



**KHEMANI DISTRIBUTORS &
MARKETING LIMITED**

6TH ANNUAL REPORT

2016 - 2017

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. Chinmay Methiwala

Chief Financial Officer: - Mr. Amit Khemani

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

Secretarial Auditor :- Mrs. Richa Goyal

Banker: - Kotak Mahindra Bank, ICICI Bank, State Bank of India.

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

NOTICE OF 6TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixth (6th) Annual General Meeting of the Members of KHEMANI DISTRIBUTORS & MARKETING LIMITED will be held on Friday, 29th September 2017, at 2:00 p.m. at Survey No. 187, Plot No. 1 to 4, Opposite Saiffie Complex, Near Baroda Rayon Corporation (BRC), Udhana, Bhestan, Surat-394210 Gujarat, to transact the following business:

ORDINARY 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, 2017, 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. Amit Vijaykumar Khemani (DIN: 02227413), who retires by rotation and being eligible, offer himself for re-appointment.

3. Ratification of Appointment of Statutory Auditor

RESOLVED THAT pursuant to the provisions of Sections 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, and rules framed there under, (*pursuant to recommendations of the Audit Committee*) of the Board of Directors, and pursuant to the resolution passed by the members at the AGM held on 28th September, 2016, the appointment of M/s C.P. Jaria & Co. (FRN 104058W), Chartered Accountants, be and are hereby ratified as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next Annual General Meeting at a remuneration as may be fixed by the Board of Directors of the Company.”

“RESOLVED FURTHER THAT to give effect to above resolution, Mr. Amit Khemani, Whole Time Director, and Mr. Chinmay Methiwala, 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/-

Chinmay Methiwala

Company Secretary

Membership No. ACS 48146

Reg. Office:

Survey No. 187, Plot No. 1 to 4, Opp. Saiffee Complex,

Near Baroda Rayon Corporation,

Udhana, Bhestan, Surat - 394210

Date: 6th September, 2017

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 Saturday, 23rd September 2017 to Friday, 29th September 2017 (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 6th 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 6th 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 6th 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 6th 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 26th September, 2017 (9:00 am) and ends on 28th September, 2017 (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 22nd September, 2017 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 26th September, 2017 (9:00 am) till 28th September, 2017 (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 22th September, 2017.
 - 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. 22nd September, 2017, 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 along with 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 (09:00 A.M. to 05:00 P.M.) 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/-
Chinmay Methiwala
Company Secretary
Membership No. ACS 48146

Reg. Office:
Survey No. 187, Plot No. 1 to 4, Opp. Saiffie Complex,
Near Baroda Rayon Corporation,
Udhana, Bhestan, Surat-394210
Date: 6th September, 2017
Place: Surat

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

Name of Director	AMIT VIJAYKUMAR KHEMANI
DIN	02227413
Nationality	Indian
Date of Appointment in the Board	02/01/2016
Qualification	B. Com.
Age	40 Year
Experience	<ul style="list-style-type: none"> • 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 appointed as Whole time 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	13,81,800 (12.03 %)

DIRECTOR'S REPORT

Dear Member

Our Directors take pleasure in presenting the 6th Annual Report on the business and operations of your Company together with the Audited Accounts for the financial year ended on 31st March 2017.

FINANCIAL RESULT

(Rs. in Lakh)

Particular	2016-2017	2015-2016
Net sales	7094.63	7480.46
Other operating income	--	--
Total operating income	7094.63	7480.46
Other income (non operating)	583.01	64.57
Total income	7677.64	7545.03
Total expenditure	6945.94	7328.91
Profit/(loss) before, finance cost and exceptional item	731.70	216.12
Finance cost	156.80	220.33
Profit/(loss) before, exceptional items & tax	574.90	(4.21)
Add/(less) exceptional items	--	--
Profit/(loss) before tax expenses	574.90	(4.21)
Add/(less): tax expenses	103.58	11.22
Net profit	471.32	7.01

OPERATIONS

The total operating income of the company for the year under review is Rs. 7094.63 Lakhas compared to the previous year's operating income of Rs 7480.46 Lakhs. The company has incurred profit before tax of Rs. 574.90 Lakh compared to previous year's loss of Rs. 4.21 Lakh. The profit after tax of the Company is Rs. 471.32 Lakh compared to previous year's profit after tax of Rs. 7.01 lakh. In previous year, the company had received a dividend income of Rs. 105.10 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. 471.32 Lakhs (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.

SHARE CAPITAL

1) Authorised Capital

There is no change in the authorized share capital during the year. The Company has changed the denomination of shares by special resolution passed by members of the company in the extra ordinary general meeting held on 10/01/2017 from Rs. 10/- (Rupees ten only) per share to Rs. 5/- (Rupees Five only) per share by dividing the authorised capital from 6,20,00,000 equity shares of Rs. 10/- each divided into 1,24,00,000 equity shares of Rs. 5/- each.

2) Paid Up Share Capital

The Paid up share capital of the Company has remained unchanged to Rs. 5,74,35,000/- (Rupees Five Crore Seventy Four Lacs Thirty Five Thousand Only) whereas the number of equity shares has increased to 1,14,87,000 (One Crore Fourteen Lacs Eighty Seven Thousand Only) equity shares of Rs. 5/- each as on 31st March, 2017.

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, 2017 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. Amit Vijaykumar Khemani (DIN: 02227413) shall retire by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting of the Company.

DECLARATION BY INDEPENDENT DIRECTORS

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

KEY MANAGERIAL PERSONNEL

Mr. Chinmay Methiwala was appointed as Company Secretary and Compliance Officer of the Company w.e.f 15th May, 2017.

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors of the Company was met 11 times during the year 2016-2017. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The details of the meetings of the Board held during the financial year are as follow:

Sr. No.	Date of the Board Meeting
1	07/04/2016
2	02/05/2016
3	28/05/2016
4	28/07/2016
5	22/08/2016
6	16/09/2016
7	21/09/2016
8	22/09/2016
9	12/11/2016
10	06/12/2016
11	23/03/2017

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

Sr. No.	Name of Director	No. of Meetings attended
1	Mr. Vijaykumar Mangturam Khemani	9
2	Mr. Amit Vijaykumar Khemani	9
3	Mrs. Anupa Amit Khemani	8
4	Mr. Dhiraj Ashok Khandelwal	4
5	Mr. Amit Mahavirprasad Jain	4

EXTRA ORDINARY GENERAL MEETING

During the year under review, one extra ordinary general meeting of members of the Company was held on 10.01.2017 where 8 members were present.

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 A” 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, 2013 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-B” 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. 2017, 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 C”.

NOMINATION AND REMUNERATION POLICY

Company has framed Draft Nomination and Remuneration policy which is about to adopted by Board of Directors.

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

Company is in process of spending CSR amount as it is applicable after 31st March, 2017.

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 2017, 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 2017 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, 2017.

BOARD EVALUATION

During the year under review Board of directors met eleven time and their performance were satisfactory.

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 D"

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 2017 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 2017 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/-
AmitKhemani
Whole Time Director
DIN: 02227413**

**Sd/-
Vijay Khemani
Managing Director
DIN: 02227389**

Date: 06/09/2017
Place: Surat

“ANNEXURE A”

FORM NO. MGT – 9 EXTRACT OF ANNUAL RETURN As on the financial year ended 31.03.2017

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	L74300GJ2011PLC063520
Registration Date	06/01/2011
Name of the Company	Khemani Distributors & Marketing Limited
Category / Sub-Category of the Company	Listed Public Limited Company
Address of the Registered Office and contact details	S. No. 187, Pl. No. 1 to 4, Opp. Saiffee Comp., Nr. Baroda Rayon Corporation (BRC),Udhana, Bhestan, Surat - 394210, Contact No. 0261-2905031
Whether listed Company	Listed
Name, address and contact details of Registrar and Transfer Agent, if any	BIGSHARE SERVICES PRIVATE LIMITED 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:-

Sr. No.	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	98.65
2	Other Financial Activities	64990	1.35

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Not applicable as there is no subsidiary and associate company.

(i) Category wise shareholding

[illegible]

d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1221600	--	1221600	21.27	2419200	--	2419200	21.06	(0.21)
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs. 1 lakh	140100	--	140100	2.44	81600	--	81600	0.71	(1.73)
ii) Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	229200	--	229200	3.99	158400	--	158400	1.38	(2.61)
c) Others Directors and Relatives	--	--	--	--	--	--	--	--	--
i) Shares held by Pakistani citizens vested with the Custodian of Enemy Property	--	--	--	--	--	--	--	--	--
ii) Other Foreign Nationals	--	--	--	--	--	--	--	--	--
iii) Foreign Bodies	--	--	--	--	--	--	--	--	--
iv) NRI / OCBs	--	--	--	--	--	--	--	--	--
v) Clearing Members / Clearing House	7200	--	7200	0.13	508800	--	508800	4.43	4.30

vi) Trusts	--	--	--	--	--	--	--	--	--
vii) Limited Liability Partnership	--	--	--	--	--	--	--	--	--
viii) Foreign Portfolio Investor (Corporate)	--	--	--	--	--	--	--	--	--
ix) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
Sub-Total (B)(2):	1598100	--	1598100	27.82	3168000	--	3168000	27.58	(0.24)
Total Public Shareholding (B)=(B)(1)+(B)(2)	1598100	--	1598100	27.82	3168000	--	3168000	27.58	(0.24)
	--	--	--	--	--	--	--	--	--
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	5743500	--	5743500	100	11487000	--	11487000	100	--

(ii) Shareholding of Promoters

Shareholder's Name	No. of Shares held at the beginning of the year *1			No. of Shares held at the end of the year *2			% Change 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	
Vijaykumar M. Khemani	3454500	60.15	Nil	6909000	60.15	Nil	Nil
Amit V. Khemani	690900	12.03	Nil	1381800	12.03	Nil	Nil
Sushila Devi Khemani	2820	0.05	Nil	5640	0.05	Nil	Nil
Dimple P. Mansinghka	2820	0.05	Nil	5640	0.05	Nil	Nil
Anupa A. Khemani	2820	0.05	Nil	5640	0.05	Nil	Nil
Avinash V. Khemani	2820	0.05	Nil	5640	0.05	Nil	Nil
Sanju A. Khemani	2820	0.05	Nil	5640	0.05	Nil	Nil
Total	4159500	72.42		8319000	72.42		Nil

(iii) Change in Promoters' Shareholding

There is no change in the shareholding of the Promoter Group.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No	Shareholder's Name	Shareholding at the beginning of the year *1		Shareholding at the end of the year *2	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Choice Equity Broking Private Limited	91200	1.59	506400	4.41
2	Paath Financial Services Private Limited	184800	3.22	408000	3.55
3	Manasvi Consultancy Pvt Ltd	183600	3.20	396000	3.45
4	Blue Diamond Plastoware Private Limited	183600	3.20	372000	3.24
5	Emma Auto Ancillary Private Limited	184800	3.22	369600	3.22
6	Edelwelss Broking Limited	0	0	206400	1.80
7	Coline Computer Privat Limited	183600	3.20	158400	1.38
8	Classic Filaments Limited	0	0	110400	0.96
9	Duke Publishers Private Limited	0	0	108000	0.94
10	Cistro Telelink Limited	0	0	100800	0.88

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Shareholder's Name	Shareholding at the beginning of the year *1		Cumulative Shareholding during the year *2		Date of change in shareholding	Reason for change
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company		
	Directors						

1	Vijaykumar M. Khemani (MD)	3454500	60.15	6909000	60.15	10/01/2017	Consolidation (From nominal value of Rs.10 to Nominal value of Rs.5)
2	Amit V Khemani (CFO & WTD)	690900	12.03	1381800	12.03	10/01/2017	Consolidation (From nominal value of Rs.10 to Nominal value of Rs.5)
3	Anupa A. Khemani (Director)	2820	0.05	5640	0.05	10/01/2017	Consolidation (From nominal value of Rs.10 to Nominal value of Rs.5)
	Total	4263000	67.67	4263000	67.67		

Other than this, no other Director and Key Managerial Personnel hold any shares in the Company.

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
1. Principal Amount	2,38,48,008.00	9,03,95,388.00	0	11,42,43,396.00
2. Interest due but not paid	0	0	0	
3. Interest accrued but not Due	0	0	0	
Total (1+2+3)	2,38,48,008.00	9,03,95,388.00		11,42,43,396.00
Change in Indebtedness during the financial year				

Addition	0	0	0	0
Reduction	77,79,435.00	5,98,88,412.00	0	6,76,67,847.00
Net Change	77,79,435.00	5,98,88,412.00	0	6,76,67,847.00
Indebtedness at the end of the financial year				
1. Principal Amount	1,60,68,573.00	3,05,06,976.00	0	4,65,75,549.00
2. Interest due but not paid	0	0	0	0
3. Interest accrued but not Due	0	0	0	0
Total (1+2+3)	1,60,68,573.00	3,05,06,976.00	0	4,65,75,549.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

Sr. no.	Particulars of Remuneration	Name of MD/WTM/ Manager		Total amount
1.	Gross salary	Vijaykumar Khemani	Amit Khemani	
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	1,80,000	6,00,000	7,80,000
	(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(Sitting Fees)	--	--	--
	Total (A)	1,80,000	6,00,000	7,80,000
	Ceiling as per the Act	63,23,852	63,23,852	63,23,852

B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of Director		Total Amount
1.	Independent Directors	Dhiraj Ashok Khandelwal	Amit Mahavirprasad Jain	
	- Fee for attending board and Audit committee meetings - Commission - Others, please specify	--	--	--
	Total(1)	--	--	--
2.	Other Non Executive Director	Anupa Amitkumar Khemani	--	--
	Other Non-Executive Directors - Fee for attending board / committee meetings - Commission - Others, please specify	--	--	--
	Total(2)	--	--	--
	Grand Total = (1+2)	--	--	--
	Total Managerial Remuneration	--	--	--
	Overall Ceiling as per the Act	--	--	--

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

SN	Particulars of Remuneration	Key Managerial Personnel		
		CFO	CS	Total
1	Gross salary	--	308000	308000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--	--	--
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission	--	--	--
	- as % of profit	--	--	--
	others, specify...	--	--	--
5	Others, please specify	--	--	--
	Total	---	308000	308000

*1 - Nominal value of share is Rs. 10

*2 - Nominal value of share is Rs. 5

(Company has consolidated its nominal value of share capital from Rs. 10 per share into Rs. 5 per share on 10/01/2017)

II. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

No Penalty has been levied on the Company during the Financial Year.

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

Vijaykumar Mangturam Khemani
Managing Director
(02227389)

Place: Surat
Date: 06/09/2017

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/-
Amit Khemani
Whole Time Director
DIN 02227413

Sd/-
Vijay Khemani
Managing Director
DIN: 02227389

Annexure C**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE AND DEVELOPMENTS**

The FMCG sector has grown at a modest rate during the year. Government's move of Demonetization created serious challenges during the year as FMCG distribution business sells through large number of retail outlets and sudden move created huge shortage of currency. However, the move coupled with GST implementation will help the industry in long run as organized players will tend to benefit significantly.

Growing Income, 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. GST implementation from 1st July will enable the growth of industry in a big way. It will bring efficiency in logistics cost and improve demand in long run.

Your Company is engaged in the business of distribution of FMCG products of Hindustan Unilever Limited (HUL) in Surat, Gujarat. Our product portfolio includes (a) personal care products; (b) home care products; and (c) food and drinks products. We primarily supply above products to 3500 retailers and wholesalers of Surat.

We have established good reputation with the trade and our experience in managing this business will help us in expansion with distribution of products of other large companies.

OPPORTUNITIES

South Gujarat is rapidly growing region in the country and many FMCG companies are looking to expand their operations. We remain one of the prominent partner available in this region. We are expecting to build relationship with other FMCG majors for this region. With GST implementation, logistics will become very important and new area of opportunity you company will explore.

Your company has invested strategically into D technology Private Limited, an independent R & D company focused on Technological solutions in the food sector. This company has been working on solutions to many problems food sector faces today. We are hoping to explore opportunities out of their portfolio for further expansion.

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 uses surplus funds for investing in financial products.

Below given segment wise revenue generated.

Segment	2016-2017	2015-2016
FMCG Product	6999.10	7384.63
Dealing in Securities	95.52	95.83

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. 7094.63 Lakh compare to previous year's operating income of Rs 7480.46 Lakh. The company incurred profit before tax of Rs. 574.90 Lakh compared to previous year's loss of Rs. 4.21 and profit after tax of the Company is Rs. 471.32 Lakh compare to previous year's profit after tax of Rs. 7.01 Lakh. In previous year company had received dividend income of Rs. 9.78 Lakh from investments.

a) Revenue from operation.

In Rs.

	FY 2016-2017	FY 2015-2016	% Chang
Revenue from Operation	709,462,692.00	748,046,088.00	-5.16
Other Income	58,300,558.00	6,457,366.00	802.85
Total Revenue	767,763,250.00	754,503,454.00	1.76

b) Net profit after.

In Rs.

	FY 2016-2017	FY 2015-2016	% Chang
Net profit	47,131,313.00	700,722.00	6626.1

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 74 as on 31st March, 2017.

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 31.03.2017**

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 L74300GJ2011PLC063520)**(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, 2017, 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 on 31st March, 2017, 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:- (NOT APPLICABLE)
- 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 FINANCIAL YEAR UNDER REVIEW).*
- g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008-*(NOT APPLICABLE AS THE COMPANY HAS NOT ISSUED AND LISTED 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 APPLICABLE)*
- 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

I have also examined compliance with the applicable clauses of the secretarial Standards issued by The Institute of Company Secretaries of India and The Listing Agreements entered into by the Company with Stock Exchange(s).

I report that, during the year under review, the company has broadly complied with the provisions of the Guidelines mentioned above.

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 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 FURTHER 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 other than what is 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 done Sub-division of 1 (one) Equity Share of face value of Rs. 10/- (Rupees Ten only) each into 2(Two) Equity Shares of Rs. 5/- (Rupees Five only) each vide EOGM resolution 10.01.2017 through postal ballot.

I report further that, during the audit period there were no specific events/ actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

Richa Goyal
Practising Company secretary

Place: Surat
Date:06.09.2017
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 Mangtaram 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, 2017 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, 2017 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:- 6th September, 2017

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, 2017, 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, 2017, 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.

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 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 control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 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.
 4. The company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. These are in accordance with the books of accounts maintained by the company."

FOR C.P.Jaria & Co
Chartered Accountants

(C.P.Jaria)
M.No.030817
F.No.104058W
PLACE : Surat
DATE : 14/05/2017

ANNEXURE-A

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 complied 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

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 not raised money by way of IPO during the year.
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 had 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 : 15/05/2017

ANNEXURE-B TO THE AUDITOR'S REPORT**Report on the Internal Financial Controls under Clause (I) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **M/S KHEMANI DISTRIBUTORS & MARKETING LIMITED** ("the Company") as on 31st March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the Company. (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are

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

being made only in accordance with authorizations of management and directors of the company ; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition ,use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

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

FOR C.P.Jaria & Co
Chartered Accountants

(C.P.Jaria)
M.No.030817
F.No.104058W
PLACE : Surat
DATE : 14/05/2017

KHEMANI DISTRIBUTORS & MARKETING LTD
BALANCE SHEET AS AT 31/03/17

PARTICULARS	NOTE	CURRENT YEAR	PREVIOUS YEAR
I.EQUITY AND LIABILITIES			
(1) Shareholder's Fund			
(a) Share Capital	1	57,435,000	57,435,000
(b) Reserves and Surplus	2	260,908,532	213,781,109
(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	22,634,811	86,656,832
(b) Deferred 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	23,940,738	27,586,564
(b) Trade Payables	5	13,201,630	17,844,697
(c) Other current Borrowings		0	0
(d) Short-term Provisions	6	4,273,468	2,832,457
Total		382,394,179	406,136,659

II.ASSETS

(1) Non-Current Assets

(a) Fixed Assets			
(i) Tangible Assets	6	1,725,711	1,977,637
(ii) Intangible Assets		0	0
(iii) Capital work-in-progress		0	0
(iv) Intangible assets under development		0	0
(b) Non-Current Investments	7	183,977,542	115,795,938
(c) Deferred tax Assets (Net)		1,157,056	1,415,310
(d) Long Term loans and advances	8	230,500	6,239,500
(e) Other non-current assets	9	0	0

(2) Current Assets

(a) Current Investments		0	0
(b) Inventories	10	76,091,975	145,399,061
(c) Trade receivables	11	24,711,743	30,866,960
(d) Cash & Cash equivalents	12	25,071,558	32,329,189
(e) Short term loans & advances		0	0
(f) Other Current Assets	13	69,428,094	72,113,064
Total		382,394,179	406,136,659

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

FOR KHEMANI DISTRIBUTORS & MARKETING LTD

WTD/CFO-Amit Khemani
DIN: 02227413

(C.P.JARIA)
PARTNER
M.NO 030817
FRN: 104058W
PLACE : SURAT
DATE : 15/05/17

M.DIRECTOR-Vijay Khemani
DIN: 02227389

KHEMANI DISTRIBUTORS & MARKETING LTD
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31/03/2017

PARTICULARS	NOTE	CURRENT YEAR	PREVIOUS YEAR
I. Revenue from operations	14	709,462,692	748,046,088
II. Other Income	15	58,300,558	6,457,366
III. Total Revenue (I + II)		767,763,250	754,503,454
IV. Expenses			
Cost of Material Consumed		0	0
Purchase of Stock-in-trade	16	667,485,130	705,988,421
Changes in inventories of finished goods, work-in progress and stock-in trade	17	5,519,480	(4,245,729)
Employee benefit Expenses	18	6,352,413	12,835,288
Finance costs	19	15,679,660	22,032,900
Depreciation		737,822	936,750
Other expenses	20	14,499,178	17,377,130
IV. Total Expenses		710,273,683	754,924,760
V. Profit before exceptional and extraordinary items & Tax	(III-IV)	57,489,567	(421,306)
VI. Exceptional Items		0	0
VII. Profit before extraordinary items & Tax	(V-VI)	57,489,567	(421,306)
VIII. Extraordinary items		0	
IX. Profit before tax	(VII_VIII)	57,489,567	(421,306)
X. Tax Expenses			
(1) Current Tax		10,100,000	0
(2) Deferred Tax		258,254	(1,122,028)
XI. Profit(loss) from the period from continuing operations after tax	(VII-VIII)	47,131,313	700,722
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)	47,131,313	700,722
XVI. Earning per equity share			
(1) Basic		4.10	0.12
(2) Diluted		4.10	0.12

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

FOR KHEMANI DISTRIBUTORS & MARKETING LTD

WTD/CFO-Amit Khemani
DIN: 02227413

(C.P.JARIA)
PARTNER
M.NO 030817
FRN: 104058W
PLACE : SURAT
DATE : 15/05/17

M.DIRECTOR-Vijay Khemani
DIN: 02227389

NOTES TO BALANCE SHEET & PROFIT & LOSS STATEMENT

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
NOTE-1		
<u>SHARE CAPITAL</u>		
<u>AUTHORISED SHARE CAPITAL</u>		
12400000 EQUITY SHARES OF RS.5/-EACH	62,000,000	62,000,000
(PY 6200000 EQUITY SHARES OF RS.10/-EACH)	<u>62,000,000</u>	<u>62,000,000</u>
<u>ISSUED, SUBSCRIBED AND FULLY PAID UP</u>		
11487000 EQUITY SHARES OF RS 5/- EACH	57,435,000	57,435,000
(PY 5743500 EQUITY SHARES OF RS 10/- EACH)	<u>57,435,000</u>	<u>57,435,000</u>
NOTE-1A	EQUITY	EQUITY
RECONCILAITION OF SHARES OUTSTANDING OF RS.10/-	(NUMBER)	(NUMBER)
SHARES OUTSTANDING	5,743,500	
SHARES SPLITTED FROM RS 10/- TO 5/-	11,487,000	
SHARES OF FACE VALUE OF 10/- DIMINISHED	5,743,500	
SHARES ISSUED DRING THE YEAR	0	
SHARES BOUGHT BACK DURING THE YEAR	0	
SHARES OUTSTANDING AT THE END OF YEAR	<u>11,487,000</u>	
NOTE-1B		
SHAREHOLDER HOLDING FOR THAN 5% SHARES	%	SHARES @ 5/- SHARES @ 10/-
VIJAY KUMAR KHEMANI	60.15	6,909,000 3,454,500
AMIT KHEMANI	12.02	1,381,800 690,900
AT THE YEAR END COMPANY HAS ONE CLASS OF EQUITY SHARES HAVING A PAR VALUE OF RS.5/- 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 SHARES OF FACE VALUE OF RS.10/- WERE SPLITTED INTO RS.5/-		
NOTE-2		
<u>RESERVES & SURPLUS</u>		
A. SHARES PREMIUM ACCOUNT		
OPENING BALANCE	161,560,000	19,500,000
ADD:PREMIUM CREDITED	0	162,060,000
LESS: PREMIUM UTILIZED FOR BONUS SHARES	0	(20,000,000)
CLOSING BALANCE	<u>161,560,000</u>	<u>161,560,000</u>
B. PROFIT & LOSS A/C		
OPENING BALANCE	52,221,109	73,787,187
LESS: UTILIZED FOR BONUS SHARES	0	(21,300,000)
LESS: EXPS IN RELATION TO INCREASE IN CAPITAL	(158,400)	(966,800)
ADD:CURRENT YEAR PROFIT/(LOSS)	47,131,313	700,722
ADD: EXCESS PROVISION OF TAX ADDED BACK	154,510	0
CLOSING BALANCE	<u>99,348,532</u>	<u>52,221,109</u>
TOTAL	<u><u>260,908,532</u></u>	<u><u>213,781,109</u></u>
NOTE-3		
<u>LONG TERM BORROWINGS</u>		
UNSECURED LOANS FROM DIRECTORS, RELATIVES,CORPRATE	15,208,404	76,601,914
LOAN AGAINST SHARES & SECURITIES	6,941,195	9,440,947
CAR LOAN-SBI	485,212	613,971
	<u>22,634,811</u>	<u>86,656,832</u>
NOTE-4		
<u>SHORT TERM BORROWING</u>		
INSTALLMENT DUE WITHIN A YEAR-CAR LOAN	198,000	198,000
UNSECURED LOANS FROM CORPORATE	15,100,572	13,595,474
CHANNEL FINANCE FROM STATE BANK OF INDIA	8,642,166	13,793,090
AGAINST FD OF RS.68,56,400/- IN THE NAME OF COMPANY	<u>23,940,738</u>	<u>27,586,564</u>
NOTE-4		
<u>TRADE PAYABLES</u>		
SUNDRY CREDITORS	13,201,630	17,844,697
	<u>13,201,630</u>	<u>17,844,697</u>
NOTE-5		

SHORT TERM PROVISIONS

PROVISION FOR TAX	2,875,637	0
ESIC PF PAYABLE	57,862	92,604
PROFESSIONAL TAX PAYABLE	165,369	154,529
TDS PAYABLE	770,451	1,226,108
PROVISIONS FOR EXPENSES	404,149	1,359,216
	<u>4,273,468</u>	<u>2,832,457</u>

NOTE-7**NON-CURRENT INVESTMENTS**

INVESTMENTS IN MUTUAL FUNDS	0	87,010,000
INVESTMENTS IN UNQUOTED BONDS	50,000,000	20,932,603
INVESTMENTS IN QUOTED SHARES	115,269,890	7,853,335
INVESTMENT IN UNQUOTED SHARES	16,600,278	0
INTEREST ACCRUED ON BONDS	2,052,740	0
INVESTMENT IN PARTNERSHIP FIRM ONYX PARTNERS	54,634	0
	<u>183,977,542</u>	<u>115,795,938</u>

DETAIL OF PARTNERSHIP FIRM**ONYX PARTNERS**

PARTNERS	%	C. BALANCE	C. BALANCE
VIJAY KHEMANI	50	148,779	0
AVINASH KHEMANI	35	94,144	0
KHEMANI DISTRIBUTORS & MARKETING LTD	15	54,634	0

NOTE-8**LONG TERM LOANS & ADVANCES****OTHER ADVANCES**

SECURITY DEPOSITS	230,500	1,899,500
ADVANCE AGAINST FIXED ASSETS	0	1,840,000
AMOUNT PAID AGAINST MARGIN OF SHARES	0	2,500,000
	<u>230,500</u>	<u>6,239,500</u>

NOTE-9**OTHER NON-CURRENT ASSETS****PRELIMINARY EXPS NOT WRITTEN OFF****IPO EXPENSES**

0	0
0	0
<u>0</u>	<u>0</u>

NOTE-10**INVENTORY**

CLOSING STOCK-GOODS	18,494,756	24,014,236
CLOSING STOCK-BONDS/SHARES	57,597,219	121,384,825
	<u>76,091,975</u>	<u>145,399,061</u>

NOTE-11**TRADE RECEIVABLES****SUNDRY DEBTORS UNSECURED CONSIDERED GOOD**

24,711,743	30,866,960
<u>24,711,743</u>	<u>30,866,960</u>

NOTE-12**CASH & CASH EQUIVALENTS**

CASH IN HAND	4,142,204	13,536,025
FIXED DEPOSIT WITH BANK WITH INTEREST	7,419,078	6,970,720
CHEQUES IN HAND	10,053,999	6,216,249
BANK BALANCE IN CURRENT A/C WITH BANKS	3,456,277	5,606,195
	<u>25,071,558</u>	<u>32,329,189</u>

DISCLOSURE OF SBN NOTES				
	SBN		OTHER	TOTAL
CLOSING CASH IN HAND ON 08.11.16	6,761,000		1,112,725	7,873,725
(+) Permitted receipts	0		29,880,046	29,880,046
(-) Permitted payments in non sbn notes in bank	0		29,545,958	29,545,958
(-) Amount deposited in Banks	6,761,000		0	6,761,000
CLOSING CASH IN HAND ON 30.12.16	0		1,446,813	1,446,813

NOTE-13

OTHER CURRENT ASSETS

VAT BALANCE	830,546	1,002,336
CLAIM RECEIVABLE-NET	4,394,302	5,591,031
ADVANCE TAX/TDS 2014-15	0	1,851,941
INCOME TAX PAID FOR A.Y. 2012-13	2,659,300	400,000
TDS 2015-16	0	12,889
VAT REFUNDABLE	4,736	4,736
PRE-PAID INSURANCE	9,117	31,147
ADVANCE TO CREDITORS	61,530,093	63,218,984
	69,428,094	72,113,064

NOTE-14

REVENUE FROM OPERATIONS

SALES OF TRADED GOODS	699,910,460	723,398,186
SCHEME DISCOUNT RECEIVED	0	15,064,644
PROFIT/(LOSS) ON SALE OF BONDS/SHARES IN. DERIVATIVES	(957,507)	8,605,676
DIVIDEND	10,509,739	977,582
	709,462,692	748,046,088

NOTE-15

OTHER INCOME

MISC INCOME	1,931,348	2,345,411
SHARE OF PROFIT FROM ONYX PARTNERS	29,634	0
LONG TERM GAIN ON SHARES	0	2,935,214
SHORT TERM GAIN ON SHARES/MF	46,506,161	432,340
INTEREST INCOME	9,833,415	744,401
	58,300,558	6,457,366

NOTE-16

PURCHASE OF STOCK-IN TRADE

PURCHASES OF TRADED GOODS	667,485,130	705,988,421
	667,485,130	705,988,421

NOTE-17

CHANGES IN INVENTORY

OPENING STOCK-GOODS	24,014,236	19,768,507
LESS: CLOSING STOCK-GOODS	18,494,756	24,014,236
	5,519,480	(4,245,729)

NOTE-18

EMPLOYEE BENEFIT EXPENSES

SALARY	4,541,778	10,650,772
SALARY-DIRECTOR	780,000	615,000
BONUS	800,000	920,150
ESI & PF EXPS	230,635	649,366
	6,352,413	12,835,288

NOTE-19

FINANCIAL COST

BANK CHARGES	72,672	37,936
INTEREST	15,606,988	21,994,964
	15,679,660	22,032,900

NOTE-20**OTHER EXPENSES**

ADVERTISEMENT	25,358	13,039
AUDIT FEES	35,000	25,000
BROKERAGE	223,378	0
COMPUTER & SOFTWARE EXPS	81,897	112,732
CONVEYANCE	335,522	248,578
DELIVERY CHARGES	7,097,206	5,028,171
DISCOUNT	0	408,527
DONATION	0	7,200
ELECTRICITY EXPS	233,716	210,682
GODOWN EXPS	178,225	152,172
INSURANCE	124,277	104,699
IPO EXPENSES	0	2,964,419
LEGAL AND PROFESSIONAL FEES	294,108	140,070
LOADING/UNLOADING EXPS	2,890,069	3,197,812
MERCANDISER EXPS	319,409	472,572
OFFICE & MISC EXPS	242,026	315,148
PACKING EXPS	284,052	506,307
PRELIMINARY EXPS W/OFF	0	6,000
PRINTING & STATIONARY	200,251	358,129
PROFESSIONAL TAX	2,400	2,750
REGISTRAR & WEB SERVICE	56,545	0
RENT	845,712	1,103,825
REPAIRS & MAINTENANCE	48,973	266,913
SALES PROMOTION EXPS	197,959	129,157
SECURITY EXPS	121,262	43,500
SELLING EXPS	234,236	961,462
STAFF WELFARE	175,800	275,808
TELEPHONE & INTERNET EXPS	41,740	58,670
TRAVELLING EXPS	91,649	52,312
VAT EXPS	0	70,438
VEHICLE EXPS	118,408	141,038
	<u>14,499,178</u>	<u>17,377,130</u>

NOTE-6 - FIXED ASSETS:

STATEMENT OF DEPRECIATION FOR THE YEAR ENDED ON 31.03.2017 (AS PER THE COMPANIES ACT)

		GROSS BLOCK			DEPRICIATION			NET BLOCK	
SR. NO.	PARTICULARS	AS ON	ADD/DEL	TOTAL	AS ON	DURING	TOTAL	AS ON	AS ON
		01.04.16	DURING THE YEAR	AS ON 31.3.17	AS ON 01.04.16	THE YEAR	AS ON 31.3.17	AS ON 31.3.17	AS ON 01.04.16
A.TANGIBLE ASSETS									
1	OFFICE EQUIPMENTS	954549	94759	1049308	491560	225165	716725	332583	462989
2	FURNITURE	634739	0	634739	260507	98553	359060	275679	374232
3	COMPUTER	475390	1837	477227	333053	83971	417024	60203	142337
4	COMPUTER SERVER	95677	0	95677	56177	15525	71702	23975	39500
5	VEHICLE	1786947	389300	2176247	828368	314608	1142976	1033271	958579
TOTAL		3947302	485896	4433198	1969665	737822	2707487	1725711	1977637
PREVIOUS YEAR		3278422	668880	3947302	1032915	936750	1969665	1977637	2245507

NO ASSETS WERE IMPAIRED/REVALUED DURING LAST FIVE YEARS

KHEMANI DISTRIBUTORS & MARKETING LTD**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31 MARCH 2017**

Particulars	Year Ended	
	31-Mar-17	31-Mar-16
A. CASH FLOW FROM OPERATING ACTIVITY		
Profit before Taxation	57489567	(421306)
Adjustment for:		
Profit on sale of Assets	0	0
Depreciation	737822	936750
Operating Profit before working capital changes	58227389	515444
Changes in working capital :-		
Increase/(Decrease) in trade payables	(4643067)	6467489
Increase/(Decrease) in other current liabilities	0	0
Increase/(Decrease) in short term provision	1441011	(600629)
Increase/(Decrease) in other Long-term borrowings	0	0
Increase/(Decrease) in short-term borrowings	(3645826)	27388564
(Increase)/Decrease in trade receivables	6155217	(16597339)
(Increase)/Decrease in inventories	69307086	(55426620)
(Increase)/Decrease in other Assets	2684970	(68431245)
(Increase)/Decrease in Long Term loans and advances	6009000	(4069500)
(Increase)/Decrease in Short Term loans and advances	0	0
(Increase)/Decrease in Non-current Assets	0	6000
Increase/(Decrease) in last year provision	0	0
Cash generated from Operations	77308391	(111263280)
Less:- Taxes paid (For previous year)	135535780	(110747836)
Add: Earlier provision added back	10100000	0
	154510	0
Net Cash generated from operations before extraordinary items	125590290	(110747836)
Extraordinary items	0	0
Net Cash generated from operating activities	(A)	(125590290)
		(110747836)
B. CASH FLOW FROM INVESTING ACTIVITY		
(Increase)/Decrease in Fixed Asset	(485896)	(668880)
Net Cash generated from Investing activities	(B)	(485896)
		(668880)
C. CASH FLOW FROM FINANCING ACTIVITY		
Increase/(decrease) in Long Term Borrowing	(64022021)	(23455599)
Expenses in relation to share capital	(158400)	(966800)
Increase in Share Capital & Premium	0	177997500
(Increase)/decrease in Investments	(68181604)	(34955740)
Net Cash generated from Financing activities	(C)	(132362025)
		118619361
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	(7257631)	7202645
CASH & CASH EQUIVALENTS, AT THE BEGINNING OF YEAR	32329189	25126544
CASH & CASH EQUIVALENTS, AT THE END OF YEAR	25071558	32329189

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 our report of even date attached
For C.P.Jaria & CO
Chartered Accountants

C.P.Jaria
Partner
M.No 030817
FRN:104058W
Place:Surat
Date: 15/05/2017

Director/CFO/WT
Amit Khemani
DIN:02227413

Director/MD
Vijay Khemani
DIN: 02227389

KHEMANI DISTRIBUTORS & MARKETING LTD

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 CURRENCY 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	780000	615000
Salary Paid	4541778	10650772
Bonus	800000	920150
ESI & PF	230635	649366

13. Details of Payment to Auditors

Particulars	Current Year	Previous Year
As Auditor	35000	25000

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

**KHEMANI DISTRIBUTORS & MARKETING
LTD**

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

16. Disclosure of SBN Notes

DISCLOSURE OF SBN NOTES				
	SBN	OTHER	TOTAL	
CLOSING CASH IN HAND ON 08.11.16	67,61,000	10,65,449	78,26,449	
(+) Permitted receipts	0	2,96,00,231	2,96,00,231	
(-) Permitted payments in non sbn notes in bank	0	2,79,51,740	2,79,51,740	
(-) Amount deposited in Banks	67,61,000	0	67,61,000	
CLOSING CASH IN HAND ON 30.12.16	0	27,13,940	27,13,940	

17. 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
Mr. Avinash Khemani	- Relative of Director
Mrs Sanjoo Khemani	-Relative of Director
Dimple Mansingka	-Relative of Director
Enterprise over which key management personnel are able to exercise significant influence	
M/s ONYX Partners	

Name	Nature	Amount
Amit Khemani	Director Remuneration	600000
	Loan Accepted	1000000
	Loan Repaid	1000000
	Interest Paid	22570
Vijay Khemani	Director Remuneration	180000
	Loan Accepted	5325000
	Loan Repaid	6333578
Avinash Khemani	Salary	600000
Dimple Mansingka	Salary	360000
Sanjoo Khemani	Rent	120000
ONYX Partners	Sales	47924100

KHEMANI DISTRIBUTORS & MARKETING LIMITED

CIN: U74300GJ2011PLC063520

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

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Name of the member(s):	
Registered address:	
Folio No/Client ID No	
DP ID:	
No. of Shares	

I hereby record my presence at the 6th Annual General Meeting of the Company to be held at Registered Office of the Company

Signature of the Member/Joint Member/Proxy attending the Meeting

ELECTRONIC VOTING PARTICULAR

Electronic Voting Event Number (EVEN)	User ID	Password

Note: Person attending the Meeting is requested to bring this Attendance Slip and Annual Report with him/her.

KHEMANI DISTRIBUTORS & MARKETING LIMITED

CIN: U74300GJ2011PLC063520

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

PROXY FORM

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

Name of the member(s):	
Registered address:	
Folio No/Client ID No	
DP ID:	
No. of Shares	

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

- Name: _____ Address: _____
Email ID: _____ Signature: _____ or failing him;
- Name: _____ Address: _____
Email ID: _____ Signature: _____ or failing him;
- Name: _____ Address: _____
E-mail ID _____ Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 6th Annual General Meeting of the Company, to be held on Friday, 29th September 2017 at 2:00 P.M. at Survey No. 187, Plot No. 1 to 4, Opp. Saiffee Complex, Nr. Baroda Rayon Corporation (BRC), Udhana, Bhestan, Surat - 394210 and at any adjournment thereof in respect of such resolutions as are:

- 1) To consider and adopt Audited Financial Statement, Director's Report and Auditor's Report thereon.
- 2) To re-appoint Director retiring by rotation - Mr. Amit Vijaykumar Khemani (DIN: 02227413)
- 3) Ratification of Appointment of M/s C.P. Jaria & Co. (FRN 104058W), Chartered Accountant, as statutory auditor of the Company.

Signed this _____ day of _____ 2017 Signature of shareholder _____

Affix
Revenue
Stamp of
Rs. 1/-

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Statement setting out material facts thereon and notes please refer to the Notice of the 6th Annual General Meeting.
3. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.

ROUT MAP

