



# **BHALCHANDRAM CLOTHING LIMITED**

Annual Report 2016-17



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**BOARD OF DIRECTORS**

Mr. Ujwal R. Lahoti

Mr. Umesh R Lahoti

Mr. Prakash R. Bang

Mr. Mahesh M. Bhattad

Ms. Meghna V Panchal

**BANKERS**

Punjab National Bank

ICICI Bank

Shinhan Bank

Oriental Bank of Commerce



**BHALCHANDRAM CLOTHING LIMITED**

**REGISTERED OFFICE**

307, Arun Chambers, Tardeo Road,  
Mumbai – 400 034.  
Tel. No. +91-22-4050 0100 I Fax. No. +91-22-4050 0140  
Email: investor@hindcommerce.com  
Web: [www.hindcommerce.com](http://www.hindcommerce.com)

**REGISTRARS & SHARE TRANSFER AGENTS**

**Link Intime India Private Limited**

C-101, 247 Park, L.B.S. Marg,  
Vikhroli (West), Mumbai – 400 083  
Tel No : +91 22 49186270  
Fax: +91 22 49186060  
E-mail id : rnt.helpdesk@linkintime.co.in  
Website : [www.linkintime.co.in](http://www.linkintime.co.in)

**Corporate Identity Number (CIN): L17120MH2005PTC156451**



**DIRECTORS' REPORT**

**TO THE MEMBERS OF  
BHALCHANDRAM CLOTHING LIMITED**

Your Company's Directors take pleasure in presenting the 12<sup>th</sup> Director's Report along with Audited Financial Statements of your Company for the Financial Year ended 31<sup>st</sup> March, 2017.

**Financial Highlights**

The financial performance of the Company, for the year ended March 31, 2017 is summarized below:  
**(in Rs.)**

<b>Particulars</b>	<b>Current year</b>	<b>Previous Year</b>
Sales	37,758,100	88,180,150
Other Income	1,459,728	977,667
<b>Total Income</b>	<b>39,217,828</b>	<b>89,157,817</b>
Less: Operating and Admin. Expenses	39,061,686	88,098,609
<b>Profit/Loss Before Tax</b>	<b>156,142</b>	<b>1,059,208</b>
Depreciation	0	0
Tax		
Current Tax	51,600	253,620
Tax adjustment of earlier years	0	0
Deferred Tax	0	0
<b>Profit/(Loss) after Tax</b>	<b>104,542</b>	<b>805,588</b>
Earnings per share (Rs.) :		
Basic	0.19	1.44
Diluted	0.19	1.44

**Results of Operations**

During the year under review your Company has reported a total income of Rs.392.17 lakhs as compared to previous years proceeds of Rs. 891.57 lakhs. The Company has seen a considerable decline in sales as the Cotton textile Industry has had a general slow down in the market.

**Dividend**

Owing to inadequacy of profit, no Dividends are recommended for the year under review.



### **Transfer to Reserves**

Since there is no dividend for the year under review, transfer of funds to the reserves is not required.

### **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.

### **Management Discussion and Analysis Report**

As per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis of the financial condition and results of consolidated operations of the Company under review, is annexed and forms an integral part of the Annual 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 31<sup>st</sup> March, 2017.

### **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. No amounts were outstanding which were classified as 'Deposits' under the applicable provisions of Companies Act, 2013 as on the date of Balance Sheet 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.

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**

As on the date of this report, the Company's Board consists of the following Independent Directors:

1. Mr. Prakash R Bang
2. Mr. Mahesh M Bhattad
3. Ms. Meghna V Panchal

### **1. Appointments**

There has been no new appointments on the Board Of Directors during the Financial Year 2016-17.

### **2. Retire by rotation and Re-appointments**

Mr. Umesh Lahoti (DIN: 00361216), Director retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

## **Committees of Board**

The Board has 3 Committees: Audit Committee, Stakeholder's Relationship Committee and Nomination and Remuneration Committee. A detailed note on the functions of the Board and Committee are provided hereunder. 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,

The Audit Committee comprises of the following members:

<b>Name of the Director</b>	<b>Designation in the Committee</b>
Mr. Prakash R Bang (Independent Director)	Chairman
Mr. Mahesh M Bhattad (Independent Director)	Member
Mr. Umesh R Lahoti (Executive 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 Mittal & Mittal., 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 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:

<b>Name of the Director</b>	<b>Designation in the Committee</b>
Mr. Mahesh M Bhattad (Independent Director)	Chairperson
Mr. Ujwal R Lahoti (Managing Director)	Member
Mr. Umesh R 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 R. 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 Regulations.

## **3. Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee comprises of the following:

<b>Name of the Director</b>	<b>Designation in the Committee</b>
Ms. Meghna V Panchal (Independent Director)	Chairperson
Mr. Mahesh M Bhattad (Independent Director)	Member
Mr. Prakash R Bang (Independent Director)	Member





In compliance with Section 178 of Companies Act, 2013 and Regulation 19 of SEBI(LODR) Regulations the Board Constituted the Nomination and Remuneration Committee comprising of Three Non-Executive Independent Directors of the company with the following Roles and functions:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions to determine their remuneration.
- To determine their remuneration based on the company's size and financial position and trends and practices on remuneration prevailing in peer companies.
- To formulate criteria for evaluation and carry out evaluation of performance of directors, as well as Key Managerial, Independent Directors and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To ensure no violation by an employee of any applicable laws in India or overseas, including:
  - i) The Securities Exchange Board of India (Insider Trading) Regulations, 1992; or
  - ii) The Securities Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulation, 1995.
- To formulate detailed terms and conditions of employee stock option schemes including details pertaining to quantum of options to be granted, conditions for lapsing of vested options, exercise period, adjustments for corporate actions and procedure for cashless exercise and such other functions as are required to be performed by the Remuneration Committee under the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended ("ESOP Guidelines"), in particular those stated in Clause 5 of ESOP Guidelines; as and when required.
- To devise a policy on Board Diversity.
- To identifying persons who are qualified to become directors and may be appointed on senior management in accordance with the criteria laid down, and recommend to the board their appointment and removal.
- To develop a succession plan for the Board and to regularly review the plan.

#### **Declaration by Independent Directors**

Mr. Prakash R Bang, Ms. Meghna V Panchal and Mr. Mahesh M 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.: 307, Arun Chambers, Tardeo Road, Mumbai - 400034

E-mail Id: [investor@bhalchandram.com](mailto:investor@bhalchandram.com)

### **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;

(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;

(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; and

(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**

S.R. Marda & Co., Chartered Accountants, (FRN: 114092W), Statutory Auditors, have resigned w.e.f. 22<sup>nd</sup> August 2017, from their position of Statutory Auditors of the Company due to preoccupation resulting in casual vacancy in the office of Statutory Auditors in terms of Section 139(8) of the Companies Act, 2013.

The Board in their meeting held on 23<sup>rd</sup> August 2017, recommend the appointment of Lahoti Navneet & Company, Chartered Accountants, (ICAI FRN: 116870W). The company has received a confirmation letter from the Auditors to the effect that their appointment if made will be within the prescribed limits of Companies Act, 2013 and that they are not disqualified for appointment within the meaning of the said Act. As required under (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors have also confirmed that they hold a valid peer certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI).

Pursuant to provisions of Section 139(1) of the said Act the Board recommends their appointment as Auditors for 5 years i.e. from the conclusion of 12<sup>th</sup> Annual General Meeting till the conclusion of Sixth Annual General Meeting to be held after this Annual General Meeting i.e. 17<sup>th</sup> Annual General Meeting.

Being the Statutory Auditors for the Financial Year 2016-17, S.R. Marda & Co., Chartered Accountants, Solapur have audited the Books of Accounts of the company

The observations made in the Auditors Report read together with relevant notes thereon are self explanatory and hence do not call for any further comments under Section 134, of the Companies Act, 2013.

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 Atul Kulkarni and Associates, 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”.

### **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 2016-2017

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 2016-2017.



**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 2016-17, the Company held 4 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.

<b>S No.</b>	<b>Date of Meeting</b>	<b>Board Strength</b>	<b>No. of Directors Present</b>
1	30/05/2016	5	5
2	16/08/2016	5	5
3	09/11/2016	5	5
4	14/02/2017	5	5

**2. Meeting of Audit Committee.**

Audit Committee Meetings were convened and held on 30/05/2016, 16/08/2016, 09/11/2016 and 14/02/2017.

**3.Meeting of Stakeholders Committee.**

Stakeholder Relationship Committee Meetings were convened and held on 30/05/2016, 16/08/2016, 09/11/2016 and 14/02/2017.

**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**

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.

**Foreign Exchange Earnings and Outgo:**

During the period under review the Company has earned Foreign Exchange of **Rs.36,687,517** /- when compared to previous year earning of **Rs. 85,639,313** /-. 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**

The Corporate Social Responsibility criteria is not applicable to the Company.

**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, 2017.

**Business responsibility report**

Business responsibly report is applicable to top five hundred listed companies based on market capitalization as on 31<sup>st</sup> March, 2017 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 or ITP Platform therefore report on Corporate Governance is not applicable to your Company as it is listed on ITP Emerge Platform.

**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**

Place: Mumbai  
Date: 23/08/2017

**Ujwal R. Lahoti**  
**(Managing Director)**  
**(DIN 00360785)**

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



**Annexure-1**

**FORM NO. MR – 3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017**

*[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,  
307, Arun Chambers, Tardeo Road,  
Mumbai – 400034**

~~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 (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, 2017** 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, 2017 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 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
  - (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.

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.



**BHALCHANDRAM CLOTHING LIMITED**

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 : 23<sup>rd</sup> August, 2017

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

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



**BHALCHANDRAM CLOTHING LIMITED**

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

To,  
The Members,  
BHALCHANDRAM CLOTHING 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 : 23<sup>rd</sup> August, 2017

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



**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 2016-2017, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-2017 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

<b>Sr. No</b>	<b>Name of Director/KMP and Designation</b>	<b>Remuneration of Director/ KMP for financial year 2016-2017</b>	<b>% increase in Remuneration in the Financial year 2016-2017</b>	<b>Ratio of Remuneration of each Director/to median remuneration of employees</b>	<b>Comparison of the Remuneration of KMP/Director against the performance of the Company</b>
1.	Ms. Nidhi Sharma – Company Secretary	1,20,000	N.A.	Refer Note 2	The Company has shown decrease in net profit after tax of Rs. 1.04 Lakhs as compared to Rs.8.05 Lakhs in previous year .

**Note:**

1. No Directors and Chief Financial Officer received any remuneration or sitting fees for the financial year 2016-2017.
2. 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.
3. It is hereby affirmed that the remuneration paid during the year under review is as per the Remuneration policy of the Company.

**For and on behalf of the Board**

Place: Mumbai  
Date: 23/08/2017

**Ujwal R. Lahoti**  
(Managing Director)  
(DIN 00360785)

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



**Annexure -3**

**FORM MGT-9  
EXTRACT OF ANNUAL RETURN  
AS ON THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2017  
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:-	L17120MH2005PLC156451
ii	Registration Date –	27 <sup>th</sup> September,2005
iii	Name of the Company -	Bhalchandram Clothing Limited
iv	Category / Sub-Category of the Company	Merchant Exporters
v	Address of the Registered office and contact details	307, Arun Chambers, Tardeo Road, Mumbai - 400034 Ph: 022-40500100 Fax: 022-40500150 Website: <a href="http://www.bhalchandram.com">www.bhalchandram.com</a> email: <a href="mailto:investor@bhalchandram.com">investor@bhalchandram.com</a>
vi	Whether listed company	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083 Tel No : +91 22 49186270 Fax: +91 22 49186060 E-mail id : <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> Website : <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>

**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



**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sr. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
	NIL				

**IV. A. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2016)				No. of Shares held at the end of the year (31.03.2017)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	200	0	200	0.0357	200	0	200	0.0357	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	259400	0	259400	46.3214	259400	0	259400	46.3214	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1):-</b>	<b>259600</b>	<b>0</b>	<b>259600</b>	<b>46.3571</b>	<b>259600</b>	<b>0</b>	<b>259600</b>	<b>46.3571</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
b) Other– Individuals	0	0	0	0	0	0	0	0	0
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
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>259600</b>	<b>0</b>	<b>259600</b>	<b>46.3571</b>	<b>259600</b>	<b>0</b>	<b>259600</b>	<b>46.3571</b>	<b>0</b>



## BHALCHANDRAM CLOTHING LIMITED

<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
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
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	60000	0	60000	10.7143	60000	0	60000	10.7143	0
ii) Overseas	240200	0	240200	42.8929	240200	0	240200	42.8929	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	200	0	200	0.0357	200	0	200	0.0357	0
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
<b>Sub-total (B)(2):-</b>	<b>0</b>					<b>0</b>		<b>0</b>	
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>300400</b>	<b>0</b>	<b>300400</b>	<b>53.6429</b>	<b>300400</b>	<b>0</b>	<b>300400</b>	<b>53.6429</b>	
<b>C. Shares held by Custodian for</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## BHALCHANDRAM CLOTHING LIMITED

GDRs & ADRs									
<b>Grand Total (A+B+C)</b>	<b>560000</b>	<b>0</b>	<b>560000</b>	<b>100</b>	<b>560000</b>	<b>0</b>	<b>560000</b>	<b>100</b>	<b>0</b>

### B. SHARE HOLDING PATTERN OF PROMOTERS

Sr No	Shareholders Name	Shareholding at the beginning of the year (01.04.2016)			Shareholding at the end of the year (31.03.2017)			% 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	0.0179	0	100	0.0179	0	0
2	Mr. Umesh Rambilas Lahoti	100	0.0179	0	100	0.0179	0	0
4	Hind Commerce Limited.	92500	16.5179	0	92500	16.5179	0	0
5	Kirti Stockbrokers LLP (Converted from Kirti Stockbrokers Private Limited)	80800	14.4286	0	80800	14.4286	0	0
6	Thakurji Textile Trading Private Limited.	61100	10.91	0	61100	10.91	0	0
7	Janaksuta Textile & Yarns Private Limited.	10,000	1.7857	0	10000	1.7857	0	0
8	Mast Mast Textile Trading Private Limited	15,000	2.6786	0	15000	2.6786	0	0
	<b>Total</b>	<b>259600</b>	<b>51.92</b>	<b>0</b>	<b>259600</b>	<b>51.92</b>	<b>0</b>	<b>0</b>





**C. CHANGE IN PROMOTERS SHAREHOLDING**

Sl. No.	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
	At the beginning of the year	259600	51.92	259600	51.92
	Date wise Increase / Decrease in Promoters Share holding during the year speci				
	At the End of the year	259600	51.92	259600	51.92

**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	42.89	-	-
		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	240200	42.89	240200	42.89
2	Reliance Commercial Company Limited	At the beginning of the year	60000	10.71	-	-
		Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-



## BHALCHANDRAM CLOTHING LIMITED

		At the end of the year	60000	10.71	300200	53.61
3.	Govindlal Tapadia	At the beginning of the year	100	0.0179	-	-
		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	100	0.0179	300300	53.6279
4.	Mahesh Bhattad	At the beginning of the year	100	0.0179	-	-
		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	100	0.0179	300400	53.6458

### E. SHAREHOLDING PATTERN OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

S.No	Name	Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year (as on 01.04.2016 to 31.03.2017)	
		No. of Shares	% total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Ujwal r lahoti (MD/KMP)	100	0.0179	100	0.0179
2	Umesh R lahoti	100	0.0179	200	0.0179
3	Mahesh M Bhattad	100	0.0179	300	0.0179
4	Prakash R Bang	0	0	0	0
5	Meghna V Panchal	0	0	0	0
6	Saurabh Lahoti (CFO/KMP)	0	0	0	0
7	Nidhi D 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. 01.04.2016	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 2016-2017	0	0	0	0
Addition	0	0	0	0
Reduction	0	0	0	0
Net Change			0	
Indebtedness at the end of the financial year	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: NIL**

Sr No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1	Gross salary	-	-



**BHALCHANDRAM CLOTHING LIMITED**

	(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	-	-
	<b>Total (A)</b>	-	-

**B. Remuneration to other Directors:**

**Independent Directors: NIL**

**(in Rs.)**

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

**Other Non-Executive Directors: NA**

**(in Rs.)**

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

**Total (B1) + Total (B2) = Nil**



**C. Remuneration to Key Managerial Personnel:**

Sr No.	Particulars of Remuneration	Name of KMP			Total Amount
		Ujwal R Lahoti	Saurabh Lahoti	Nidhi Sharma	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	1.2	1.2
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit	0	0	0	0
	- others, specify...	0	0	0	0
5	Others, please specify	0	0	0	0
	<b>Total</b>	0	0	1.2	1.2

**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)
<b>A. COMPANY</b>					
Penalty			NIL		
Punishment			NIL		
Compounding			NIL		
<b>B. DIRECTORS</b>					
Penalty			NIL		
Punishment			NIL		
Compounding			NIL		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment			NIL		
Compounding			NIL		



**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**Industry Structure and Development**

The Textile Industry in India accounts for 10% of the manufacturing production leading to 2% of the GDP of the Country which is one of the significant contributors to the Indian economy. Textiles sector is one of the largest contributors to India's exports with approximately 15 percent of total exports. During the year 2016-17, the Cotton Textile Industry has been under stress because of market trends. After witnessing challenges during the year 2015-2016 and given unfavorable economic conditions, the Indian textile industry has seen a considerable . 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.

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 favorable 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**

- 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 from operation of Rs. 37.75 Lakhs when compared to previous years proceeds of Rs. 88.18 Lakhs.

### **Liquidity and Capital Resources**

<b>Particulars</b>	<b>2016-2017 (` in Rupees)</b>	<b>2015-2016 (` in Rupees)</b>
<b>Cash and Cash Equivalents –</b>		
Beginning of the year	<b>398,550</b>	<b>24,01,005</b>
End of the year	<b>741,418</b>	<b>3,98,550</b>
<b>Net Cash provided (used) by -</b>		
Operating activities	<b>19,482,869</b>	<b>(80,48,563)</b>
Investment activities	<b>(19,140,000)</b>	<b>9,46,108</b>
Financial activities	<b>-</b>	<b>51,00,000</b>

The net cash inflow utilized in the operating activities during the year under review has been Rs.19.48 Lakhs as compared to outflow of Rs. 80.48 Lakhs in previous year. The outflow from investment activity stands at Rs. 19.40 Lakhs as compared to inflow of Rs. 9.46 Lakhs in previous year. There is no Cashflow from financial activities 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.





**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 31<sup>st</sup> March 2017, 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 31<sup>st</sup> March 2017, 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.



**BHALCHANDRAM CLOTHING LIMITED**

- e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2017, 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: 25/05/2017**



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 31<sup>st</sup> March, 2017

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.



## BHALCHANDRAM CLOTHING LIMITED

- 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: 25/05/2017**



**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 31<sup>st</sup> March, 2017 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 31<sup>st</sup> March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**S.R.Marda M.No.44867**

**Partner**

**Firm Registration No.114092W**

**Place: Solapur**

**Date: 25/05/2017**



## BHALCHANDRAM CLOTHING LIMITED

### Balance Sheet as at 31<sup>st</sup> March, 2017

Particulars	Note No	As at	
		March 31, 2017	March 31, 2016
<b>I. Equity and Liabilities</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	5,600,000	5,600,000
(b) Reserves and Surplus	2	42,489,119	42,384,577
		<u>48,089,119</u>	<u>47,984,577</u>
<b>(2) Current Liabilities</b>			
(a) Short-term borrowings	3	-	14,023,301
(b) Trade payables	4	344,283	1,982,607
(c) Other current liabilities	5	9,431	20,299
(d) Short-term provisions	6	51,600	-
		<u>405,314</u>	<u>16,026,207</u>
<b>Total</b>		<b><u>48,494,433</u></b>	<b><u>64,010,784</u></b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets		-	-
(b) Other non-current assets	7	25,000	25,000
		<u>25,000</u>	<u>25,000</u>
<b>(2) Current assets</b>			
(a) Current investments	8	20,401,100	-
(b) Trade receivables	9	8,544,600	50,123,283
(c) Cash and cash equivalents	10	741,418	398,550
(d) Short-term loans and advances	11	18,436,227	11,597,630
(e) Other current assets	12	346,088	1,866,321
		<u>48,469,433</u>	<u>63,985,784</u>
<b>Total</b>		<b><u>48,494,433</u></b>	<b><u>64,010,784</u></b>

Summary of Significant Accounting Policies 22

See accompanying notes forming part of the financial statements 1 to 23

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 25, 2017

Place: Mumbai  
Date: May 25, 2017





## BHALCHANDRAM CLOTHING LIMITED

### Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2017

Particulars	Note No	For the periodr ended	
		March 31, 2017	March 31, 2016
<b>1 Income</b>			
(a) Revenue from operations	13	37,758,100	88,180,150
(b) Other Income	14	1,459,728	977,667
<b>Total Revenue</b>		<b>39,217,828</b>	<b>89,157,817</b>
<b>2 Expenses:</b>			
(a) Purchase of Stock-in-Trade		36,618,862	83,204,837
(b) Changes in inventories of Stock-in-Trade		-	-
(c) Employee benefit expense	15	215,701	30,000
(d) Financial costs	16	593,178	443,591
(e) Depreciation and amortization expense		-	-
(f) Other expenses	17	1,633,945	4,420,182
<b>Total Expenses</b>		<b>39,061,686</b>	<b>88,098,609</b>
<b>3 Profit before exceptional and extraordinary items and tax</b>		156,142	1,059,207
<b>4 Exceptional Items</b>		-	-
<b>5 Profit before extraordinary items and tax</b>		156,142	1,059,207
<b>6 Extraordinary Items</b>		-	-
<b>7 Profit before tax</b>		156,142	1,059,207
<b>8 Tax expense:</b>			
(a) Current tax		51,600	253,620
(b) Deferred tax		-	-
<b>9 Profit for the Year</b>		<b>104,542</b>	<b>805,587</b>
<b>10 Earning per equity share (of ` 10 each) :</b>	19		
(a) Basic		0.19	1.44
(b) Diluted		0.19	1.44
Summary of Significant Accounting Policies	22		
See accompanying notes forming part of the financial statements	1 to 23		

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 25, 2017**

**Place: Mumbai**  
**Date: May 25, 2017**



## BHALCHANDRAM CLOTHING LIMITED

### Cash Flow Statement for the year ended 31<sup>st</sup> March, 2017

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax and prior period items	156,142	1,059,207
<i>Adjustments for:</i>		
(Profit) / Loss on Sale / Redemption of Investments	(1,261,100)	(660,763)
Dividend Received	-	(285,344)
<b>Operating Profit before working capital change</b>	<b>(1,104,957)</b>	<b>113,100</b>
<i>Adjustments for:</i>		
Trade Receivables	41,578,683	(38,318,227)
Short-term loans and advances	(6,838,597)	20,127,528
Other current assets	1,520,233	(1,422,374)
Trade Payables	(1,638,324)	(1,986,249)
Other current liabilities	(10,868)	7,338
Short term borrowings	(14,023,301)	14,023,301
<b>Cash Generated from operation</b>	<b>19,482,869</b>	<b>(7,455,583)</b>
Direct tax (paid) / refund	-	(592,980)
<b>Cash Flow from Operating Activities (A)</b>	<b>19,482,869</b>	<b>(8,048,563)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Sale/(Purchase) of Investments	(19,140,000)	660,763
Dividend Received	-	285,344
<b>Cash Flow from Investing Activities (B)</b>	<b>(19,140,000)</b>	<b>946,108</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of equity shares	-	5,100,000
<b>Cash Flow from Investing Activities (C)</b>	<b>-</b>	<b>5,100,000</b>
<b>Net increase / (decrease ) in Cash and Cash Equivalents (A+B+C)</b>	<b>342,869</b>	<b>(2,002,456)</b>
Cash and Cash Equivalents at beginning of the year	398,550	2,401,005
<b>Cash and Cash Equivalents at the end of the year</b>	<b>741,418</b>	<b>398,550</b>

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**

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

**Place : Solapur**  
**Date: May 25, 2017**

**Ujwal Lahoti**  
**Managing Director**

**Saurabh Lahoti**  
**Chief Financial Officer**

**Place: Mumbai**  
**Date: May 25, 2017**

**Umesh Lahoti**  
**Director**

**Nidhi Sharma**  
**Company Secretary**



## BHALCHANDRAM CLOTHING LIMITED

### Notes forming part of the Financial Statements

Particulars	As at	
	March 31 ,2017	March 31 ,2016
<b>1 Share Capital</b>		
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	5,600,000
Fully Paid-up		
	<b>5,600,000</b>	<b>5,600,000</b>

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

Particulars	As at	
	March 31 ,2017	March 31 ,2016
Equity Shares at the beginning of the year	560,000	500,000
Add : Shares issued during the year	0	60,000
Equity Shares at the end of the year	<b>560,000</b>	<b>560,000</b>

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. Five shareholders)	534600 95.46 %	534600 95.46 %

### 2 Reserves and Surplus

(a) Securities Premium Account

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

(b) Surplus in Statement of Profit and Loss

Opening Balance	14,008,980	13,203,392
Add: Profit for the Year	104,542	805,587
Closing Balance	(b) 14,113,522	14,008,980

**Total (a + b )**

**42,489,119      42,384,577**

### 3 Short-term borrowings

Unsecured Loan from Related Parties (Refer Note - 18 )	-	14,023,301
	-	<b>14,023,301</b>



## BHALCHANDRAM CLOTHING LIMITED

### Notes forming part of the Financial Statements

Particulars	As at	
	March 31 ,2017	March 31 ,2016
<b>4 Trade payables</b>		
For Expenses and services	344,283	1,982,607
	<b>344,283</b>	<b>1,982,607</b>
<b>5 Other current liabilities</b>		
Other Payables		
Statutory Dues	9,431	20,299
	<b>9,431</b>	<b>20,299</b>
<b>6 Short-term provisions</b>		
Provision for Tax (Net of Advance Tax & TDS )	51,600	-
	<b>51,600</b>	<b>-</b>
<b>7 Other non-current assets</b>		
Balances with Government Authorities		
Deposit - Sales Tax	25,000	25,000
	<b>25,000</b>	<b>25,000</b>
<b>8 Current investments</b>		
<u>In Unquoted Mutual fund</u>		
Birla Sun Life Saving Fund - Growth - Regular Plan	20,401,100	-
	<b>20,401,100</b>	<b>-</b>
<b>9 Trade receivables</b>		
(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	8,544,600	50,123,283
	<b>8,544,600</b>	<b>50,123,283</b>
<b>10 Cash and cash equivalents</b>		
Cash on Hand	18,059	6,670
Balances with Banks		
In Current Accounts	723,359	391,880
	<b>741,418</b>	<b>398,550</b>



## BHALCHANDRAM CLOTHING LIMITED

### Notes forming part of the Financial Statements

Particulars	As at	
	March 31 ,2017	March 31 ,2016
<b>11 Short-term loans and advances</b>		
(a) Loans & Advances to Related Parties		
Unsecured, considered good	9,875,000	11,375,000
(Refer Note - 18)		
(b) Advance to Suppliers - Unsecured, considered good	8,426,074	-
(c) Prepaid expenses - Unsecured, considered good	6,840	13,680
(d) Advance Income tax	128,313	208,950
	<b>18,436,227</b>	<b>11,597,630</b>
<b>12 Other current assets</b>		
Others - Duty Drawback Reivable	346,088	1,866,321
	<b>346,088</b>	<b>1,866,321</b>
<b>13 Revenue from operations</b>		
(i) Sale of Products		
Traded goods	36,687,517	85,639,313
(ii) Other operating revenues:		
Duty Drawback	1,070,583	2,540,837
	<b>37,758,100</b>	<b>88,180,150</b>
<b>14 Other Income</b>		
Dividend Income	-	285,344
Interest Income	-	-
Gain on exchange rate difference	198,628	-
Net gain on sale of		
Long Term Investments	-	-
Current Investments	1,261,100	692,323
	<b>1,459,728</b>	<b>977,667</b>
<b>15 Employee benefit expense</b>		
Remuneration to related Parties	120,000	30,000
(Refer Note 18)		
to Others	95,701	-
	<b>215,701</b>	<b>30,000</b>
<b>16 Financial costs</b>		
Bank Charges	151,437	181,490
Bank Interest on Negotiation		
Commission on Bill discounting	-	-
Foreign Bank charges	342,193	73,281
Interest Expenses:		
Related Parties (Refer Note-18 )	-	25,890
Others	84,071	139,830
LC Advising Charges	15,478	23,100
	<b>593,178</b>	<b>443,591</b>



## BHALCHANDRAM CLOTHING LIMITED

### Notes forming part of the Financial Statements

Particulars	As at	
	March 31 ,2017	March 31 ,2016
<b>17 Other expenses</b>		
(a) <u>Office &amp; Administrative expenses:</u>		
Advertisement Expenses	19,555	-
Auditor's Remuneration:		
For Audit	10,432	13,868
For Tax Audit	8,625	10,434
For Other Matters	7,557	9,720
Compliance certificate filling fees		-
Custodial Fees	10,305	10,275
Domain Hosting Charges	-	5,700
Filing Fees	6,000	8,000
Insurance Premium	3,106	56,192
Late Filing Fees of M-VAT Audit Report		-
Listing Fees	11,450	39,900
Legal & Professional Charges	66,752	131,615
Loss on exchange rate difference	-	475,944
Membership Fees	11,286	276,761
Minute Writing Charges	1,000	1,000
Miscellaneous Expenses	1,151	3,142
Net Loss on sale of		
Current Investments	-	31,559
Postage & Courier Expense	-	40
Printing & Stationery Expense	967	4,772
Professional Tax	2,500	2,500
Security Transaction Tax	-	100
Stamp Duty		-
<b>(a)</b>	<b>160,686</b>	<b>1,081,522</b>
(b) <u>Selling and Distribution expenses</u>		
Overseas Commission	104,061	782,131
Local Commission	73,175	221,796
Ocean Freight	592,187	663,900
Local Freight & other Shipment cost	548,338	1,421,705
Discount Given	155,498	249,128
<b>(b)</b>	<b>1,473,259</b>	<b>3,338,660</b>
<b>Total (a+b)</b>	<b>1,633,945</b>	<b>4,420,182</b>
	<b>1,633,945</b>	<b>4,420,182</b>



## BHALCHANDRAM CLOTHING LIMITED

### Notes forming part of the Financial Statements

#### (18) 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.

#### (19) 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 :-

	<u>2016-17</u>	<u>2015-16</u>
	<u>Amt(Rs.)</u>	<u>Amt(Rs.)</u>
<b>(a) Key Management Personnel</b>		
<u>Shri Umesh Lahoti</u>		
Short tem Unsecured Loan taken	3,600,000	7,500,000
Short tem Unsecured Loan returned back	(11,100,000)	NIL
Interest paid	NIL	20,548
<u>Shri Ujwal Lahoti</u>		
Short tem Unsecured Loan taken	NIL	6,500,000
Short tem Unsecured Loan returned back	(6,500,000)	NIL
Interest paid	NIL	5,342
<u>Ms. Nidhi Sharma</u>		
Remuneration paid	120,000	30,000
<b>(b) Entities in which KMP / relative of KMP have significant influence</b>		
<u>(i) Pawansoot Textiles Pvt. Ltd.</u>		
Short Term Loan returned back	(600,000)	(265,000)
<u>(ii) Yashodanandan Textiles Pvt. Ltd.</u>		
Short Term Loan returned back	(900,000)	NIL



## BHALCHANDRAM CLOTHING LIMITED

### Notes forming part of the Financial Statements

#### iii. Balance outstanding at the year end is as under :

	As At 31.03.2017 <u>Amt(Rs.)</u>	As At 31.03.2016 <u>Amt(Rs.)</u>
<b>Key Management Personnel</b>		
<u>Unsecured Short Term Loans Payable</u>		
Shri Umesh Lahoti	NIL	7,518,493
Shri Ujwal Lahoti	NIL	6,504,808
<b>Entities in which KMP / relative of KMP have significant influence</b>		
<u>Short Term Loans &amp; Advances Receivable</u>		
Garudvahak Textiles Pvt. Ltd.	1,775,000	1,775,000
Pawansoot Textiles Pvt. Ltd.	NIL	600,000
Trilokinath Textiles Pvt. Ltd.	800,000	800,000
Yashodanandan Textiles Pvt. Ltd.	7,300,000	8,200,000

#### (20) Earnings Per Share (EPS)

	<u>2016-2017</u>	<u>2015-2016</u>
i) Weighted average no. of Equity Shares outstanding during the year	560,000	560,000
ii) Net Profit after tax available for Equity Shareholders (Rs.)	104,542	805,587
iii) Basic and Diluted Earnings Per Share (Rs.)	0.19	1.44
iv) Nominal Value Per Share (Rs.)	10	10

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

#### (21) Earnings in Foreign Currency

	<u>2016-2017</u>	<u>2015-2016</u>
CIF Value of Exports (Rs.)	36,687,517	85,639,313

#### (22) 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 the Financial Statements

**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.

(23) 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 25, 2017

Place: Mumbai  
Date: May 25, 2017