

BHALCHANDRAM CLOTHING LIMITED
(Previously known as Bhalchandram Clothing Private Limited)
2201 Dhavalgiri August Kranti Marg,
Nana Chowk Mumbai Mh 400036
Website: www.bhalchandram.com E-mail ID: investor@bhalchandram.com
CIN: U17120MH2005PTC156451

Directors' Report

**TO THE MEMBERS OF
M/S. BHALCHANDRAM CLOTHING LIMITED
(FORMERLY KNOWN AS BHALCHANDRAM CLOTHING PRIVATE LIMITED)**

Your Board of Directors of the Company take pleasure in presenting the Director's Report along with Audited Financial Statements of your Company for the Financial Year ended 31st March, 2016. The Directors are pleased to inform that the Company has currently listed under Emerge Institutional Trading Platform of NSE-SME to widen its scope of drawing in prospective investors into the Company.

The Company was listed in the said platform with effect from 6th July, 2015 to expose to a wide variety of institutional investors. This report pertains to the financial performance of the Company during the financial year from 1st April, 2015 to 31st March, 2016 wherein the Company was listed under Emerge Institutional Trading Platform of NSE-SME.

Keeping in view that the Company is listed as on the date of this report during the financial year under review, the Directors have gathered this Annual Report in compliance with SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 and Companies Act, 2013 including the re-enactments and modifications from time to time, have endeavored to the extent applicable.

Financial Highlights

The financial performance of the Company, for the year ended March 31, 2016 is summarized below:

(in Rs.)

Particulars	Current year	Previous Year
Sales	88180150	12210916
Other Income	977667	2371331
Total Income	89157817	14582247
Less: Operating and Admin. Expenses	88098609	11920885
Profit/Loss Before Tax	1059208	2661362
Depreciation	0	0
Tax		
Current Tax	253620	822360
Tax adjustment of earlier years	0	0
Deferred Tax	0	0
Profit/(Loss) after Tax	805588	1839002
Earnings per share (Rs.) :		
Basic	1.44	3.68
Diluted	1.44	3.68

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Results of Operations

During the year under review your Company has reported a total income of Rs.891.57 Lakhs out of which the sale realization has increased by 727.85% at Rs.856.39 Lakhs when compared to previous years proceeds of Rs.117.66 Lakhs. The Company has received income through duty drawback of Rs. 25.40 Lakhs during the year under review. The Company has shown a considerable growth in Sales though the Cotton textile Industry has had a general slow down in the market.

Dividend

Your Directors feel prudent not to recommend any dividend for the year in view of plough back of profit in the business of the Company.

Transfer to Reserves

The company has not transferred any amount to the Reserves during the year.

Nature of Business and Changes therein

The Company is engaged in the business of trading of Cotton textiles and to specialize in the export of quality Cotton Yarns and fabrics. The Company covers a wide variety of Cotton Yarns including carded & combed ring spun yarns of coarse & fine counts, ply yarns, special yarns and grey fabrics.

During the year under review, there has been no change in the nature of business of the Company. Company was get listed in the EMERGE Institutional Trading Platform of NSE SME, with effect from 6th July, 2015 to expose to a wide variety of institutional investors.

Management Discussion and Analysis Report

Industry Structure and Development

The Textile Industry in India accounts for 14% of the total Industrial production leading to 4% of the GDP of the Country which is one of the significant contributors to the Indian economy. During the year 2015-2016, the Cotton Textile Industry has been under stress because of market trends. After witnessing challenges during the year 2014 and for most part of 2015 given unfavorable economic conditions, the Indian textiles and garments sector has seen reversal of trends in second half of 2015. The steep decline in exports of cotton yarn to China has created over supply and price decline in the domestic market.

With domestic and global economic conditions gradually improving along with the focused efforts made by Ministry of Textiles, Indian textiles and garments sector is set for growth, buoyed by revival in domestic consumption and export demand.

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Bhalchandram Clothing Limited is mainly engaged in the export trading of cotton yarn in all coarser and fine counts, where the Company has strong presence and leadership. The Company enjoys the excellent relationship with its overseas customers, which has been built over the years by strictly adhering to delivery schedules maintaining consistent quality and providing prompt after sales service.

Opportunities and Threats

The future of Indian Cotton Textile Industry is highly depending on availability of raw material at a competitive price. With the introduction of Hybrids and BT Cotton, the cotton production in India is increasing every year. The government is making efforts to supply proper quality seeds at a reasonable price to the growers and it is expected that the supply of quality cotton will be comfortable.

In the past, the Textile Industry did not develop in an organized manner and the policy favored fragmentation resulting in organized players suffering heavily because of the distorted fiscal structure. Fortunately, in the last few years, the Government has now provided level playing field to all the sectors of textile industry and therefore, large investments are coming in the textile industry. Government had given good incentives under Technology Upgradation Fund Scheme and also benefits to the processing sector, which will give boost to the textile industry.

Outlook

The long term objective of the Company is to remain strong player in the cotton textiles export market with strong emphasis on product and market development, value added yarns, customer services and Technology Up gradation. Your Company is also continuously improving its operational efficiency, and cost control which alone can improve the bottom line in future in highly competitive environment. Further, your Company is hopeful to get advantage of the overall good times likely to come for the Indian Cotton Textile Industry and will do all out efforts to secure the bigger share of the increasing market in future.

A stable outlook on cotton and synthetic textiles would result from favourable policy environment, improvements in demand-supply position, continued stability in input costs and consequent improvement in margins/liquidity. It is unlikely that the sector's outlook will turn positive until fundamental issues such as power shortage, lack of technology and modern machinery and demand slowdown are resolved. However, foreign direct investment in retail is an opportunity that would unleash demand in the long run and offset any slowdown in exports.

By encashing the rich experience gained by the Company in the Cotton Textile sector, the company has plans to increase its efforts of marketing and to open up foreign offices in order to better serve its customers. The emphasis will also be on more exports of value added items such as dyed yarns, speciality yarns and grey and dyed fabrics.

Risks and Concern

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- Our business shall dependent on the availability/supply and cost of raw materials which we source from domestic suppliers. Any significant increase in the prices of these raw materials or decrease in the availability of the raw materials, could adversely affect our results of operations.
- Our business is subject to regulation by several authorities, which could have an adverse effect on our business and our results of operations.
- We are heavily dependent on our Promoters and the loss of their guidance and services may adversely affect our business or results of operations.
- Change in Government of India's Economic Liberalization policies may hinder prices of our equity shares
- Change in Tax laws in India (i.e. central tax, service tax and income tax) may increase tax liabilities of the company inversely affecting PAT
- Slowdown in the Indian economy may inverse effect in our profit
- Any Natural calamities, terrorist attack on India may hinder our profit
- Change in economic regulations and laws may also effect the company adversely

Internal Control Systems and their adequacy

The Company has a proper adequate internal control system to ensure that all the assets are safe guarded and protected against the loss from unauthorized used or disposition and that transactions are authorized, recorded and reported correctly.

The internal control is supplemented by an extensive internal audit, periodical review by the management and documented policies, guidelines and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

Financial and Operational Performance

During the year under review your Company has reported a total income of Rs. 196.74 Lakhs when compared to previous years proceeds of Rs. 247.01 Lakhs.

Liquidity and Capital Resources

Particulars	2015-2016 (` in Rupees)	2014-2015 (` in Rupees)
Cash and Cash Equivalentents –		
Beginning of the year	24,01,005	1,82,58,539
End of the year	3,98,550	24,01,005
Net Cash provided (used) by -		
Operating activities	(80,48,563)	(2,21,43,242)
Investment activities	9,46,108	62,85,890
Financial activities	51,00,000	-

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The net cash inflow utilized in the operating activities during the year under review has been Rs.(80.49) Lakhs as compared to Rs. (221.43) Lakhs in previous year. However, the inflow from investment activity stands at Rs. 9.46 Lakhs as compared to loss of Rs. 62.86 Lakhs in previous year. The Cash outflow from financial activities is Rs. 51.00 Lakhs for the year under review.

Material Developments in Human Resources

The Company continues to lay emphasis on developing and facilitating optimum human performance. Performance management was the key word for the Company this year. Recruitment process has been strengthened to ensure higher competence levels.

Material changes and commitments affecting financial position between the end of the financial year and date of report

The Company has been listed in the EMERGE Institutional Trading Platform of NSE SME to draw in prospective investments into the Company as the management intends to expand its business in the manufacturing sector in future subject to favorable market conditions.

To fit into one of the eligibility criteria of getting listed on the said platform of the Stock Exchange, the Company had issued shares on a private placement of 60,000 Equity Shares at a price of INR 85/- per share thereby drawing in an investment of INR 51 Lakhs in May, 2015. Further there has been no other material changes or commitments affecting the financial position of the Company between the end of the financial year to which the financial statements relate and the date of report.

Subsidiary Companies, Joint Ventures and Associate Company

The Company does not have any subsidiary Company, Joint Venture or Associate Company and no such Company ceased to exist as per the provisions of Section 2(87) of the Companies Act, 2013 as on 31st March, 2016.

Deposit

During the year under review, your Company did not accept any deposits in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014. As on April 1, 2014, no amounts were outstanding which were classified as 'Deposits' under the applicable provisions of Companies Act, 1956 and hence, the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Companies Act, 2013 is not applicable.

Particulars of Contracts or Arrangements with Related Parties

The Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 specifies the requirement for approval of the Board and/or the Members, as and when applicable in related party transactions in relation to contracts/arrangements.

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During the year under review the Company has not entered into related party transactions as per the provisions of Section 188 of the Companies Act, 2013. Transactions with the related parties consist off only unsecured loans accepted which are outside the purview of section 188 of the Act hence disclosure in Form AOC-2 is not required.

Particulars of Loans, Guarantees and Investments

The Company has not provided any Loans, Guarantees during the year.

Board of Directors and Key Managerial Personnel

1. Appointments

During the year Mrs. Meghna Vijay Panchal was appointed as Additional Director of the Company with effect from 29th December, 2015 as per the provisions of Section 161 of the Act and Mrs. Nidhi Dharam Sharma was appointed as Company secretary and Key Managerial Personnel with effect from 1st January, 2016.

2. Retire by rotation and Re-appointments

Mr. Ujwal Lahoti (DIN: 00360785), Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Committees of Board

The Board has 3 Committees: Audit Committee and Stakeholder's Relationship Committee. The Company is in the process of adoption of the Nomination and Remuneration Committee. A detailed note on the functions of the Board and Committee are provided hereunder. The Audit Committee and Stakeholders Relationship Committee were formed on 19th May, 2015 at a Board meeting to comply with the requirement of the Listing agreement and the other applicable provisions of the Companies Act, 2013. The Composition of the Committees are as follows:

1. Audit Committee

The Company has constituted the Audit committee ("Audit Committee"), as per the provisions of Section 177 of the Companies Act, 2013, vide resolution passed in the meeting of the Board of Directors held on May 19, 2015.

The Audit Committee comprises of the following members:

Name of the Director	Designation in the Committee
Mr. Prakash Ramchandra Bang (Independent Director)	Chairman

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Mr. Mahesh Bhattad (Independent Director)	Member
Mr. Ujwal Lahoti (Managing Director)	Member

All the members are financially literate and have accounting / related financial management expertise.

The Audit Committee advises the Management on the areas where internal control system can be improved. The Company has appointed M/s. Lahoti Navneet and Co., Chartered Accountants as Internal Auditors to review and report on the internal control system. The report of the internal auditors is reviewed by the Audit Committee. The Internal Auditors submits their recommendations for the Audit Committee and provides their road map for future action.

The Role, function, responsibility and constitution of the Audit Committee is in accordance to the provisions of Section 177 of the Companies Act, 2013 and as per SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015.

The Audit Committee functions according to its Charter that defines its composition, authority, responsibilities and reporting functions. The terms of reference of the Audit Committee, inter alia, includes the following function:

- 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
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial information is correct, sufficient and credible.
- Recommending to the Board of Directors, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors
- Reviewing, with the management, the annual financial statements before submission to the Board of Directors for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Director's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - 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 arising out of audit.
 - 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.
- Reviewing, with the management, the half-yearly financial statements before submission to the Board of Directors for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- 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.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where

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there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board of Directors.

- 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.
- 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.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 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 & background, etc. of the candidate.

- Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

In addition to the above, carry out such other functions/powers as may be delegated by the Board of Directors to the Committee from time to time.

2. Stakeholder's Relationship Committee

The Stakeholder's Relationship Committee comprises of the following members:

Name of the Director	Designation in the Committee
Mr. Mahesh Bhattad (Independent Director)	Chairperson
Mr. Prakash Ramchandra Bang (Independent Director)	Member
Mr. Umesh Lahoti (Executive Director)	Member

The terms of reference of Shareholders / Investors Grievance Committee complies with requirements of as per SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 and as per the provisions of Section 178 of the Companies Act, 2013. Mr. Mahesh Bhattad is the Chairman of Shareholders / Investors Grievance Committee.

The terms of reference of Stakeholders Relationship Committee inter alia includes the following:

- Redressal of Shareholders', debenture holders' and other security holders' investors complaints including complaints related to transfer of shares;
- Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal;
- Non-receipt of declared dividends, balance sheets of the Company; and
- Carrying out any other function as prescribed in the Listing Agreement.

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The Stakeholders Relationship Committee was constituted in May, 2015.

Declaration by Independent Directors

Mr. Prakash Ramchandra Bang and Mr. Mahesh Bhattad are the Independent Directors on the Board of the Company. The Company has received the declaration from all the Independent Directors

confirming that they meet the criteria as set out in the provisions of Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015.

Vigil Mechanism/Whistle Blower

The Vigil Mechanism as envisaged in the Companies Act 2013 and the Rules prescribed is implemented through the Whistle Blower Policy to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee. This vigil mechanism has been formulated with a view to provide a mechanism for Directors/ Employees of the Company to approach the Chief Ethics Officer of the Company or Chairperson of the Audit Committee of the Company or Chairman of the Company or Corporate Governance Cell.

Company has made arrangements of vigil mechanism under which company has formed some rules, regulation & code of Conducts. All these mechanisms are for proper & fluent working of the business activities. Following are the Objectives of Vigil Mechanism:

- To encourage employees to bring ethical and legal violations they are aware of to an internal authority so that action can be taken immediately to resolve the problem
- To minimize the organization's exposure to the damage that can occur when employees circumvent internal mechanisms
- To let employees, know the organization is serious about adherence to codes of conduct.

To support this Vigil Mechanism of the Company in full measure, members are requested to send their opinion, Suggestions or complaints on following address:

Add.: 2201 Dhavalgiri August Kranti Marg Nana Chowk , Mumbai-400036
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Directors' Responsibility Statement

Pursuant to sub-section (5) of Section 134 of the Companies Act, 2013 and to the best of their knowledge and belief and according to the information and explanations obtained /received from the operating management, your Directors make the following statement and confirm that-

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

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(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

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

Auditors and Auditors' Report

M/s. S.R. Marda and Co., Chartered Accountants, Solapur (ICAI Registration No. 114092W), Statutory Auditor of the Company who are currently the Statutory Auditor of the Company have expressed their willingness to be continue to act as Statutory Auditor of the Company.

As required under the provisions of the Section 139 of the Companies Act, 2013, the Company has obtained written confirmation from M/s. S.R. Marda and Co., Chartered Accountants, if made, would be in conformity with the limits specified in the Section. Your Directors propose and wish the ratification of their appointment for the benefit of the Company and request the Shareholders to approve the ratification of appointment of the Statutory Auditors and fix their remuneration.

The notes on accounts referred to the Auditor's Report are self – explanatory and there has been no qualification/ remark made thereunder and therefore the same does not call for any further comments/explanation from the Directors.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Atul V. Kulkarni, a Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report forms part of this report as “Annexure – 1”.

Share capital:

During the year under review, Company allotted by way of private placement 60,000 equity shares of Rs. 10/- each to M/s. Reliance Commercial Company Limited, being the angel investor as on 19th May, 2015 as an investment which was one of the eligibility criteria for the Listing of the Company in NSE-SME Emerge ITP Stock Exchange.

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The Company has not made any purchase or provision of its own shares by employees or by trustees for the benefit of employees during the financial year 2015-2016.

Equity Shares with Differential Rights.

The Company has not issued any equity shares with differential rights / sweat equity shares/ employee stock options or not made any provision of its own shares by employees or by trustees for the benefit of employees during the financial year 2015-2016

The Company has not made any purchase or provision of its own shares by employees or by trustees for the benefit of employees during the financial year 2015-2016.

Disclosure of Remuneration paid to Director and Key managerial personal

The table containing the names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as **Annexure 2** to the Board's report.

Significant and Material Orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Extracts of Annual Return

As per the provisions of Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format in Form MGT-9 is annexed to this Board's Report as **Annexure – 3**.

Number of meetings of the board and audit committee

1. Board of Directors Meetings.

During the Financial Year 2015-16, the Company held 6 board meetings of the Board of Directors as per Section 173 of Companies Act, 2013 which is summarized below. The provisions of Companies Act, 2013 and listing agreement were adhered to while considering the time gap between two meetings.

S No.	Date of Meeting	Board Strength	No. of Directors Present
1	04/05/2015	4	4
2	19/05/2015	4	4
3	24/08/2015	4	4
4	16/09/2015	4	4

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5	29/12/2015	4	5
6	25/02/2016	5	5

2. Meeting of Audit Committee.

Audit Committee Meetings were convened and held on 24/08/2015, 16/09/2015, 29/12/2015 and 25/02/2016.

Annual Evaluation of the Board

As per the provisions of the Companies Act, 2013 the Board has carried out an annual performance evaluation of its own performance, of its individual performance as well as of the Board as whole.

Remuneration policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The remuneration is decided after considering various factors such as qualification, experience, performance, responsibilities shouldered, industry standards as well as financial position of the Company.

Explanation or comments by the board on qualifications, reservations or adverse remarks or disclaimer made

Auditors report read with notes to Financial Statements are self explanatory and do not call for any further comments.

Statutory disclosures

The particulars as prescribed under sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, as amended up-to-date, are set out hereunder:

Energy Conservation Measures, Technology Absorption and R & D Efforts and Foreign Exchange Earnings and Outgo

Energy Conservation

Your Company is not engaged in any manufacturing activity and thus its operations are not energy intensive. However adequate measures are always taken to ensure optimum utilization and maximum possible saving of energy. The Company has installed energy conservative equipment's like LED (Light Emitting Diode) lights instead of CFL (Compact Fluorescent Lamp).

The Company has maintained a technology friendly environment for its employees to work in. Your Company uses latest technology and equipment's. However since the Company is not engaged in any manufacturing, the information in connection with technology absorption is NIL.

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Foreign Exchange Earnings and Outgo:

During the period under review the Company has earned Foreign Exchange of **Rs.8,56,39,313** /- when compared to previous year earning of **Rs. 1,17,66,969** /-. There has been no outgo.

Code of conduct:-

Principles, Practices and Values

Your Company is committed to the principles of effective corporate governance. We believe that adherence to these principles is essential to maintaining shareholder trust and securing long-term growth. We are of the opinion that growth, governance, empowerment, transparency, compliance are all equally relevant and applicable to businesses - not just to Government.

Thus, the Corporate Governance practices of the Company provide transparency in disclosures of the Company's activities, business plans, operating results and future strategy.

Obligation of company under the sexual harassment of women at workplace (prevention, prohibition and redressal) act, 2013

In order to prevent sexual harassment of women at work place a new act The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013. Under the said Act every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. During the year Company has not received any complaint of harassment.

Internal Financial Control

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the 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 disclosures.

Risk Management

Risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. Risk management's objective is to assure uncertainty does not deflect the endeavor from the business goals.

The Company is in the process of laying down procedures to inform the members of the Board about the risk assessment and minimization procedures.

Corporate social responsibility

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The Corporate Social Responsibility criteria is not applicable to the Company and therefore, the Board does not comments on this point.

Details of Significant and Material orders passed by the regulators or Courts or tribunals impacting the going concern status and Company's operations in future

No significant and Material Orders passed by the Regulatory authority or Court of Tribunals impacting the going concern Status and Company's operation in future during the financial year ended 31st March, 2016.

Business responsibility report

Business responsibly report is applicable to top five hundred listed companies based on market capitalization as on 31 March 2016 therefore business responsibility report is not applicable for this company.

Report on Corporate Governance

As SEBI (LODR) Regulations, 2015 report on Corporate Governance is applicable to all listed company except listed on SME Exchange therefore report on Corporate Governance is not applicable to this company

Acknowledgement

Your Directors wish to express their grateful appreciation for co-operation and support received from customers, financial institutions, Banks, regulatory authorities, customers, vendors and members and the society at large.

Deep sense of appreciation is also recorded for the dedicated efforts and contribution of the employees at all levels, as without their focus, commitment and hard work, the Company's consistent growth would not have been possible, despite the challenging environment.

For and on behalf of the Board

Ujwal R. Lahoti
(Executive Chairman)
(DIN 00360785)

Umesh R. Lahoti
(Managing Director)
(DIN 00361216)

Place: Mumbai
Date: 16/08/2016

BHALCHANDRAM CLOTHING LIMITED
(Previously known as Bhalchandram Clothing Private Limited)
2201 Dhavalgiri August Kranti Marg,
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CIN: U17120MH2005PTC156451

Annexure-1

FORM NO. MR – 3

SECRETARIAL

AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON

31ST MARCH, 2016

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

To,

The Members,

BHALCHANDRAM CLOTHING LIMITED

Previously known as Bhalchandram Clothing Private Limited.

2201 DHAVALGIRI AUGUST KRANTI MARG,

NANA CHOWK MUMBAI MH 400036

~~I~~We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Bhalchandram Clothing Limited Previous known as Bhalchandram Clothing Private Limited (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 our opinion thereon.

Based on my/our 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~~We hereby report that in ~~my~~our opinion, the company has, during the audit period covering the financial year ended on **31st March, 2016** 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~~We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Bhalchandram Clothing Limited** (Previously known as Bhalchandram Clothing Private Limited) for the financial year ended on 31st March, 2016 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) Foreign Exchange Management Act, 1999 and the rules and regulations made

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thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not Applicable to the Company during the Audit Period).**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **(Not Applicable to the Company during the Audit Period).**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not Applicable to the Company during the Audit Period).**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme And Employee Stock Purchase Scheme) Guidelines, 1999/The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on October 28, 2014 and its amendments notified on September 18, 2015 **(Not Applicable to the Company during the Audit Period).**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the Audit Period).**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period).**
And
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period).**

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange.

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During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above

I/We 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 period 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.

All decisions at Board Meetings and Committee Meetings are carried out either unanimously or majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I/We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, standards, etc. referred to above

For Atul Kulkarni & Associates
Company Secretaries

Place: Solapur

Date : 16/08/2016

Prop Atul V. Kulkarni.
M No: 7592 CP No 8392.

Note: This letter is to be read with our letter of even date which is annexed and form an integral part of this report.

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Annexure 1 to Secretarial Audit Report. (MR-3)

To,
The Members,
BHALCHANDRAM CLOTHING LIMITED.
(Previously known as Bhalchandram Clothing Private Limited.)

1. Maintenance of secretarial record is the responsibility of the management of the company. ~~My~~/Our responsibility is to express an opinion on these secretarial records based on our audit.
2. ~~I~~/We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. ~~I~~/We believe that the processes and practices, ~~I~~/we followed provide a reasonable basis for our opinion.
3. ~~I~~/We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, ~~I~~/we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Atul Kulkarni & Associates
Company Secretaries

Place: Solapur
Date : 16/08/2016

Prop Atul V. Kulkarni.
M No: 7592 CP No 8392.

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Annexure -2

**REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT,
2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND
REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- i. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-2016, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-2016 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

S.No	Name of Director/KMP and Designation	Remuneration of Director/ KMP for financial year 2015-2016 (Rs. in Lakhs)	% increase in Remuneration in the Financial year 2015-2016	Ratio of Remuneration of each Director/to median remuneration of employees	Comparison of the Remuneration of KMP/Director against the performance of the Company
1.	Ms. Nidhi Sharma – Company Secretary	0.30	Refer Note 2	Refer Note 3	The Company has shown decrease in net profit after tax of Rs. 8.06 Lakhs as compared to Rs.18.39 Lakhs in previous year .

Note:

1. No Directors and Chief Financial Officer received any remuneration or sitting fees for the financial year 2015-2016.
2. No remuneration was paid to Company Secretary in last financial year 2014-2015. As she was appointed on 01.01.2016, hence% increase in Remuneration in the financial year 2015-2016 does not apply.

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3. During the year under review, Ms. Nidhi Sharma has been the only salaried personnel of the Company, hence the concept of Median Remuneration and analysis of average increase in remuneration to performance does not apply.
4. It is hereby affirmed that the remuneration paid during the year under review is as per the Remuneration policy of the Company.
5. Variations in the Market Capitalization of the Company, price earning ratio as at the closing date of 2015-2016 and 2014-2015 and percentage increase or decrease in market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer: Not Applicable

	Closing Market Price per Share (in Rs.)		Percentage Increase	Price Earnings Ratio		Market Capitalization (in Rs.)	
	As on 31.03.2015	As on 31.03.2016		As on 31.03.2015	As on 31.03.2016	As on 31.03.2015	As on 31.03.2016
NSE	Not Applicable						

The Company's Shares are listed on the National Stock Exchange with effect from 6th July, 2015 and no trading price of share is quoted during the period at exchange.

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Annexure -3

FORM MGT-9
EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016
PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 READ WITH RULE
12(1) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014

I. REGISTRATION AND OTHER DETAILS

i	CIN:-	U17120MH2005PLC156451
ii	Registration Date –	27.09.2005
iii	Name of the Company -	Bhalchandram Clothing Limited (Formerly known as Bhalchandram Clothing Private Limited)
iv	Category / Sub-Category of the Company	Merchant Exporters
v	Address of the Registered office and contact details	2201, Dhavalgiri August Kranti Marg, Nana Chowk, Mumbai – 400036 Ph: 022-40500100 Fax: 022-40500150 Website: www.bhalchandram.com email: investor@bhalchandram.com
vi	Whether listed company	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	SHAREPRO SERVICES (INDIA) PRIVATE LIMITED Samhita Complex, Gala No-52 to 56, Bldg No.13 A-B, Near Sakinaka Telephone Exchange Lane, Off Andheri – Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072. Tel No.: +91-22-6772 0300/400 I Fax No.:+91-22-2859 1568. E-mail: indira@shareproservices.com I Web: www.shareproservices.com Contact Person: Ms. Indira Karkera

II. PRINCIPLE BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	100% Cotton Yarn	520300	98.90

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c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	0	259700	259700	51.94	259700	0	259700	46.37	-5.56
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	60000	0	60000	10.71	10.71
ii) Overseas	0	240200	240200	48.04	240200	0	240200	42.89	-5.15
b) Individuals									
i) Individual shareholders	0	100	100	0.02	100	0	100	0.017	-0.003

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holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)									
i) Non-Residence (Non-Repatriable)	0	0	0	0	0	0	0	0	0
ii) Non-Residence (Repatriable)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	0	240300	240300	48.06	300300	0	300300	0	53.62
Total Public Shareholding (B)=(B)(1)+(B)(2)	0	240300	240300	48.06	300300	0	300300	0	53.62
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	500000	500000	100	560000	0	560000	100	0

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B. SHARE HOLDING PATTERN OF PROMOTERS

Sr No	Shareholders Name	Shareholding at the beginning of the year (01.04.2015)			Shareholding at the end of the year (31.03.2016)			% change in share holding during the year
		No of Shares	% of total shares of company	% of Shares Pledged / encumbered to total shares	No of Shares	% of total shares of company	% of Shares Pledged / encumbered to total shares	
1	MR. UJWAL RAMBILAS LAHOTI	100	0.02	0	100	0.017	0	-0.003
2	MR. UMESH RAMBILAS LAHOTI	100	0.02	0	100	0.017	0	-0.003
3	MAHESH BHATTAD	100	0.02	0	100	0.017	0	-0.003
4	M/S HIND COMMERCE LTD.	92500	18.5	0	92500	16.51	0	-1.99
5	M/S KIRTI STOCKBROKERS PVT. LTD.	80800	16.16	0	80800	14.42	0	-17.74
6	M/S THAKURJI TEXTILE TRADING PVT. LTD.	61100	12.22	0	61100	10.91	0	-1.31
7	M/S JANAKSUTA TEXTILE & YARNS PVT. LTD.	10,000	2	0	10000	1.78	0	-0.22
8	M/S MAST MAST TEXTILE TRADING PVT. LTD.	15,000	3	0	15000	2.67	0	-0.33
	Total	259600	51.92	0	259700	46.37	0	-5.55

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C. CHANGE IN PROMOTERS SHAREHOLDING

Sl. No.	Name	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	NA	At the beginning of the year				
		Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
		At the End of the year				

D. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRs AND ADRs):

Sl. No.	Name	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	Billion Way Garment Limited	At the beginning of the year	240200	48.04	240200	48.04
		Date wise Increase / Decrease in Promoters Shareholding during the year specifying the	0	0	0	0

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		reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
		At the end of the year	240200	42.89	240200	48.04
2	Reliance Commercial Company Limited	At the beginning of the year	0	0	0	0
		Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Allotment on 19/05/2015 - 60000 shares	10.71	0	0
		At the end of the year	60000	10.71	300200	53.60
3	Govindlal Tapadia	At the beginning of the year	100	0.02	240300	48.06
		Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0	0	0
		At the end of the year	100	0.017	300300	53.62

E. SHAREHOLDING PATTERN OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

S.No	Name	Shareholding at the beginning of the year (as on 01.04.2014)		Cumulative Shareholding during the year (as on 01.04.2014 to 31.03.2015)	
		No. of Shares	% total Shares of the	No. of Shares	% of total Shares of the

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			Company		Company
1	UJWAL R LAHOTI (MD/KMP)	100	0.02	100	0.017
2	UMESH R LAHOTI	100	0.02	200	0.035
3	MAHESH BHATTAD	100	0.02	300	0.052
4	PRAKASH RAMCHANDRA BANG	0	0	0	0
5	MEGHNA VIJAY PANCHAL	0	0	0	0
6	SAURABH LAHOTI (CFO/KMP)	0	0	0	0
7	NIDHI DHARMA SHARMA (CS/KMP)	0	0	0	0

V. INDEBTEDNESS

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

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i.e. 01.04.2014	0	0		0
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0
Change in Indebtedness during the financial year 2014-2015	0	0	0	0
Addition	0	0	0	0
Reduction	0	0	0	0
Net Change			0	

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Indebtedness at the end of the financial year	0	0	0	0
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0

I. DETAILS OF REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Sr No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1	Gross salary	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify...	-	-
5	Others, please specify	-	-
	Total (A)	-	-

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B. Remuneration to other Directors:

Independent Directors: NA

(in Rs.)

Particulars of Remuneration	Name of Directors		Total Amount
Fee for Attending Board/Committee Meetings	-	-	-
Commission	-	-	-
Others	-	-	-
Total (B1)	-	-	-

Other Non-Executive Directors: NA

(in Rs.)

Particulars of Remuneration	Name of the Director		Total Amount
Fee for Attending Board/Committee Meetings	-	-	-
Commission	-	-	-
Others	-	-	-
Total (B2)	-	-	-

Total (B1) + Total (B2) = Nil

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C. Remuneration to Key Managerial Personnel:

Sr No.	Particulars of Remuneration	Nidhi Dharma Sharma			Total Amount
	Gross salary	30000	-	-	30000
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	30000	-	-	30000

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II. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

BHALCHANDRAM CLOTHING LIMITED
(Previously known as Bhalchandram Clothing Private Limited)
2201 Dhavalgiri August Kranti Marg,
Nana Chowk Mumbai Mh 400036

Website: www.bhalchandram.com E-mail ID: investor@bhalchandram.com
CIN: U17120MH2005PTC156451

INDEPENDENT AUDITOR'S REPORT

To,

The Members of BHALCHANDRAM CLOTHING LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying financial statements of BHALCHANDRAM CLOTHING LIMITED, which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The management and Board of Directors of the Company are 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 Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding 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; design, implementation and maintenance of adequate internal financial controls, that are 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 in to 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 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 accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of 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.

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 2016, its profit/loss and its cash flows for the year ended on that date.

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 1' a statement on the matters Specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by section 143(3) of the Act, we further 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 purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.

- e) On the basis of written representations received from the directors as on 31st March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016, from being appointed as a director in terms of Section 164 (2) of the Act.
- 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 2' to this report.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rules 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which have material impact on its financial position in its financial statements.
 - ii. The Company did not have any long term contracts including derivative contracts that require provision under any law or accounting standards for which there were any material foreseeable losses.
 - iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year.

**For S.R. Marda & Co.
Chartered Accountants**

**S.R. Marda M.No.44867
Partner
Firm Registration No.114092W**

Place: Solapur

Date:

ANNEXURE 1 TO THE AUDIT REPORT

Annexure referred to in paragraph 1 of Our Report of even date to the members of BHALCHANDRAM CLOTHING LIMITED on the accounts of the company for the year ended 31st March, 2016

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

- i. The company does not have any fixed assets and hence point (i) of Companies (Auditor's Report) Order, 2016 is not applicable.
- ii. Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed.
- iii. The company has not granted any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013.
- 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 In respect of loans, investments, guarantees, and security.
- v. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
- vi. As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section of Section 148 of the Act.
- vii. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is generally regular in depositing the undisputed statutory dues, including Provident Fund,, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India;

(b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.
- viii. In our opinion, and according to the information and explanations given to us, the Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- ix. No moneys have been raised by public offer and hence point (ix) of Companies (Auditor's Report) Order, 2016 is not applicable.

- x. No fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. During the year no managerial remuneration has been paid or provided by the company and hence point (xi) of Companies (Auditor's Report) Order, 2016 is not applicable
- xii. The company is not a Nidhi Company and hence point (xii) of Companies (Auditor's Report) Order, 2016 is not applicable.
- xiii. All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. The company has not entered into any noncash transactions with directors or persons connected with him.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For S.R.Marda & Co.
Chartered Accountants**

**S.R.Marda M.No.44867
Partner
Firm Registration No.114092W**

**Place: Solapur
Date:**

ANNEXURE 2 TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of **BHALCHANDRAM CLOTHING LIMITED** as of 31st March 2016 in conjunction with our audit of the standalone 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and 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 31st March 2016, 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 S.R.Marda & Co.
Chartered Accountants**

**S.R.Marda M.No.44867
Partner
Firm Registration No.114092W**

Place: Solapur

Date:

Bhalchandram Clothing Limited

Balance Sheet as at 31st March, 2016

Particulars	Note No	As at	
		March 31, 2016	March 31, 2015
I. Equity and Liabilities			
(1) Shareholder's Funds			
(a) Share Capital	1	5,600,000	5,000,000
(b) Reserves and Surplus	2	42,384,577	37,078,989
		<u>47,984,577</u>	<u>42,078,989</u>
(2) Current Liabilities			
(a) Short-term borrowings	3	14,023,301	-
(b) Trade payables	4	1,982,607	3,968,856
(c) Other current liabilities	5	20,299	12,961
(d) Short-term provisions	6	-	339,360
		<u>16,026,207</u>	<u>4,321,177</u>
Total		<u>64,010,784</u>	<u>46,400,166</u>
II. Assets			
(1) Non-current assets			
(a) Fixed assets		-	-
(b) Other non-current assets	7	25,000	25,000
		<u>25,000</u>	<u>25,000</u>
(2) Current assets			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables	8	50,123,283	11,805,056
(d) Cash and cash equivalents	9	398,550	2,401,005
(e) Short-term loans and advances	10	11,597,630	31,725,158
(f) Other current assets	11	1,866,321	443,947
		<u>63,985,784</u>	<u>46,375,166</u>
Total		<u>64,010,784</u>	<u>46,400,166</u>
Summary of Significant Accounting Policies	21		

See accompanying notes forming part of the financial statements

1 to 22

As per our report of even date

For S.R.Marda & Co.
Chartered Accountants

Ujwal Lahoti
Managing Director

Umesh Lahoti
Director

Sanjay R Marda (M.No.44867)
Partner

Saurabh Lahoti
Chief Financial Officer

Nidhi Sharma
Company Secretary

Place : Solapur
Date: May 30, 2016

Place: Mumbai
Date: May 30, 2016

Bhalchandram Clothing Limited
Statement of Profit and Loss for the year ended 31st March, 2016

Particulars	Note No	For the periodr ended	
		March 31, 2016	March 31, 2015
1 Income			
(a) Revenue from operations	12	88,180,150	12,210,916
(b) Other Income	13	977,667	2,371,331
Total Revenue		89,157,817	14,582,247
2 Expenses:			
(a) Purchase of Stock-in-Trade		83,204,837	11,376,288
(b) Changes in inventories of Stock-in-Trade		-	-
(c) Employee benefit expense	14	30,000	-
(d) Financial costs	15	443,591	3,280
(e) Depreciation and amortization expense		-	-
(f) Other expenses	16	4,420,182	541,317
Total Expenses		88,098,609	11,920,885
3 Profit before exceptional and extraordinary items and tax		1,059,207	2,661,362
4 Exceptional Items		-	-
5 Profit before extraordinary items and tax		1,059,207	2,661,362
6 Extraordinary Items		-	-
7 Profit before tax		1,059,207	2,661,362
8 Tax expense:			
(a) Current tax		253,620	822,360
(b) Deferred tax		-	-
9 Profit for the Year		805,587	1,839,002
10 Earning per equity share (of ₹ 10 each) :	19		
(a) Basic		1.44	3.68
(b) Diluted		1.44	3.68
Summary of Significant Accounting Policies	21		
See accompanying notes forming part of the financial statements	1 to 22		

As per our report of even date

For S.R.Marda & Co.
Chartered Accountants

Ujwal Lahoti
Managing Director

Umesh Lahoti
Director

Sanjay R Marda (M.No.44867)
Partner

Saurabh Lahoti
Chief Financial Officer

Nidhi Sharma
Company Secretary

Place : Solapur
Date: May 30, 2016

Place: Mumbai
Date: May 30, 2016

Bhalchandram Clothing Limited

Cash Flow Statement for the year ended 31st March, 2016

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and prior period items	1,059,207	2,661,362
<i>Adjustments for:</i>		
(Profit) / Loss on Sale / Redemption of Investments	(660,763)	(2,003,244)
Interest Received	-	(330,000)
Dividend Received	(285,344)	-
Operating Profit before working capital change	113,100	328,118
<i>Adjustments for:</i>		
Trade Receivables	(38,318,227)	(11,805,056)
Short-term loans and advances	20,127,528	(13,630,344)
Other current assets	(1,422,374)	(443,947)
Trade Payables	(1,986,249)	3,880,314
Other current liabilities	7,338	10,461
Short term borrowings	14,023,301	-
Cash Generated from operation	(7,455,583)	(21,660,454)
Direct tax (paid) / refund	(592,980)	(482,970)
Cash Flow from Operating Activities (A)	(8,048,563)	(22,143,424)
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Sale/(Purchase) of Investments	660,763	5,955,890
Interest Received	-	330,000
Dividend Received	285,344	-
Cash Flow from Investing Activities (B)	946,108	6,285,890
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Issue of equity shares	5,100,000	-
Cash Flow from Investing Activities (C)	5,100,000	-
Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)	(2,002,456)	(15,857,534)
Cash and Cash Equivalents at beginning of the year	2,401,005	18,258,539
Cash and Cash Equivalents at the end of the year	398,550	2,401,005

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Previous Year's figure have been regrouped, rearranged, wherever necessary, to correspond with the current year's classification/disclosure.

As per our report of even date

For S.R.Marda & Co.
Chartered Accountants

Ujwal Lahoti
Managing Director

Umesh Lahoti
Director

Sanjay R Marda (M.No.44867)
Partner

Saurabh Lahoti
Chief Financial Officer

Nidhi Sharma
Company Secretary

Place : Solapur
Date: May 30, 2016

Place: Mumbai
Date: May 30, 2016

Bhalchandram Clothing Limited

Notes forming part of the Financial Statements

Particulars	As at	
	March 31 ,2016	March 31 ,2015
1 Share Capital		
Authorized Capital		
6,00,000 Equity Shares of Rs.10/- each	6,000,000	6,000,000
Issued, Subscribed and Paid Up Capital		
5,60,000 (P.Y. 5,00,000) Equity Shares of Rs.10/- each	5,600,000	5,000,000
Fully Paid-up		
	5,600,000	5,000,000

a. The reconciliation of number of shares is set out below:

Particulars	As at	
	March 31 ,2016	March 31 ,2015
Equity Shares at the beginning of the year	500,000	500,000
Add : Shares issued during the year	60,000	0
Equity Shares at the end of the year	560,000	500,000

b. The Company has one class of equity shares having a par value of Rs.10/- per share. Each holder of equity share is entitled to same right based on the number of shares held.

c. Shares in the Company held by each shareholders holding more than 5% shares

Name of Shareholders each holding more than 5% of the Share Capital	No. of Shares Held Percentage of holding	No. of Shares Held Percentage of holding
Five shareholders (P.Y. Four shareholders)	534600 95.46 %	474600 94.92 %

2 Reserves and Surplus

(a) Securities Premium Account

Opening Balance	23,875,597	23,875,597
Add: Received on issue of shares	4,500,000	-
Closing Balance	(a) 28,375,597	23,875,597

(b) Surplus in Statement of Profit and Loss

Opening Balance	13,203,392	11,364,360
Add: Profit for the Year	805,587	1,839,002
Add: Excess provision reversed	-	30
Closing Balance	(b) 14,008,980	13,203,392

Total (a + b)

42,384,577	37,078,989
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3 Short-term borrowings

Unsecured Loan from Related Parties (Refer Note - 18)	14,023,301	-
	14,023,301	-

4 Trade payables

For Goods	-	3,792,096
For Expenses and services	1,982,607	176,760
	1,982,607	3,968,856

Bhalchandram Clothing Limited

Notes forming part of the Financial Statements

Particulars	As at	
	March 31 ,2016	March 31 ,2015
5 Other current liabilities		
Other Payables		
Statutory Dues	20,299	12,961
	20,299	12,961
6 Short-term provisions		
Provision for Tax (Net of Advance Tax & TDS)	-	339,360
	-	339,360
7 Other non-current assets		
Balances with Government Authorities		
Deposit - Sales Tax	25,000	25,000
	25,000	25,000
8 Trade receivables		
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	-	-
(b) Other Trade receivables		
Unsecured, considered good	50,123,283	11,805,056
	50,123,283	11,805,056
9 Cash and cash equivalents		
Cash on Hand	6,670	6,922
Balances with Banks		
In Current Accounts	391,880	2,394,083
	398,550	2,401,005
10 Short-term loans and advances		
(a) Loans & Advances to Related Parties		
Unsecured, considered good	11,375,000	31,640,000
(Refer Note - 18)		
(b) Prepaid expenses - Unsecured, considered good	13,680	23,508
(c) Advance Income tax	208,950	61,650
	11,597,630	31,725,158
11 Other current assets		
Others - Duty Drawback Reivable	1,866,321	443,947
	1,866,321	443,947

Bhalchandram Clothing Limited

Notes forming part of the Financial Statements

Particulars	For the Year Ended	
	March 31 ,2016	March 31 ,2015
12 Revenue from operations		
(i) Sale of Products		
Traded goods	85,639,313	11,766,969
(ii) Other operating revenues:		
Duty Drawback	2,540,837	443,947
	88,180,150	12,210,916
13 Other Income		
Dividend Income	285,344	-
Interest Income	-	330,000
Gain on exchange rate difference	-	38,087
Net gain on sale of		
Long Term Investments	-	-
Current Investments	692,323	2,003,244
	977,667	2,371,331
14 Employee benefit expense		
Remuneration to related Parties (Refer Note 18)	30,000	-
	30,000	-
15 Financial costs		
Bank Charges	181,490	3,280
Foreign Bank charges	73,281	-
Interest Expenses:		
Related Parties (Refer Note-18)	25,890	-
Others	139,830	-
LC Advising Charges	23,100	-
	443,591	3,280

Bhalchandram Clothing Limited

Notes forming part of the Financial Statements

Particulars	For the Year Ended	
	March 31 ,2016	March 31 ,2015
16 Other expenses		
(a) <u>Office & Administrative expenses:</u>		
Auditor's Remuneration:		
For Audit	13,868	6,742
For Tax Audit	10,434	6,742
For Other Matters	9,720	-
Custodial Fees	10,275	-
Domain Hosting Charges	5,700	5,618
Filing Fees	8,000	22,020
Insurance Premium	56,192	555
Listing Fees	39,900	-
Legal & Professional Charges	131,615	15,118
Loss on exchange rate difference	475,944	-
Membership Fees	276,761	14,607
Minute Writing Charges	1,000	1,000
Miscellaneous Expenses	3,142	11,518
Net Loss on sale of		
Current Investments	31,559	-
Postage & Courier Expense	40	335
Printing & Stationery Expense	4,772	2,051
Professional Tax	2,500	2,500
Security Transaction Tax	100	-
Stamp Duty	-	2,000
(a)	1,081,522	90,806
(b) <u>Selling and Distribution expenses</u>		
Overseas Commission	782,131	-
Local Commission	221,796	
Ocean Freight	663,900	361,494
Local Freight & other Shipment cost	1,421,705	89,017
Discount Given	249,128	-
(b)	3,338,660	450,511
Total (a+b)	4,420,182	541,317

Bhalchandram Clothing Limited

Notes forming part of accounts for the year ended March 31,2016

(17) Segment Reporting

The Company is engaged solely in trading activity during the year and all activities of the Company revolve around this activity. As such there are no reportable segment as defined by Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

(18) Related Party Disclosures

i. The Company has identified following parties for the purpose of Related Party Disclosure:

Key Managerial Person (KMP)

Shri Ujwal Lahoti - Managing Director

Shri Umesh Lahoti - Director

Ms. Nidhi Sharma - Company Secretary

Entities in which KMP / relative of KMP have significant influence

Garudvahak Textiles Pvt. Ltd.

Pawansoot Textiles Pvt. Ltd.

Trilokinath Textiles Pvt. Ltd.

Yashodanandan Textiles Pvt. Ltd.

ii. Transaction with Related Parties during the year :-

	2015-16 Amt(Rs.)	2014-15 Amt(Rs.)
(a) Key Management Personnel		
<u>Shri Umesh Lahoti</u>		
Short tem advance given for capital expenditure	-	20,000,000
Short tem Unsecured Loan taken	7,500,000	-
Interest paid	20,548	
<u>Shri Ujwal Lahoti</u>		
Short tem Unsecured Loan taken	6,500,000	-
Interest paid	5,342	
<u>Ms. Nidhi Sharma</u>		
Remuneration paid	30,000	-
(b) Entities in which KMP / relative of KMP have significant influence		
<u>(i) Lahoti Overseas Ltd. (Loan)</u>		
Short tem loan returned back	-	(6,392,294)
Interest received	-	330,000
<u>(ii) Lahoti Overseas Ltd. (Advance to suppliers)</u>		
Advances given for purchase of goods	-	11,000,000
Advance returned on cancellation of purchase contract	-	(11,000,000)
<u>(iii) Pawansoot Textiles Pvt. Ltd.</u>		
Short Term Loan returned back	(265,000)	-

Bhalchandram Clothing Limited**Notes forming part of accounts for the year ended March 31,2016****iii. Balance outstanding at the year end is as under :**

	As At 31.03.2016 Amt(Rs.)	As At 31.03.2015 Amt(Rs.)
Key Management Personnel		
<u>Unsecured Short Term Loans Payable</u>		
Shri Umesh Lahoti	7,518,493	-
Shri Ujwal Lahoti	6,504,808	-
<u>Short Term Loans & Advances Receivable</u>		
Shri Umesh Lahoti	-	20,000,000
Entities in which KMP / relative of KMP have significant influence		
<u>Short Term Loans & Advances Receivable</u>		
Garudvahak Textiles Pvt. Ltd.	1,775,000	1,775,000
Pawansoot Textiles Pvt. Ltd.	600,000	865,000
Trilokinath Textiles Pvt. Ltd.	800,000	800,000
Yashodanandan Textiles Pvt. Ltd.	8,200,000	8,200,000

(19) Earnings Per Share (EPS)

	2015-2016	2014-2015
i) Weighted average no.of Equity Shares outstanding during the year	560,000	500,000
ii) Net Profit after tax available for Equity Shareholders (Rs.)	805,587	1,839,002
iii) Basic and Diluted Earnings Per Share (Rs.)	1.44	3.68
iv) Nominal Value Per Share (Rs.)	10	10

The Company does not have any outstanding dilutive potential equity shares.

(20) Earnings in Foreign Currency

	2015-2016	2014-2015
CIF Value of Exports (Rs.)	85,639,313	11,766,969

(21) Summary of significant accounting policies:**a. Basis of Accounting:**

The financial statements are prepared on accrual basis of accounting with the generally accepted accounting principles in India., provisions of the Companies Act, 1956 (the Act) and comply in material aspects with the accounting standards notified under Section 211(3C) of the Act, read with Companies (Accounting Standards) Rules, 2006. Accounting Policies not referred to otherwise are consistent with Generally Accepted Accounting Principles and are consistent with those used in the previous year.

b. Investments:

Long term investments are stated at cost after deducting provision made for permanent diminution in the value, if any. Current investments are stated at lower of cost & fair market value.

Bhalchandram Clothing Limited

Notes forming part of accounts for the year ended March 31,2016

c. Loans and Advances:

Loans & Advances are stated after making adequate provision for doubtful advances.

d. Taxation:

Income-tax expense comprises current tax and deferred tax charge or credit. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax asset arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax asset on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amount of deferred tax asset is reviewed to reassure realization.

e. Revenue Recognition:

Export sales are accounted for on the basis of the date of bill of lading / airways bill / LET Export date.

Export benefits available under the Export Import policy of the Government of India are accounted on accrual basis in the year of Export, to the extent measurable.

f. Inventories:

Inventories are valued at lower of cost and net realizable value after providing for obsolescence, if any. Cost includes purchase price as well as incidental expenses. Cost formula used is either 'Specific Identification' or 'FIFO'.

g. Foreign Currency Transactions:

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the date of the transaction. Monetary items denominated in Foreign currency at the year end are translated at year end rates. The exchange differences arising on settlement/translation are recognized in the revenue accounts.

(22) The previous year figures have been reclassified / regroup wherever necessary to confirm to this year's classification.

**As per our report of even date
For S.R.Marda & Co.
Chartered Accountants**

**Ujwal Lahoti
Managing Director**

**Umesh Lahoti
Director**

**Sanjay R Marda (M.No.44867)
Partner**

**Saurabh Lahoti
Chief Financial Officer**

**Nidhi Sharma
Company Secretary**

**Place : Solapur
Date: May 30, 2016**

**Place: Mumbai
Date: May 30, 2016**