

**KHATOD INVESTMENTS
&
FINANCE COMPANY LIMITED**



**28th ANNUAL REPORT
2017-18**

CORPORATE INFORMATION

Board of Directors

Mr. Vinod Dugar
Whole-Time Director

Mr. Manish Kumar Jain
Independent Director

Mr. Pradeep Kumar Hirawat
Independent Director

Mrs. Manisha Pincha
Non-Executive Director

Chief Financial Officer

Mr. Subrata Mallick

Company Secretary & Compliance Officer

Mr. Jaspreet Singh Dhir

Statutory Auditor

M/s. VKR & Associates
Chartered Accountants
Martin Burn House,
Room No. 312, 3rd Floor,
1, R. N. Mukherjee Road,
Kolkata - 700001

Registrar & Transfer Agent

M/s Niche Technologies Private Limited
D-511, Bagree Market, 71, B.R.B. Basu Road,
5th Floor, Kolkata - 700001
Phone No. 033-22343576, 22357270, 2357271
Fax No. 033-22156823
E-mail: nichetechpl@nichetechpl.com

Registered Office

8/1, Lal Bazar Street, Bikaner Building,
1st Floor, Room No. 10,
Kolkata - 700001
Phone No.: 033-44500500
Fax No.:033-22420588
Email: khatodinv@gmail.com
Website: www.khatodinv.com
CIN: L65993WB1990PLC084695

Bankers

Oriental Bank of Commerce

Internal Auditor

M/s. M.K. Surana & Co.
Chartered Accountants
20, Synagogue Street,
2nd Floor,
Kolkata - 700001

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DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Eighth Board Report together with the Audited Financial Statements of the Company for the year ended 31st March 2018.

FINANCIALS

(Rs. in lakhs)

| Particulars | Current Year ended 31.03.2018 | Previous Year ended 31.03.2017 |
|---|----------------------------------|-----------------------------------|
| Total Income | 15.13 | 14.07 |
| Less: Expenditure | 11.04 | 13.02 |
| Profit/(Loss) before Tax | 4.09 | 1.05 |
| Less: Provision for Taxation | 0.54 | 0.03 |
| Profit/ (Loss) after Tax | 3.55 | 1.02 |
| Add: Balance Brought Forward from last year | 100.57 | 99.75 |
| Less: Transferred to Special Reserve | 0.71 | 0.20 |
| Balance carried forward to Balance Sheet | 103.41 | 100.57 |

PERFORMANCE REVIEW

The Company posted a net profit of Rs. 3.55 lakhs for the year ended 31st March, 2018 against net profit of Rs. 1.02 lakhs in the previous year. The total revenue stands at Rs. 15.13 lakhs for the year ended 31st March, 2018 and Rs. 14.07 lakhs for the year ended 31st March, 2017.

TRANSFER TO RESERVE

The company has transferred an amount of Rs. 0.71 lakhs this year to special reserve account as per the requirements of Reserve Bank of India. Apart from this the Company has not proposed any transfer to its Reserves.

CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business of the company during the financial year 2017-2018.

DIVIDEND

With a view to conserve the resources of the Company, your Directors do not recommend any dividend for the year under review 2017-2018.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the company between the end of the financial year (31.03.2018) and the date of the report (30.05.2018).

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Your company does not have any subsidiary, joint venture or associate company.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors' Responsibility Statement, setting out compliance with the accounting and financial reporting requirements specified under Section 134(3)(c) of the Companies Act, 2013, in respect of the financial statements, is furnished below and on behalf of the Board of Directors, it is hereby confirmed that:-

1. In the preparation of the annual accounts for the financial year 31st March, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2018 and of the profit and loss of the company for that period;
3. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The directors had prepared the annual accounts on a going concern basis;
5. The directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
6. 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.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board comprises of an optimum mix of executive and non-executive directors including independent directors. The Board's composition and size is in compliance with the provisions of the Act and the Listing regulations.

None of the Directors of the Company are disqualified for being appointed as Directors, as specified in section 164(2) of the Companies Act, 2013 and Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

a) Retirement by rotation

In accordance with the Articles of Association of the Company and Section 152 of the Companies Act, 2013, Mrs. Manisha Pincha (DIN 07143031) shall retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment. The Board recommends her re-appointment.

A brief resume of the Director being re-appointed as required under Regulation 36(3) of the Listing Regulations forms a part of the notice of the ensuing Annual General Meeting.

b) Re-appointment of Independent Directors

Mr. Pradeep Kumar Hirawat (DIN 00047872) and Mr. Manish Jain (DIN 00578028) were appointed as Independent Directors of the Company for a term of five consecutive years with effect from 1st April, 2014 to hold office till 31st March, 2019.

In terms of Section 149(10) and all other applicable provisions of the Act and the Listing Regulations, the Board of Directors of your Company, pursuant to the recommendation of the Nomination and Remuneration Committee and based on the report of performance evaluation, at their meeting held on 30th May, 2018 decided to place the proposal for re-appointment of Independent Directors for a further term of five consecutive years with effect from 1st April, 2019 at the ensuing Annual General Meeting, whose period of office shall not be liable to retirement by rotation.

The Independent Directors have given their consent to be re-appointed and have furnished necessary declaration to the Board of Directors that they meet the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

c) Statement on Declaration given by Independent Directors Under Section 149(7) of Companies Act, 2013

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed in the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.

d) Familiarization Programme Undertaken For Independent Directors

The Independent Directors are familiarized with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The familiarization program with details required as per SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 is available on the Company's website www.khatodinv.com and can be accessed at <http://www.khatodinv.com/policies-codes.php>.

MEETINGS OF THE BOARD OF DIRECTORS

The Board met six times during the year under review on 29th April, 2017; 27th May, 2017; 14th August, 2017; 24th August, 2017; 14th November, 2017 and 14th February, 2018. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. For details of the meetings of the board, kindly refer to the corporate governance report, which forms part of the Annual Report.

COMMITTEES

Audit Committee

The composition and terms of reference of the Audit Committee is in accordance with the provisions of the Act and the Listing Regulations and has been furnished in the Corporate Governance Report forming a part of the Annual Report. There has been no instance where the Board has not accepted the recommendations of the Audit Committee.

Nomination and Remuneration Committee

The composition and terms of reference of the Nomination and Remuneration Committee is in accordance with the provisions of the Act and the Listing Regulations and has been furnished in the Corporate Governance Report forming a part of the Annual Report.

Stakeholders' Relationship Committee

The composition and terms of reference of the Share transfer cum Stakeholders Relationship Committee is in accordance with the provisions of the Act and the Listing Regulations and has been furnished in the Corporate Governance Report forming a part of the Annual Report.

NOMINATION AND REMUNERATION POLICY OF THE COMPANY

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is annexed herewith as **Annexure 1** and forms part of this Report.

FORMAL ANNUAL EVALUATION

One of the vital functions of the Board is monitoring and reviewing the Board Evaluation framework formulated by the Nomination and Remuneration Committee that lay down the evaluation criteria for the performance of all the directors, in accordance with provisions of the Act and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its

minority shareholders, etc. The performance of the Non Independent Directors and Board as a whole was also reviewed by the Independent Directors.

The Directors expressed their satisfaction over the evaluation process and results thereof.

EXTRACT OF THE ANNUAL RETURN

The extract of the Annual Return in accordance with section 134(3)(a) of the Companies Act, 2013, read with rules made there under in Form No. MGT - 9 forms part of the Board's Report and is annexed herewith as **Annexure 2**.

INTERNAL FINANCIAL CONTROL SYSTEMS

The Audit Committee of the Board of directors actively reviews the adequacy and effectiveness of the internal control system and suggests improvements to strengthen the same. In the opinion of the Board, the existing internal control framework is adequate and commensurate to the size and nature of the business of the Company. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

RISK MANAGEMENT POLICY

The Board of Directors of the Company has formulated a Risk Management Policy which aims at enhancing shareholders' value and providing an optimum risk reward tradeoff. The risk management approach is based on a clear understanding of the variety of risks that the organization faces, disciplined risk monitoring and measurement and continuous risk assessment and mitigation measures.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

Pursuant to Section 186(11) of the Companies Act, 2013 loans made, guarantees given, securities provided or acquisition of securities by a non-banking financial company registered with Reserve Bank Of India, in the ordinary course of its business are exempted and thereafter no such disclosure is required to be given in the Annual Report.

PARTICULARS OF CONTRACT OR ARRANGEMENTS WITH RELATED PARTIES

All transactions entered by the Company during the financial year under review with the related parties were in the ordinary course of business. The details of related party transactions are disclosed and set out in the notes to the financial statements forming part of the Annual Report.

The Policy on materiality of related party transactions as approved by the Board may be accessed on the Company's website at the link: <http://www.khatodinv.com/policies-codes.php>.

DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures 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 3**.

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

The company has adopted the policy on redressal of Sexual and Workplace harassment as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). The Company believes that it is the responsibility of the organisation to provide to its employees an environment which is free of discrimination, intimidation and abuse, and also to protect the integrity and dignity of its employees and also to avoid conflicts and disruptions in the work environment. Further, there stood no cases filed during the year under review.

POLICY ON PREVENTION OF INSIDER TRADING

Your Company has adopted a Code of Practice & Procedure and fair disclosure as envisaged under SEBI (Prohibition of Insider Trading) Regulations, 2015 with a view to regulate trading in equity shares of the Company by the Directors and designated employees of the Company. The said code of conduct is available on the website of the Company at the following link:

<http://www.khatodinv.com/policies-codes.php>

VIGIL MECHANISM

The Company has formulated a Vigilance Mechanism/Whistle Blower Policy as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 to provide a mechanism for employees of the Company to approach the Vigilance Officer/ Chairman of the Audit Committee of the Company for safeguards against victimization of persons who use such mechanism. The Vigilance Officer places the report/ status of complaints received and resolved, if any to the members of Audit Committee. Further the aggrieved person can have direct access to the Chairman of Audit Committee.

The policy is readily available on company's website at the following link:

<http://www.khatodinv.com/policies-codes.php>

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

Your company has complied with the Corporate Governance Code prescribed by regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with Schedule V of the said regulation. A detailed report on Corporate Governance together with a certificate of compliance from the Statutory Auditors, as required by the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, forms a part of the Annual Report.

CEO-CFO CERTIFICATION

The CEO-CFO certificate on the financial statements of the Company as required under Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

HUMAN RESOURCES

Your Company believes in best HR practices by providing its employees a world class working environment, giving them equal opportunities to rise and grow. We continue to implement the best of HR policies so as to ensure that talent retention is ensured at all levels. Employee relations continued to be cordial and harmonious at all levels and in all divisions of the Company during the year.

HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION

Your Company has complied with all the applicable laws. The Company has been complying with relevant laws and has been taking all necessary measures to protect the environment and maximize worker protection and safety.

STATUTORY AUDITORS

Your Company at its 27th Annual General Meeting had appointed M/s. VKR & Associates, Chartered Accountants, as Statutory Auditors of the Company, for a period of 5 years beginning from the conclusion of 27th Annual General Meeting until the conclusion of 32nd Annual General Meeting of the Company, subject to ratification of the appointment by the members at every intervening Annual General Meeting.

Vide notification dated May 7, 2018 issued by Ministry of Corporate Affairs, the requirement of seeking ratification of appointment of statutory auditors by members at each Annual General Meeting has been done away with. Accordingly, no such item has been considered in the notice of the 28th Annual General Meeting of the Company.

AUDITOR'S REPORT

There are no qualifications, reservations or adverse remarks made by M/s. VKR & Associates, Statutory Auditors, in their report for the financial year ended March 31, 2018. Pursuant to provisions of Section 143(12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud during the year under review.

INTERNAL AUDITORS

Pursuant to Section 138 of the Companies Act, 2013 the company had appointed M/s. M.K. Surana & Co., Chartered Accountants, as the Internal Auditors of the company to carry out the internal audit of the company. The Internal Auditor reports to the Audit Committee of the Board and the Internal Audit report is also placed at the meetings of the Audit Committee for review.

SECRETARIAL AUDITORS

Pursuant to Section 204 of the Companies Act, 2013 and the rules made thereunder, the company had appointed Mr. Riteek Baheti, Practising Company Secretary, to conduct the secretarial audit of the company for the financial year 2017-18. The Secretarial Audit report for the financial year 2017-18 is annexed to this report as **Annexure 4**. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in his report.

PUBLIC DEPOSIT

Being a Non-Banking Financial Company, the disclosures required as per Rule 8(5)(v)&(vi) of the Companies (Accounts) Rules, 2014, read with Section 73 and 74 of the Companies Act, 2013 are not applicable to your company. However, the Company has not accepted any deposits during the year under review.

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

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013, read with rule 8 of the Companies (Accounts) Rules, 2014 are given in **Annexure 5** and forms part of this report.

RBI GUIDELINES

Your company is complying with all the requirements of Reserve Bank of India for Non-Banking Finance Company. In terms of paragraph 9BB of the NBFC Regulations, the particulars as applicable to the Company are appended to the Financial Statements.

STATEMENT ON COMPLIANCES OF THE APPLICABLE SECRETARIAL STANDARDS

The Directors of your Company have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

COST AUDIT

Cost Audit is not applicable to your Company as per the provisions of Section 148 of the Companies Act, 2013.

ACKNOWLEDGEMENTS

Your Directors would like to place on record their sincere gratitude to the shareholders, bankers, business associates, customers, government and other regulatory agencies for their continued support and faith in the Company. Your Directors are also happy to place on record their appreciation for the whole-hearted co-operation, commitment and contribution made by all the employees and look forward to their continued support.

For and on behalf of the Board

Mr. Vinod Dugar
Wholetime Director
DIN 00007612

Mr. Pradeep Kumar Hirawat
Director
DIN 00047872

Date: 30.05.2018
Place: Kolkata

NOMINATION AND REMUNERATION POLICY

Introduction:

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

Objectives of the Committee:

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- ii. Formulation of criteria for evaluation of Independent Director and the Board.
- iii. Devising a policy on Board diversity.
- iv. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- v. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

Effective Date:

The following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 13th August, 2014. This policy shall be operational with immediate effect.

Definitions:

- **“Board”**: Board means Board of Directors of the Company.
- **“Director”**: Directors means Directors of the Company.
- **“Committee”**: Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- **“Company”**: Company means Khatod Investments & Finance Company Limited.
- **“Independent Director”**: As provided under Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or under the Companies Act, 2013, ‘Independent director’ shall mean a non-executive director, other than a nominee director of the company:
 - a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
 - c. apart from receiving director's remuneration, has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
 - d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
 - e. who, neither himself nor any of his relatives –
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
 - (v) is a material supplier, service provider or customer or a lessor or lessee of the company;
 - f. who is not less than 21 years of age.
- **“Key Managerial Personnel”**:- Key Managerial Personnel (KMP) means-
 - (i) the Chief Executive Officer or the managing director or the manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-Time Director;
 - (iv) the Chief Financial Officer; and
 - (v) such other officer as may be prescribed under the applicable statutory provisions / regulations

- **“Senior Management”**:- The expression “senior management” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

Applicability:

The Policy is applicable to:

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

Constitution of the Nomination and Remuneration Committee:

The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company’s policy and applicable statutory requirement.

At present, the Nomination and Remuneration Committee comprises of following Directors:

- i. Mr. Pradeep Kumar Hirawat, Chairman (Independent Director)
- ii. Mr. Manish Kumar Jain, Member (Independent Director)
- iii. Mrs. Manisha Pincha, Member (Non-Executive Director)

General Appointment Criteria:

- i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.
- iii. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.

Additional Criteria for Appointment of Independent Directors:

The Committee shall consider qualifications for Independent Directors as mentioned in herein earlier under the head ‘Definitions’ and also their appointment shall be governed as per the provisions of Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

Term / Tenure:

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time.

Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

Criteria for Evaluation of Independent Director and the Board:

Following are the Criteria for evaluation of performance of Independent Directors and the Board:

1. Executive Directors:

The Executive Directors shall be evaluated on the basis of targets / Criteria given to executive Directors by the board from time to time

2. Non-Executive Director:

The Non-Executive Directors shall be evaluated on the basis of the following criteria i.e. whether they:

- (a) act objectively and constructively while exercising their duties;
- (b) exercise their responsibilities in a bona fide manner in the interest of the company;
- (c) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- (d) do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) refrain from any action that would lead to loss of his independence;
- (f) inform the Board immediately when they lose their independence;
- (g) assist the company in implementing the best corporate governance practices;
- (h) strive to attend all meetings of the Board of Directors and the Committees;
- (i) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (j) strive to attend the general meetings of the company;
- (k) keep themselves well informed about the company and the external environment in which it operates;
- (l) do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (m) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest;

- (n) abide by Company's Memorandum and Articles of Association, company's policies and procedures including code of conduct, insider trading guidelines etc.

Compensation Structure:

1. Remuneration to Non-Executive Directors:

The Non-Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

2. Remuneration to Executive Directors, Key Managerial Personnel(s) (KMPs) & Senior Management Personnel (s) (SMPs):

The Company has a credible and transparent framework in determining and accounting for the remuneration of the Managing Director / Whole Time Directors (MD/WTDs), Key Managerial Personnel(s) (KMPs) and Senior Management Personnel(s) (SMPs). Their remuneration are governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards.

The remuneration determined for MD/WTDs are approved by the Board of Directors and members at the next general meeting of the Company and by the Central Government in case such appointment is at variance to the conditions specified in Schedule V. As a policy, the Executive Directors are neither paid sitting fee nor any commission.

Approval and publication:

- (i) This remuneration policy as framed by the Committee shall be recommended to the Board of Directors for its approval.
- (ii) This policy shall be hosted on the Company's website.
- (iii) The policy shall form part of Director's report to be issued by the Board of Directors in terms of Companies Act, 2013

Supplementary provisions:

- (i) This Policy shall formally be implemented from the date on which they are adopted pursuant to a resolution of the Board of Directors.
- (ii) Any matters not provided for in this Policy shall be handled in accordance with relevant State laws and regulations and the Company's Articles of Association. If this Policy conflict with any laws or regulations subsequently promulgated by the state or with the Company's Articles of Association as amended pursuant to lawful procedure, the relevant state laws and regulations and the Company's Articles of Association shall prevail, and this Policy shall be amended in a timely manner and submitted to the Board of Directors for review and adoption.
- (iii) The right to interpret this Policy vests in the Board of Directors of the Company.

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
for the financial year ended on 31.03.2018
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS

| | | |
|----|--|--|
| 1. | CIN | L65993WB1990PLC084695 |
| 2. | Registration Date | 19.04.1990 |
| 3. | Name of the Company | Khatod Investments & Finance Company Limited |
| 4. | Category/Sub-category of the Company | Public Company |
| 5. | Address of the Registered office & contact details | 8/1, Lal Bazar Street, Bikaner Building, 1 st Floor, Room No. 10, Kolkata 700001 Contact No. 033-44500500 |
| 6. | Whether listed company | Yes |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Niche Technologies Private Limited - D511, Bagree Market, 71 B.R.B Basu Road, 5 th Floor, Kolkata - 700 001. Contact No. 22357270/7271, 22343576 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|--------|--|---------------------------------|------------------------------------|
| 1 | Financial Services | 64990 | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| SN | Name of the Company | Address of the Company | CIN/GLN | Holding/Subsidiary/Associate | % of Shares | Applicable Section |
|----|---------------------|------------------------|---------|------------------------------|-------------|--------------------|
| - | - | - | - | - | - | - |

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

(i) *Category-wise Share Holding*

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31st-March-2017] | | | | No. of Shares held at the end of the year [As on 31st-March-2018] | | | | % Change during the year |
|---|---|----------|---------|-------------------|---|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 1477300 | Nil | 1477300 | 49.207 | 1477300 | Nil | 1477300 | 49.207 | Nil |
| b) Central Govt | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) State Govt(s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) Bodies Corp. | 129100 | Nil | 129100 | 4.300 | 129100 | Nil | 129100 | 4.300 | Nil |
| e) Banks / FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| f) Any other | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-Total (A)(1) :- | 1606400 | Nil | 1606400 | 53.507 | 1606400 | Nil | 1606400 | 53.507 | Nil |
| | | | | | | | | | |
| (2) Foreign | | | | | | | | | |
| a) NRIs-Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b)Other-Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) Bodies Corp. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d)Banks/FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e)Any Other | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-Total (A) (2) :- | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Total Shareholding of Promoter (A) = (A) (1) + (A) (2) | 1606400 | Nil | 1606400 | 53.507 | 1606400 | Nil | 1606400 | 53.507 | Nil |
| B. Public | | | | | | | | | |

| | | | | | | | | | |
|--|---------|-------|---------|--------|---------|-------|---------|--------|-----|
| Shareholding | | | | | | | | | |
| 1. Institutions | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| a) Mutual Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Banks / FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) Central Govt/ State Govt(s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) Venture Capital Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e) Insurance Companies | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| f) FIIs | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| g) Foreign Venture Capital Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| h) Others (specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total (B)(1):- | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| i) Indian | 1062100 | Nil | 1062100 | 35.377 | 1062100 | Nil | 1062100 | 35.377 | Nil |
| ii) Overseas | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 25199 | 52601 | 77800 | 2.591 | 25199 | 52601 | 77800 | 2.591 | Nil |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 255900 | Nil | 255900 | 8.524 | 255900 | Nil | 255900 | 8.524 | Nil |
| c) Others (specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Non Resident | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

| | | | | | | | | | |
|--|---------|-------|---------|--------|---------|-------|---------|--------|-----|
| Indians/ Overseas Corporate Bodies | | | | | | | | | |
| Foreign Nationals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Clearing Members | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Trusts | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Foreign Bodies - D R | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total (B)(2):- | 1343199 | 52601 | 1395800 | 46.493 | 1343199 | 52601 | 1395800 | 46.493 | Nil |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 1343199 | 52601 | 1395800 | 46.493 | 1343199 | 52601 | 1395800 | 46.493 | Nil |
| C. Shares held by Custodian for GDRs & ADRs | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Grand Total (A+B+C) | 2949599 | 52601 | 3002200 | 100 | 2949599 | 52601 | 3002200 | 100 | Nil |

(ii) Shareholding of Promoters

| S. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|-----------|-------------------------------------|--|--|--|--|---|---|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbere d to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | Ankur Constructions Pvt. Ltd. | 64900 | 2.162 | Nil | 64900 | 2.162 | Nil | There was no change during the year. |
| 2 | Loka Properties Pvt. Ltd. | 64200 | 2.138 | Nil | 64200 | 2.138 | Nil | |
| 3 | Kusum Devi Dugar | 100000 | 3.331 | Nil | 100000 | 3.331 | Nil | |
| 4 | Rekha Jhabak | 35300 | 1.176 | Nil | 35300 | 1.176 | Nil | |
| 5 | Sheetal Dugar | 150000 | 4.996 | Nil | 150000 | 4.996 | Nil | |
| 6 | Sunder Lal Dugar | 80100 | 2.668 | Nil | 80100 | 2.668 | Nil | |
| 7 | Vinod Dugar | 111190 0 | 37.036 | Nil | 1111900 | 37.036 | Nil | |

(iii)Change in Promoters' Shareholding

| SN | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | ANKUR CONSTRUCTIONS PVT LTD | | | | |
| | At the beginning of the year | 64900 | 2.162 | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | No change during the year | | | |
| | At the end of the year | - | - | 64900 | 2.162 |
| 2 | LOKA PROPERTIES PVT LTD | | | | |
| | At the beginning of the year | 64200 | 2.138 | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | No change during the year | | | |
| | At the end of the year | - | - | 64200 | 2.138 |
| 3 | KUSUM DEVI DUGAR | | | | |
| | At the beginning of the year | 100000 | 3.331 | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | No change during the year | | | |
| | At the end of the year | - | - | 100000 | 3.331 |
| 4 | REKHA JHABAK | | | | |
| | At the beginning of the year | 35300 | 1.176 | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | No change during the year | | | |
| | At the end of the year | - | - | 35300 | 1.176 |
| 5 | SHEETAL DUGAR | | | | |
| | At the beginning of the year | 150000 | 4.996 | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the | No change during the year | | | |

| | | | | | |
|---|---|---------------------------|--------|---------|--------|
| | reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | | | | |
| | At the end of the year | - | - | 150000 | 4.996 |
| | | | | | |
| 6 | SUNDER LAL DUGAR | | | | |
| | At the beginning of the year | 80100 | 2.668 | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | No change during the year | | | |
| | At the end of the year | - | - | 80100 | 2.668 |
| | | | | | |
| 7 | VINOD DUGAR | | | | |
| | At the beginning of the year | 1111900 | 37.036 | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | No change during the year | | | |
| | At the end of the year | - | - | 1111900 | 37.036 |

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

| SN | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | ASHOK ANAND | | | | |
| | At the beginning of the year | 2600 | 0.087 | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | No changes during the year | | | |
| | At the end of the year | - | - | 2600 | 0.087 |
| | | | | | |
| 2. | BFM INDUSTRIES LIMITED | | | | |
| | At the beginning of the year | 8600 | 0.286 | | |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment | No changes during the year | | | |

| | | | | | |
|----|--|----------------------------|--------|--------|--------|
| | / transfer / bonus/ sweat equity etc): | | | | |
| | At the end of the year | - | - | 8600 | 0.286 |
| | | | | | |
| 3. | KRISHNA GOPAL SINHA | | | | |
| | At the beginning of the year | 2900 | 0.097 | | |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | No changes during the year | | | |
| | At the end of the year | - | - | 2900 | 0.097 |
| | | | | | |
| 4. | NAMOKAR DUPLICATING PVT LTD | | | | |
| | At the beginning of the year | 443500 | 14.773 | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | No changes during the year | | | |
| | At the end of the year | - | - | 443500 | 14.773 |
| | | | | | |
| 5. | NARENDRA KUMAR SETHIA | | | | |
| | At the beginning of the year | 255900 | 8.524 | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | No changes during the year | | | |
| | At the end of the year | - | - | 255900 | 8.524 |
| | | | | | |
| 6. | PARAMDHAM MERCANTILE PRIVATE LIMITED | | | | |
| | At the beginning of the year | 370000 | 12.324 | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | No changes during the year | | | |
| | At the end of the year | - | - | 370000 | 12.324 |
| | | | | | |
| 7. | PRAVEEN KUMAR DAGA | | | | |
| | At the beginning of the year | 6100 | 0.203 | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | No changes during the year | | | |
| | At the end of the year | - | - | 6100 | 0.203 |
| | | | | | |
| 8. | RAJIV DEORA | | | | |
| | At the beginning of the year | 2450 | 0.082 | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment | No changes during the year | | | |

| | | | | | |
|-----|--|----------------------------|-------|--------|-------|
| | / transfer / bonus/ sweat equity etc): | | | | |
| | At the end of the year | - | - | 2450 | 0.082 |
| | | | | | |
| 9. | SAMSPA EXPO PVT LTD | | | | |
| | At the beginning of the year | 120000 | 3.997 | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | No changes during the year | | | |
| | At the end of the year | - | - | 120000 | 3.997 |
| | | | | | |
| 10. | VEEKAY APARTMENTS PVT LTD | | | | |
| | At the beginning of the year | 120000 | 3.997 | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | No changes during the year | | | |
| | At the end of the year | - | - | 120000 | 3.997 |
| | | | | | |

(v) Shareholding of Directors and Key Managerial Personnel

| SN | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | VINOD DUGAR | - | - | - | - |
| | At the beginning of the year | 1111900 | 37.036 | | |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | - | - | - | - |
| | At the end of the year | - | - | 1111900 | 37.036 |

(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 | - | - | - | - |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |

| | | | | |
|---|---|---|---|---|
| Change in Indebtedness during the financial year | - | - | - | - |
| * Addition | - | - | - | - |
| * Reduction | - | - | - | - |
| Net Change | - | - | - | - |
| Indebtedness at the end of the financial year | - | - | - | - |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |

(VI). REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| SN. | Particulars of Remuneration | Name of MD/WTD/ Manager | Total Amount |
|-----|---|--------------------------|---------------|
| | | VINOD DUGAR (WTD) | |
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 600000 | 600000 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission - as % of profit - others, specify... | - | - |
| 5 | Others, please specify | - | - |
| | Total (A) | 600000 | 600000 |

B. Remuneration to other directors

| SN. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|-----|--|-------------------|------|------|-----|--------------|
| | | ---- | ---- | ---- | --- | --- |
| 1 | Independent Directors | ---- | ---- | ---- | --- | --- |
| | Fee for attending board committee meetings | ---- | ---- | ---- | --- | --- |
| | Commission | ---- | ---- | ---- | --- | --- |
| | Others, please specify | ---- | ---- | ---- | --- | --- |
| | Total (1) | ---- | ---- | ---- | --- | --- |
| 2 | Other Non-Executive Directors | ---- | ---- | ---- | --- | --- |
| | Fee for attending board committee meetings | ---- | ---- | ---- | --- | --- |
| | Commission | ---- | ---- | ---- | --- | --- |
| | Others, please specify | ---- | ---- | ---- | --- | --- |
| | Total (2) | ---- | ---- | ---- | --- | --- |

| | | | | | |
|--------------------------------|-------|------|------|-----|-----|
| Total (B)=(1+2) | ----- | ---- | ---- | --- | --- |
| Total Managerial Remuneration | ----- | ---- | ---- | --- | --- |
| Overall Ceiling as per the Act | ----- | ---- | ---- | --- | --- |

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

| S.No. | Particulars of Remuneration | Key Managerial Personnel | | |
|-------|---|--------------------------|-----------------|------------|
| | | CS | CFO | Total |
| | | Jaspreet Singh Dhir | Subrata Mallick | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Rs. 346065 | Rs. 156079 | Rs. 502144 |
| | (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 | Rs. 346065 | Rs. 156079 | Rs. 502144 |

(VII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/punishment/compounding of offences for the year ending March 31, 2018.

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE FINANCIAL YEAR 2017-2018

- 1) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18:

| S.No. | Name of the directors/KMPs and designation | Remuneration of directors/KMPs for the financial year 2017-18 | % increase in Remuneration in the financial year 2017-18 | Ratio of Remuneration of each directors to the median remuneration of the employees |
|-------|--|---|--|---|
| 1 | Vinod Dugar Wholetime Director | 600000 | --- | 10 |
| 2 | Jaspreet Singh Dhir Company Secretary | 346065 | --- | N.A. |
| 3 | Subrata Mallick Chief Financial Officer | 156079 | --- | N.A. |

- 2) There were four permanent employees (including whole-time director, company secretary and chief financial officer) on the rolls of company as on 31st March, 2018.
- 3) In the financial year 2017-18, there was no increase in the median remuneration of the employees (excluding whole-time director, company secretary and chief financial officer).
- 4) The explanation on the relationship between average increase in remuneration and company performance: the increase in remuneration of employees is in line with remuneration policy of the Company where employees are given increment as per their performance.
- 5) Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company: The remuneration of the Key Managerial Personnel(s) are in line with the Remuneration Policy of the Company where their remuneration is determined based on their performance which is correlated to the performance of the Company. Further, remuneration of the KMP's is as per industry standard.
- 6) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees. Further there is no variable component in the remuneration availed by the Directors.

- 7) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - Not Applicable; and
- 8) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Note: Remuneration is calculated on the basis of actual payout during the year.

**SECRETARIAL AUDIT REPORT
(FORM NO. MR-3)**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

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

To,
The Members,
KHATOD INVESTMENTS & FINANCE CO. LTD.
8/1, Lal Bazar Street, Bikaner Building
1st Floor, Room No.10
Kolkata - 700001

I have conducted the **Secretarial Audit** of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s KHATOD INVESTMENTS & FINANCE CO. LTD.** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the financial year ended 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **KHATOD INVESTMENTS & FINANCE CO. LTD.** ("the Company") for the financial year ended on 31st March, 2018, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- d. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 and other applicable regulations/guidelines/circulars as may be issued by SEBI from time to time to the extent applicable.
- (v) Rules, Regulations, Guidelines and Directions issued by the Reserve Bank of India for Non-Deposit taking NBFCs; as specifically applicable to the Company.

I in consultation with the company came to a conclusion that no specific laws were directly applicable with regards to business activities of the company during the period under review. I further report that Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder were not applicable to the Company during the period under review.

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

- (i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.
- (ii) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015

During the period under review and as per the explanations and representations made by the management and subject to clarifications given to us, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

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 year under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Riteek Baheti
Practising Company Secretary
M. No.: 48468
C.P. No.: 17766

Date: 30.05.2018
Place: Kolkata

Annexure 5**DISCLOSURE OF PARTICULARS UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013, READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014**

The particulars of energy, technology absorption, foreign exchange earnings and outgo, in the manner as prescribed in Rule 8(3) of the Companies (Accounts) Rules, 2014, are as follows:

| A | CONSERVATION OF ENERGY | |
|----------|--|-----|
| a) | Steps taken or impacts on conservation of energy | Nil |
| b) | Steps taken by the company for utilising alternate sources of energy | Nil |
| c) | Capital investment on energy conservation equipments | Nil |

| B | TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION | |
|----------|--|------|
| a) | Efforts made towards technology absorption, | Nil |
| b) | Benefits derived like product improvement, cost reduction, product development or import substitution. | Nil |
| c) | In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year), following information may be furnished: | |
| i) | Technology imported | Nil |
| ii) | Year of import | N.A. |
| iii) | Has technology been fully absorbed? | N.A. |
| iv) | If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action | N.A. |
| d) | Expenditures incurred on Research & Development | N.A. |

| C. | FOREIGN EXCHANGE EARNINGS AND OUTGO | |
|-----------|--|-----|
| a) | Foreign Exchange earned in terms of actual inflows during the year | Nil |
| b) | Foreign Exchange outgo during the year in terms of actual outflows | Nil |

MANAGEMENT DISCUSSION AND ANALYSIS

Cautionary Statement: Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be considered to be "forward looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. The important factors that could make a difference to the Company's operations are changes in the government regulations, tax laws, other statutes and other incidental factors.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Non-Banking Financial Companies (NBFCs) have become an integral part of India's financial system. In recent times, NBFCs have emerged as lenders to both companies and individuals. When it comes to lending, NBFCs are generally regarded to be complementary to banks and are often able to offer better services and products to their customers.

However, there has been significant improvement in the business model of existing NBFCs with improvement in overall business environment. NBFCs have been able to expand their resource profile by diversifying the funding avenues. Further a strict control on asset quality and overheads, coupled with use of innovative borrowing tools such as securitization has resulted in improved profitability of NBFCs.

As per CRISIL study, the NBFCs have managed to control any significant increase in their overheads in spite of the expansion in their business and reach.

OPPORTUNITIES & THREATS

There are enough opportunities for your Company to grow in financing activities and further increase its margin through trading in shares and securities of profitable ventures. However, the margin may be affected due to the adverse trends in stock prices of the related securities.

RISK & CONCERN

The Company's business is exposed to several financial and market risks. However your Company's business model is efficient enough to manage the risks associated with the business opportunities. The risks are vigilantly monitored and managed with proper understanding upon thorough considerations of market conditions, adequate systems, checks and balances duly in place considering the business objective, risk absorbing capacity and capital deployment.

PERFORMANCE

During the year under review, the performance of your Company in terms of earning and disbursement was as follows.

Some of the highlights of your Company's performance during the year under review are:

- Profit/(Loss) Before taxes stood at Rs. 408,718/- as against profit of Rs. 105,611/- of the last year.
- The net profit/(Loss) after taxation stood at Rs. 355,016/- as against profit of Rs. 102,207/- in the last year.

OUTLOOK

The outlook of the business of the Company looks stable in the financial year 2017-18.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate system of internal controls commensurate with the size and nature of its business. Internal Control and Audit is an important procedure and its effectiveness is reviewed by the Audit committee of the Company on a quarterly basis. The Company has also a well-defined organization structure, authority level and internal rule and regulations. These have been designed to ensure effective and efficient operation and compliance of applicable laws and regulations and to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported correctly.

HUMAN RESOURCE DEVELOPMENT

Your Company always considers Human Resource as its most valuable asset and therefore continuously tries to frame such policies that are effective enough to retain its substantial pool of managerial resources through friendly work environment that encourages the employees to give their best and contribute to the maximum in the growth of the Company. Employees' relations continued to be harmonious throughout the year with the management.

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance

Corporate Governance contains a set of guidelines, principles, processes and systems to be followed by the Directors, the management and all the employees of the Company for increasing transparency and accountability to the shareholders in particular and other stakeholders in general. Your Company's philosophy is to continue to enhance stakeholders' value and customers' satisfaction by consistently endeavoring to follow the best Corporate Governance practices.

Board of Directors

In terms of the Company's Corporate Governance policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees to the shareholders.

Composition

The Company has an optimum combination of Executive and Non-Executive Directors. As on 31st March, 2018, the Company has four directors on its Board out of which one is Whole-Time Director, three are Non-Executive Directors. Out of three Non-Executive Directors, two are Independent Directors. The Company has one Woman Director on its Board. The following is the composition of the Board as on 31st March, 2018:

| Name of the Director | Designation | Category | No. of other Directorship(s)* | Membership(s) /Chairmanship (s) of Board Committees of other companies** |
|---------------------------|--------------------|-----------------------------|-------------------------------|--|
| Mr. Vinod Dugar | Wholetime Director | Executive & Promoter | 8 | - |
| Mr. Pradeep Kumar Hirawat | Director | Non-executive & Independent | 18 | - |
| Mr. Manish Jain | Director | Non-executive & Independent | - | - |
| Mrs. Manisha Pincha | Director | Non-executive | 1 | - |

* Directorships of Indian Companies (listed, unlisted, private company) excluding Khatod Investments & Finance Co. Ltd. are considered.

** Only memberships/chairmanships of the Audit Committee and Shareholders Relationship Committee in various public limited companies (listed, unlisted) are considered.

Notes:

1. The Directorship/Committee membership is based on the Disclosures received from the Directors as on 31.03.2018.
2. None of the Directors hold Directorships in more than 20 companies pursuant to Section 165 of the Companies Act, 2013.
3. None of the Directors hold Membership and/or Chairmanship of any Committee exceeding 10 Companies and/or 5 Companies respectively as per SEBI (Listing Regulations).
4. There is no relationship, in terms of the Companies Act, 2013, between any of the Directors of the Company.

Details of Board Meetings held during the financial year

Number of Board Meetings

During the financial year ended 31st March, 2018, 06(six) Board meetings were held as follows:

| S. No. | Date of the Meeting | Board strength | No. of Directors present |
|--------|---------------------|----------------|--------------------------|
| 01 | 29/04/2017 | 4 | 3 |
| 02 | 27/05/2017 | 4 | 4 |
| 03 | 14/08/2017 | 4 | 3 |
| 04 | 24/08/2017 | 4 | 3 |
| 05 | 14/11/2017 | 4 | 4 |
| 06 | 14/02/2018 | 4 | 4 |

Attendance of Directors at Board Meetings and last Annual General Meeting

| Director | No. of Board Meetings | | Attendance at last AGM (22.09.2017) |
|---------------------------|-----------------------|----------|-------------------------------------|
| | Held | Attended | |
| Mr. Vinod Dugar | 6 | 3 | Yes |
| Mrs. Manisha Pincha | 6 | 6 | Yes |
| Mr. Pradeep Kumar Hirawat | 6 | 6 | Yes |
| Mr. Manish Kumar Jain | 6 | 6 | No |

Appointment/Re-appointment of Directors

Mrs. Manisha Pincha retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment. The brief resume of Director retiring by rotation and seeking re-appointment is appended to the notice convening the Annual General Meeting (AGM).

Committees of the Board

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board, to carry out clearly defined roles. The Board supervises the execution of its

responsibilities by the Committees and is responsible for their action. The Minutes of the meetings of all the Committees are placed before the Board for review.

The Board has established the following Committees:

Audit Committee

The Audit Committee of the Company acts as a link between the Management, the Statutory Auditors and the Board of Directors. The Audit Committee, *inter alia*, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

The Audit Committee is empowered, pursuant to its terms of reference, *inter alia*, to:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary

The role of the Audit Committee includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 134 of Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making

appropriate recommendations to the Board to take up steps in this matter;

7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Composition of the Audit Committee

The Committee has Mr. Pradeep Kumar Hirawat as the Chairman of the Committee and Mr. Manish Jain and Mrs. Manisha Pincha as Members of the Committee as on 31.03.2018. The Committee comprises of two Independent Directors and one Non-Executive Director. All the members of the Committee are financially literate and the Chairman of the Committee has accounting and financial management expertise.

Details of members and their attendance at the meetings:

| S. No. | Name | Position | No. of Committee Meetings | |
|--------|---------------------------|----------|---------------------------|----------|
| | | | Held | Attended |
| 1 | Mr. Pradeep Kumar Hirawat | Chairman | 5 | 5 |
| 2 | Mr. Manish Kumar Jain | Member | 5 | 5 |
| 3 | Mrs. Manisha Pincha | Member | 5 | 5 |

Details of Audit Committee Meetings and attendances:

During the financial year ended 31st March, 2018, five meetings of the Audit Committee were held as follows:

| S. No. | Date of the meeting | Attendance |
|--------|---------------------|------------|
| 1 | 27/05/2017 | 3 |
| 2 | 14/08/2017 | 3 |
| 3 | 24/08/2017 | 3 |
| 4 | 14/11/2017 | 3 |
| 5 | 14/02/2018 | 3 |

Nomination & Remuneration Committee

The role of the Nomination & Remuneration Committee of the Company shall *inter alia* include the following:-

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

Composition of the Nomination & Remuneration Committee:

The Nomination & Remuneration Committee comprises three members all of them being Non Executive and two amongst them being Independent Directors.

Details of members at the meetings:

| S. No. | Name | Position | No. of Committee Meetings | |
|--------|---------------------------|----------|---------------------------|----------|
| | | | Held | Attended |
| 1 | Mr. Pradeep Kumar Hirawat | Chairman | 1 | 1 |
| 2 | Mr. Manish Kumar Jain | Member | 1 | 1 |
| 3 | Mrs. Manisha Pincha | Member | 1 | 1 |

Details of Nomination & Remuneration Committee Meetings and attendances:

During the financial year 2017-18 only one meeting of the Nomination & Remuneration Committee was held.

| S. No. | Date of the meeting | Attendance |
|--------|---------------------|------------|
| 1 | 27/05/2017 | 3 |

Remuneration Policy

The Company's remuneration strategy aims at attracting and retaining high-caliber talent. The remuneration policy, therefore, is market-led and takes into account respective job profile vis-à-vis the responsibility profile of individuals to attract and retain quality talent and leverage performance significantly.

Details of Remuneration of the Directors for the financial year ended 31st March, 2018

| Name of Director | Consolidated Salary | Perquisites and other Benefits | Performance bonus/ Commission | Sitting Fees | Total |
|------------------|---------------------|--------------------------------|-------------------------------|--------------|----------------|
| Mr. Vinod Dugar | Rs. 6,00,000/- | Nil | Nil | Nil | Rs. 6,00,000/- |

No remuneration (including sitting fee) has been paid to the Non-Executive Directors in the financial year 2017-18. No Non-Executive Director holds any shares and/or convertible instruments in the Company and also they do not have any pecuniary relationship or transaction with the Company. The Company has not granted any stock options to its Directors.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Company shall consider and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends. The Committee also meets as and when required for approving share transfers. All valid requests for share transfers received during the year have been acted upon and there are no share transfer requests pending as on 31.03.2018.

Composition

The Stakeholders Relationship Committee comprises of three members. The Committee has Mrs. Manisha Pincha as the Chairman and the Members of the Committee being Mr. Manish Jain and Mr. Vinod Dugar as on 31.03.2018.

| S. No. | Name | Position | No. of Committee Meetings | |
|--------|---------------------|----------|---------------------------|----------|
| | | | Held | Attended |
| 1 | Mrs. Manisha Pincha | Chairman | 4 | 4 |

| | | | | |
|---|-----------------------|--------|---|---|
| 2 | Mr. Vinod Dugar | Member | 4 | 4 |
| 3 | Mr. Manish Kumar Jain | Member | 4 | 4 |

Details of Stakeholders Relationship Committee Meetings and attendances:

During the financial year ended 31st March, 2018, (04) four meetings of the Stakeholders Relationship Committee were held as follows:

| S. No. | Date of the meeting | Attendance |
|--------|---------------------|------------|
| 1 | 27.05.2017 | 3 |
| 2 | 14.08.2017 | 3 |
| 3 | 14.11.2017 | 3 |
| 4 | 14.02.2018 | 3 |

Mr. Jaspreet Singh Dhir, Company Secretary of the Company is acting as the Compliance Officer of the Company.

Details of shareholders' complaints

- (a) Number of shareholders' complaints received during the year : Nil
(b) Number of shareholders' complaints resolved during the year : Nil
(c) Number of complaints not solved to the satisfaction of shareholders : Nil
(d) Number of complaints pending : Nil

Details of General Body Meetings

a. Details of Annual General Meetings

The date, time, venue and the special resolutions passed in the last three Annual General Meetings are as under:-

| Particulars | F.Y. 2016-2017 | F.Y. 2015-2016 | F.Y. 2014-2015 |
|---|--|--|--|
| Meeting | 27 th AGM | 26 th AGM | 25 th AGM |
| Day & Date | 22.09.2017 Friday | 07.09.2016 Wednesday | 10.09.2015 Thursday |
| Time | 04.00 P.M. | 04.00 P.M. | 04.00 P.M. |
| Venue | The Aryans School, 149, B.T. Road, Kolkata - 700 058 | The Aryans School, 149, B.T. Road, Kolkata - 700 058 | The Aryans School, 149, B.T. Road, Kolkata - 700 058 |
| No. of Special Resolution, if any passed | Nil | Nil | Nil |

b. Postal Ballot

- Special Resolution put through postal ballot last year : Nil
Items proposed to be conducted through postal ballot this year : Nil

1. Code of Conduct

The Company is consistently endeavoring to conduct its business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The Company believes that a good corporate governance structure would not only encourage value creation but also provide accountability and control systems commensurate with the risks involved. The Board of Directors has adopted the Code of Conduct for the Directors and Senior Management ("the Code"). A copy of the Code has been put on the Company's website www.khatodinv.com. The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them.

A declaration signed by the Whole-Time Director is given below.

Compliance with Code of Conduct for Directors and Senior Management

DECLARATION

"I hereby confirm that the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of financial year 2017-18."

Vinod Dugar
(Whole-Time Director)

Code of Insider Trading: The Board of Directors has also adopted Code of Practices and Procedures for Fair Disclosure of Unpublished Price sensitive information. A copy of the Code has been put on the Company's website www.khatodinv.com

2. Disclosure

a) **Disclosures on materially significant related party transactions that may have potential conflict with the interest of company at large.**

There is no materially significant related party transaction entered i.e. any transaction of material nature, with its promoters, directors or the management or relatives, etc. that may have potential conflict with the interest of the Company at large, other than in the normal course of business. The transactions with related parties have been disclosed in Note No. 17.4 in Notes to the Accounts forming part of the accounts for the year ended 31st March, 2018.

b) **Statutory Compliances**

The Company is generally regular in complying with the requirements of the regulatory authorities on the matters relating to the capital market and no penalties / strictures have been imposed on the Company by the Stock Exchanges or any statutory authority, during last three years.

c) **Whistle Blower Policy and affirmation that no personnel has been denied access to the audit committee.**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to

report violations of applicable laws and regulations and the Code of Conduct. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

d) **Details of compliance with Mandatory requirements and adoptions of the Non Mandatory Requirements as per Listing Regulations.**

The Company duly complied with all the mandatory requirements of the Listing Regulations with the stock exchanges.

e) **Disclosure of Accounting Treatment**

In preparation of Financial Statements, the Company has followed the Accounting Standards issued by The Institute of Chartered Accountants of India. The significant Accounting Standards have been set out in the notes to Accounts of the Audited Accounts.

f) **Management Discussion and Analysis Report (MDA)**

MDA forms part of the Directors' Report and the same is attached separately in this Annual Report.

3. Means of communication

- a) The quarterly financial results and annual audited financial results are normally published in The Financial Express in English and Kalantar in Bengali.
- b) The quarterly financial results and annual audited financial results of the Company are sent to The Calcutta Stock Exchange Ltd.
- c) The Company's financial results are displayed on the website of the Company, www.khatodinv.com.
- d) The Company's website does not display any official news releases.
- e) No presentation was made to the institutional investors or to the analysts during the year under review.
- f) Annual Report containing, *inter alia*, Directors' Report, Auditors' Report, Audited Annual Accounts and other important information is circulated to members and others entitled thereto.

4. Compliance certificate of the auditors

The statutory auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of the SEBI Listing Regulations and the same is annexed.

5. Reconciliation of Share Capital

As per SEBI (Depositories & Participants) Regulation, 2003, certificate of Reconciliation of Share Capital Audit issued by a Practicing Company Secretary, confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL, is placed before the Board on a quarterly basis and also submitted to the stock exchanges.

6. General shareholder information

Details of Annual General Meeting for F. Y. 2017-18

| | | |
|---------------------|---|--|
| Date and Day | : | Thursday, 27 th September, 2018 |
| Venue | : | The Aryans School, 149, B.T. Road, Kolkata - 700 058 |
| Time | : | 4.00 p.m. |

Tentative Financial Calendar

Financial year: 1st April, 2018 to 31st March, 2019

For the year ending 31st March 2019, the results are likely to be adopted:

- on or before 14th August 2018 : First quarter (Un-audited)
- on or before 14th November 2018 : Second quarter (Un-audited)
- on or before 14th February 2019 : Third quarter (Un-audited)
- on or before 30th May 2019 : Annual (Audited)

Listing on Stock Exchange

The Calcutta Stock Exchange Ltd.
7, Lyons Range, Kolkata - 700 001
Website: www.cse-india.com

Annual Listing fee for the Financial Year 2018-19 has been paid.

Depositories

| Name of the Depository | Address of the Depository | Website |
|---|--|--|
| National Securities Depository Ltd. | Trade World, Kamala Mills Compound, Lower Parel, Mumbai - 400 013 | www.nsdl.co.in |
| Central Depository Services (India) Limited | P J Towers, 17 th Floor, Dalal Street, Fort, Mumbai - 400 001 | www.cdslindia.com |

The International Securities Identification Number (ISIN) allotted to Company's securities under the Depository system is **INE816C01017**.

Stock Code

The Calcutta Stock Exchange Ltd.
Code No. : 21083

Market price data

There was no trading in shares of the Company at The Calcutta Stock Exchange Ltd. during the financial year 2018-19.

Registrar & Share Transfer Agents:

M/s Niche Technologies Private Limited
D-511, Bagree Market, 71, B.R.B. Basu Road,

5th Floor, Kolkata - 700 001
 Phone No. 033-2234-3576, 2235-7270, 2235-7271
 Fax No. 033-2215-6823,
 e-mail: nichetechpl@nichetechpl.com

Contact Person - Mr. S. Abbas (Sr. Manager - Systems)

Share Transfer System:

The RTA performs all share transfer activities, which is a Category-I Registrar and Share Transfer Agent. Therefore, all correspondences should be made to the address mentioned above. Shareholders holding shares in the electronic form should address their correspondence to their respective depository participants.

Distribution of Shareholding:

Distribution of shareholding by size as on 31st March, 2018:

| Range of Shares | Number of Shareholders | % of Shareholders | No. of Shares | % of Shares |
|------------------|------------------------|-------------------|----------------|---------------|
| Up to 500 | 97 | 62.18 | 26750 | 0.89 |
| 501 - 1000 | 36 | 23.08 | 29900 | 1.00 |
| 1001 - 5000 | 10 | 6.41 | 21150 | 0.70 |
| 5001 - 10000 | 1 | 0.64 | 8600 | 0.29 |
| 10001 - 50000 | 1 | 0.64 | 35300 | 1.17 |
| 50001 - 100000 | 4 | 2.56 | 309200 | 10.30 |
| 100001 and above | 7 | 4.49 | 2571300 | 85.65 |
| Total | 156 | 100.00 | 3002200 | 100.00 |

Distribution of shareholding by category as on 31st March, 2018:

| Category | Number of Shares | % to Total |
|------------------------------------|------------------|---------------|
| Promoters and Promoter Group | 1606400 | 53.51 |
| Banks, Financial institutions etc. | Nil | Nil |
| Private corporate bodies | 1062100 | 35.38 |
| Indian Public | 333700 | 11.11 |
| NRIs/ OCBs | Nil | Nil |
| Clearing Members | Nil | Nil |
| Total | 3002200 | 100.00 |

Details of shares held by Directors as on 31st March, 2018:

| Name of Director | No. of Equity Shares | % of Total holding |
|---------------------------|----------------------|--------------------|
| Mr. Vinod Dugar | 1111900 | 37.04 |
| Mr. Mrs Manisha Pincha | Nil | Nil |
| Mr. Manish Kumar Jain | Nil | Nil |
| Mr. Pradeep Kumar Hirawat | Nil | Nil |
| Total | 1111900 | 37.04 |

Dematerialisation of shares and liquidity:

Shares held in dematerialised and physical form as on 31st March, 2018

| Status of Dematerialization | No. of Share | % of Total Share |
|--|--------------|------------------|
| Share held in dematerialized form : NSDL | 1669609 | 55.61% |
| Share held in dematerialized form: CDSL | 1279990 | 42.64% |
| Shares held in physical form | 52601 | 1.75% |

Outstanding GDRs/ADRs/Warrants or any Convertible instruments:

The Company has not issued any ADRs /GDRs/Warrants/Stock Options or any other convertible instruments.

Plant Location: The Company does not have any Manufacturing or Processing plant.

Address for correspondence: Khatod Investments & Finance Company Limited
Bikaner Building, 8/1, Lal Bazar Street,
1st floor, Room No.10
Kolkata-700001
Contact No- 033 4450 0500
E-mail- khatodinv@gmail.com
Website: www.khatodinv.com

CEO-CFO CERTIFICATION

To,
The Board of Directors,
Khatod Investments & Finance Co. Ltd.

We hereby certify to the Board that:

- a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2018 and that 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 the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2018 which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that there are no:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in 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 an employee having a significant role in the company's internal control system over financial reporting.

For, **Khatod Investments & Finance Co. Ltd.**

Vinod Dugar
Whole Time Director

Subrata Mallick
Chief Financial Officer

Date: 30.05.2018
Place: Kolkata

CERTIFICATE OF CORPORATE GOVERNANCE

**To,
The Members,
Khatod Investments & Finance Company Limited**

We have reviewed the compliance of conditions of Corporate Governance by **KHATOD INVESTMENTS & FINANCE COMPANY LIMITED** (the Company) for the year ended 31st March, 2018 as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

On the basis of records maintained by the Company, we state that, as on 31st March, 2018, there were no investor grievances remaining pending for a period exceeding one month against the Company.

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

**For, VKR & Associates
Chartered Accountants
ICAI Firm Registration No. 320323E**

**Santosh Kumar Agrawal, FCA
(Partner)
Membership No.: 067092**

**Date: 30.05.2018
Place: Kolkata**

Independent Auditors' Report

To,
The Members of
Khatod Investments & Finance Co. Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of "KHATOD INVESTMENTS & FINANCE CO. LTD." (the Company') which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its Profits and its cash flows for the year ended on that date.

Emphasis on Matter

Without qualifying our report we would like to draw attention to Note-17.3 of the Financial Statements explaining the reason for not following Accounting Standard 15 i.e. "Employee Benefits" with regard to Provision for Gratuity and its likely impact on the Financial Performance of the Company.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A", a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of 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 Balance Sheet, the Profit and Loss Statement and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) *Except for the effect of the matter described in Emphasis of Matter Paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.*
 - e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "B"; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company did not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For VKR & Associates
Chartered Accountants
ICAI Firm Registration No.: 320323E

Santosh Kumar Agrawal, FCA
(Partner)
Membership No.: 067092
Kolkata, 30th day of May, 2018

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i)** The Company does not have any fixed assets. Accordingly, the provisions of clause 3(i) of the Order are not applicable.
- ii)** The management has conducted physical verification of inventory at reasonable intervals during the year. No discrepancies were noticed on such physical verification.
- iii)** The company has granted unsecured loans to the parties covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - a)** The terms and conditions of the grant of such loans are not prejudicial to the company's interest.
 - b)** The loans granted to the parties covered in the register maintained under section 189 of the Act, has no stipulated schedule of repayment of principal and payment of interest and are repayable on demand.
 - c)** According to the information and explanations given to us, since the loans granted has no stipulated schedule of repayment of principal and payment of interest , the question of overdue amounts does not arise.
- iv)** In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013.
- v)** The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi)** To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- vii)** According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion:
 - a)** amount deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and Other Statutory Dues applicable to it have been generally regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect to above were in arrears, as at March 31, 2018 for a period of more than six months from the date on which they become payable .
 - b)** As at 31st March 2018, there is no amounts payable in respect of disputed Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax.

- viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- ix) The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers/employees has been noticed or reported during the period covered by our audit.
- xi) As examined by us, the company has paid remuneration to managerial personnel during the period in accordance with the requisite approval mandated by the provision of Section 197 read with Schedule V to the Companies Act, 2013.
- xii) The company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii) of the Order are not applicable.
- xiii) According to the information and explanations given to us and based on the examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) Based on our examination of the records and the information and explanations given to us,, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- xv) Based on our examination of the records and the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with him. Therefore the provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi) According to information and explanations given to us, the company is carrying on the business of Non Banking Financial Companies and is registered under section 45-IA of the Reserve Bank of India Act 1934.

For VKR & Associates
Chartered Accountants
ICAI Firm Registration No.: 320323E

Santosh Kumar Agrawal, FCA
(Partner)
Membership No.: 067092
Kolkata, 30th day of May, 2018

ANNEXURE B TO THE INDEPENDENT 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 **Khatod Investments & Finance Co. Ltd.** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, 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 dispositions 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 being made only in accordance with authorisations 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 the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 VKR & Associates
Chartered Accountants
ICAI Firm Registration No.: 320323E

Santosh Kumar Agrawal, FCA
(Partner)
Membership No.: 067092
Kolkata, 30th day of May, 2018

KHATOD INVESTMENTS & FINANCE CO. LTD.

BALANCE SHEET AS AT 31ST MARCH 2018

Amount in Rs.

| Particulars | Note | As At 31st March 2018 | As At 31st March 2017 |
|---------------------------------------|---------|--------------------------|--------------------------|
| I | | | |
| <u>EQUITY AND LIABILITIES</u> | | | |
| 1 | | | |
| <u>SHAREHOLDER'S FUNDS</u> | | | |
| (a) Share Capital | 3 | 30,022,000 | 30,022,000 |
| (b) Reserves and Surplus | 4 | 12,168,516 | 11,813,500 |
| 2 | | | |
| <u>NON CURRENT LIABILITIES</u> | | | |
| (a) Other Long Term Liabilities | 5 | 461,538 | 432,692 |
| 3 | | | |
| <u>CURRENT LIABILITIES</u> | | | |
| (b) Other Current Liabilities | 6 | 9,079,205 | 9,411,630 |
| (c) Short term Provision | 7 | 102,045 | 62,461 |
| TOTAL | | <u>51,833,304</u> | <u>51,742,283</u> |
| II | | | |
| <u>ASSETS</u> | | | |
| 1 | | | |
| <u>NON-CURRENT ASSETS</u> | | | |
| (b) Deferred Tax Asset | 17.5 | 120,000 | 133,702 |
| 2 | | | |
| <u>CURRENT ASSETS</u> | | | |
| (a) Inventories | 8 | 38,341,960 | 38,445,615 |
| (b) Cash and Cash Equivalents | 9 | 282,544 | 71,398 |
| (c) Short-term Loans and advances | 10 | 12,526,120 | 12,692,550 |
| (d) Other Current Assets | 11 | 562,680 | 399,018 |
| TOTAL | | <u>51,833,304</u> | <u>51,742,283</u> |
| Corporate Information | 1 | | |
| Significant Accounting Policies | 2 | | |
| Notes to Financial Statements | 3 to 17 | | |

As per our Report of even date

For & on behalf of the Board

For VKR & ASSOCIATES

Chartered Accountants

ICAI Firm Registration. No. 320323E

Mr. Vinod Dugar
Wholetime Director
DIN: 00007612

Mr. Pradeep Kumar Hirawat
Director
DIN: 00047872

Santosh Kumar Agrawal, FCA

(Partner)

Membership No : 067092

Kolkata, The 30th day of May, 2018

Mr. Subrata Mallick
Chief Financial Officer

Mr. Jaspreet Singh Dhir
Company Secretary

KHATOD INVESTMENTS & FINANCE CO. LTD.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2018

| | | <i>Amount in Rs.</i> | | |
|---------------------------|--|---------------------------------------|---------------------------------------|------------------|
| Particulars | Note | For the year ended 31st March 2018 | For the year ended 31st March 2017 | |
| <u>REVENUE</u> | | | | |
| I | Revenue from operations | 12 | 1,502,069 | 1,352,272 |
| II | Other Income | 13 | 10,495 | 55,068 |
| III | TOTAL REVENUE (I+II) | | <u>1,512,564</u> | <u>1,407,340</u> |
| <u>EXPENSES:</u> | | | | |
| a) | Employee Benefit Expenses | 14 | 1,190,990 | 1,198,447 |
| b) | Other Expenses | 15 | 313,272 | 310,656 |
| c) | Provisions & Contingencies | 16 | (400,416) | (207,374) |
| | TOTAL EXPENSES (IV) | | <u>1,103,846</u> | <u>1,301,729</u> |
| V | Profit before Tax (IV-V) | | <u>408,718</u> | <u>105,611</u> |
| <u>Tax Expense</u> | | | | |
| a) | Current Tax | | 40,000 | 30,730 |
| b) | Deferred Tax Expense/(Benefit) | 17.6 | 13,702 | (8,914) |
| c) | Earlier Year Taxes | | - | (18,412) |
| | | | <u>53,702</u> | <u>3,404</u> |
| VII | Profit (Loss) for the period (V-VI) | | <u>355,016</u> | <u>102,207</u> |
| VIII | Earnings per equity share: | 17.5 | 0.12 | 0.03 |
| | Corporate Information | 1 | | |
| | Significant Accounting Policies | 2 | | |
| | Notes to Financial Statements | 3 to 17 | | |

As per our Report of even date

For & on behalf of the Board

For VKR & ASSOCIATES

Chartered Accountants

ICAI Firm Registration. No. 320323E

Mr. Vinod Dugar
Wholetime Director
DIN: 00007612

Mr. Pradeep Kumar Hirawat
Director
DIN: 00047872

Santosh Kumar Agrawal, FCA

(Partner)

Membership No : 067092

Kolkata, The 30th day of May, 2018

Mr. Subrata Mallick
Chief Financial Officer

Mr. Jaspreet Singh Dhir
Company Secretary

KHATOD INVESTMENTS & FINANCE CO. LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

| Particulars | <i>Amount in Rs.</i> | |
|---|---------------------------------------|---------------------------------------|
| | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
| A. <u>Cash Flow From Operating Activities:</u> | | |
| Net Profit before Tax as per Profit and Loss Account | 408,718 | 105,611 |
| <u>Adjusted for:</u> | | |
| Provisions Created/ (Written Back) | (400,416) | (207,374) |
| Interest On IT Refund | - | - |
| Provision for Gratuity | 28,846 | 28,846 |
| Profit on sale of Shares | (10,495) | (50,795) |
| Operating Profit Before Working Capital Changes: | <u>26,653</u> | <u>(123,712)</u> |
| <u>Adjusted for:</u> | | |
| Loans and Advances | 566,430 | 3,149,573 |
| Inventories | 103,655 | (9,752,087) |
| Other Current Assets | (14,566) | (12,900) |
| Other Current Liabilities | (332,426) | 6,516,414 |
| | <u>323,094</u> | <u>(99,000)</u> |
| Cash Generated from Operations | 349,747 | (222,712) |
| Less : Tax Paid (Net of Refund Received including interest) | 149,096 | 28,291 |
| Cash Flow From Operating Activities (A) | <u>200,651</u> | <u>(251,003)</u> |
| B. <u>Cash Flow From Investing Activities</u> | | |
| Profit on sale of Shares | 10,495 | 50,795 |
| Cash Flow From Investing Activities (B) | <u>10,495</u> | <u>50,795</u> |
| C. <u>Cash Flow From Financing Activities</u> | | |
| Cash Flow From Financing Activities (C) | <u>-</u> | <u>-</u> |
| Net Increase in Cash and Cash Equivalents (A+B+C) | 211,146 | (200,208) |
| Opening Balance Of Cash and Cash Equivalents(Refer Note-9) | 71,398 | 271,606 |
| Closing Balance Of Cash and Cash Equivalents(Refer Note-9) | <u>282,544</u> | <u>71,398</u> |

Additional Information:

- 1 All figures in brackets are outflow.
- 2 Direct Taxes paid are treated as arising from Operating Activities and are not bifurcated between Investing and Financing Activities.
- 3 Cash and Cash Equivalent is Cash and Bank balances as per Balance Sheet.
- 4 Previous Year figures have been recast/restated where necessary

As per our Report of even date

For & on behalf of the Board

For VKR & ASSOCIATES

Chartered Accountants

ICAI Firm Registration. No. 320323E

Mr. Vinod Dugar
Wholetime Director
DIN: 00007612

Mr. Pradeep Kumar Hirawat
Director
DIN: 00047872

Santosh Kumar Agrawal, FCA

(Partner)

Membership No : 067092

Kolkata, The 30th day of May, 2018

Mr. Subrata Mallick
Chief Financial Officer

Mr. Jaspreet Singh Dhir
Company Secretary

KHATOD INVESTMENTS & FINANCE CO. LTD.

Notes Forming Part of the Financial Statements

1 Corporate Information

The Company is registered as a Non Banking Financial (Non-Deposit Accepting or Holding) Company as defined under Section 45-IA of the Reserve Bank of India Act, 1934, having Registration No B.05.04446. The Company is principally engaged in lending and investing activities. The registered office is at 8/1, Lal Bazar Street, Bikaner Building 1st Floor, Room No.10, Kolkata - 700 001, West Bengal.

2 Significant Accounting Policies

2.1 Basis of Accounting and Preparation of Financial Statements

The financial statements have been prepared as going concern under historical cost convention and on an accrual basis unless otherwise stated.

The Financial Statements of the company have been prepared in accordance with Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards as specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

The Company complies in all material aspects, with the prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts and other matters, specified in the directions issued by the Reserve Bank of India in terms of Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

As required by Schedule III, the Company has classified assets and liabilities into current and non-current based on the operating cycle. An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Since in case of non-banking financial company normal operating cycle is not readily determinable, the operating cycle has been considered as 12 months.

2.2 Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3 Revenue Recognition

- i) Items of Income & Expenditure are accounted for on accrual basis unless otherwise stated in these accounts.
- ii) Interest Income is recognized as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable except in the case of non-performing assets("NPAs") where it is recognized, upon realization.
- iii) Dividend income is recognised when the right to receive is established.

KHATOD INVESTMENTS & FINANCE CO. LTD.

Notes Forming Part of the Financial Statements

2.4 Cash and Cash Equivalents

Cash and cash equivalents for the purpose of in cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

2.5 Cash Flow Statement

Cash flows are reported using the indirect method whereby cash flows from operating, investing and financing activities of the Group are segregated and profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

2.6 Inventories

Inventories being shares are stated at cost. A provision for diminution, if any, is made to recognise temporary decline in the value of inventories on category wise.

2.7 Employee Benefits

Short Term Employee Benefits: The undiscounted amount of Short Term Employee Benefits expected to be paid in exchange of service rendered by the employees is recognized on actual basis in the Statement of Profit and Loss in the year when the employee actually renders service.

2.8 Taxes on Income

Current Tax

Current Tax: Current Tax is determined as the amount of tax payable in respect of taxable income for the year determined in accordance with the provisions of the Income Tax Act, 196 & notified Income Computation & Disclosure Standards, wherever applicable. Minimum Alternative Tax credit available under section 115JB of the Income Tax Act, 1961 will be accounted in the year in which the benefits are claimed.

Deferred Tax

The Company has adopted Accounting Standard - 22 "Accounting for Taxes on Income". Deferred tax is recognised, subject to consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax asset in situation where unabsorbed depreciation and carry forward business loss exists, are recognised only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised.

2.9 Contingent Liability

Liabilities which are contingent in nature are not provided for in the accounts and the same are separately disclosed by way of notes to account.

KHATOD INVESTMENTS & FINANCE CO. LTD.

Notes Forming Part of the Financial Statements

2.10 Provisions

- i) The Company creates a provision when there is a present obligation as a result of past events and it is probable that there will be outflow of resources and a reliable estimate of the obligation can be made of the amount of the obligation. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.
- ii) If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.
- iii) Provisions for standard assets & for Non-Performing assets are made as per notification DNBR.PD.007/03.10.119/2016-17 dated September 1, 2016 of Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

2.11 Earning per share

Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Khatod Investments & Finance Co. Ltd.

Notes Forming Part of Financial Statements

| | | As At 31st March 2018 | | Amount in Rs. As At 31st March 2017 |
|---|---|--------------------------|--------------------------|---|
| 3 | SHARE CAPITAL | | | |
| | 3.1 AUTHORIZED | | | |
| | 30,10,000 Equity Shares of ` 10/- each | 30,100,000 | | 30,100,000 |
| | | 30,100,000 | | 30,100,000 |
| | 3.2 ISSUED, SUBSCRIBED & PAID UP | | | |
| | 30,02,200 Equity Shares of ` 10/- each fully paid up in cash. | 30,022,000 | | 30,022,000 |
| | | 30,022,000 | | 30,022,000 |
| | 3.3 Par value per share | `10 | | `10 |
| | 3.4 Reconciliation of Number of Shares and amount outstanding at the beginning and at the end of the year | | | |
| | Shares at the beginning of the Accounting Period | | | |
| | 30,02,200 Equity shares of ` 10/- each fully paid up | 30,022,000 | | 30,022,000 |
| | Additions during the Year | - | | - |
| | Shares at the end of the Accounting Period | | | |
| | 30,02,200 Equity shares of ` 10/- each fully paid up | 30,022,000 | | 30,022,000 |
| | 3.5 Rights, Preferences & Restrictions attaching to shares and restrictions on repayment of capital | | | |
| | The Company has only one class of Equity Shares having par value of Rs 10 per share. Each shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend. | | | |
| | 3.6 Details of shareholder holding more than 5% share | % | No. of share held | % |
| | Vinod Dugar | 37.04 | 1,111,900 | 37.04 |
| | Namokar Duplicating Pvt Ltd | 14.77 | 443,500 | 14.77 |
| | Paramdham Merchantile Pvt Ltd | 12.32 | 370,000 | 12.32 |
| | Narendra Kumar Sethia | 8.52 | 255,900 | 8.52 |
| | | | | |
| 4 | RESERVES & SURPLUS | | | |
| | 4.1 SPECIAL RESERVE ACCOUNT | | | |
| | (As per Section 45-IA of the RBI Act) | | | |
| | At the beginning of the Accounting Period | 1,756,822 | | 1,736,381 |
| | Additions during the Year | 71,003 | | 20,441 |
| | At the end of the Accounting Period | 1,827,825 | (A) | 1,756,822 |
| | 4.2 SURPLUS | | | |
| | At the beginning of the Accounting Period | 10,056,678 | | 9,974,912 |
| | Additions during the Year | 355,016 | | 102,207 |
| | | 10,411,694 | | 10,077,119 |
| | Less: Transfer to Special Reserve | 71,003 | | 20,441 |
| | At the end of the Accounting Period | 10,340,691 | (B) | 10,056,678 |
| | TOTAL | (A+B) | | (A+B) |
| | | 12,168,516 | | 11,813,500 |
| 5 | OTHER LONG TERM LIABILITIES | | | |
| | For Employee Benefits | 461,538 | | 432,692 |
| | TOTAL | 461,538 | | 432,692 |
| 6 | OTHER CURRENT LIABILITIES | | | |
| | Other Liabilities | 9,078,430 | | 9,352,858 |
| | Statutory Liabilities | 775 | | 15,600 |
| | Book Overdraft due to excess issue of cheques | - | | 43,172 |
| | TOTAL | 9,079,205 | | 9,411,630 |
| 7 | SHORT TERM PROVISIONS | | | |
| | Contingent provision against standard assets | 31,315 | | 31,731 |
| | Provision for Income Tax | 70,730 | | 30,730 |
| | TOTAL | 102,045 | | 62,461 |
| 8 | INVENTORIES (As taken, valued and certified by the management) | | | |
| | Stock in Trade | 38,341,960 | | 38,445,615 |
| | TOTAL | 38,341,960 | | 38,445,615 |

KHATOD INVESTMENTS & FINANCE CO. LTD.

NOTES FORMING PART OF FINANCIAL STATEMENTS

| | | <i>Amount in Rs.</i> | |
|-------|--|--|---|
| Notes | | As At 31st March 2018 | As At 31st March 2017 |
| 9 | <u>CASH & CASH EQUIVALENTS</u> <u>Cash & Bank Balances</u> Balance with Banks on Current Accounts Cash on hand (As certified by management) | 261,324 21,220 | - 71,398 |
| | TOTAL | 282,544 | 71,398 |
| 10 | <u>SHORT-TERM LOANS AND ADVANCES</u> <u>(unsecured considered good)</u> <u>Loans (Including Interest Accrued)</u> - Related Parties - Other than Related Parties <u>Others (Unsecured considered doubtful)</u> - Other than Related Parties Less: Provision for NPA | 37,128 12,488,992 594,106 (594,106) | 656,128 12,036,422 994,106 (994,106) |
| | TOTAL | 12,526,120 | 12,692,550 |
| 11 | <u>OTHER CURRENT ASSETS</u> Balances with Revenue Authorities Others | 485,046 77,634 | 335,950 63,068 |
| | | 562,680 | 399,018 |

KHATOD INVESTMENTS & FINANCE CO. LTD.

NOTES FORMING PART OF FINANCIAL STATEMENTS

Amount in Rs.

| Note | For the Period Ended 31st March 2018 | For the Period Ended 31st March 2017 |
|--|--|---|
| 12 | <u>REVENUE FROM OPERATIONS</u> | |
| 12.1 | <u>Interest Earned</u> | |
| Interest on Loans Given (Gross including TDS ` 1,49,096/-, PY ` 1,35,228/-) | 1,502,069 | 1,352,272 |
| TOTAL | <u>1,502,069</u> | <u>1,352,272</u> |
| 13 | <u>OTHER INCOME</u> | |
| Interest on Income Tax Refund | - | 4,273 |
| Profit on Sale of Shares | 10,495 | 50,795 |
| | <u>10,495</u> | <u>55,068</u> |
| 14 | <u>EMPLOYEE BENEFIT EXPENSES</u> | |
| Salary & Bonus | 562,144 | 569,601 |
| Director Remuneration | 600,000 | 600,000 |
| Provision for Gratuity | 28,846 | 28,846 |
| TOTAL | <u>1,190,990</u> | <u>1,198,447</u> |
| 15 | <u>OTHER EXPENSES</u> | |
| 15.1 | <u>Administrative Expenses:</u> | |
| Auditors' Remuneration | | |
| Statutory Audit Fees | 17,700 | 14,440 |
| Advertisement & Publicity | 12,452 | 18,611 |
| Custodial Charges | 20,700 | 20,610 |
| Bank Charges | 2,270 | 512 |
| Insurance Premium | 158,571 | 158,183 |
| Listing Fees | 28,750 | 28,625 |
| Professional Fees | 53,682 | 41,635 |
| Filing Fees | 3,179 | 6,000 |
| Rates & Taxes | 4,800 | 4,412 |
| Printing & Stationery | 1,690 | 1,040 |
| Travelling & Conveyance Expenses | 550 | 990 |
| Postage & Telegram | 2,476 | 3,191 |
| Sundry Balance Written Off | - | 1,020 |
| General Expenses | 6,452 | 11,387 |
| A | <u>313,272</u> | <u>310,656</u> |
| TOTAL | <u>A 313,272</u> | <u>310,656</u> |
| 16 | <u>PROVISIONS & CONTINGENCIES</u> | |
| Contingent Provision against standard assets created/(Written Back) | (416) | (7,374) |
| Provision for NPA | (400,000) | (200,000) |
| TOTAL | <u>(400,416)</u> | <u>(207,374)</u> |

KHATOD INVESTMENTS & FINANCE CO. LTD.

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note - 17

17.1 There are no Micro, Small & Medium enterprises to which the company owes dues, which are outstanding for more than 45 days as at the Balance Sheet date. The micro, small and medium enterprises have been identified on the basis of information available with the company. This has been relied upon by the auditors.

17.2 In the opinion of the Board the Current Assets, Loans and Advances are not less than the stated value if realized in ordinary course of business. The provision for all known liabilities is adequate. There is no contingent liabilities except stated, as informed by the Management.

17.3 Provision for Gratuity

(Information given in accordance with Accounting Standard - 15)

Provision for gratuity ` 28,846/- has been made assuming all the eligible employees shall retire on 31st March 2018 which is not inconsonance with the requirements prescribed under Accounting Standard 15 i.e. Employee Benefits as to determination of liability on basis of actuarial valuation, yet seeing the few number of employees, the impact of this deviation is not likely to effect the Financial Performance of the Company.

17.4 Related Party Disclosures

(Information given in accordance with Accounting Standard - 18)

(i) Name of Related Party and Relationship

A Key Management Personnel & their Relatives:

Vinod Dugar Whole-time Director

B. Person able to exercise significant influence

Vinod Dugar Whole-time Director

C. Organisation in which control of KMP /Major Shareholders/Their Relatives exist:

Prashant Commodities P. Ltd.

(ii) Transactions with Related Parties :

Amount in Rs.

| Sl. No. | Nature of Transaction | Enterprise Over which KMP is able to exercise significant influence. | | KMP | |
|---------|---|--|---------|---------|---------|
| | | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| 1) | Loan Given | 175,000 | 190,000 | - | - |
| 2) | Interest Earned | 32,223 | 49,316 | - | - |
| 3) | Repayment of Loan received (Including Interest) | 826,223 | 5,000 | - | - |
| | Balances as on 31st March 2018 | 37,128 | 656,128 | - | - |
| 4) | Director's Remuneration | - | - | 600,000 | 600,000 |
| 5) | Provision for Gratuity | - | - | 28,846 | 28,846 |

17.5 Earnings Per Share

(Information given in accordance with Accounting Standard - 20)

| | 2017-18 | 2016-17 |
|-------------------------------------|-----------|-----------|
| Profit After Tax (`) | 355,016 | 102,207 |
| Weighted Average No of Shares (Nos) | 3,002,200 | 3,002,200 |
| Basic Earning Per Share (`) | 0.12 | 0.03 |
| Face Value (`) | 10 | 10 |

KHATOD INVESTMENTS & FINANCE CO. LTD.
NOTES FORMING PART OF FINANCIAL STATEMENTS

Note - 17

17.6 Taxes on Income

(Information given in accordance with Accounting Standard - 22.)

The Company has created Deferred Tax Liability at the future tax rate of 26% on timing differences calculated as follows:-

| Particulars | Deferred Tax Asset/(Liabilities) As at 31.03.2017 | Current Year (Charge)/ Credit | Deferred Tax Asset/(Liabilities) As at 31.03.2018 |
|-------------------|---|-------------------------------------|---|
| Timing Difference | | | |
| - Gratuity | 133,702 | 13,702 | 120,000 |
| | 133,702 | 13,702 | 120,000 |
| | | | |

17.7 Information pursuant to Paragraph 18 of Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, is given in Annexure-I.

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

As per our Report of even date

For & on behalf of the Board

For VKR & ASSOCIATES

Chartered Accountants
ICAI Firm Registration. No. 320323E

Mr. Vinod Dugar
Wholtime Director
DIN: 00007612

Mr. Pradeep Kumar Hirawat
Director
DIN: 00047872

Santosh Kumar Agrawal, FCA

(Partner)

Membership No.: 067092
Kolkata, The 30th day of May, 2018

Mr. Subrata Mallick
Chief Financial Officer

Mr. Jaspreet Singh Dhir
Company Secretary

KHATOD INVESTMENTS & FINANCE CO. LTD.

Annexure - I to the

Balance sheet of a Non Deposit taking Non-Banking Financial Company as at 31.03.2018

[as required in terms of paragraph 18 of Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016]

Amount in lakhs

| Particulars | | Amount in lakhs | |
|---------------------------|---|--------------------|----------------|
| Liabilities Side : | | | |
| (1) | Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid : | Amount Outstanding | Amount Overdue |
| | (a) Debentures : Secured | NIL | NIL |
| | : Unsecured | NIL | NIL |
| | (Other than falling within the meaning of public deposits *) | | |
| | (b) Deferred Credits | NIL | NIL |
| | (c) Term Loans | NIL | NIL |
| | (d) Inter-corporate loans and borrowing | NIL | NIL |
| | (e) Commercial Paper | NIL | NIL |
| | (f) Public Deposits* | NIL | NIL |
| | (g) Other Loans | NIL | NIL |
| | <i>* Please see Note 1 below</i> | | |
| (2) | Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid): | | |
| | (a) In the form of Unsecured Debentures | NIL | NIL |
| | (b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security | NIL | NIL |
| | (c) Other public deposits | NIL | NIL |
| | <i>* Please see Note 1 below</i> | | |
| Assets side: | | | |
| | | Amount Outstanding | |
| (3) | Break-up of Loans and Advances including bills receivables [Other than those included in (4) below] : | | |
| | (a) Secured | NIL | |
| | (b) Unsecured | 131.20 | |
| (4) | Break up of Leased Assets and stock on hire and other assets counting towards AFC activities : | | |
| | (i) Lease assets including lease rentals under sundry debtors. | | |
| | (a) Financial Lease | NIL | |
| | (b) Operating Lease | NIL | |
| | (ii) Stock on hire including hire charges under sundry debtors : | | |
| | (a) Assets on hire | NIL | |
| | (b) Repossessed Assets. | NIL | |
| | (iii) Other loans counting towards AFC activities | | |
| | (a) Loans where assets have been repossessed | NIL | |
| | (b) Loans other than (a) above | NIL | |

| (5) Break - up of Investments : | | Amount in lakhs | | |
|---|---|--------------------------------------|--------------------------------|--------|
| Current Investments : | | | | |
| 1 Quoted : | | | | |
| (i) Share : (a) Equity | | 137.14 | | |
| (b) Preference | | NIL | | |
| (ii) Debentures and Bonds | | NIL | | |
| (iii) Units of Mutual funds | | NIL | | |
| (iv) Government Securities | | NIL | | |
| (v) Others (Please Specify) | | NIL | | |
| 2 Unquoted : | | | | |
| (i) Share : (a) Equity | | 246.28 | | |
| (b) Preference | | NIL | | |
| (ii) Debentures and Bonds | | NIL | | |
| (iii) Units of Mutual funds | | NIL | | |
| (iv) Government Securities | | NIL | | |
| (v) Others (Please Specify) | | NIL | | |
| Long Term Investment : | | | | |
| 1 Quoted : | | | | |
| (i) Share : (a) Equity | | NIL | | |
| (b) Preference | | NIL | | |
| (ii) Debentures and Bonds | | NIL | | |
| (iii) Units of mutual funds | | NIL | | |
| (iv) Government Securities | | NIL | | |
| (v) Others (Please Specify) | | NIL | | |
| 2 Unquoted : | | | | |
| (i) Share : (a) Equity | | NIL | | |
| (b) Preference | | NIL | | |
| (ii) Debentures and Bonds | | NIL | | |
| (iii) Units of Mutual funds | | NIL | | |
| (iv) Government Securities | | NIL | | |
| (v) Others (Please Specify) | | NIL | | |
| (6) Borrower group-wise classification of assets financed as in (3) and (4) above | | | | |
| <i>Please see Note 2 below</i> | | | | |
| Category | | Amount net of provisions | | |
| | | Secured | Unsecured | Total |
| 1. Related Parties ** | | | | |
| (a) Subsidiaries | | NIL | NIL | NIL |
| (b) Companies in the same group | | NIL | 0.37 | 0.37 |
| (c) Other related parties | | NIL | NIL | NIL |
| 2. Other than related parties | | NIL | 124.58 | 124.58 |
| Total | | NIL | 124.95 | 124.95 |
| (7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) : | | | | |
| <i>Please see Note 3 below</i> | | | | |
| Category | | Market Value / Break up value or NAV | Book Value (Net of Provisions) | |
| 1. Related Parties ** | | | | |
| (a) Subsidiaries | | NIL | NIL | |
| (b) Companies in the same group | | 1468.06 | 143.87 | |
| (c) Other related parties | | NIL | NIL | |
| 2. Other than related parties | | 253.48 | 239.55 | |
| Total | | 1721.54 | 383.42 | |
| ** As per Accounting Standard of ICAI (Please see Note 3) | | | | |
| (8) Other Information | | | | |
| Particulars | | | Amount | |
| (i) | Gross Non-Performing Assets | | | |
| | (a) Related parties | | NIL | |
| | (b) Other than related parties | | 5.94 | |
| (ii) | Net Non-Performing Assets | | | |
| | (a) Related parties | | NIL | |
| | (b) Other than related parties | | NIL | |
| (iii) | Assets acquired in satisfaction of debt | | NIL | |
| Notes | | | | |
| 1 As defined in point xxiv of paragraph 3 of Chapter -2 of these Directions. | | | | |
| 2 Provisioning norms shall be applicable as prescribed in these Directions. | | | | |
| 3 All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above. | | | | |