SME platform on 30th March, 2016 the last date of financial year hence it is not justifiable to evaluate performance of the director for two month performance. Therefore board evaluation will be initiated for the year 2016-17 of the performance of the directors of the company.

SECRETARIAL AUDIT REPORT

The Board had appointed Mrs. Richa Goyal, Practicing Company Secretaries, Surat as Secretarial Auditor pursuant to the provisions of Section 204 of the Companies Act, 2013. The Report of the Secretarial Auditor Form MR-3 is annexed to the Report as per "Annexure E"

STATUTORY AUDITORS & AUDITOR'S REMARKS

M/s C. P. Jaria & Co., Chartered Accountants (Firm registration No.104058W), Surat were appointed as Statutory Auditors of the Company for the financial year ending 31st March 2016 to hold office of the Auditors of the Company till the conclusion of the ensuing Annual General Meeting. They being eligible offer themselves for re-appointment.

The auditor's report on the accounts for the period ended on 31st March 2015 is self-explanatory; therefore it does not require any further explanation/clarification.

The Auditors Report for the year under review does not contain any reservations, qualifications or adverse remarks.

ACKNOWLEDGMENT

Yours Directors place on record their sincere appreciation for the assistance and support received to the Company from the Shareholders, Banks, Consultants, Auditors and Clients of the Company. Yours directors express their appreciation for dedicated and sincere services rendered by the employees of the Company.

For and on behalf of the Board
Khemani Distributors & Marketing Limited

Sd/-	**Sd/-**
Amit Khemani	**Vijay Khemani**
Whole Time Director	**Managing Director**
DIN: 02227413	**DIN: 02227389**

Date: 22/08/2016
Place: Surat

KHEMANI

ANNEXURE-A

Pursuant to Section 197 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Details pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

1. The ratio of the remuneration of each director to the median remuneration of the employees for the financial year

S.N.	**Name of Director**	**Remuneration (Rs.)**	**Ratio of Remuneration to Median remuneration of employees**
1	Mr. Vijaykumar Khemani (Managing Director)	15,000.00	0.11
2	Mr. Amit Khemani (Whole Time Director)	6,00,000.00	4.55
3	Mr. Dhiraj Khandelwal (Independent Director)	NIL	--
4	Mr. Amit Jain ((Independent Director)	NIL	--
5	Mrs. Anupa Khemani (Director)	NIL	--

Note:

- Mr. VijayKumar Khemani received remuneration of 1 month in FY 2016 and ratio calculated on actual remuneration received of Rs.15,000/- during the year FY 2016.
- The median remuneration of employees of the Company during the year under review was Rs.1,32,000.00

2. the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year;

S.N.	Name	Remuneration 2014-2015	Remuneration 2015-2016	Increase In the Financial Year
1	Mr. Vijaykumar Khemani (MD)[1]	NIL	15000	N.A
2	Mr. Amit Khemani (CFO)[2]	600000.00	600000.00	NIL
3	Ms. Shilpa Mittal (CS)[3]	N.A	36000.00	N.A

1. apointed as MD w.e.f. 2nd January, 2016.
2. appointed as CFO w.e.f. 2nd January, 2016.
3. appointed as CS w.e.f. 2nd January, 2016.

Note: Mr. VijayKumar Khemani was not received remuneration during the financial year 2014-2015 he received remuneration of 1 month in FY 2015-2016.

3. The percentage increase in the median remuneration of employees in the financial year:

   The median remuneration decreased by 3.73% due to decrease in number of employees in the current financial year under review.

4. The number of permanent employees on the rolls of company as on 31st March, 2016 : 73

5. The explanation on the relationship between average increase in remuneration and company performance;

   The average increase in remuneration of employees of the company during FY2016 was 10%. Revenue of the company is increased by 9.63 % compare to previous FY2015. During the year under review number of employees also increased.

6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;

   Not comparable as Company has appointed Key Managerial Personnel in the month of January.

7. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;

	As at March 31, 2015	As at March 31, 2016	% Increase/(decrease)
Market Capitalization[1]	N.A	57,72,21,750.00	N.A
Price Earning Ration	17.65	0.17	(17.48)

1. Equity shares of the company was not listed during previous year ended on 31st March, 2015 therefore comparison is not possible in market capitalization

Note: Closing price of equity shares on 31st March, 2016 was Rs. 100.50

8. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

   The average increase in remuneration of employees of the company during FY2016 was 10%. On other hand overall managerial remuneration increased by 8.5% compared to previous financial year. Total managerial remuneration comprises of remuneration of the CFO, Managing Director and Company Secretary. During FY2016 company has appointed Key Managerial Personnel and converted from Private limited to public limited company and remuneration is paid to KMP is as per Companies Act, 2013.

9. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;

   As discussed in point No.6 above

10. The key parameters for any variable component of remuneration availed by the directors;

    Directors is not received any variable component during the FY 2016 other than fixed remuneration as discussed in point No.1 above

11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;

    Not applicable since no employee of the company receives remuneration in excess of the highest paid director.

12. Company affirms that remuneration is as per the remuneration policy of the company.

For Khemani Distributors & Marketing Limited

Sd/-
Amit Khemani
(Whole Time Director)
DIN: 02227389

Annexure-B

FORM MGT-9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1	**CIN**	U74300GJ2011PLC063520
2	**Registration Date**	06-01-2011
3	**Name of the Company**	KHEMANI DISTRIBUTORS & MARKETING LIMITED
4	**Category/Sub-category of the Company**	Company limited by shares Indian NonGovernment Company
5	**Address of the Registered office & contact details**	S.No. 187, Pl. No. 1 to 4, Opp. Saiffee Comp. Nr. Baroda Rayon Corporation (BRC),Udhana, Bhestan Surat Surat GJ 394210, Contact No. 0261-2905031
6	**Whether listed company**	LISTED
7	**Name, Address & contact details of the Registrar & Transfer Agent, if any.**	BIGSHARE SERVICES PVT LTD Address: E/2, Ansa Industril Estate, Sakivihar Road, Sakinaka, Andheri East, Mumbai-400072 Contact No. 022-40430200

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. N	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Wholesale of Other Goods	46909	98.72
2	Other Financial Activities	64990	1.28

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1		NIL			
2					

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/ HUF	0	195,000	195,000	66.10%	4145400	0	4145400	72.18%	6.07%
b) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Banks / FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub Total (A) (1)	0	**195,000**	**195,000**	**66.10%**	**4145400**	0	**4,145,400**	**72.18%**	6.07%
(2) **Foreign**									
a) NRI Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Other Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub Total (A) (2)	0	0	0	0.00%	0	0	0	0.00%	0.00%
TOTAL (A)	0	**195,000**	**195,000**	**66.10%**	**4,145,400**	**0**	**4,145,400**	**72.18%**	6.07%

B. Public									
1. Institutions									
a) Mutual Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Banks / FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0.00%
g) FIIs	0	0	0	0.00%	0	0	0	0.00%	0.00%
h) Foreign Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
i) Others (specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-total (B)(1):-	0	0	0	0.00%	0	0	0	0.00%	0.00%
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	100000	100000	33.90%	1221600	0	1221600	21.27%	-12.63%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0.00%	140100	0	140100	2.44%	2.44%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0.00%	229200	0	229200	3.99%	3.99%
c) Others i) CLEARING	0	0	0	0.00%	7200	0	7200	0.13%	0.13%
Non Resident Indians	0	0	0	0.00%	0	0	0	0.00%	0.00%
Overseas Corporate Bodies	0	0	0	0.00%	0	0	0	0.00%	0.00%
Foreign Nationals	0	0	0	0.00%	0	0	0	0.00%	0.00%
Clearing Members		0	0	0.00%	0	0	0	0.00%	0.00%
Trusts	0	0	0	0.00%	0	0	0	0.00%	0.00%
Foreign Bodies - D R	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-total (B)(2):-	0	100,000	100,000	33.90%	1598100	0	1,598,100	27.82%	-6.07%
Total Public (B)	0	**100,000**	**100,000**	**33.90%**	**1598100**	**0**	**1,598,100**	**27.82%**	**-6.07%**
C. Shares held by Custodian for GDRs & ADRs			-	0.00%				0.00%	0.00%
Grand Total (A+B+C)	-	**295,000**	**295,000**	**100.00%**	**5,743,500**	**0**	**5,743,500**	**100.00%**	**0.00%**

Note:- Company has consolidated its nominal value of share capital from Rs. 1 per share into Rs. 10 per share during the FY2016 under review.

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		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	
1	VIJAYKUMAR MANGTURAM KHEMANI	145,000	49.15%	0	3,454,500	60.15%	0	**10.99%**
2	AMIT VIJAYKUMAR KHEMANI	50,000	16.95%	0	690,900	12.03%	0	**-4.92%**

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

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	AMIT VIJAYKUMAR KHEMANI						
	At the beginning of the year	01-04-15		50,000	16.95%	50,000	0.87%
	Changes during the year	10-12-15	Transfer	(1,000)	-0.34%	49,000	0.85%
		10-12-15	Bonus	6,860,000	16.49%	6,909,000	16.61%
	Consolidation (From nominal value of Rs.1 to Nominal value of Rs.10)	04-01-16		(6,218,100)	N.A	690,900	N.A
	At the end of the year	31-03-16		690,900	12.03%	690,900	12.03%
2	VIJAYKUMAR MANGTURAM KHEMANI						
	At the beginning of the year	01-04-15		145,000	49.15%	145,000	2.52%
	Changes during the year	08-04-15	Transfer	100,000	33.90%	245,000	4.27%
		10-12-15	Bonus	34,300,000	82.46%	34,545,000	83.05%
	Consolidation (From nominal value of Rs.1 to Nominal value of Rs.10)	04-01-16		(31,090,500)	N.A	3,454,500	N.A
	At the end of the year	31-03-16		3,454,500	60.15%	3,454,500	60.15%

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders Name	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**INTEGRATED FINANCIAL SERVICES LTD**						
	At the beginning of the year	01-04-2014		0	0.00%	0	0.00%
	Changes during the year	23-03-16	Allot	217,200	3.78%	217,200	3.78%
	At the end of the year	31-03-2016		217,200	3.78%	217,200	3.78%
2	**PAATH FINANCIAL SERVICES PRIVATE LIMITED**						
	At the beginning of the year	01-04-2015		0	0.00%	0	0.00%
	Changes during the year	23/03/216	Allot	184800	3.22%	184800	3.22%
	At the end of the year	31-03-2016		184,800	3.22%	184,800	3.22%
3	**EMMA AUTO ANCILLARY PRIVATE LIMITED**						
	At the beginning of the year	01-04-2015		0	0.00%	0	0.00%
	Changes during the year	23-03-2016	Allot	184,800	3.22%	184,800	3.22%
	At the end of the year	31-03-2016		184,800	3.22%	184,800	3.22%
4	**MANASVI CONSULTANCY PVT LTD**						
	At the beginning of the year	01-04-2015		0	0.00%	0	0.00%
	Changes during the year	23-03-2016	Allot	183,600	3.20%	183,600	3.20%
	At the end of the year	31-03-2016		183,600	3.20%	183,600	3.20%
5	**BLUE DIAMOND PLASTOWARE PRIVATE LIMITED**						
	At the beginning of the year	01-04-2015		0	0.00%	0	0.00%
	Changes during the year	23/03/216	Allot	183,600	3.20%	183,600	3.20%
	At the end of the year	31-03-2016		183,600	3.20%	183,600	3.20%
6	**COLINE COMPUTER PRIVATE LIMITED**						
	At the beginning of the year	01-04-2015		0	0.00%	0	0.00%
	Changes during the year	23-03-2016	Allot	183600	3.20%	183,600	3.20%
	At the end of the year	31-03-2016		183,600	3.20%	183,600	3.20%
7	**CHOICE EQUITY BROKING PRIVATE LIMITED**						
	At the beginning of the year	01-04-2015		0	0.00%	0	0.00%
	Changes during the year	23-03-2016	Allot	84,000	1.46%	84,000	1.46%
		31-03-2016	Transfer	7,200	0.13%	91,200	1.59%
	At the end of the year	31-03-2016		91,200	1.59%	91,200	1.59%

8	**MANISH JAJOO**						
	At the beginning of the year	01-04-2015		0	0.00%	0	0.00%
	Changes during the year	23-03-2016	Allot	44,400	0.77%	44,400	0.77%
	At the end of the year	31-03-2016		44,400	0.77%	44,400	0.77%
9	**RAJESH RAMNIWAS GUPTA**						
	At the beginning of the year	01-04-2015		0	0.00%	0	0.00%
	Changes during the year	23-03-2016	Allot	36,000	0.63%	36,000	0.63%
	At the end of the year	31-03-2016		36,000	0.63%	36,000	0.63%
10	**RAMNIWAS LOONKARANDAS GUPTA**						
	At the beginning of the year	01-04-2015		0	0.00%	0	0.00%
	Changes during the year	23-03-2016	Allot	36,000	0.63%	36,000	0.63%
	At the end of the year	31-03-2016		36,000	0.63%	36,000	0.63%

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel Name	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	AMIT VIJAYKUMAR KHEMANI (CFO & WTD)						
	At the beginning of the year	01-04-15		50,000	16.95%	50,000	0.87%
	Changes during the year	10-12-15	Transfer	(1,000)	-0.34%	49,000	0.85%
		10-12-15	Bonus	6,860,000	16.49%	6,909,000	16.61%
	Consolidation (From nominal value of Rs.1 to Nominal value of Rs.10)	04-01-16		(6,218,100)	N.A	690,900	N.A
	At the end of the year	31-03-16		690,900	12.03%	690,900	12.03%
2	VIJAYKUMAR MANGTURAM KHEMANI (MD)						
	At the beginning of the year	01-04-15		145,000	49.15%	145,000	2.52%
	Changes during the year	08-04-15	Transfer	100,000	33.90%	245,000	4.27%
		10-12-15	Bonus	34,300,000	82.46%	34,545,000	83.05%
	Consolidation (From nominal value of Rs.1 to Nominal value of Rs.10)	04-01-16		(31,090,500)	N.A	3,454,500	N.A
	At the end of the year	31-03-16		3,454,500	60.15%	3,454,500	60.15%
3	ANUPA AMITKUMAR KHEMANI (DIRECTOR)						
	At the beginning of the year	01-04-15		-	0.00%	-	0.00%
	Changes during the year	10-12-15	Transfer	200	0.07%	200	0.00%
		10-12-15	Bonus	28,000	9.49%	28,200	0.49%
	Consolidation (From nominal value of Rs.1 to Nominal value of Rs.10)	04-01-16		(25,380)	N.A	2,820	N.A
	At the end of the year	31-03-16		2,820	0.05%	2,820	0.05%
4	SHILPA NARESH MITTAL (CS)	NIL					

V. INDEBTEDNESS

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

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01/04/2015)				
i) Principal Amount	61,961,675.00	48,348,756.00	0	110,310,431.00
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**61,961,675.00**	**48,348,756.00**	**0**	**110,310,431.00**
Change in Indebtedness during the financial year				
* Addition	0	42,046,632.00	0	42,046,632.00
* Reduction	38,113,667.00	0	0	38,113,667.00
Net Change	**38,113,667.00**	**42,046,632.00**	**0**	**80,160,299.00**
Indebtedness at the end of the financial year (31/03/2016)				
i) Principal Amount	23,848,008.00	90,395,388.00	0	114,243,396.00
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**23,848,008.00**	**90,395,388.00**	**0**	**114,243,396.00**

***VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Vijay Khemani*	Amit Khemani	(Rs/Lac)
		MD	WTD & CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15,000.00	600,000.00	615,000.00
	(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 (A)	15,000.00	600,000.00	615,000.00
	Ceiling as per the Act	42,00,000		

* Appointed as MD w.e.f. 2nd January, 2016 and received remuneration for March month of the FY2016

Note: pursuant to section 197 and Schedule V of the Compaies Act, 2013 members of the Company, in the meeting held on 4th January, 2016, approved remuneration of Rs. 12 Lakh to MD and of Rs. 9 Lakh to WTD and CFO by passing ordinary resolution

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount
		Dhiraj Khandelwal*	Amit Jain**	Anupa Khemani ***	(Rs/Lac)
1	Independent Directors				
	Fee for attending board committee meetings	NIL	NIL	NIL	-
	Commission				-
	Others, please specify				-
	Total (1)	-	-	-	-
2	Other Directors (Executive Director)				-
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, (Gross Salary)	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	NIL	NIL	NIL	-
	Total Managerial Remuneration				-
	Overall Ceiling as per the Act				

* appointed w.e.f 2/01/2016 and not paid any remuneration or sitting fees

** appointed w.e.f. 02/01/2016 and not paid any remuneration or sitting fees

*** appointed w.e.f. 10/12/2016 and not paid any remuneration or sitting fees

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

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
		Shilpa Naresh Mittal*			(Rs/Lac)
		Company Secretary			
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36,000.00			36,000.00
	(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	36,000.00			36,000.00

* appointed as CS w.e.f. 02/01/2016

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:					
Type	**Section of the Companies Act**	**Brief Description**	**Details of Penalty / Punishment/ Compounding fees imposed**	**Authority [RD / NCLT/ COURT]**	**Appeal made, if any (give Details)**
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

NIL

Annexure C

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transaction	NIL
c)	Duration of the contracts/arrangements/transaction	NIL
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NIL
e)	Justification for entering into such contracts or arrangements or transactions'	NIL
f)	Date of approval by the Board	NIL
g)	Amount paid as advances, if any	NIL
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NIL

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transaction	NIL
c)	Duration of the contracts/arrangements/transaction	NIL
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NIL
e)	Date of approval by the Board	NIL
f)	Amount paid as advances, if any	NIL

For and on behalf of the Board
Khemani Distributors & Marketing Limited

Sd/-	**Sd/-**
Amit Khemani	**Vijay Khemani**
Whole Time Director	**Managing Director**
DIN 02227413	**DIN: 02227389**

KHEMANI

Annexure D

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

The FMCG sector has grown at an annual average of about 11 per cent over the last decade. Growing awareness, easier access, and changing lifestyles have been the key growth drivers for the consumer market. FMCG is the fourth largest sector in the Indian economy.

The government has also enabled 51 per cent FDI in multi-brand retail and 100 per cent in food processing and single-brand retail. This would bolster employment and supply chains, and also provide high visibility for FMCG brands in organized retail markets, bolstering consumer spending and encouraging more product launches.

Khemani Distributors & Marketing Limited are currently engaged in the business of trading in FMCG products of Hindustan Unilever Limited ("HUL") as a 'redistribution stockiest' in Surat, Gujarat. Our product portfolio includes (a) personal care products; (b) home care products; and (c) food and drinks products.

Khemani Distributors & Marketing Limited primarily caters to the retailers and wholesalers of Surat wherein we supply the above range of HUL FMCG products. Currently, we are catering to approximately 3,500 retailers and wholesalers located in Surat.

Khemani Distributors & Marketing Limited has been awarded a 'Certificate of Appreciation' for best performance in terms of 'Growth' and 'Channel width of Achievement' by HUL.

Khemani Distributors & Marketing Limited is also involved in the business of carrying on trading activities by dealing in stock market in all kinds of securities and other financial products.

Our Company also intends to foray into the business of distributing agro products to the retailers and wholesalers within the district of Surat, Gujarat.

OPPORTUNITIES

Company believes that the agriculture sector in India is expected to generate better momentum in the next few years due to increased investment in agricultural infrastructure. The government of India has also introduced several projects to assist the agricultural sector which is ensuring better growth prospectus in the said industry. Forecasting the growth in the agricultural sector, company intends to tap the growth opportunity by commencing the trading of agro products. Hence Company intends to foray into the trading of agro products.

THREATS

The FMCG industry includes various companies that cater to the needs of the consumers on a daily basis. On the basis of similarity of product offering, we consider FMCG companies other than HUL as our competitors. Competition within the distribution segment focuses primarily on the quality of product sold, brand value and quality of customer service.

SEGMENT WISE PERFORMANCE

Company currently engaged in the business of trading in FMCG products of Hindustan Unilever Limited (HUL) as a redistribution of stockiest for all existing and future products manufactured or marketed or distributed or supplied by HUL.

Khemani Distributors & Marketing Limited is also involved in the business of carrying on trading activities by dealing in stock market in all kinds of securities and other financial products.

Below given segment wise revenue generated.

Amt in Lacs

Segment	2015-2016	2014-2015
FMCG Product	7384.63	5963.76
Dealing in Securities	95.83	703.75

Dividend income, which is included in to dealing in securities, was received during the year 2015-2016 of Rs. 9.78 lacs compare to previous year 2014-2015 of Rs. 715.15 lacs.

RISKS AND CONCERNS

a) Company considers FMCG companies other than HUL as our competitors. In particular, we compete with other traders operating in the markets in which we are present. Our competitors may have advantages over us.
b) Company is currently engaged in the business of trading in FMCG products. Any slowdown in the rate of growth of the FMCG industry would seriously impact our own growth prospects and may result in decline in profit.
c) Global economic and political factors that are beyond control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, fluctuations in commodities markets, consumer debt levels, unemployment trends and other matters that influence consumer confidence, spending and tourism.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

There is an adequate internal control procedure commensurate with the size of the company and nature of the business for the purchase of inventory, fixed assets and for the sale of goods or services.

Company has constituted audit committee to overlook internal control system and their adequacy. Audit committee regularly review and give it recommendation on proper internal control system.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The total operating income of the company for the year under review is Rs. 7480.46 Lakh compare to previous year's operating income of Rs 6667.51 Lakh. The company incurred loss before tax of Rs. 4.21 Lakh compared to previous year's profit of Rs. 743.06 and profit after tax of the Company is Rs. 7.01

Lakh compare to previous year's profit after tax of Rs. 734.33. In previous year company had received dividend income of Rs. 715.15 Lakh from investments.

a) **Revenue from operation**

In Rs.

	FY 2015-2016	FY 2014-2015	% Chang
Revenue from Operation	748,046,088.00	666,751,112.00	12.19
Other Income	6,457,366.00	21,455,714.00	-69.90
Total Revenue	754,503,454.00	688,206,826.00	9.63

b) Purchase of stock in trade

In Rs.

	FY 2015-2016	FY 2014-2015	% Chang
Purchase of stock in trade	705,988,421.00	666,751,112.00	5.88

c) Finance Cost

In Rs.

	FY 2015-2016	FY 2014-2015	% Chang
Finance Cost	22,032,900.00	18,733,136.00	17.36

d) Employee benefit expense

In Rs.

	FY 2015-2016	FY 2014-2015	% Chang
Employee benefit expenses	12,835,288.00	13,232,024.00	-3

e) Net profit after

In Rs.

	FY 2015-2016	FY 2014-2015	% Chang
Net profit	700,722.00	73,433,052.00	-99

Net profit decreased during FY 2015-2016 due to dividend income. In previous FY 2014-2015 Company received dividend of Rs. 71,514,650.00

HUMAN RESOURCES

Company endeavor to hire most suitable and qualified persons and looking to most suitable person to specific task and area of work. Company is in the process of establishing most suitable policy to identify and recruit employee in organization. Company is in marketing and distribution of HUL product hence it required highly professional person in the marketing and sales.

Company has employed total no. of employees on roll are 73 as on 31st March, 2016

Annexure E

Form MR-3
[Pursuant to section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31.03.2016

To,
The Members
KHEMANI DISTRIBUTORS & MARKETING LIMITED
S.No. 187, Pl. No. 1 to 4, Opp. Saiffee Comp.
Nr. Baroda Rayon Corporation (BRC), Udhana, Bhestan
Surat, Gujarat 394210

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s KHEMANI DISTRIBUTORS & MARKETING LIMITED** (**CIN** U74300GJ2011PLC063520**)**(hereinafter called **"the Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the Corporate Conducts/ Statutory Compliances and expressing my opinion thereon.

Based on our verification , books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company, has during the audit period covering the financial year ended 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board process 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 the company for the financial year ended on31st March, 2016, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made there under;
ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment and External Commercial Borrowings: *NOT APPLICABLE AS THE COMPANY DOES NOT HAVE ANY FOREIGN EXCHANGE TRANSACTION*

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') -:
a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Upto 14th May 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 (effective 15th May 2015)
b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011:-
c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009:
d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: *NOT APPLICABLE AS THE COMPANY HAS NOT DELISTED ITS EQUITY SHARES*

e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: (*NOT APPLICABLE AS THE COMPANY HAS NOT BOUGHT BACK/PROPOSED TO BUY BACK ANY OF ITS SECURITIES DURING THE FINANCIAL YEAR UNDER REVIEW)*

f. 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 AS THE COMPANY IS NOT REGISTERED AS REGISTRARS TO ISSUE OR SHARE TRANSFER AGENT DURING THE FINACIAL YEAR UNDER REVIEW)*.

g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008-(*NOT APPLCABLE AS THE COMPANY HAS NOT ISSUED AND LSITED ANY DEBT SECURITIES DURING THE FINANCIAL YEAR UNDER REVIEW)*

h. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme)Guidelines, 1999; - (*NOT APPLCABLE)*

vi. Other specific laws applicable to the Company are :

a) The Trade Mark Act, 1999
b) The Employee State Insurance Act, 1948
c) The Employee Provident Fund and Miscellaneous Act, 1952

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(s), if applicable;

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:

We further report that compliance with the applicable financial laws including direct and indirect tax laws by the company has not been reviewed in this audit since the same has been subject to review by the statutory auditors and other designated professionals.

MANAGEMENT RESPONSIBILITY

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;

2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company or verified compliances of laws other than those mentioned above;

4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis;

5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

WE FURHTER REPORT THAT

I. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition

of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act. The company has appointed Independent Directors.

II. 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.

III. Resolutions have been approved by majority while the dissenting members', if any, views are captured and recorded as part of the minutes.

IV. 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.

V. We further report that during the Audit Period, the Company has not incurred any specific event/ action listed below that can have a major bearing on the company's compliance responsibilities in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as follows:

A) The company has converted its status from private limited to public limited company vide EOGM resolution dated 10/12/2015.

B) The authorized capital has been increased from Rs 500,000/- (Rupees Five Lakhs only) to Rs. 6,20,00,000/- (Rupees Six Crores Twenty Lakhs only) vide EOGM resolution dated 10.12.2015

C) The company has issued bonus shares of Rs 4,13,00,000/- vide EOGM resolution dated 10.12.2015.

D) The company has consolidated its 6,20,00,000 equity shares from the face value of Rs. 1 to Face value of Rs. 10/- vide EOGM resolution dated 04.01.2016

E) The company has allotted 15,84,000 equity shares to the public on 23.03.2016

F) The company was listed on the BSE on 30.03.2016 in the SME segment.

G) The company is in the process of appointing an internal auditor.

For Richa Goyal
Company secretary

Richa Goyal
Place: Surat
Date: 22.08.2016
FCS NO 8265
CP.NO 4700

C.E.O. & C.F.O. CERTIFICATION

To,
Board of Directors,
Khemani Distributors & Marketing Limited
Surat.

CERTIFICATE

We, Vijay Mangturam Khemani, Managing Director and Amit Vijaykumar Khemani, Chief Finance Officer heading the finance function of the Khemani Distributors & Marketing Limited certify that:

A. We have reviewed the financial statements and cash flow statement for the financial year ended 31st March, 2016 and to the best of our knowledge and belief:
   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting standards, applicable laws and regulations.

B. To the best of our knowledge and belief, no transaction entered into by the Company during the quarter and year ended 31st March, 2016 are fraudulent, illegal or in violation of the Company's code of conduct.

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

D. We have indicated to the Auditors and to the Audit Committee:
   i. Significant change/s in the internal control over financial reporting during the year.
   ii. Significant change/s in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
Vijay M. Khemani
(Managing Director)
DIN: 02227389

Sd/-
Amit V. Khemani
(CFO)

Place: Surat
Date:- 28th May, 2016

C.P. JARIA & CO.

CHARTERED ACCOUNTANTS

M-28, SUPER TEX TOWER,
OPP. KINNARY CINEMA,
RING ROAD, SURAT-395002.
PH: 2343289, 2343288
Email:cpjaria@gmail.com

INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF
KHEMANI DISTRIBUTORS & MARKETING LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **KHEMANI DISTRIBUTORS & MARKETING LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and Cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility
Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss for the year ended on that date.

Emphasis of Matters
We draw attention to the following matters in the Notes to the financial statements:
Our opinion is not modified in respect of this matter.

Other Matters
Our opinion is not modified in respect of this matter.

C.P. JARIA & CO.

CHARTERED ACCOUNTANTS

M-28, SUPER TEX TOWER, OPP. KINNARY CINEMA, RING ROAD, SURAT-395002. PH: 2343289, 2343288 Email:cpjaria@gmail.com

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order,2016 ("the Order") issued by Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 & 4 of the Order

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

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

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c. The Company does not have any branches.

d. The Balance Sheet, the Statement of Profit and Loss and Cash flow Statement dealt with by this Report are in agreement with the books of account

e. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

f. On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2)of the Act.

g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, The company has adequate internal controls.

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    1. The Company have pending litigation which is pending before Appellant Authorities.
    2. The Company does not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
    3. There has not been occasion in case of Company to transfer any sums to the Investor Education and Protection Fund.

FOR C.P.Jaria & Co
Chartered Accountants

(C.P.Jaria)
M.No.030817
F.No.104058W
PLACE : Surat
DATE : 28/05/2016

C.P. JARIA & CO.

CHARTERED ACCOUNTANTS

M-28, SUPER TEX TOWER,
OPP. KINNARY CINEMA,
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Annexure referred to in paragraph 1 of our report of even date to the members of KHEMANI DISTRIBUTORS & MARKETING LIMITED on the accounts of the company for the year ended 31.03.16

On the basis of such checks as we considered appropriate and accordingly to the information and explanations given to us during the course of our audit, we report that:

1. The company has maintained proper records showing full particulars including quantitative details and location of all its fixed assets. During the year the management has physically verified all the fixed assets and no material discrepancies have been noticed on such verification. According to the information and explanation given to us and on the basis of our examination of the records of the company, company does not own any immovable property hence information in regards of the title deeds of immovable properties are not applicable.

2. As informed to us the inventory has been physically verified by the management during the year, In our opinion, the frequency of such verification is reasonable. In our opinion the procedure for physical verification of inventory followed by management are reasonable and adequate to the size of the company and nature of its business. The company has maintained proper records of inventory. The discrepancies noticed if any on physical verification between physical stocks and book records were not material in relation to the operations of the company and have been properly dealt with in the books of account.

3. The company has granted loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 189 of the Act during the year. The terms and conditions in this regard are not prejudicial to the interest of the company. There is no overdue outstanding at the end of the year.

4. In our opinion and according to the information and explanations given to us, the company has compiled with the provisions of Sec 185 & 186 of the Companies Act, 2013 with respect to loans & Investments made. Accordingly, para 3(iv) of the order is not applicable.

5. The Company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act, 2013.

6. As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act.

7. (a) According to the information and explanations given to us and on basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including Provident fund, Employee's state insurance, Income Tax, sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues as applicable, with the appropriate authorities in India;

   (b) According to information and explanations given to us and based on the records of the company examined by us, there are no dues of Wealth tax, Service Tax, Sales tax, Custom Duty and excise

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duty which have not been deposited on account of any disputes. The disputed income tax liability is pending before Appellate Authorities;

8. Based on our audit procedure and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institution or Bank.

9. According to the information and explanations given to us, the company have raised money by way of IPO and Money raised by IPO were applied for the purpose for which the same was raised.

10. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the period.

11. According to the information and explanations given to us and based on our examination of the records of the company, The company had paid/provided managerial remuneration in accordance with the provisions of Companies Act, 2013.

12. In our opinion and according to the information and explanations given to us, The company is not a Nidhi Company.

13. According to the information and explanations given to us, all the transaction with related parties are in accordance with the provisions of Companies Act, 2013. All details have been disclosed in financial Statements.

14. According to the information and explanations given to us and based on our examination of the records of the company, The company has issued bonus shares and not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the company, The company has not entered into non-cash transaction with directors or persons connected with him.

16. The Company is not required to be registered under section 45-IA of the RBI Act, 1934.

FOR C.P.Jaria & Co
Chartered Accountants

(C.P.Jaria)
M.No.030817
F.No.104058W
PLACE : Surat

DATE : 28/05/2016

KHEMANI DISTRIBUTORS & MARKETING LTD
BALANCE SHEET AS AT 31/03/16

PARTICULRAS	NOTE	CURRENT YEAR	PREVIOUS YEAR
I. EQUITY AND LIABILITIES			
(1) Shareholder's Fund			
(a) Share Capital	1	57,435,000	197,500
(b) Reserves and Surplus	2	213,781,109	93,287,187
(c) Money received against share warrants		0	0
(2) Share Application money pending allotment		0	0
(3) Non-current Liabilities			
(a) Long-Term Borrowings	3	86,656,832	110,112,431
(b) Defered tax liabilities (Net)		0	0
(c) Other Long term liabilities		0	0
(d) Long term provisions		0	0
(4) Current Liabilities			
(a) Short Term borrowings	4	27,586,564	198,000
(b) Trade Payables	5	17,844,697	11,377,208
(c) Other current Borrowings		0	0
(d) Short-term Provisions	6	2,832,457	3,433,086
	Total	406,136,659	218,605,412
II.ASSETS			
(1) Non-Current Assets			
(a) Fixed Asssets			
(i) Tangible Assets	6	1,977,637	2,245,507
(ii) Intangible Assets		0	0
(iii) Capital work-in-progress		0	0
(iv) Intangible assets under development		0	0
(b) Non-Current Investments	7	115,795,938	80,840,198
(c) Deferred tax Assets (Net)		1,415,310	293,282
(d) Long Term loans and advances	8	6,239,500	2,170,000
(e) Other non-current assets	9	0	6,000
(2) Current Assets			
(a) Current Investments		0	0
(b) Inventories	10	145,399,061	89,972,441
(c) Trade receivables	11	30,866,960	14,269,621
(d) Cash & Cash equivalents	12	32,329,189	25,126,544
(e) Short term loans & advances		0	0
(f) Other Current Assets	13	72,113,064	3,681,819
	Total	406,136,659	218,605,412

AS PER OUR REPORT OF EVEN DATE
FOR C.P.JARIA & CO
CHARTERED ACCOUNTANTS

FOR KHEMANI DISTRIBUTORS & MARKETING LT

WTD/CFO-Amit Khemani
DIN: 02227413

(C.P.JARIA)
PARTNER
M.NO 030817
FRN: 104058W
PLACE : SURAT
DATE : 28/05/16

M.DIRECTOR-Vijay Khemani
DIN: 02227389

NILESH KALSAR
Compliance Officer, (

KHEMANI DISTRIBUTORS & MARKETING LTD
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31/03/2016

PARTICULRAS	NOTE	CURRENT YEAR	PREVIOUS YEAR
I. Revenue from operations	14	748,046,088	666,751,112
II. Other Income	15	6,457,366	21,455,714
III. Total Revenue (I + II)		754,503,454	688,206,826
IV. Expenses			
Cost of Material Consumed		0	0
Purchase of Stock-in-trade	16	705,988,421	580,651,096
Changes in inventories of finshed goods, work-in progress and stock-in trade	17	(4,245,729)	(11,443,058)
Employee benefit Expenses	18	12,835,288	13,232,024
Finance costs	19	22,032,900	18,773,136
Depriciation		936,750	814,355
Other expenses	20	17,377,130	11,872,893
IV.Total Expenses		754,924,760	613,900,446
V. Profit before exceptional and extraordinary items & Tax	(III-IV)	(421,306)	74,306,380
VI. Exceptional Items		0	0
VII. Profit before extraordinary items & Tax	(V-VI)	(421,306)	74,306,380
VIII. Extraordinary items		0	
IX. Profit before tax	(VII_VIII)	(421,306)	74,306,380
X. Tax Expenses			
(1) Current Tax		0	1,166,610
(2) Deferred Tax		(1,122,028)	(293,282)
XI. Profit(loss) from the period from continuing operations after tax	(VII-VIII)	700,722	73,433,052
XII. Profit(loss) from discontinuing operations		0	0
XIII. Tax expenses of discontinuing operations		0	0
XIV. Profit(loss) from discontinuing operations after tax	(XII-XIII)	0	0
XV. Profit(loss) for the period	(XI+XIV)	700,722	73,433,052
XVI. Earning per equity share			
(1) Basic		0.17	17.65
(2) Diluted		0.17	17.65

AS PER OUR REPORT OF EVEN DATE
FOR C.P.JARIA & CO
CHARTERED ACCOUNTANTS

FOR KHEMANI DISTRIBUTORS & MARKETING LT

WTD/CFO-Amit Khemani
DIN: 02227413

(C.P.JARIA)
PARTNER
M.NO 030817
FRN: 104058W
PLACE : SURAT
DATE : 28/05/16

M.DIRECTOR-Vijay Khemani
DIN: 02227389

NILESH KALSAR
Compliance Officer, (

KHEMANI DISTRIBUTORS & MARKETING LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31 MARCH 2016

Particulars		Year Ended	
		31-Mar-16	31-Mar-15
A. CASH FLOW FROM OPERATING ACTIVITY			
Profit before Taxation		(421306)	74306380
Adjustment for:			
Profit on sale of Assets		0	0
Depreciation		936750	814355
Operating Profit before working capital changes		**515444**	**75120735**
Changes in working capital :-			
Increase/ (Decrease) in trade payables		6467489	4808973
Increase/ (Decrease) in other current liabilities		0	0
Increase/ (Decrease) in short term provision		(600629)	(192336)
Increase/ (Decrease) in other Long-term borrowings		0	0
Increase/ (Decrease) in short-term borrowings		27388564	198000
(Increase)/ Decrease in trade receivables		(16597339)	(2544410)
(Increase)/ Decrease in inventories		(55426620)	(26585492)
(Increase)/ Decrease in other Assets		(68431245)	(2744384)
(Increase)/ Decrease in Long Term loans and advances		(4069500)	2097296
(Increase)/ Decrease in Short Term loans and advances		0	0
(Increase)/ Decrease in Non-current Assets		6000	6000
Increase/ (Decrease) in last year provision		0	0
		(111263280)	**(24956353)**
Cash generated from Operations		**(110747836)**	**50164382**
Less:- Taxes paid (For previous year)		0	1166610
Net Cash generated from operations before extraordinary items		(110747836)	48997772
Extraordinary items		0	0
Net Cash generated from operating activities	**(A)**	**(110747836)**	**48997772**
B. CASH FLOW FROM INVESTING ACTIVITY			
(Increse)/ Decrease in Fixed Asset		(668880)	(1770481)
Net Cash generated from Investing activities	**(B)**	**(668880)**	**(1770481)**
C. CASH FLOW FROM FINANCING ACTIVITY			
Increase/ (decrease) in Long Term Borrowing		(23455599)	28293044
Expenses in relation to share capital		(966800)	0
Increase in Share Capital & Premium		177997500	0
(Increase)/ decrease in Investments		(34955740)	(65573414)
Net Cash generated from Financing activities	**(C)**	**118619361**	**(37280370)**
Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)		**7202645**	**9946921**
CASH & CASH EQUIVALENTS, AT THE BEGINNING OF YEAR		25126544	15179623
CASH & CASH EQUIVALENTS, AT THE END OF YEAR		**32329189**	**25126544**

Note:

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (AS) - 3 on "Cash Flow Statements".

For Khemani Distributors & Marketing Ltd

As per out report of even date attached
For C.P.Jaria & C0
Chartered Accountants

Director/ CFO/ WTD
Amit Khemani
DIN:02227413

C.P.Jaria
Partner
M.No 030817
FRN:104058W
Place:Surat
Date: 28/ 05/ 2016

Director/ MD
Vijay Khemani

Nilesh Kalsaria
CS, Comp. Officer

NOTES TO BALANCE SHEET & PROFIT & LOSS STATEMENT

PARTICULRAS	CURRENT YEAR	PREVIOUS YEAR
NOTE-1		
SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
6200000 EQUITY SHARES OF RS.10/-EACH	62,000,000	500,000
(P.Y.500000 EQUITY SHARES OF RS.1/-EACH	62,000,000	500,000
ISSUED, SUBSCRIBED AND FULLY PAID UP		
5743500 EQUITY SHARES OF RS 10/- EACH	57,435,000	100,000
(P.Y.100000 EQUITY SHARES OF RS 1/- EACH)		
ISSUED, SUBSCRIBED AND NOT FULLY PAID UP		
(P.Y.195000 EQUITY SHARES OF RS 1/- EACH PARTLY PAID	0	97,500
RS 0.50/- PER SHARE)	57,435,000	197,500

NOTE-1A

RECONCILAITION OF SHARES OUTSTANDING OF RS.1/-	EQUITY (NUMBER)	EQUITY (NUMBER)
SHARES OUTSTANDING AT THE BEGINNING OF YEAR	295,000	295,000
BONUS SHARES ISSUSED DRING THE YEAR	41,300,000	0
SHARES BOUGHT BACK DURING THE YEAR	0	0
SHARES OUTSTANDING AT THE END OF YEAR	41,595,000	295,000

DURING THE YEAR SHARES OF FACE VALUE WERE CONSOLIDATED FROM RS.1/- TO RS.10/-

RECONCILAITION OF SHARES OUTSTANDING OF RS.10/-	EQUITY (NUMBER)	EQUITY (NUMBER)
SHARES OUTSTANDING AFTER CONSOLIDATION	4,159,500	
SHARES ISSUSED DRING THE YEAR THROUGH PUBLIC OFFE	1,584,000	
SHARES BOUGHT BACK DURING THE YEAR	0	
SHARES OUTSTANDING AT THE END OF YEAR	5,743,500	

NOTE-1B

SHAREHOLDER HOLDING FOR THAN 5% SHARES	%	SHARES @ 10/-		SHARES @ 1/-
VIJAY KUMAR KHEMANI	60.15	3,454,500	49.16	1450000
AMIT KHEMANI	12.02	690,900	16.95	50000
KAVYA SHARES & SECURITIES (P) LTD			33.89	100000

AT THE YEAR END COMPANY HAS ONE CLASS OF EQUITY SHARES HAVING A PAR VALUE OF RS.10/- PER SHARE.

SHAREHOLDER IS ELIGIBLE FOR ONE VOTE PER SHARE HELD

NO SHARES WERE BOUGHT BACK FOR LAST FIVE YEARS

THERE IS NO UNPAID CALL ON SHARES FROM DIRECTORS AND OFFICERS

DURING THE YEAR 41300000 BONUS SHARES OF RS.1/- EACH WERE ISSUED IN RATIO OF 140:1 BY CAPITALIZING 2
AND 2.13 CR FROM ACCUMULATED BALANCE FROM SHARE PREMIUM ACCOUNT AND P&L A/C RESPECTIVELY

DURING THE YEAR SHARES OF FACE VALUE OF RS.1/- WERE CONSOLIDATED TO RS.10/-

NOTE-2

RESERVES & SURPLUS		
A. SHARES PREMIUM ACCOUNT		
OPENING BALANCE	19,500,000	19,500,000
ADD:PREMIUM CREDITED	162,060,000	0
LESS: PREMIUM UTILIZED FOR BONUS SHARES	(20,000,000)	0
CLOSING BALANCE	161,560,000	19,500,000
B. PROFIT & LOSS A/C		
OPENING BALANCE	73,787,187	354,135
LESS: UTILIZED FOR BONUS SHARES	(21,300,000)	
LESS: EXPS IN RELATION TO INCREASE IN CAPITAL	(966,800)	
ADD:CURRENT YEAR PROFIT/(LOSS)	700,722	73,433,052
LESS: WRITTEN BACK IN CURRENT YEAR	0	0
CLOSING BALANCE	52,221,109	73,787,187
TOTAL	213,781,109	93,287,187

NOTE-3

LONG TERM BORROWINGS

UNSECURED LOANS FROM DIRECTORS, RELATIVES,CORPR/	76,601,914	48,150,756
LOAN AGAINST SHARES & SECURITIES-ECL	9,440,947	61,239,286
CAR LOAN-SBI	613,971	722,389
	86,656,832	110,112,431

NOTE-4

SHORT TERM BORROWING

INSTALLMENT DUE WITHIN A YEAR-CAR LOAN	198,000	198,000
UNSECURED LOANS FROM CORPORATE	13,595,474	0
CHANNEL FINANCE FROM STATE BANK OF INDIA	13,793,090	0
AGAINST FD OF RS.68,56,400/ - IN THE NAME OF COMPANY	27,586,564	198,000

NOTE-4

TRADE PAYABLES

SUNDRY CREDITORS	17,844,697	11,377,208
	17,844,697	11,377,208

NOTE-5

SHORT TERM PROVISIONS

PROVISION FOR DOUBTFUL DEBTS	0	855,266
ESIC PF PAYABLE	92,604	79,711
PROFESSIONAL TAX PAYABLE	154,529	66,109
TDS PAYABLE	1,226,108	994,427
PROVISIONS FOR EXPENSES	1,359,216	1,437,573
	2,832,457	3,433,086

NOTE-7

NON-CURRENT INVESTMENTS

SHARE/ BONDS INVETSMENTS AT COST	115,795,938	80,840,198
	115,795,938	80,840,198

NOTE-8

LONG TERM LOANS & ADVANCES

OTHER ADVANCES		
SECURITY DEPOSITS	1,899,500	330,000
ADVANCE AGAINST FIXED ASSSETS	1,840,000	1,840,000
AMOUNT PAID AGAINST MARGIN OF SHARES	2,500,000	0
	6,239,500	2,170,000

NOTE-9

OTHER NON-CURRENT ASSETS

PRELIMINARY EXPS NOT WRITTEN OFF	0	6,000
IPO EXPENSES	0	0
	0	6,000

NOTE-10

INVENTORY

CLOSING STOCK-GOODS	24,014,236	19,768,507
CLOSING STOCK-BONDS/ SHARES	121,384,825	70,203,934
	145,399,061	89,972,441

NOTE-11

TRADE RECEIVABLES

SUNDRY DEBTORS UNSECURED	30,866,960	14,269,621
	30,866,960	14,269,621

NOTE-12

CASH & CASH EQUIVALENTS

CASH IN HAND	13,536,025	11,878,778
FIXED DEPOSIT WITH BANK	6,970,720	4,992,972
CHEQUES IN HAND	6,216,249	4,958,920
BANK BALANCE IN CURRENT A/ C WITH BANKS	5,606,195	3,295,874
	32,329,189	25,126,544

NOTE-13

OTHER CURRENT ASSETS

VAT BALANCE	1,002,336	1,111,447
CLAIM RECEIVABLE-NET	5,591,031	700,431
ADVANCE TAX/ TDS 2014-15	1,851,941	1,851,941
INCOME TAX PAID FOR A.Y. 2012-13	400,000	0
TDS 2015-16	12,889	0
VAT REFUNDABLE	4,736	0
PRE-PAID INSURANCE	31,147	0
ADVANCE TO CREDITORS	63,218,984	18,000
	72,113,064	3,681,819

NOTE-14

REVENUE FROM OPERATIONS

SALES OF TRADED GOODS	723,398,186	596,375,722
SCHEME DISCOUNT RECEIVED	15,064,644	0
PROFIT/ (LOSS) ON SALE OF BONDS/ SHARES IN. DERIVATI\	8,605,676	(1,139,260)
DIVIDEND	977,582	71,514,650
	748,046,088	666,751,112

NOTE-15

OTHER INCOME

MISC INCOME	2,175,411	1,565,430
LONG TERM GAIN ON SHARES	2,935,214	0
SHORT TERM GAIN ON SHARES/ MF	432,340	15,501,938
INTEREST INCOME	744,401	186,983
INCOME FROM TAX FREE BOND	0	3,643,950
INCENTIVE RECEIVED	170,000	557,413
	6,457,366	21,455,714

NOTE-16

PURCHASE OF STOCK-IN TRADE

PURCHASES OF TRADED GOODS	705,988,421	580,651,096
	705,988,421	580,651,096

NOTE-17

CHANGES IN INVENTORY

OPENING STOCK-GOODS	19,768,507	8,325,449
LESS: CLOSING STOCK-GOODS	24,014,236	19,768,507
	(4,245,729)	(11,443,058)

NOTE-18

EMPLOYEE BENEFIT EXPENSES

SALARY	10,650,772	11,719,650
SALARY-DIRECTOR	615,000	600,000
BONUS	920,150	481,150
ESI & PF EXPS	649,366	431,224
	12,835,288	13,232,024

NOTE-19

FINANCIAL COST

BANK CHARGES	37,936	80,653
INTEREST	21,994,964	18,692,483
	22,032,900	18,773,136

NOTE-20

OTHER EXPENSES

ADVERTISMENT	13,039	6,216
AUDIT FEES	25,000	25,000
RENT	1,103,825	773,020
BROKERAGE	0	113,283
COMPUTER & SOFTWARE EXPS	112,732	14,391
CONVEYANCE	248,578	485,967
IPO EXPENSES	2,964,419	0
DELIEVERY CHARGES	5,028,171	5,345,806
DISCOUNT	408,527	0
DONATION	7,200	0
ELECTRCITY EXPS	210,682	120,229
GODOWN EXPS	152,172	57,580
REPAIRS & MAINTENANCE	266,913	108,972
INSURANCE	104,699	74,226
PROFESSIONAL TAX	2,750	
LOADING/ UNLOADING EXPS	3,197,812	1,985,997
SELLING EXPS	961,462	313,403
OFFICEE & MISC EXPS	315,148	331,794
BAD DEBTS	0	400,194
MERCANDISER EXPS	472,572	205,854
VEHICLE EXPS	141,038	33,995
TELEPHONE & INTERNET EXPS	58,670	51,968
PACKING EXPS	506,307	489,900
PRINTING & STATIONARY	358,129	251,586
PRELIMINARY EXPS W/ OFF	6,000	6,000
SALES PROMOTION EXPS	129,157	30,825
SECURITY EXPS	43,500	184,105
LEGAL AND PROFESSIONAL FEES	140,070	298,638
STAFF WELFARE	275,808	119,480
TRAVELLING EXPS	52,312	44,464
VAT EXPS	70,438	0
	17,377,130	11,872,893

NOTE-6 - FIXED ASSETS:

STATEMENT OF DEPRECIATION FOR THE YEAR ENDED ON 31.03.2016 (AS PER THE COMPANIES ACT)

		GROSS BLOCK			DEPRICIATION			NET BLOCK	
SR. NO.	PARTICULARS	AS ON 01.04.15	ADD/ DEL DURING THE YEAR	TOTAL AS ON 31.3.16	AS ON 01.04.15	DURING THE YEAR	TOTAL AS ON 31.3.16	AS ON 31.3.16	AS ON 01.04.15
	A.TANGIBLE ASSETS								
1	OFFICE EQUIPMENTS	512250	413729	925979	234105	257455	491560	434419	278145
2	FURNITURE	511808	151501	663309	159205	101302	260507	402802	352603
3	COMPUTER	371740	103650	475390	216485	116568	333053	142337	155255
4	COMPUTER SERVER	95677	0	95677	30599	25578	56177	39500	65078
5	VEHICLE	1786947	0	1786947	392521	435847	828368	958579	1394426
	TOTAL	3278422	668880	3947302	1032915	936750	1969665	1977637	2245507
	PREVIOUS YEAR	1507941	1770481	3278422	218560	814355	1032915	2245507	1289381

NO ASSETS WERE IMPAIRED/ REVALUED DURING LAST FIVE YEARS

Note-21. SIGNIFICANT ACCOUNTING POLICIES :

1. GENERAL

The Financial Statements have generally been prepared on the historical cost convention. Accounting policies not specifically referred to otherwise are in consonance with generally accepted accounting principles.

2. BASIS OF ACCOUNTING

The company follows the mercantile system of accounting generally except otherwise stated herein below, if so.

3. FIXED ASSETS

Fixed assets are stated at cost of less accumulated depreciation. Depreciation has been provided at the rates and in accordance with the provisions of the Companies Act, 2013 on W.D.V.

4. INVESTMENTS

Investments are stated at cost.

5. INVENTORIES

Inventory is valued as cost or market value whichever is lower.

6. REVENUE AND EXPENDITURE RECOGNITION

Revenue is recognized and expenditure is accounted for on their accrual except insurance claim, claims in respect of material purchased and sold which are accounted for on cash basis.

7. MISCELLANEOUS EXPENDITURE

Miscellaneous Expenditure such as preliminary expenditure are amortized in a year.

8. DEFER TAX

The Deferred tax is recognized for all temporary differences subject to the consideration of prudence and at currently available rates. Deferred Tax assets are recognized only if there is virtual certainty that they will be realized.

9. FOREIGN CURRENY TRANSACTION

There is no such transaction during the year.

10. CONTINGENT LIABILITIES

Contingent liabilities are recognized only when there is a possible obligation arising from past events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources of, or where reliable estimate cannot be made. Obligations are assessed on going concern basis and only those having a largely probable outflow of resources are provided for. Contingent liabilities, if any, are not provided for in the financial statements but are separately shown by way of note. Contingent assets are neither recognized nor disclosed in the financial statements. Except the following there are no contingent liabilities which are to be recognized material :

S.no	Particular	Remark
1	Demand of Rs. 86,82,660/- against the Company in regard of Assessment order under Section 143(3) of A.Y. 2012-13 dated 23.03.15.	Company had filed Appeal before Honorable CIT(A), Surat.

11. TRADE RECEIVABLE AND PAYABLE

Balances of trade payable and receivable are subject to confirmation, reconciliation and consequential adjustments, if any.

12. Employees Benefit Expenses

Particulars	Current Year	Previous Year
Director Salary	615000	600000
Salary Paid	10650772	11719650
Bonus	920150	481150
ESI & PF	649366	431224

13. Details of Payment to Auditors

Particulars	Current Year	Previous Year
As Auditor	25000	25000

14. The amount due to Micro & Small Enterprises are based on the information provided by the management.

15. Related Party Transaction:

List of related parties and transactions as per requirements of Accounting Standard – 18, "Related Party Disclosures"

Key Management Personnel and Relatives and Related Concern	
Mr. Amit Khemani	- Director
Mr.Vijay Khemani	- Director
Mrs. SushilaKhemani	- Relative of Director
Mr. AvinashKhemani	- Relative of Director
Mr. VikasKhemani	- Relative of Director
Mrs. AnupaKhemani	- Director
Mrs. GeetaKhemani	- Relative of Director
Mrs. Swati Khemani	- Relative of Director
M/s Amit Khemani (HUF)	- Karta is Director
M/s Vijay Khemani (HUF)	- Karta is Director
M/s AvinashKhemani (HUF)	- Karta is a Relative of Director
M/s VikasKhemani (HUF)	- Karta is a Relative of Director
M/s Khemani Enterprise	- Proprietor/Karta is Director
M/s BSAS Infotec Ltd (Formerly known as M/s Blue Sky Advisory Services Pvt Ltd)	- Common Directors
Hotel Heritage Mandawa	- Partner is Relative of Director
Shree Siddhi VinayakKripa Creation	- Partners are Relatives of Director
Mandawa Tours	- Proprietor is a Relative of Director
Dimple Mansinga	-Relative of Director
Enterprise over which key management personnel are able to exercise significant influence	
M/s Khemani Enterprise	
M/s BSAS Infotec Ltd (Formerly known as M/s Blue Sky Advisory Services Pvt Ltd)	
Khemani Welfare Foundation	

KHEMANI DISTRIBUTORS & MARKETING LTD

Name	Nature of Transaction	Amount
Mr. Amit Khemani	Director's Remuneration	600000
	Loan received	1800000
	Loan Repaid	6411348
	Interest Paid	383905
Mr. Vijay Khemani	Director's Remuneration	15000
	Loan Received	13683947
	Loan Repaid	12675369
	Interest Paid	33947
Mr. Avinash Khemani	Salary	600000
Mr. Vikas Khemani	Loan repaid	2974976
Mr. Amit Khemani HUF	Loan Repaid	1024717
M/s BSAS Infotec Ltd (Formerly known as M/s Blue Sky Advisory Services Pvt Ltd)	Advance Given	500000
	Advance Returned	500000
Dimple Mansinga	Salary	150000

16. Figures of the previous year have been regrouped/re-cast wherever necessary.