

KHEMANI DISTRIBUTORS
& MARKETING PRIVATE
LIMITED

ANNUAL REPORT

2012-2013

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KHEMANI DISTRIBUTORS & MARKETING (P) LTD

CIN:U7430GJ2011PTC063520

Regd Off: B-319, L.B. Appts, Salabatpura, Ring Road, Surat

[Tel:9825803214](tel:9825803214), email:khemaniamitv@gmail.com

NOTICE

Notice is hereby given that the 2nd ANNUAL GENERAL MEETING of the members of M/S. KHEMANI DISTRIBUTORS & MARKETING PVT LTD be held at the Registered office of the company on 30.09.13 at 11.30 A.M. to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ending on 31.03.13 and the report of Board of Directors and the Auditors.
2. To appoint Auditors and Fix their remuneration.

By the order of the Board
For Khemani Distributors & Marketing (P) Ltd

Sd/-
Director
Amit Khemani
DIN: 02227413
PLACE: SURAT
DATE: 02/09/13

Note: A member is entitled to attend and vote at the meeting and is entitled to appoint a proxy to attend and vote instead of himself and the proxy need to be a member of the company.

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 2nd ANNUAL GENERAL MEETING REPORT AND AUDITED ACCOUNTS of the company for the year ended on 31.3.2013.

1) FINANCIAL PERFORMANCE:

The company has not done any business during the year.

2) PARTICULARS OF EMPLOYEES:

There is no employee who has drawn remuneration more than aggregate of Rs. 6000000/- per annum and more than Rs. 500000/- per month, if employed for the part of the year as required under section 217(2A) of the Companies Act,1956.

3) RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, ENERGY CONSERVATION ETC.:

The company is not doing any manufacturing activity and hence Additional Information on conservation of energy, technology absorption, foreign exchange earning and outgo as required to be disclose in terms of section 217(1)(e) of The Companies act,1956, read with the Companies(disclosures of particulars of Board of Directors) Rule,1988 is not applicable.

4) DIRECTORS AND THEIR RESPONSIBILITY STATEMENT:

Pursuant to the section 217(2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000 the directors confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) Appropriate Accounting Policies have been selected and applied consistently and have made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2013 and of the loss for the period 01.04.12 to 31.03.2013.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Annual Accounts have been prepared on a going concern basis.

4) AUDITORS:

M/s. C.P.Jaria & Co, Chartered Accountants, the Auditors of the company retires and eligible for re-appointment.

5) APPRECIATION:

Your Directors would like to express their graceful appreciation of the assistance and Co-Operation received from the Shareholders during the year under review.

BY AND BEHALF OF THE BOARD

Sd/-
Director
Amit Khemani
DIN: 02227413
PLACE: SURAT
DATE: 02/09/2013

Sd/-
Director
Vijay Khemani
DIN: 02227389

INDEPENDENT AUDITOR'S REPORT

To the members of KHEMANI DISTRIBUTORS & MARKETING PRIVATE LIMITED

Report on the Financial Statement

We have audited the accompanying financial statement of **KHEMANI DISTRIBUTORS & MARKETING PRIVATE LIMITED ("the Company")**, which comprise the Balance Sheet as at March 31, 2013, and the statement of Profit & Loss for the year ended, and the summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issues by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirement 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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 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:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013 and;
- (b) In the case of Profit & Loss Account, of the loss of the Company for the year ended on that date;

Report on Other Legal and regulatory Requirements

1. As required by required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 & 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have 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 and Statement of Profit and Loss Account dealt with this report are in agreement with the books of Accounts;
 - (d) In our opinion, Balance Sheet and Statement of Profit and Loss Account comply with the accounting standards referred to in Sub-Section 3(C) of sec-211 of Companies Act, 1956.

- (e) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

FOR C.P.Jaria & Co
Chartered Accountants

Sd/-
(P.K.Jain)
M.No.: 112020
F.No.: 104058W
PLACE: SURAT
DATE: 02/09/2013

ANNEXURE TO THE AUDITOR'S REPORT

1. (a) The company does not own any fixed assets.
2. (a) As informed to us the inventory has been physically verified by the management during the year, In our opinion, the frequency of such verification is reasonable.
(b) In our opinion the procedure for physical verification of inventory followed by management are reasonable and adequate to the size of the company and nature of its business.
(c) The company has maintained proper records of inventory. The discrepancies noticed if any on physical verification between physical stocks and book records were not material in relation to the operations of the company and have been properly dealt with in the books of account.
3. (a) The company has not granted any loan, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. As the company has not granted any loans, secured or unsecured, to the parties listed in the register maintained under section 301 of the Companies Act, 1956, paragraphs (iii) (b), (c) and (d) of the order are not applicable.
(b) The company has not taken any loan, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. As the company has not taken any loans, secured or unsecured, from the parties listed in the register maintained under section 301 of the Companies Act, 1956, paragraphs (iii) (f), (g) and (h) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. As explained to us, during the year, any transaction required to be entered in the register maintained under section 301 of Companies Act, 1956 has been entered.
6. The company has not accepted deposits from the public and hence the provisions of Sec-58A & 58AA of the Companies Act, 1956, and the rules framed there under are not applicable. In company's case no order has been passed by the Company Law Board.
7. In our opinion and as informed to us, the company has an adequate internal audit system, commensurate with the size and nature of its business.
8. The central government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us and on basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including Provident fund, Investor Education and protection fund, Employee's state insurance, Income Tax, sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues during the year with the appropriate authorities. As at 31.3.2013, there were no undisputed dues payable for a period of more than six months from the date they become payable.
(b) According to the information and explanations given to us, there is no disputed dues in respect of Provident fund, Investor Education and protection fund, Employee's state insurance, Income Tax, sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues.
10. The Company does have accumulated losses and has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedure and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to the financial institution or bank.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund/nidhi/mutual benefit fund/ society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

15. According to the information and explanations given to us , the company has not given any guarantee for loans taken by others from bank and financial institutions.
16. The company had not obtained any term loan during the year.
17. According to information and explanations given to us, funds raised on short term basis have, prima facie, not been used during the year for long term investments and vice versa.
18. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
19. No Security is required to be created since the company has not issue any debentures.
20. The company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For C.P.Jaria & Co
Chartered accountants

Sd/-
(P.K.Jain)
Partner
M.No.: 112020
F.N.: 104058W
PLACE: SURAT
DATE: 02/09/13

BALANCE SHEET AS AT 31.3.2013

PARTICULARS	NOTE	CURRENT YEAR	PREVIOUS YEAR
<u>I. EQUITY AND LIABILITIES</u>			
(1) Shareholder's Fund			
(a) Share Capital	1	197,500	197,500
(b) Reserves and Surplus	2	19,461,276	19,482,326
(c) Money received against share warrants		0	0
(2) Share Application money pending allotment		0	0
(3) Non-current Liabilities			
(a) Long-Term Borrowings	3	200,000	0
(b) Deferred tax liabilities (Net)		0	0
(c) Other Long term liabilities		0	0
(d) Long term provisions		0	0
(4) Current Liabilities			
(a) Short Term borrowings		0	0
(b) Trade Payables	4	156,873	148,105
(c) Other current Borrowings		0	0
(d) Short-term Provisions	5	473,000	219,650
Total		20,488,649	20,047,581
<u>II. ASSETS</u>			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets		0	0
(ii) Intangible Assets		0	0
(iii) Capital work-in-progress		238,000	0
(iv) Intangible assets under development		0	0
(b) Non-Current Investments		0	0
(c) Deferred tax Assets (Net)		0	0
(d) Long Term loans and advances	6	15,050,000	19,500,000
(e) Other non-current assets	7	18,000	24,000
(2) Current Assets			
(a) Current Investments		0	0
(b) Inventories		4,045,174	0
(c) Trade receivables	8	0	61,683
(d) Cash & Cash equivalents	9	181,315	460,574
(e) Short term loans & advances		0	0
(f) Other Current Assets	10	956,160	1,324
Total		20,488,649	20,047,581

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

(P.K.JAIN)
PARTNER
M.NO.: 112020
PLACE: SURAT
DATE: 02/09/13

FOR KHEMANI DISTRIBUTORS &
MARKETING (P) LTD

Sd/-
DIRECTOR-Amit Khemani
DIN: 02227413

Sd/-
DIRECTOR-Vijay Khemani
DIN: 02227389

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31/3/2013

PARTICULARS	NOTE	CURRENT YEAR	PREVIOUS YEAR
I. Revenue from operations	11	0	7,786,034
II. Other Income	12	0	106,477
III. Total Revenue	(I + II)	0	7,892,511
IV. Expenses			
Cost of Material Consumed		0	0
Purchase of Stock-in-trade		4,045,174	7,479,033
Changes in inventories of finished goods, work-in progress and stock-in trade		(4,045,174)	
Employee benefit Expenses	13	0	296,000
Finance costs		0	0
Other expenses	14	21,050	135,152
IV. Total Expenses		21,050	7,910,185
V. Profit before exceptional and extraordinary items & Tax	(III-IV)	(21,050)	(17,674)
VI. Exceptional Items		0	0
VII. Profit before extraordinary items & Tax	(V-VI)	(21,050)	(17,674)
VIII. Extraordinary items			
IX. Profit before tax	(VII-VIII)	(21,050)	(17,674)
X. Tax Expenses			
(1) Current Tax		0	0
(2) Deferred Tax		0	0
XI. Profit(loss) from the period from continuing operations after tax	(VII-VIII)	(21,050)	(17,674)
XII. Profit(loss) from discontinuing operations		0	0
XIII. Tax expenses of discontinuing operations		0	0
XIV. Profit(loss) from discontinuing operations after tax	(XII-XIII)	0	0
XV. Profit(loss) for the period	(XI+XIV)	(21,050)	(17,674)
XVI. Earning per equity share			
(1) Basic		(0.07)	(0.06)
(2) Diluted		(0.11)	(0.09)

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

(P.K.JAIN)
PARTNER
M.NO.: 112020
PLACE: SURAT
DATE: 02/09/13

FOR KHEMANI DISTRIBUTORS
& MARKETING (P) LTD

Sd/-
DIRECTOR-Amit Khemani
DIN: 02227413

Sd/-
DIRECTOR-Vijay Khemani
DIN: 02227389

NOTES TO BALANCE SHEET & PROFIT & LOSS STATEMENT

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
NOTE-1		
<u>SHARE CAPITAL</u>		
<u>AUTHORISED SHARE CAPITAL</u>		
500000 EQUITY SHARES OF RS.1/-EACH	500,000	500,000
	500,000	500,000
<u>ISSUED, SUBSCRIBED AND FULLY PAID UP</u>		
100000 EQUITY SHARES OF RS 1/- EACH	100,000	100,000
<u>ISSUED, SUBSCRIBED AND NOT FULLY PAID UP</u>		
195000 EQUITY SHARES OF RS 1/- EACH PARTLY PAID UP RS 0.50/- PER SHARE	97,500	97,500
	197,500	197,500
NOTE-1A		
RECONCILIATION OF SHARES OUTSTANDING		
SHARES OUTSTANDING AT THE BEGINNING OF YEAR	295,000	0
SHARES ISSUED DRING THE YEAR	0	295,000
SHARES BOUGHT BACK DURING THE YEAR	0	0
SHARES OUTSTANDING AT THE END OF YEAR	295,000	295,000
NOTE-1B		
SHAREHOLDER HOLDING FOR THAN 5% SHARES	%	NO OF SHARES
AMIT KHEMANI	16.95	50,000
VIJAY KUMAR KHEMANI	16.95	50,000
KAVYA SHARES & SECURITIES (P) LTD	49.15	145,000
BHUVNSHWARI SECURITIES PVT LTD	16.95	50,000
<p>THE COMPANY HAS ONE CLASS OF EQUITY SHARES HAVING A PAR VALUE OF RS.1/- PER SHARE. EACH SHAREHOLDER IS ELIGIBLE FOR ONE VOTE PER SHAREE HELD NO SHARES WERE BOUGHT BACK FOR LAST FIVE YEARS THERE IS NO UNPAID CALL ON SHARES FROM DIRECTORS AND OFFICERS</p>		
NOTE-2		
<u>RESERVES & SURPLUS</u>		
A. SHARES PREMIUM ACCOUNT		
OPENING BALANCE	19,500,000	0
ADD:PREMIUM CREDITED	0	19,500,000
LESS: PREMIUM UTILIZED	0	0
CLOSING BALANCE	19,500,000	19,500,000
B. PROFIT & LOSS A/C		
OPENING BALANCE	(17,674)	0
ADD:CURRENT YEAR PROFIT/(LOSS)	(21,050)	(17,674)
LESS: WRITTEN BACK IN CURRENT YEAR	0	0
CLOSING BALANCE	(38,724)	(17,674)
TOTAL	19,461,276	19,482,326
NOTE-3		
<u>LONG TERM BORROWINGS</u>		
UNSECURED LOANS FROM DIRECTORS, RELATIVES	200,000	0
	200,000	0
NOTE-4		
<u>TRADE PAYABLES</u>		
SUNDRY CREDITORS	156,873	148,105

	156,873	148,105
NOTE-5		
<u>SHORT TERM PROVISIONS</u>		
PROVISION FOR TAX	0	0
CREDITORS FOR FIXED ASSETS	238,000	0
PROVISIONS FOR EXPENSES	235,000	219,650
	473,000	219,650
NOTE-6		
<u>LONG TERM LOANS & ADVANCES</u>		
OTHER ADVANCES		
UNSECURED CORPORATE ADVANCE	9,500,000	19,500,000
UNSECURED OTHER ADVANCES	5,550,000	0
	15,050,000	19,500,000
NOTE-7		
<u>OTHER NON-CURRENT ASSETS</u>		
PRELIMINARY EXPS NOT WRITTEN OFF	18,000	24,000
	18,000	24,000
NOTE-8		
<u>TRADE RECEIVABLES</u>		
SUNDRY DEBTORS UNSECURED	0	61,683
	0	61,683
NOTE-9		
<u>CASH & CASH EQUIVALENTS</u>		
CASH IN HAND	71,363	8,863
BANK BALANCE IN CURRENT A/C WITH SCHEDULE BANK	109,952	451,711
	181,315	460,574
NOTE-10		
<u>OTHER CURRENT ASSETS</u>		
VAT BALANCE	608,100	1,324
ADVANCE TO CREDITORS	348,060	0
	956,160	1,324
NOTE-11		
<u>REVENUE FROM OPERATIONS</u>		
SALES OF TRADED GOODS	0	7,786,034
	0	7,786,034
NOTE-12		
<u>OTHER INCOME</u>		
PROFIT ON SALE OF INVESTMENTS	0	106,477
	0	106,477
NOTE-13		
<u>EMPLOYEE BENEFIT EXPENSES</u>		
SALARY	0	296,000
	0	296,000
NOTE-14		
<u>OTHER EXPENSES</u>		
RENT	0	50,000
SALES PROMOTION EXPS	0	112
AUDIT FEES	5,000	7,500
PRELIMINARY EXPS W/OFF	6,000	6,000
DELIVERY CHARGES	0	1,757
PROFESSIONAL TAX	0	2,400
INSURANCE	0	5,213
LEGAL AND PROFESSIONAL FEES	9,500	19,800

BANK CHARGES	550	25,220
OFFICE EXPS	0	17,150
	21,050	135,152

NOTE-15. SIGNIFICANT ACCOUNTING POLICIES:

1. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. FIXED ASSETS

The Company does not own any fixed assets.

4. INVESTMENTS

Company does not hold any investments.

5. INVENTORIES

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

6. REVENUE AND EXPENDITURE RECOGNITION

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

7. MISCELLANEOUS EXPENDITURE

Miscellaneous Expenditure such as preliminary expenditure are amortized over a period of 5 years.

8. DEFERRED TAX

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

9. FOREIGN CURRENCY TRANSACTION

There is no such transaction during the year.

10. CONTINGENT LIABILITIES

There is no any contingent liability.

11. TRADE RECEIVABLE AND PAYABLE

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

12. RELATED PARTY TRANSACTIONS

Key Managerial Personel :, Vijay Kumar Khemani
 Relatives of Directors: Sushila Khemani
 Related Concern: Blue sky Advisors (P) Ltd, Khemani Enterprises

Particulars	Key Managerial Personnel	Related Concern	Relatives
Loan Received	200000		
Loan Advanced		350000	5000000
Advances Returned		10000000	

13. Employees Benefit Expenses

Particulars	Current Year	Previous Year
Salary Paid	Nil	296000

14. Details of Payment to Auditors

Particulars	Current Year	Previous Year
As Auditor	5000	7500

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