

**KAILASH AUTO FINANCE LIMITED**

**ANNUAL REPORT  
2016-17**

## COMPANY'S PROFILE

**Board of Director:**

Mr. Dipan Patel Jesingbhai	Director
Mr. Deepak Kunjbihari Dave	Non Executive Independent Director
Ms. Vanita Mansukh Parmar	Non Executive Independent Director

**Registered Office:**

15, Rolland Complex, 2<sup>nd</sup> Floor, 37/17,  
The Mall Kanpur-208001, Uttar Pradesh  
**Website:** www.kailfin.com,  
**Email Id:** info@kailfin.com

**Statutory Auditor:**

Mr. Anil Agrawal  
Chartered Accountant  
342, Marahtal, Karamchand Chowk  
Jabalpur-482002, Madhya Pradesh

**Registrar and  
Share Transfer Agent:**

M/s Maheshwari Datamatics Private Limited  
6, Mangoe Lane, 2<sup>nd</sup> Floor, Kolkata-700001  
Tel No. 033 2243 5809/5029,  
Fax No. 033 22484787  
Email Id: mdpldc@yahoo.com

**Bankers :**

Axis Bank Limited

**32ND ANNUAL GENERAL MEETING**

Day, Date & Time : Friday, September 22, 2017 at 11:00 am  
Venue : Mehfil Restaurant, 16/12, Civil Lines,  
Near I G Police Residence  
Kanpur- 208001

**Book Closure:**

From Friday, September 15, 2017 to  
Friday, September 22, 2017  
(Both days inclusive)

**Stock Exchanges where**

**Shares of the Company are Listed:** BSE Limited

**Contents****Page No.**

1. Director's Report	1
2. Corporate Governance Report	31
3. Management Discussion & Analysis	49
4. Independent Auditor Report	52
5. Balance Sheet	60
6. Statement of Profit & Loss	61
7. Cash Flow Statement	62
8. Notes to Financial Statements	63

## DIRECTOR'S REPORT

### TO THE MEMBERS

#### KAILASH AUTO FINANCE LIMITED

Your Directors are pleased to present the Thirty Second (32nd) Annual Report together with the Audited Accounts of your Company for the Financial Year ended March 31, 2017. The summarised financial performance of your Company is as follows:

(Rs. in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Total Income	328.04	3375.08
Total Expenditure	343.81	3369.85
Profit/ (Loss) before Taxation	(15.77)	5.23
Tax Expense	(0.12)	1.62
Provision for Standard Assets	-	0.25
Profit/ (Loss) for the period	(15.64)	3.36
Brought forward from previous year	(200.93)	(204.29)
Surplus/(Deficit) carried to Balance Sheet	(216.58)	(200.93)

#### FINANCIAL PERFORMANCE

The Company has incurred a loss of Rs. 15.77 Lakhs during the year 2016-17, as compared to a profit of Rs. 5.23 Lakhs before tax in the previous year 2015-16.

#### DIVIDEND

Due to loss, your Directors has not recommended any Dividend for the Financial Year 2016-17.

#### AMOUNTS PROPOSED TO CARRY TO THE RESERVES

The Company has not transferred any amount to reserve account during the year under review.

#### MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

There have been no material changes and commitments, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial year relate and the date of this report.

#### SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company and its operations in future.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company's Internal Control Systems are commensurate with the nature, size and complexity of its business and ensure proper safeguarding of assets, maintaining proper accounting record and providing reliable financial information.

The Directors have laid down internal financial controls to be followed by the Company and such policies and procedures have been adopted by the Company 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 record and the timely preparation of reliable financial information.

An external independent firm carries out the internal audit of the Company operations and reports its findings to the Audit Committee on a regular basis. Internal Risk and Control function also evaluates organisational risk along with controls required for mitigating those risks. Internal Audit provides assurance on functioning and quality of internal controls along with adequacy and effectiveness through periodic reporting.

The Company has a Code of Business Conduct for all employees and a clearly articulated and internalized delegation of financial authority. These authority levels are periodically reviewed by management and modifications, if any, are submitted to the Audit Committee and Board for approval. The Company also takes prompt action on any violations of the Code of Business Conduct by its employees.

The Audit Committee reviews the effectiveness of the internal control system and also invites senior management personnel to provide updates on operating effectiveness and controls from time to time. A CEO/CFO Certificate signed by the Director of the Company confirms the existence and effectiveness of internal controls and reiterates their responsibilities to report deficiencies to the Audit Committee. The Audit Committee also reviews the Risk management framework periodically and ensures it is updated and relevant. During the year under review, the Internal Financial Control Audit was carried out by the Statutory Auditors, the Report of which is forming part of this Annual Report.

## **DEPOSITS**

Being a non-deposit taking NBFC, your Company has not accepted any deposits from the public/members under Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 during the year and within the meaning of the provisions of the Non-Banking Financial Companies, Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

## **AUDITORS**

### **i. STATUTORY AUDITORS**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and Rules framed there under the term of Mr. Anil Agrawal, Chartered

Accountants, as the Statutory Auditors of the Company will conclude from the close of the ensuing Annual General Meeting of the Company.

The Board places on record its appreciation to the services rendered by Mr. Anil Agrawal, as the Statutory Auditors of the Company.

Subject to the approval of the Members, the Board of Directors of the Company has recommended the appointment of M/s SDA & Associates, Chartered Accountants (Firm Registration No. 120759W), as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013.

Accordingly, the Board recommends the resolution in relation to appointment of Statutory Auditors, for the approval by the shareholders of the Company.

There is no audit qualification for the year under review.

## **ii. SECRETARIAL AUDITOR**

In terms of Section 204 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company had appointed Ms. Kavita Raju Joshi, Practising Company Secretary, as the Secretarial Auditor to conduct an audit of the Secretarial Records of the Company.

The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed herewith as **[Annexure-A]** to this report.

## **DETAILS OF SUBSIDIARY/ JOINT VENTURES/ASSOCIATE COMPANIES**

The Company does not have any subsidiary/joint ventures/associate companies.

## **SHARE CAPITAL**

The Authorised Share Capital of your Company stands at Rs. 75,00,00,000/-. At present the Issued, Subscribed and Paid Up Share Capital of your Company is Rs. 58,70,60,083/- divided into 58,70,60,083 Equity Shares of Re. 1/- each, fully paid-up.

## **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return is prepared in Form MGT-9 as per the provisions of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 and the same is annexed as **[Annexure-B]** and forms an integral part of this Report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

### **a) Particulars of Conservation of Energy, Technology Absorption**

The Provisions of Section 134(m) of the Act relating to conservation of energy and technology absorption do not apply to this Company as the Company has not carried out any manufacturing activities.

**b) Foreign Exchange Earnings and Outgo**

During the year under review there was no foreign exchange outgo nor was any foreign exchange earned.

**DIRECTOR'S & KEY MANAGERIAL PERSONNEL**

Your Company has a duly constituted Board of Directors which is in compliance with the requirements of the Companies Act, 2013, schedules thereto and rules framed there under and also in terms of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of the Articles of Association of the Company.

**a) Declaration by Independent Directors**

All the Independent Directors have given a declaration that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 read with the rules made there under and Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

**b) Familiarisation Programme undertaken for Independent Directors**

The Independent Directors are familiarised with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. On appointment, the Independent Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. The Director is also explained in detail the various compliances required from him/her as a Director under the various provisions of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. The details of familiarisation programme are available on the website of the Company viz. [www.kailfin.com](http://www.kailfin.com).

**c) Non-Independent Director**

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Dipan Patel Jesingbhai (DIN: 05359769), Director, is liable to retire by rotation and being eligible, offers himself for re-appointment. The Board recommends his appointment with a view to avail his valuable advices and wise counsel.

A brief profile of the above Director seeking re-appointment required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 will be provided in the Notice calling Annual General Meeting of the Company.

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

#### **d) Changes in Directorship/Key Managerial Personnel during the year**

Mr. Murali Manohar Sarda resigned from the post of Whole Time Secretary and Compliance Officer of the Company with effect from November 14, 2016. The Board places on record its appreciation and gratitude for the assistance and guidance provided by him during his tenure as the Secretary of the Company.

Ms. Runel Saxena was appointed as Whole Time Secretary and Compliance Officer of the Company with effect from March 31, 2017.

#### **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

A total of Seven (7) Meetings of the Board of Directors of your Company were held during the year under review. The maximum interval between two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013, and in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of all Board/Committee Meetings are given in the Corporate Governance Report.

#### **COMMITTEES OF THE BOARD**

The Company has constituted/re-constituted various Board level committees in accordance with the requirements of Companies Act, 2013. Details of all the Committees along with composition and meetings held during the year under review are provided in the Corporate Governance Report.

#### **AUDIT COMMITTEE**

The composition and terms of reference of the Audit Committee has been furnished in the Corporate Governance Report. There have been no instances where the Board has not accepted the recommendations of the Audit Committee.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The composition and terms of reference of the Nomination and Remuneration Committee has been furnished in the Corporate Governance Report.

#### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The composition and terms of reference of the Stakeholders Relationship Committee has been furnished in the Corporate Governance Report.

#### **DIRECTORS APPOINTMENT & REMUNERATION POLICY**

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. The details of this policy are explained and annexed as **[Annexure- C]** and forms an integral part of this Report.

## **WHISTLE BLOWER POLICY/VIGIL MECHANISM**

The Board has adopted a Whistle Blower Policy to maintain highest standards of professionalism, honesty, integrity, ethical behaviour and to provide a vigil mechanism for Directors/Employees to voice concern in a responsible and effective manner regarding unethical matters involving serious malpractice, abuse or wrongdoing within the organisation. The Company affirms that during the year no personnel have been denied access to the Audit Committee. The said policy may also be referred to at the website of the Company viz [www.kailfin.com](http://www.kailfin.com).

## **PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE**

The Company as an organization is committed to provide a healthy environment to all employees and thus does not tolerate any discrimination and/or harassment in any form. The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013.

The following is a summary of sexual harassments complaints received and disposed off during the financial year ended March 31, 2017:

- No. of Complaints received : NIL
- No. of Complaints disposed off : Not Applicable

## **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

The Company has complied with Section 186 of the Companies Act, 2013 and Rules framed there under.

The Company has not given any guarantee or provided security during the year under review.

## **RELATED PARTY TRANSACTIONS**

A Related Party Policy has been devised by the Board of Directors for determining the materiality of transactions with related parties and dealings with them. The said Policy may be referred to at the website of the Company viz. [www.kailfin.com](http://www.kailfin.com).

There are no contracts or arrangements entered into by the Company during the year under review with Related Parties referred to in Section 188(1) of the Companies Act, 2013. There are no materially significant related party transactions made by the Company with promoters, directors, key managerial personnel or other designated person which may have a potential conflict with the interest of the Company at large.

Necessary disclosures required under the Accounting Standards (AS-18) have been made in the Notes to Financial Statements.

## **DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES:**



A statement containing the details of the Remuneration of Directors, Key Managerial Personnel (KMP) and Employees 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 is given as **[Annexure-D]** forming part of this Report.

The Company has no employee drawing a remuneration of Rs. 60,00,000/- (Rupees Sixty Lakhs) per annum or part thereof in terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### **CORPORATE GOVERNANCE REPORT**

As per Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a separate section on corporate governance practices followed by the Company, together with a certificate confirming compliance is given as **[Annexure-E]** and forms an integral part of this Report.

#### **MANAGEMENT DISCUSSION & ANALYSIS**

The Management Discussion and Analysis Report on the operations of the Company, as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in a separate section as **[Annexure-F]** and forms an integral part of this Report.

#### **RISK MANAGEMENT**

Risk management is embedded in your Company's operating framework. Your Company believes that managing risks helps in maximizing returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The Risk Management framework is reviewed periodically by the Board and the Audit Committee. The Audit Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continual basis.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), the Directors of your Company confirm that:

- i. in the preparation of the Annual Accounts for the financial year ended March 31, 2017, the applicable Accounting Standards and Schedule III of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), have been followed and there are no material departures from the same;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the

Company as at March 31, 2017 and of the profit & loss of the Company for the Financial Year March 31, 2017;

- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force) 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;
- v. proper internal financial controls laid down by the Directors were followed by your Company and that such internal financial controls are adequate and operating effectively; and
- vi. proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

#### **APPRECIATION**

Your Directors wish to place on record their appreciation, for the contribution made by the employees at all levels. Your Directors also wish to thank its customers, dealers, agents, suppliers, investors and bankers for their continued support and faith reposed in the Company.

**For & on behalf of the Board  
Dipan Patel Jesingbhai**

**Chairman and Director  
DIN: 05359769**

**Place: Mumbai  
Date: May 30, 2017**

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

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

**To,  
The Members,  
M/s Kailash Auto Finance Limited**  
15, Rolland Complex  
2<sup>nd</sup> Floor, 37/17, The Mall  
Kanpur-208001, Uttar Pradesh

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s KAILASH AUTO FINANCE LIMITED, CIN: L65921UP1984PLC006829** ("the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 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 have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made there under;  
In spite of efforts made, the Company was not able to appoint Whole Time Director under Section 203 of the Companies Act, 2013 read with Rule 8 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 of the Companies Act, 2013.
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas

Direct Investment and External Commercial Borrowings- ***(not applicable to the company during the audit period)***;

- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- ***(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)***;
- vi. Reserve Bank of India Act, 1934

**I further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has substantially complied with the following laws applicable specifically to the Company:

- Reserve Bank of India Directions, Guidelines and Circulars applicable to Systematically Important Non-Deposit Accepting NBFCs.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board Meetings and General Meetings.

- ii. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**I further report that:**

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-executive Directors, Woman Director 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.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
3. 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.

**I further report that** during the audit period the Company has not passed any Special Resolution in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.

**Place: Mumbai**  
**Date: May 30, 2017**

**Kavita Raju Joshi**  
**Practicing Company Secretary**  
**Membership No: 9074**  
**CP No: 8893**

*This report is to be read with our letter of even date which is annexed as "Annexure A" and forms integral part of this report.*

**'Annexure A'**

**To,  
The Members  
Kailash Auto Finance Limited**  
15, Rolland Complex,  
2<sup>nd</sup> Floor, 37/17, The Mall,  
Kanpur-208 001, Uttar Pradesh

My report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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 believe that the processes and practices, I followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I 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. My 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.

**Place: Mumbai  
Date: May 30, 2017**

**Kavita Raju Joshi  
Practicing Company Secretary  
Membership No: 9074  
CP No: 8893**

**FORM NO. MGT 9**  
**Extract of Annual Return**  
**As on financial year ended on 31.03.2017**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

**I REGISTRATION & OTHER DETAILS:**

i	CIN	L65921UP1984PLC006829
ii	Registration Date	14-Nov-84
iii	Name of the Company	Kailash Auto Finance Limited
iv	Category/Sub-category of the Company	Public Company/Limited by Shares
v	Address of the Registered office & contact details	15 Rolland Complex, 37/17 The Mall, Kanpur-208001, Uttar Pradesh Email: info@kailfin.com
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	M/s Maheshwari Datamatics Pvt Ltd. 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001, Phone : 033 22435029 / 22482248, Fax : 033 22484787 Email : mdpldc@yahoo.com

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Interest Income	643	100%

**III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES**

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	NIL	NIL	NIL	NIL	NIL

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

i) Category-wise Share Holding

Category of Shareholders	No of Shares held at the beginning of the year [As on 01/Apr/2016]				No of Shares held at the end of the year [As on 31/Mar/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									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	600000	0	600000	0.1022	600000	0	600000	0.1022	0.0000
e) Banks/Fi									
f) Any other									
<b>Sub-total (A)(1)</b>	600000	0	600000	0.1022	600000	0	600000	0.1022	0.0000
<b>(2) Foreign</b>									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other									
<b>Sub-total (A)(2)</b>	0	0	0	0.0000	0	0	0	0.0000	0.0000
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	600000	0	600000	0.1022	600000	0	600000	0.1022	0.0000
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs	1557	0	1557	0.0003	0	0	0	0.0000	-100.0000
h) Foreign Venture Capital Funds									
i) Others (specify)									
Alternate Investment Funds									
Foreign Portfolio Investors	0	0	0	0.0000	1557	0	1557	0.0003	100.0000
Provident Funds / Pension Funds									
Qualified Foreign Investor									
<b>Sub-total(B)(1):-</b>	1557	0	1557	0.0003	1557	0	1557	0.0003	0.0000
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	462285523	4600	462290123	78.7466	453811025	4600	453815625	77.3031	-1.8332
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	40700735	976633	41677368	7.0993	42310437	974133	43284570	7.3731	3.8563



Category of Shareholders	No of Shares held at the beginning of the year [As on 01/Apr/2016]				No of Shares held at the end of the year [As on 31/Mar/2017]				% change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	79744405	0	79744405	13.5837	78277644	0	78277644	13.3338	-1.8393
c) Others (Specify)									
Non Resident Indians	298142	0	298142	0.0508	319377	0	319377	0.0544	7.1224
Qualified Foreign Investor									
Custodian of Enemy Property									
Foreign Nationals									
Clearing Members	2283488	0	2283488	0.3890	10596310	0	10596310	1.8050	364.0405
Trusts									
Foreign Bodies-D R									
Foreign Portfolio Investors									
NBFCs registered with RBI	165000	0	165000	0.0281	165000	0	165000	0.0281	0.0000
Employee Trusts									
Domestic Corporate Unclaimed Shares Account									
Investor Education and Protection Fund Authority									
<b>Sub-total(B) (2):-</b>	585477293	981233	586458526	99.8975	585479793	978733	586458526	99.8975	0.0000
<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	585478850	981233	586460083	99.8978	585481350	978733	586460083	99.8978	0.0000
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	586078850	981233	587060083	100.0000	586081350	978733	587060083	100.00	0.0000

ii) Shareholding of Promoters-

Sl No	Shareholder's Name	Shareholding at the beginning of the year [As on 01/Apr/2016]			Shareholding at the end of the year [As on 31/Mar/2017]			% change in share holding during the Year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	SRI KARANI EXPORTS PRIVATE LIMITED	314700	0.0536	0.0000	314700	0.0536	0.0000	0.0000
2	RADHASHYAM DEALTRADE PVT. LTD.	285300	0.0486	0.0000	285300	0.0486	0.0000	0.0000
	<b>TOTAL</b>	600000	0.1022	0.0000	600000	0.1022	0.0000	0.0000

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl No	Name	Shareholding at the beginning [01/Apr/16]/end of the year [31/Mar/17]		Cumulative Shareholding during the year [01/Apr/16 to 31/Mar/17]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	SRI KARANI EXPORTS PRIVATE LIMITED 01-04-2016 31-03-2017	314700 314700	0.0536 0.0536	314700	0.0536
2	RADHASHYAM DEALTRADE PVT. LTD. 01-04-2016 31-03-2017	285300 285300	0.0486 0.0486	285300	0.0486

iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No	Name	Shareholding at the beginning [01/Apr/16]/end of the year [31/Mar/17]		Cumulative Shareholding during the year [01/Apr/16 to 31/Mar/17]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	NIRDESH TRADING PVT. LTD. 01-04-2016 31-03-2017	12000429 12000429	2.0442 2.0442	12000429	2.0442
2	OPTIMISTIC MERCANTILE PRIVATE LIMITED 01-04-2016 31-03-2017	11664909 11664909	1.9870 1.9870	11664909	1.9870
3	ALOK KNIT EXPORTS LIMITED 01-04-2016 31-03-2017	18810000 18810000	3.2041 3.2041	18810000	3.2041
4	EXPRESSION DEALERS PRIVATE LIMITED 01-04-2016 31-03-2017	10742134 10742134	1.8298 1.8298	10742134	1.8298
5	BHOLEBABA SUPPLIERS PRIVATE LIMITED 01-04-2016 31-03-2017	11197380 11197380	1.9074 1.9074	11197380	1.9074

Sl No	Name	Shareholding at the beginning [01/Apr/16]/ end of the year [31/Mar/17]		Cumulative Shareholding during the year [01/Apr/16 to 31/Mar/17]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	AMRAPALI AADYA TRADING INVESTMENT PVT. LTD. 01-04-2016 22/04/2016 - Transfer 29/04/2016 - Transfer 06/05/2016 - Transfer 13/05/2016 - Transfer 20/05/2016 - Transfer 10/06/2016 - Transfer 15/07/2016 - Transfer 22/07/2016 - Transfer 26/08/2016 - Transfer 31-03-2017	9941000 -1111412 -17760 -35627 -147694 -1075 5196059 -6638 -11652 -5196059 8609142	1.6934 0.1893 0.0030 0.0061 0.0252 0.0002 0.8851 0.0011 0.0020 0.8851 1.4665	8829588 8811828 8776201 8628507 8627432 13823491 13816853 13805201 8609142 8609142	1.5040 1.5010 1.4949 1.4698 1.4696 2.3547 2.3536 2.3516 1.4665 1.4665
7	GAINSAY PROPERTY PRIVATE LIMITED 01-04-2016 31-03-2017	10349966 10349966	1.7630 1.7630	10349966	1.7630
8	MULTIFOLD AGENCIES PRIVATE LIMITED 01-04-2016 31-03-2017	10016339 10016339	1.7062 1.7062	10016339	1.7062
9	QUICKSCOPE DEALERS PRIVATE LIMITED 01-04-2016 31-03-2017	10979717 10979717	1.8703 1.8703	10979717	1.8703
10	SIGNATURE DEALTRADE PVT LTD 01-04-2016 31-03-2017	15487111 15487111	2.6381 2.6381	15487111	2.6381
11	SAKTIMATA MARKETING PRIVATE LIMITED 01-04-2016 31-03-2017	10108110 10108110	1.7218 1.7218	10108110	1.7218

\* Not in the list of Top 10 shareholders as on 01/04/2016 The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2017.

# Ceased to be in the list of Top 10 shareholders as on 31/03/2017. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2016.

v) Shareholding of Directors and Key Managerial Personnel

SI No.	Name	Shareholding at the beginning [01/Apr/16]/end of the year [31/Mar/17]		Cumulative Shareholding during the year [01/Apr/16 to 31/Mar/17]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company

vi) Indebtedness

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
Additions	-	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

vii) Remuneration of Directors and Key Managerial Personnel

A) Remuneration to Managing Director, Whole time director and/or Manager:

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

B) Remuneration to other directors

Sl. No	Particulars of Remuneration	Name of the Directors			Total Amount
		Dipan Patel Jesingbhai	Deepak Kunjbihari Dave	Vanita Mansukh Parmar	
1	Independent Directors (a) Fee for attending board committee meetings (b) Commission (c) Others, please specify	-	-	-	-
	Total (1)				-
2	Other Non Executive Directors (a) Fee for attending board committee meetings (b) Commission (c) Others, please specify.	-	-	-	-
	Total (2)				-
	Total (B)=(1+2)	-	-	-	-
	Total Managerial Remuneration				
	Overall Ceiling as per the Act.	-	-	-	-

C) Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

Sl. No	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Murali Manohar Sarda, CS	Runel Saxena, CS	Dilip Kurmar Chauhan, CFO	
1	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	71,867.00	387.00	1,19,100.00	1,91,354.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission as % of profit others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	<b>71,867.00</b>	<b>387.00</b>	<b>1,19,100.00</b>	<b>1,91,354.00</b>

viii) Penalties/Punishment/Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority (RD/NCLT /Court)	Appeal made if any (give details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors/Other officers in Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

## NOMINATION & REMUNERATION POLICY

### 1. PREAMBLE

The Board of Directors of "*Kailash Auto Finance Limited*" ("the Company") had constituted a Nomination and Remuneration Committee consisting of three (3) Directors, of which two directors are Independent Directors.

### 2. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto. The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- d) To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- e) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- f) To devise a policy on Board diversity
- g) To develop a succession plan for the Board and to regularly review the plan.

### 3. DEFINITIONS

- a) "**Act**" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- b) "**Board**" means Board of Directors of the Company.
- c) "**Directors**" mean Directors of the Company.
- d) "**Key Managerial Personnel**" means
  - i. Chief Executive Officer or the Managing Director or the Manager;
  - ii. Whole-time director;
  - iii. Chief Financial Officer;

- iv. Company Secretary; and
- v. Such other officer as may be prescribed.
- e) **“Senior Management”** means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.
- f) **“Independent Director”**:- As provided under Section 149(6) of the Companies Act, 2013. ‘Independent Director’ shall mean a non-executive director, other than a managing director or a whole-time director or a nominee director of the Company:
  - i. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
  - ii. a) who is or was not a promoter of the company or its holding, subsidiary or associate company;  
b) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
  - iii. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
  - iv. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year; -
  - v. who, neither himself nor any of his relatives-
    - a) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
    - b) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –
      - a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
      - any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or



associate company amounting to ten per cent. or more of the gross turnover of such firm;

- c) holds together with his relatives two per cent. or more of the total voting power of the company; or
- d) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
- e) who possesses such other qualifications as may be prescribed.

#### **4. ROLE OF COMMITTEE**

##### **a) Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- ii. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- iii. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

##### **b) Policy for appointment and removal of Director, KMP and Senior Management**

###### **i. Appointment criteria and qualifications**

- ∅ The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
- ∅ A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.
- ∅ The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for

such motion indicating the justification for extension of appointment beyond seventy years.

**ii. Term / Tenure**

- Managing Director/Whole-time Director: The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Whole Time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- Independent Director: An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act and Listing Agreement, from time to time.

**iii. Evaluation**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

**iv. Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**v. Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/

remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**c) Policy relating to the Remuneration for the Director, KMP and Senior Management Personnel**

**i. General:**

- The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- The remuneration and commission to be paid to the Whole-time Director, KMP and Senior Management Personnel shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director, KMP and Senior Management Personnel.
- Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

**j. Remuneration to Director, KMP and Senior Management Personnel:**

- **Fixed pay:** The Director, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
- **Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Director, KMP and Senior Management Personnel in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

- **Provisions for excess remuneration:** If any Director, KMP and Senior Management Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

**k. Remuneration to Non- Executive / Independent Director:**

- **Remuneration / Commission:** The remuneration/commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.
- **Sitting Fees:** The Non- Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- **Commission:** Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.
- **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.

**5. MEMBERSHIP**

- a) The Committee shall consist of a minimum 3 directors, majority of them being independent.
- b) Minimum two (2) members, one of which must be an Independent Director, shall constitute a quorum for the Committee meeting.
- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

**6. CHAIRPERSON**

- a) Chairperson of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

- d) Chairman of the Nomination and Remuneration Committee meeting should be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

#### **7. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

#### **8. COMMITTEE MEMBERS' INTERESTS**

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

#### **9. SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

#### **10. VOTING**

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

#### **11. NOMINATION DUTIES**

The duties of the Committee in relation to nomination matters include:

- a) Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- b) Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- c) Identifying and recommending Directors who are to be put forward for retirement by rotation.
- d) Determining the appropriate size, diversity and composition of the Board;
- e) Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- f) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

- g) Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- h) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- i) Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- j) Recommend any necessary changes to the Board; and
- k) Considering any other matters, as may be requested by the Board.

## **12. REMUNERATION DUTIES**

The duties of the Committee in relation to remuneration matters include:

- a) To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate.
- b) To approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- c) To delegate any of its powers to one or more of its members or the Secretary of the Committee.
- d) To consider any other matters as may be requested by the Board.
- e) Professional indemnity and liability insurance for Directors and senior management.

## **13. MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

## **14. AMENDMENT(S)/MODIFICATION(S)**

The Nomination and Remuneration Committee will review and may amend/modify this policy from time to time.

[Annexure-D]

**Disclosure in Directors' Report pursuant to Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

**(i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

<b>Sl. No.</b>	<b>Name of the Director</b>	<b>Ratio of the remuneration to the median remuneration of the employees</b>
1.	Mr. Dipan Patel Jesingbhai (Non-Executive Director)	-
2.	Mr. Deepak Kunjbihari Dave (Independent Director)	-
3.	Ms. Vanita Mansukh Parmar (Independent Director)	-

**(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year:**

<b>Sl. No.</b>	<b>Name of the Director</b>	<b>Ratio of the remuneration to the median remuneration of the employees</b>
1.	Mr. Dipan Patel Jesingbhai (Non-Executive Director)	NIL
2.	Mr. Deepak Kunjbihari Dave (Independent Director)	NIL
3.	Ms. Vanita Mansukh Parmar (Independent Director)	NIL
4.	Mr. Murali Manohar Sarada (Company Secretary)	NIL
5.	Mr. Dilip Chauhan (Chief Financial Officer)	NIL
6.	Ms. Runel Saxena (Company Secretary)	NIL

**Notes:**

- Mr. Murali Manohar Sarada resigned from the post of Whole Time Secretary and Compliance Officer of the Company with effect from November 14, 2016.
- Ms. Runel Saxena was appointed as Whole Time Secretary and Compliance Officer of the Company with effect from March 31, 2017.

**(iii) The percentage increase in the median remuneration of employees in the financial year**

During FY 2016-17, the percentage increase in the median remuneration of employees as compared to previous year was approximately 52.34%.

**(iv) The number of permanent employees on the rolls of the Company**

There were 12 employees as on March 31, 2017.

**(v) Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there any exceptional circumstances for increase in the managerial remuneration:**

The Company has not paid any remuneration to its Directors during the FY 2016-17.

**(vi) Affirmation that the remuneration is as per the remuneration policy of the Company:**

Remuneration paid during the year ended March 31, 2017 is as per the Remuneration Policy of the Company.



## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY

KAFL's ("The Company") governance philosophy is based on trusteeship, transparency and accountability. As a corporate citizen our business fosters a culture of ethical behaviour and disclosures aimed at building trust of our stakeholders. The Company's Code of Business Conduct and Ethics, Internal Code of Conduct is an extension of our values and reflects our commitment to ethical business practices, integrity and regulatory compliances.

The Company's governance framework is based on the following principles:

- Appropriate composition and size of the Board, with each member bringing in expertise in their respective domains;
- Availability on information to the members of the Board and Board Committees to enable them to discharge their fiduciary duties;
- Timely disclosure of material operational and financial information to the stakeholders;
- Systems and processes in place for internal control; and
- Proper business conduct by the Board, Senior Management and Employees.

A Report on compliance with the principles of Corporate Governance as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 is given below:

### GOVERNANCE STRUCTURE

The Corporate Governance structure is as follows:

- **Board of Directors:** The Board is entrusted with an ultimate responsibility of the Management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosures.
- **Committees of the Board:** The Board has constituted the following Committees viz. Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship Committee. Each of the Committee has been mandated to operate within a given framework.

### THE BOARD OF DIRECTORS

#### a) Composition and category of Directors

The Board is broad-based and consists of eminent individuals from Industrial, Managerial, Financial and Marketing background. The Company is managed by the Board of Directors in co-ordination with the Senior Management

Team. The composition and strength of the Board is reviewed from time to time for ensuring that it remains aligned with statutory as well as business requirements.

The Company has a judicious combination of Executive and Non-Executive Directors. As on March 31, 2017, the Board comprised of Three (3) Directors out of which One (1) is Non-Executive Director and Two (2) are Independent Directors. The Chairman of the Board is Non-Executive Director.

The details of each member of the Board along with the number of Directorship/Committee Membership are given below:

Name	Category of Director	No. of Directorships in other Public Limited Companies	No. of Board Committees in which Chairman/Member in other Public Limited Companies	
			Chairman	Member
Mr. Dipan Patel Jesingbhai (DIN: 05359769)	Chairman and Director	-	-	-
Mr. Deepak Kunjbihari Dave (DIN: 06776698)	Independent Director	-	-	-
Ms. Vanita Mansukh Parmar (DIN: 05345249)	Independent Director	2	-	2

Notes:

1. Directorships exclude Private Limited Companies, Foreign Companies and Section 8 Companies.
2. Chairmanship/Membership of Committee only includes Audit Committee and Stakeholder Relationship Committee in Indian Public Limited Company other than Kailash Auto Finance Limited. Members of the Board of the Company do not have membership of more than ten Board-level Committees or Chairman of more than five such Committees.
3. None of the Directors are inter-se related with each other.

#### **b) Independent Directors**

The Non-Executive Independent Directors fulfil the conditions of Independence specified in Section 149 of the Companies Act, 2013 and Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. A formal letter of appointment to Independent Directors as provided in Companies Act 2013 has been issued and disclosed on the website of the Company viz. [www.kailfin.com](http://www.kailfin.com).

#### **c) Board Meetings**

The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company.

The notice and detailed agenda along with the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the Meeting with the approval of the Board. This ensures timely and informed decisions by the Board. The Board reviews the performance of the Company vis-à-vis the budgets/targets.

The necessary quorum was present for all the meetings.

In the Financial Year 2016-2017, the Board met Seven (7) times. The details of Board Meetings held during the year are listed below. The interval between two Meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and as per Regulation 17(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

Sl. No.	Date of Board Meeting	Total strength of the Board	No. of Directors present
1	April 29, 2016	3	3
2	May 30, 2016	3	3
3	August 13, 2016	3	3
4	August 31, 2016	3	3
5	November 14, 2016	3	3
6	February 14, 2017	3	3
7	March 31, 2017	3	3

Attendance at aforesaid Board Meetings and at the last Annual General Meeting of each of the Director as on March 31, 2017 is given below:

Name of the Director	Category of Directorship	Attendance at the Board Meeting(s)		Attendance at last AGM
		Held	Attended	
Mr. Dipan Patel Jesingbhai (DIN: 05359769)	Chairman & Director	7	7	Yes
Mr. Deepak Kunjbihari Dave (DIN: 06776698)	Independent Director	7	7	Yes
Ms. Vanita Mansukh Parmar (DIN: 05345249)	Independent Director	7	7	Yes

**d) Information placed before Board of Directors**

The Company provides the information as set out in Regulation 17 read with Part A of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the Board and the Board Committees to the extent it is applicable and relevant.

Such information is submitted either as part of the agenda papers in advance of the respective Meetings or by way of presentations and discussions during the Meetings.

**e) Shares held by Non-Executive Directors**

None of the Non-Executive Director of the Company holds shares of the Company as on March 31, 2017.

**GOVERNANCE CODES**

**Code of Business Conduct & Ethics**

The Company has adopted Code of Business Conduct & Ethics ("the Code") which is applicable to the Board of Directors and all Employees of the Company. The Board of Directors and the members of Senior Management Team (one level below the Board of Directors) of the Company are required to affirm annual Compliance of this Code. The Code requires Directors and Employees to act honestly, fairly, ethically, and with integrity, conduct themselves in professional, courteous and respectful manner. The Code is displayed on the website of the Company viz. [www.kailfin.com](http://www.kailfin.com).

**Conflict of Interests**

Each Director informs the Company on an annual basis about the Board and the Committee positions he occupies in other companies including Chairmanships and notifies changes during the year. The Members of the Board while discharging their duties, avoid conflict of interest in the decision making process. The Members of Board restrict themselves from any discussions and voting in transactions in which they have concern or interest.

**COMMITTEES OF THE BOARD**

The Board of Directors have constituted Board Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Board Committees are formed with approval of the Board and function under their respective charters. These committees play an important role in the overall management of day-to-day affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The minutes of the Committee Meetings are placed before the Board for noting.

The Board currently has the following Committees:

**A. AUDIT COMMITTEE**

**Composition**

Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of

Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, Accounts, etc. It functions in accordance with its terms of reference that defines its authority, responsibility and reporting function.

### Meetings and Attendance

The Audit Committee met Four times during the Financial Year 2016- 17. The maximum gap between two Meetings was not more than 120 days. The Committee met on May 30 2016, August 13 2016, November 14 2016 & February 14 2017. The requisite quorum was present at all the meetings. The Chairman of the Audit Committee was present at the Annual General Meeting of the Company.

The Table below provides the attendance of the Audit Committee members.

Name	Category	Designation	Meeting(s)	
			Held	Attended
Mr. Deepak Kunjbihari Dave	Independent Director	Chairman	4	4
Ms. Vanita Mansukh Parmar	Independent Director	Member	4	4
Mr. Dipan Patel Jesingbhai	Non-Executive Director	Member	4	4

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

- Investigate any activity within its terms of reference
- Seek information from any employee
- Obtain outside legal or other professional advice
- Secure attendance of outsiders with relevant expertise, if it considers necessary
- Have full access to information contained in the records of the Company

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and *inter alia* performs the following functions:

1. Overseeing your Company's financial reporting process and the disclosure of its information to ensure that the financial statements are correct, sufficient and credible;
2. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor, fixing of audit fees and approving payments for any other service;
3. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report as per Section 134(3)(c) of the Companies Act, 2013;
  - Changes, if any, in the accounting policies and practices and the reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with the Listing Regulations and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Qualifications in the draft audit report, if any.
4. Examination of financial statements and the Auditors' report thereon.
  5. Reviewing with the management quarterly, half-yearly, nine months and annual financial statements, before submission to the Board for approval;
  6. Reviewing and monitoring the auditors' independence and performance, and effectiveness of audit process.
  7. 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;
  8. Formulating in consultation with the Internal Auditor, the scope, functioning, periodicity and methodology for conducting the internal audit;
  9. Discussion with the internal auditors on internal audit reports relating to internal control weaknesses and any other significant findings and follow-up thereon;
  10. Evaluating the internal financial controls and risk management policies system of the Company;
  11. Discussion with the 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;
  12. To review the functioning of the Whistle Blower Mechanism
  13. Any other matter referred to by the Board of Directors.

## **B. NOMINATION & REMUNERATION COMMITTEE**

### **Composition**

The Nomination & Remuneration Committee comprises of Three (3) Directors.

## Meeting and Attendance

The Committee met twice during the financial year 2016-17 on April 29 2016 & March 24 2017. The requisite quorum was present at both the Meetings. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company. The table below provides the attendance of the Nomination & Remuneration Committee.

Name	Category	Designation	Meeting(s)	
			Held	Attended
Mr. Deepak Kunjbihari Dave	Independent Director	Chairman	2	2
Ms. Vanita Mansukh Parmar	Independent Director	Member	2	2
Mr. Dipan Patel Jesingbhai	Non-Executive Director	Member	2	2

The Nomination and Remuneration Committee is empowered with the following terms of reference and responsibilities in accordance with the provisions of law and the Nomination and Remuneration Policy:

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- Formulate a criteria for determining qualifications, positive attributes and independence of a director;
- Carry out the evaluation of every director's performance and formulate criteria for evaluation of Independent Directors, Board/Committees of Board and review the term of appointment of Independent Directors on the basis of the report of performance evaluation of Independent Directors;
- Recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Devise a policy on Board Diversity;
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification or modification as may be applicable.

## Remuneration Policy

The success of the organization in achieving good performance and good governing practices depends on its ability to attract and retain individual with requisite knowledge and excellence as executive and non-executive directors. The Nomination and Remuneration Policy of the Company is given in **[Annexure- C]** and forms an integral part of this Report.

### Details of Remuneration to all Directors:

The details of remuneration paid to the Directors for the year ended March 31, 2017 are as under:

Name	Designation	Salary	Perquisites	Sitting Fees	Total
Mr. Deepak Kunjbihari Dave	Independent Director	-	-	-	-
Ms. Vanita Mansukh Parmar	Independent Director	-	-	-	-
Mr. Dipan Patel Jesingbhai	Director	-	-	-	-

**Disclosure pursuant to Part-II, Section-II, 3<sup>rd</sup> Provision, Point No-IV of Schedule-V under Section 196 and 197 of all the Directors**

- i. All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc of all the Directors- As stated above
- ii. Details of fixed component and performance linked incentives along with performance criteria- Nil
- iii. Service Contracts, notice period, severance fees- Not Applicable
- iv. Stock options details, if any and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable- Not Applicable

**Performance Evaluation of Directors**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Board of Directors has carried out an annual evaluation of its own performance, its Committees and Individual Directors. A structured questionnaire was prepared, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Chairman / Director and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

**C. STAKEHOLDERS RELATIONSHIP COMMITTEE**

**Composition**

The composition of the Stakeholder Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

**Meeting & Attendance**

The Committee met Four (4) times during the financial year 2016-2017 on May 30 2016, August 13 2016, November 14 2016 and February 14 2017. The constitution of the Stakeholders Relationship Committee of the Board



of Directors of your Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2016-17 is detailed below:

Name	Category	Designation	Meeting(s)	
			Held	Attended
Mr. Deepak Kunjbihari Dave	Independent Director	Chairman	4	4
Ms. Vanita Mansukh Parmar	Independent Director	Member	4	4
Mr. Dipan Patel Jesingbhai	Non-Executive Director	Member	4	4

The Board has clearly defined the terms of reference for this committee. The Committee looks into the matters of Shareholders/Investors grievances along with other matters or any other duties that may be delegated to the Committee by the Board of Directors from time to time.

The Secretarial Department of the Company and the Registrar and Share Transfer Agent, M/s Maheshwari Datamatics Private Limited attend to all grievances of the shareholders received directly or via any other authority. The Minutes of the Stakeholders Relationship Committee Meetings are circulated to the Board and noted by the Board of Directors at the Board Meetings.

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the Investors. Shareholders are requested to furnish their updated telephone numbers and e-mail addresses to facilitate prompt action.

Details pertaining to the number of complaints received and responded and the status thereof during the financial year 2016-2017 are given below:

No. of Complaints received during the year -

No. of Complaints resolved during the year -

No. of Complaints pending at the end of the year -

#### **INDEPENDENT DIRECTORS MEETING**

During the year under review, the Independent Directors met on March 31, 2017, inter alia, to:

- Evaluate performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluate performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;

- Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at this Meeting.

#### **AFFIRMATIONS AND DISCLOSURES**

1. The Company has generally complied with all mandatory requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.
2. There are no materially significant related party transactions of your Company which have potential conflict with the interests of the Company at large. Details of related party transactions are disclosed in notes to Financial Statements for the year ended March 31, 2017. The policy on related party transactions has been placed on the website of the Company viz. [www.kailfin.com](http://www.kailfin.com).
3. The Company has generally complied with the requirements of the Stock Exchanges/SEBI and statutory authorities on all matters during the last three years.
4. Quarterly/Half Yearly/Yearly Reports on compliance of mandatory and non-mandatory requirements in the prescribed format have been submitted to the Stock Exchanges where the shares of the Company are listed within the stipulated time. The Company has complied with all mandatory requirements to the extent applicable to the Company.
5. The Director have certified to the Board in accordance with Part B of Schedule II to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, pertaining to CEO/CFO certification for the Financial Year ended March 31, 2017.
6. The Company has a well defined risk management framework in place. The Company periodically places before the Audit Committee and the Board, the key risks and the risk assessment and mitigation procedures followed by the Company.
7. Pursuant to Section 177(9) and (10) of the Companies Act 2013 and Regulation 22 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee. None of the personnel of the Company has been denied access to the Audit Committee. The Whistle Blower Policy is available on the website of the Company viz. [www.kailfin.com](http://www.kailfin.com)

8. The Company has laid down a Code of Conduct for the members of the Board as well as for the employees of the Company. The Code has also been posted on the website of the Company viz. [www.kailfin.com](http://www.kailfin.com). The Director has confirmed and declared that all members of the Board and Senior Management have affirmed compliance with the Code of Conduct as per the requirements of the Regulation 26(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
9. The Company has adopted a Policy on Determination of Materiality for Disclosures. The policy has also been posted on the website of the Company viz. [www.kailfin.com](http://www.kailfin.com).
10. The Company has adopted a Policy on Archival and Preservation of Documents. The policy has also been posted on the website of the Company viz. [www.kailfin.com](http://www.kailfin.com).
11. The Financial Statements for the Financial year 2016-2017 have been prepared in accordance with the applicable accounting principles in India, the mandatory Accounting Standards ('AS') as prescribed under Section 133 and other applicable provisions of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the guidelines issued by the Securities and Exchange Board of India to the relevant extent. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

The Company has no subsidiary and hence there is no need to frame any policy for determining 'material' subsidiary.

The Company is not dealing in commodity and hence disclosure relating to commodity price risks and commodity hedging activities are not applicable.

#### **MEANS OF COMMUNICATION**

1. The quarterly, half-yearly and yearly financial results of the Company as per the statutory requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 are published within the stipulated time as per the regulations in the leading newspapers i.e. Financial Express and Mumbai Lakshadweep.
2. The financial results are also filed electronically with BSE Limited and posted on the website of the Company.
3. During the year under review, the Company did not make any presentation to institutional investors or to analysts.
4. Comprehensive information about the Company, its business and operations can be viewed on the Company's website at [www.kailfin.com](http://www.kailfin.com). The "Investor" tab on the website of the Company gives information relating to financial results, Annual Reports, Shareholding Pattern, etc.

## GENERAL BODY MEETINGS

### a) Details of last Three (3) Annual General Meetings held

Year	Location	Date	Time	Special Resolutions Passed
2015-16	Mehfil Restaurant, 16/12 Civil Lines, Near I G Police Residence, Kanpur-208001, Uttar Pradesh	24.09.2016	11:00 am	Nil
2014-15	Mehfil Restaurant, 16/12 Civil Lines, Near I G Police Residence, Kanpur-208001, Uttar Pradesh	26.09.2015	11:00 am	Nil
2013-14	Mehfil Restaurant, 16/12 Civil Lines, Near I G Police Residence, Kanpur-208001, Uttar Pradesh	23.09.2014	11:00 am	Nil

### b) Postal Ballot

During the year, no resolutions have been passed through postal ballot.

## GENERAL SHAREHOLDER INFORMATION

### i. Annual General Meeting for FY 2016-17

<b>Day &amp; Date</b>	Friday, September 22, 2017
<b>Time</b>	11:00 am
<b>Venue</b>	Mehfil Restaurant, 16/12 Civil Lines, Near I G Police Residence, Kanpur-208001 Uttar Pradesh

### ii. Listing on Stock Exchanges:

- BSE Limited ("BSE")  
25<sup>th</sup> Floor, P. J. Towers, Dalal Street, Mumbai-400001, Maharashtra

### iii. Stock Codes/Symbol

BSE: 511357

### iv. Corporate Identity Number: L65921UP1984PLC006829

### v. Tentative Calendar for Financial Year ending March 31, 2018

The tentative dates for Board Meetings for consideration of quarterly financial results are as follows:

SL. No	Particulars	Tentative dates
1	First Quarter Results	On or before Second week of August 2017
2	Second Quarter & Half Yearly Results	On or before Second week of November 2017
3	Third Quarter and Nine months Results	On or before Second week of February 2018
4	Fourth Quarter and Annual Results	On or before Fourth week of May 2018

**vi. Market Price Data**

Year/Month	BSE (In Rs.)		SENSEX (In Rs.)	
	High	Low	High	Low
April 2016	-	-	26100.54	24523.20
May 2016	-	-	26837.20	25057.93
June 2016	-	-	27105.41	25911.33
July 2016	-	-	28240.20	27034.14
August 2016	-	-	28532.25	27627.97
September 2016	-	-	29077.28	27716.78
October 2016	-	-	28477.65	27488.30
November 2016	-	-	28029.80	25717.93
December 2016	-	-	26803.76	25753.74
January 2017	-	-	27980.39	26447.06
February 2017	-	-	29065.31	27590.10
March 2017	-	-	29824.62	28716.21

*Annual Listing fees as applicable have been paid to the Stock Exchanges.*

**DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2017**

Range of Shares	No. of Shareholders	No. of Shares
Upto 5000	9301	6810134
5001 to 10000	436	3447985
10001 to 20000	264	4012322
20001 to 30000	157	3951767
30001 to 40000	62	2235950
40001 to 50000	144	6995519
50001 to 100000	240	19799439
100001 and above	374	539806967
<b>Total</b>	<b>10978</b>	<b>587060083</b>

## SHAREHOLDING PATTERN AS ON MARCH 31, 2017

Category of Shareholders	No. of Shareholders	Total No. of Shares held	% of total Capital
Promoters	2	600000	0.10
Financial Institutions	1	1557	0.00
Bodies Corporate	344	453815625	77.30
Resident Individual	10561	121562214	20.71
Others	70	11080687	1.89
<b>Total</b>	<b>10978</b>	<b>587060083</b>	<b>100.00</b>

### DEMATERIALIZATION OF SHARES AND LIQUIDITY

The Company has entered into Agreements with both the Depositories registered under the Depositories Act, 1996 i.e. National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) to facilitate holding and trading in shares of the Company in dematerialised form in accordance with the provisions of the Depositories Act, 1996.

As per SEBI guidelines, equity shares of the Company are compulsorily traded in dematerialised form and are available for trading on both the depositories, viz. National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL & CDSL is INE410001022.

As on March 31, 2017, 99.83 % shares are in dematerialised form. The no. of shares held in dematerialised form with both the depositories i.e. NSDL & CDSL as on March 31, 2017 is:

Electronic Form with NSDL : 277800774

Electronic Form with CDSL : 308280576

**OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY TO IMPACT ON EQUITY:** Not applicable

### ADDRESS FOR CORRESPONDENCE

- **Kailash Auto Finance Limited**  
**Registered Office**  
15, Rolland Complex, 2<sup>nd</sup> Floor, 37/17, The Mall  
Kanpur-208001, Uttar Pradesh  
Email: [info@kailfin.com](mailto:info@kailfin.com), Website: [www.kailfin.com](http://www.kailfin.com)
- **Registrar & Share Transfer Agent**  
M/s Maheshwari Datamatics Private Limited  
6, Mangoe Lane, 2<sup>nd</sup> Floor, Kolkata-700001, West Bengal  
Email: [mdpl@cal.vsnl.net.in](mailto:mdpl@cal.vsnl.net.in), [mdpldc@yahoo.com](mailto:mdpldc@yahoo.com)

**CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT**

The Company has laid down a Code of Conduct for the members of the Board as well as for the employees of the Company. The Code has also been posted on the website of the Company viz. [www.kailfin.com](http://www.kailfin.com).

The Director has confirmed and declared that all members of the Board and Senior Management have affirmed compliance with the Code of Conduct as per the requirements of the Regulation 26(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same has been published in this Report.

**For and On Behalf of Board of Directors  
Dipan Patel Jesingbhai**

**Place: Mumbai  
Date: May 30, 2017**

**Chairman/ Director  
DIN: 05359769**

## CEO / CFO CERTIFICATION

To,  
The Board of Directors  
M/s Kailash Auto Finance Limited

I the undersigned, in my capacity of Director of M/s Kailash Auto Finance Limited ("the Company") to the best of my knowledge and belief certify that:

- 1) I have reviewed financial statements and the cash flow statement for the year ended March 31, 2017 and to the best of my knowledge and belief, I state that:
  - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) I further state that to the best of my knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- 3) I am responsible for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting and I have disclosed to the auditors and Audit Committee, deficiencies in the design or operation of such internal control, if any, of which I am aware and the steps have been taken or propose to rectify these deficiencies.
- 4) I have indicated to the Auditors and the Audit Committee:
  - a. that there are no significant changes in internal control over financial reporting during the year;
  - b. that there are no significant changes in accounting policies during the year;
  - c. that there are no instances of significant fraud of which I have become aware.

**Dipan Patel Jesingbhai**

**Place: Mumbai**  
**Date: May 30, 2017**

**Chairman/ Director**  
**DIN: 05359769**



**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These codes are available on the website of the Company viz. [www.kailfin.com](http://www.kailfin.com).

I confirm that the Company has in respect of the year ended March 31, 2017, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

**For and On Behalf of Board of Directors  
Dipan Patel Jesingbhai**

**Place: Mumbai  
Date: May 30, 2017**

**Chairman/ Director  
DIN: 05359769**

## CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members  
**M/s Kailash Auto Finance Ltd**  
15, Rolland Complex, 2<sup>nd</sup> Floor, 37/17, The Mall  
Kanpur-208001, Uttar Pradesh

- 1) I have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2) The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. My examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- 3) In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Directors and the Management, I certify that the Company has generally complied, in all material respect, with the conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year ended March 31, 2017
- 4) I further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place: Mumbai**  
**Date: May 30, 2017**

**Kavita Raju Joshi**  
**Practising Company Secretary**  
**Membership No.9074**  
**CP No.8893**

## MANAGEMENT DISCUSSION AND ANALYSIS

### A. Global Outlook

According to the World Bank, global GDP is projected to grow at 2.7 per cent in 2017, after an estimated growth of 2.3 per cent in 2016. Growth rate is expected to move up to 2.9 per cent in 2018. The International Monetary Fund (IMF) figures are a little more optimistic. IMF expects global economy to grow by 3.5 per cent in 2017 after an estimated growth of 3.1 per cent in 2016.

The year under review witnessed two significant developments on the global front – Brexit and the US elections. Both events have had an adverse impact on open trade. Several developed economies are becoming increasingly protectionist. The process of globalisation now seems to be on reverse gear.

The World Bank expects the emerging and developing economies (EDEs) to be the main drivers of global growth. According to World Bank forecasts, the EDEs, after registering a 3.4 per cent growth rate in 2016, will clock a growth rate of 4.2 per cent in 2017 and thereafter growth rate will further strengthen to 4.6 per cent in 2018. The advanced economies (AEs), after growing at 1.6 per cent growth rate in 2016, are expected to clock a growth rate of 1.8 per cent both in 2017 and 2018.

### B. Indian Scenario

India continues to hold on to its position of the fastest growing major economy in the world. The point to be noted here is that India has achieved this despite the huge disruption caused by the Demonetization Drive that was initiated by the government in November, 2016 to curb black money. For 2016-17, India's GDP growth rate has been estimated to be 7.1 per cent, 7 per cent and 6.8 per cent by Central Statistics Office (CSO), the World Bank and IMF, respectively. For 2017-18, the Economic Survey has predicted that India's GDP growth rate will be within a range of 6.75-7.5 per cent. Most other institutions have predicted growth rates within that range, only the World Bank has predicted a higher rate at 7.6 percent.

During the year under review, the Government of India has performed well on a number of fronts. There was considerable progress made in building consensus for the Goods & Services Tax (GST). Passing of the Insolvency & Bankruptcy Code (IBC), 2016 was another major achievement. These steps will certainly contribute towards improving the ease of doing business in India and will support entrepreneurship.

### C. NBFCs in India

NBFCs have always played an important role in promoting financial inclusion in India. They have been complementing and supplementing the banking sector in reaching out credit to the un-banked segments of the society. The biggest contribution of NBFCs is their ability to cater to the needs of

the Micro, Small & Medium Enterprises (MSMEs) which form the cradle of entrepreneurship and innovation in India. NBFCs' innate ability to understand their customers' needs and accordingly innovate to offer customised products make them the perfect conduit for credit delivery to MSMEs.

In addition, NBFCs like Asset Finance Companies (NBFC-AFCs) and Infrastructure Finance Companies (NBFC-IFCs) are actively contributing to the process of nation building, especially at a time when banks are reluctant to take more exposure on infrastructure projects.

The year under review witnessed several regulatory developments for the NBFC sector. The major ones are the following:

- Concentration of credit/investment norms will not apply to Systemically Important NBFCs (NBFC-SI) which do not access public funds in India (directly or indirectly) and which do not issue guarantees.
- RBI has increased the number of eligible players to whom banks are allowed to sell their stressed assets. NBFCs with adequate capital and necessary expertise to deal with stressed assets are eligible to buy such assets from banks.
- NBFCs are allowed to refinance any existing infrastructure and other project loan by way of full or partial take-out financing, without a predetermined agreement with other lenders, and fix a longer repayment period. Further, the same would not be considered as restructuring in the books of the existing as well as taking over lenders, if certain conditions are satisfied.
- Guidelines were issued on setting up a category of NBFCs called Account Aggregators.
- NBFCs need to put in place a reporting system for recording frauds.
- The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has introduced a scheme for extending guarantee coverage to eligible NBFCs in respect of collateral free and/or third party guarantee free credit facilities extended by them to eligible Micro and Small Enterprises (MSEs).

#### **D. Business Outlook and Future Plans**

The government is earnestly working towards enhancing India's attractiveness as an investment destination. Apart from the various systemic reforms that are being pursued, the decision to abolish Plan and Non Plan expenditure and to opt for a consolidated Outcome Budget, as announced in Union Budget 2017-18, is indeed a step in the right direction as it brings in higher degrees of accountability.

#### **E. Overview of the Company**

The Company's overall performance has been average during the Financial Year 2016-17. The financial results have been disclosed in the Financial Statements annexed herewith.

## **F. Opportunities**

The major opportunities are:

1. Healthy and sustainable economic growth rate with sound macro-economic fundamentals.
2. Young and aspiring population
3. NBFCs are fast emerging as an important segment of Indian Financial System
4. Recognized as complementary to the banking sector due to its customer oriented services, flexibility and timeliness in meeting the credit needs of specified sectors, etc.

## **G. Threats**

The major threats are:

1. Stiff competition with NBFCs as well as with banking sector
2. Technology Advancement
3. Adverse Regulatory Changes
4. Increased competition from local and global players operating in India.

## **H. Human Resources**

Human Resource is one of the most important key to success of any Company. Our Company's business critically depends on quality of manpower. The Company poses unique challenges to the Human Resource function. The HR function of the Company has been structured and aligned in line with the business needs and requirements. The Company business is managed by a team of competent and passionate leaders, capable of enhancing your Company standing in the competitive market. The Company consistently invests efforts in training and developing its employees, which in turn leads to sustained growth.

## **I. Cautionary Statement**

Statement in the Management Discussion and Analysis Report, describing the Company's objectives, opportunities and expectations may constitute 'Forward Looking Statements' within the meaning of applicable laws and regulations. The actual result may vary materially from those expressed or implied in the statement. Several factors make a significant difference to the Company operation including the government regulation, taxation and economic scenario affecting demand and supply condition and other such factors over which the Company does not have any control.

## **Independent Auditor's Report**

### **To the Members of Kailash Auto Finance Ltd**

#### **Report on the Financial Statements**

We have audited the accompanying standalone financial statements of Kailash Auto Finance Limited ("the Company"), which comprises the Balance Sheet as at March 31, 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 Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate

in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its 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 A", a statement on the matters Specified in the paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
  - e) On the basis of the written representations received from the directors as on March 31, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 B" to this report;

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
- i. The pending litigation of the Company is disclosed in Note No. 26 and 27 to the Standalone Financial Statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in Note 31 to these standalone financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

**For Anil Agrawal  
Chartered Accountants**

**CA Anil Agrawal  
Proprietor  
Membership No 79054  
Place: Mumbai  
Date: May 30, 2017**



## **ANNEXURE A**

### **TO THE MEMBERS OF KAILASH AUTO FINANCE LIMITED**

[REFERRED TO IN OUR REPORT OF EVEN DATE]

- i. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) Fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification.  
(c) The Company does not have any immovable property.
- ii. In our opinion and according to the information and explanation given to us, the company does not hold any inventories, therefore the provisions of this clause is not applicable.
- iii. According to the information and explanation given to us, the company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the Register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii)(a), (b) and (c) of the order are not applicable to the company and hence not commented upon.
- iv. According to the information and explanation given to us, the company has complied with the provisions of section 185 & 186 of the Act.
- v. The Company has not accepted any deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the operation carried by the Company.
- vii. (a) According to the information and explanations given to us, and on the basis of our examination of the records of the company, amounts deducted /accrued in the books of account in respect of undisputed statutory dues including Income-tax, Sales-tax, Value Added Tax, Service Tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.  
(b) According to the information and explanations given to us, the dues which have not been deposited by the company on account of disputes are as follows

#### **1. Interest Tax:**

Assessment Years 1998-99, 1999-00 and 2000-01: Cases are pending before Allahabad High Court by the Income Tax Department

against the order of ITAT where in it is held that the Finance Charges on Hire Purchase is not interest but a profit.

## **2. Income Tax:**

- a. Assessment Year 2001-02 and 2002-03: Cases are pending before Allahabad High Court (by the Deptt.) against the order of the ITAT wherein depreciation is allowed at the rate of 40% on leased vehicles.
- b. Assessment Year 1996-97: Case is pending before Allahabad High Court against the penalty order passed by the ITAT.
- c. Assessment Year 2004-05: Case is pending before ITAT (u/s 254) and before High Court against the legal ground that case cannot be opened u/s 148 before completion of 12 months in which return of income was originally filed.
- d. Assessment Year 2006-07: Case is pending before CIT (Appeals) Kanpur against the order of the Assessing Officer.
- e. Assessment Year 2007-08: Case is pending for assessment before DCIT – 6 Kanpur.
- f. Assessment Year 1995-96: We have filed a Writ Petition before Lucknow High Court under the KAR VIVAD SAMADHAN SCHEME and matter is pending before Lucknow High Court.
- g. Assessment Year 1992-93: Application is pending for appeal effect to be given before the Assessing Officer. The quantification of above liabilities has not been done on account of cases pending before the authority.

## **3. Legal Cases:**

- a. Disputed Case of Bhubaneswar Branch for recovery of Rs. 4.45/- Lacs deposited in court.
  - b. Disputed Case of Citi Corp for recovery of Rs. 3.04/- Lacs of Alwar Branch.
  - c. Disputed Case liabilities of Rs 3.08/- Lacs repayable if claimed by the customer.
- viii. Based on our audit procedures and as per the information and explanations given by the management, the Company did not have any outstanding dues to a financial institution, banks and government. There were no outstanding debentures during the year. Accordingly, the provisions of paragraph 3(viii) are not applicable to the company and hence not commented upon.
- ix. The company did not raise any money by way of initial public offer or further public offer (including debt instrument) and term loans during the

year. Accordingly paragraph 3(ix) of the Order is not applicable.

- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and, consequently reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi. According to the information and explanations given to us and as per our examination of records, the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the registration has been obtained.

**For Anil Agrawal  
Chartered Accountants**

**CA Anil Agrawal  
Proprietor  
Membership No 79054  
Place: Mumbai  
Date: May 30, 2017**

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KAILASH AUTO FINANCE LIMITED**

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

We have audited the internal financial controls over financial reporting of Kailash Auto Finance Limited ("the Company") as of March 31, 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 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 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 as specified under section 143(10) of the Companies Act, 2013, to the extent 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 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:

- i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii. 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 authorizations of management and directors of the company; and
- iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 Anil Agrawal  
Chartered Accountants**

**CA Anil Agrawal  
Proprietor  
Membership No 79054  
Place: Mumbai  
Date: May 30, 2017**

**KAILASH AUTO FINANCE LIMITED**  
**Balance Sheet as at March 31, 2017**

(Amount in Rs)

	Notes	As at 31.03.2017	As at 31.03.2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	58,70,60,083	58,70,60,083
Reserves & Surplus	3	1,09,44,873	1,25,09,364
		<b><u>59,80,04,956</u></b>	<b><u>59,95,69,447</u></b>
<b>Non- Current Liabilities</b>			
Long Term Borrowings	4	37,27,099	37,27,099
		<b><u>37,27,099</u></b>	<b><u>37,27,099</u></b>
<b>Current Liabilities</b>			
Trade Payables	5		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,145	1,40,60,306
Other Current Liabilities	6	2,23,792	3,75,663
Short-Term Provisions	7	1,63,50,477	1,63,50,477
		<b><u>1,65,75,414</u></b>	<b><u>3,07,86,446</u></b>
<b>TOTAL</b>		<b><u><u>61,83,07,469</u></u></b>	<b><u><u>63,40,82,992</u></u></b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	8		
- Tangible Assets		1,87,720	3,33,808
Non-Current Investments	9	3,91,07,139	3,91,07,139
Deferred Tax Assets	10	3,85,731	3,73,309
Long Term Loans & Advances	11	7,29,11,389	2,82,12,095
		<b><u>11,25,91,979</u></b>	<b><u>6,80,26,351</u></b>
<b>Current Assets</b>			
Cash and Bank Balances	12	1,11,26,506	1,08,12,886
Short Term Loans and Advances	13	33,46,01,624	55,52,43,755
Other Current Assets	14	15,99,87,360	-
		<b><u>50,57,15,490</u></b>	<b><u>56,60,56,641</u></b>
<b>TOTAL</b>		<b><u><u>61,83,07,469</u></u></b>	<b><u><u>63,40,82,992</u></u></b>
Summary of Significant Accounting Policies	1.1		

The accompanying notes are an integral part of Financial Statements

As per our report of even date.

For Anil Agrawal  
Chartered Accountants

CA Anil Agrawal  
Proprietor  
Membership No: 79054  
Place : Mumbai  
Date : May 30, 2017

For and on behalf of the Board of Directors

D J Patel  
Director  
DIN : 05359769

D K Dave  
Director  
DIN : 06776698

R Saxena  
Company Secretary

D Chauhan  
Chief Financial Officer

**KAILASH AUTO FINANCE LIMITED**

**Statement of Profit & Loss for the year ended March 31, 2017**

(Amount in Rs)

	Notes	2016-17	2015-16
<b>INCOME</b>			
Revenue from Operations	15	3,28,04,035	33,75,01,925
Other Income	16	-	6,000
<b>Total Income</b>		<b><u>3,28,04,035</u></b>	<b><u>33,75,07,925</u></b>
<b>EXPENSES</b>			
Purchases of Stock in Trade	17	-	30,91,14,671
Changes in Inventories of Stock in Trade	18	-	2,16,96,952
Employee Benefit Expenses	19	13,81,881	12,57,810
Finance Cost	20	23,864	16,21,908
Depreciation and Amortisation Expenses	21	1,46,088	3,42,069
Other Expenses	22	3,28,29,115	29,51,479
<b>TOTAL EXPENSES</b>		<b><u>3,43,80,948</u></b>	<b><u>33,69,84,889</u></b>
<b>Profit Before Tax</b>		<b><u>(15,76,913)</u></b>	<b><u>5,23,036</u></b>
Provision for Standard Assets		-	24,987
Tax Expense			
Current Tax		-	1,95,810
Deferred Tax		(12,422)	33,546
<b>Profit for the Period</b>		<b><u>(15,64,491)</u></b>	<b><u>3,35,785</u></b>
Earnings per equity share:	23		
Basic & Diluted		(0.00)	0.00
[Face Value Re. 1 each]			
Summary of Significant Accounting Policies	1.1		

The accompanying notes are an integral part of Financial Statements

As per our report of even date.

For Anil Agrawal  
Chartered Accountants

CA Anil Agrawal  
Proprietor  
Membership No: 79054  
Place : Mumbai  
Date : May 30, 2017

For and on behalf of the Board of Directors

D J Patel Director DIN : 05359769	D K Dave Director DIN : 06776698
R Saxena Company Secretary	D Chauhan Chief Financial Officer

**KAILASH AUTO FINANCE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

(Amount in Rs)

	2016-17	2015-16
<b>A. Cash Flow from Operating Activities</b>		
<b>Profit Before Tax</b>	(15,76,913)	5,23,036
Adjustments for:		
Depreciation	1,46,088	3,42,069
Dividend Income	-	(26,506)
<b>Operating Profit before Working Capital Changes</b>	(14,30,825)	8,38,599
<b>Changes in Working Capital</b>		
(Decrease) / Increase in Trade Payables	(1,40,59,161)	-
(Decrease) / Increase in Other Current Liabilities	(1,51,871)	(1,43,90,350)
(Decrease) / Increase in Long Term Borrowings	-	22,80,000
(Increase) / Decrease in Inventories	-	2,16,96,952
(Increase) / Decrease in Long Term Loans & Advances	(4,46,99,294)	73,32,905
(Increase) / Decrease in Other Current Assets	(15,99,87,360)	-
(Increase) / Decrease in Short Term Loans & Advances	22,06,42,131	(1,45,97,790)
Cash Flow before Prior Period & Extraordinary Items	3,13,620	31,60,316
(Decrease) / Increase in Income Tax Payable	-	(4,252)
<b>Cash Flow from Operating Activities (A)</b>	3,13,620	31,56,064
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	-	(22,000)
(Increase) / Decrease in Investments	-	(39,05,000)
Dividend Recd	-	26,506
<b>Cash Flow from Investing Activities (B)</b>	-	(39,00,494)
<b>C. Cash Flow from Financing Activities (C)</b>	-	-
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A) + (B) + (C)</b>	3,13,620	(7,44,430)
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	1,08,12,886	1,15,57,316
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>1,11,26,506</b>	<b>1,08,12,886</b>

Note: Previous year's figures have been regrouped/ rearranged wherever considered necessary.

As per our report of even date.

For Anil Agrawal  
Chartered Accountants

CA Anil Agrawal  
Proprietor  
Membership No: 79054  
Place : Mumbai  
Date : May 30, 2017

For and on behalf of the Board of Directors

D J Patel Director DIN : 05359769	D K Dave Director DIN : 06776698	
R Saxena Company Secretary	D Chauhan Chief Financial Officer	



## **KAILASH AUTO FINANCE LIMITED**

### **Notes to Financial Statements as at and for the year ended March 31, 2017**

#### **1 Basis of preparation of Financial Statements**

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material aspects with the accounting standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment rules, 2016. The Financial Statements are prepared under the historical cost convention on an accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

##### **1.1 Summary of Significant Accounting Policies:**

###### **i) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting year end. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets and liabilities in future periods.

###### **ii) Revenue Recognition**

Income and expenditure are recognized and accounted on accrual basis as and when they are earned or incurred. Revenue from sales transaction is recognized as and when the significant risk and reward attached to ownership in goods is transferred to the buyer. However leave with wages and bonus is accounted on cash basis.

Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sale price and the carrying value of the investment. Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive is established.

Hire purchase and Lease Income is accounted by using the internal rate of return (IRR) implicit in contracts to provide a constant periodic rate of return on the net outstanding on those contracts.

Prompt payment rebate and overdue charges are determined and accounted for on termination of the contracts.

The company follows prudential norms for recognition of Income of Non Performing Assets as per the directions prescribed by Reserve Bank of India for NBFC.

Prompt payment rebate and overdue charges are determined and accounted for on termination of the contracts.

**iii) Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the assets to its working condition for its intended use and initial estimate of decommissioning, restoring and similar liabilities, if any. Any trade discount and rebates are deducted in arriving at the purchase price.

Gains or losses arising from de-recognition of Fixed Assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the Statement of Profit and Loss when the assets is de-recognised.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

**iv) Depreciation on Fixed Assets and Amortization on Intangible assets.**

Depreciation on Fixed Assets is calculated on a written down value (WDV) basis using the rates arrived at based on the useful lives estimated by the management which is as per the rates specified in Schedule II to the Companies Act, 2013.

Intangible assets are amortized over their estimated useful life on a written down value method (WDV).

**v) Impairment of Fixed Assets**

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal/external factors. Where the carrying value exceeds the estimated recoverable amount, provision for impairment is made to adjust the carrying value to the recoverable amount. The recoverable amount is the greater of the assets estimated net realizable value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discounting rate. If at the Balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciable historical cost.

**vi) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**vii) Investments**

Investments that are readily realizable and intended to be held for not more than a year from the date on which investments are made are classified as Current Investments. All other Investments are classified as Long term Investments. Current Investments are stated at lower of cost and fair value determined on an individual investment basis. Long term

investments are considered "at cost" on individual investment basis, unless there is a decline other than temporary in the value, in which case adequate provision is made against such diminution in the value of investments.

Investment in Venture Capital Fund is valued at cost.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit & loss.

**viii) Inventories**

Inventories are valued at cost or net realizable value, whichever is lower.

**ix) Provisions**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**x) Contingent Liabilities and Contingent Assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent Assets are not recognized in the financial statements.

**xi) Taxation**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred Income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profit for the year is accounted for using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax asset is recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax

assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. The carrying amount of deferred tax asset is reviewed at each Balance Sheet date.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit become eligible to be recognized as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

**xii) Segment Reporting**

The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.

Segment revenue and segment results include transfers between business segments. Such transfers are accounted for at the agreed transaction value and such transfers are eliminated in the consolidation of the segments.

Expenses that are directly identifiable to segments are considered for determining the segment result. Expenses, which relate to the company as a whole and are not allocable to segments, are included under unallocated corporate expenses.

Segment assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment.

**xiii) Employee Benefits**

Short term benefits and post employment benefits are accounted in the period during which the services have been rendered.

**xiv) Earning Per Share**

The basic earnings per share are computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti-dilutive.

**xv) Cash Flow Statement**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three

months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**xvi) Derivatives**

Pursuant to the announcement on Accounting for derivatives issued by the Institute of Chartered Accountants of India (ICAI), the company in accordance with the principle of prudence as enunciated in Accounting Standard 1 on 'Disclosure of Accounting Policies' provides for losses in respect of all outstanding derivative contracts at the Balance Sheet date by marking them to market. Any gains arising on such mark to market are not recognized as income.

**xvii) Foreign Currency**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary items in foreign currencies are stated at the closing exchange rate. Gains/losses on conversion/translation are recognized in the Statement of Profit and Loss. All forward exchange contracts are backed by underlying transactions and the premium or discount arising at inception of such a forward exchange contract is amortized as expense or income over the life of the contract and the exchange differences on such contracts are recognized in the statement of profit and loss in the reporting period in which the exchange rates change.

**xviii) Provisioning / Write – off of assets**

The Company makes provision for Standard, Restructured and Non-Performing Assets as per the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, as amended from time to time. The Company also makes additional provision, to the extent considered necessary, based on the management's best estimate. Provision for other receivables is also made on a similar basis.

Loans & Advances which, as per the management are not likely to be recovered, are considered as bad debts and written off.

**KAILASH AUTO FINANCE LIMITED****Notes to Financial Statements as at and for the year ended March 31, 2017**

(Amount in Rs)

As at 31.03.2017 As at 31.03.2016

**Note 2. SHARE CAPITAL****Authorised**

1,00,00,000 (1,00,00,000) Equity Shares of Rs 10/- each	10,00,00,000	10,00,00,000
60,00,00,000 (60,00,00,000) Equity Shares of Re 1/- each	60,00,00,000	60,00,00,000
5,00,000 (5,00,000) Preference Shares of Rs 100/- each	5,00,00,000	500,00,000
	<b>75,00,00,000</b>	<b>75,00,00,000</b>

**Issued , Subscribed and Fully Paid up**

58,70,60,083 (58,70,60,083) Equity Shares of Re 1/- each fully paid up	58,70,60,083	58,70,60,083
<b>TOTAL</b>	<b>58,70,60,083</b>	<b>58,70,60,083</b>

**A. Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

Equity Shares	As at 31.03.2017 No.	As at 31.03.2016 No.
Equity Shares of Re1/- each outstanding at the beginning of the year	58,70,60,083	58,70,60,083
Equity Shares of Re1/- each outstanding at the end of the year	<b>58,70,60,083</b>	<b>58,70,60,083</b>

**B. Details of shareholders holding more than 5% shares in the Company**

Name of Shareholder	As at 31.03.2017		As at 31.03.2016	
	Nos.	% of Holding	Nos.	% of Holding
-	-	-	-	-

**C. Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back**

5,85,91,08,00 Equity Shares were allotted to the erstwhile shareholders of Careful Projects Advisory Ltd and Panchshul Marketing Ltd pursuant to Scheme of Amalgamation sanctioned by the Hon'ble High Courts in the year 2013-14.

**D. Rights , preference and restrictions attached to the Equity Shares**

The Equity Shares of the Company , having par value of Re1 per share, rank paripasu in all respects including voting rights and entitlement to dividend.

**Note 3. RESERVES & SURPLUS**

(Amount in Rs)

As at 31.03.2017 As at 31.03.2016

<b>a) Surplus in the Statement of Profit &amp; Loss</b>		
Balance at the beginning of the year	(2,00,93,218)	(2,04,29,004)
Add: Net Profit / (loss) for the Current Year	(15,64,491)	3,35,785
<b>Balance at the end of the year</b>	<b>(2,16,57,709)</b>	<b>(2,00,93,218)</b>
<b>b) General Reserve Account</b>		
Balance at the beginning of the year	89,55,000	89,55,000
<b>Balance at the end of the year</b>	<b>89,55,000</b>	<b>89,55,000</b>
<b>c) Securities Premium Account</b>		
Balance at the beginning of the year	1,92,62,549	1,92,62,549
<b>Balance at the end of the year</b>	<b>1,92,62,549</b>	<b>1,92,62,549</b>

## KAILASH AUTO FINANCE LIMITED

### Notes to Financial Statements as at and for the year ended March 31, 2017

(Amount in Rs)

	As at 31.03.2017	As at 31.03.2016
<b>d) Statutory Reserve Account</b>		
Balance at the beginning of the year	35,28,000	35,28,000
<b>Balance at the end of the year</b>	<b>35,28,000</b>	<b>35,28,000</b>
<b>e) Capital Reserve Account</b>		
Balance at the beginning of the year	8,57,033	8,57,033
<b>Balance at the end of the year</b>	<b>8,57,033</b>	<b>8,57,033</b>
<b>Total</b>	<b>1,09,44,873</b>	<b>1,25,09,364</b>
<b>Note 4. LONG TERM BORROWINGS</b>		
Fixed Deposit with Public	2,70,000	2,70,000
Add Interest Accrued and Due on Fixed Deposits	19,280	19,280
Less Amount Deposited in SBI Escrow Account	3,21,590	3,21,590
	(32,310)	(32,310)
Other Liabilities	37,59,409	37,59,409
<b>Total</b>	<b>37,27,099</b>	<b>37,27,099</b>
<b>Note 5. TRADE PAYABLES</b>		
Due to Micro and Small Enterprises *	-	-
Due to others	1,145	1,40,60,306
<b>Total</b>	<b>1,145</b>	<b>1,40,60,306</b>

\* Based on the information/documents available with the Company, no creditor is covered under Micro, Small and Medium Enterprise Development Act, 2006. As a result, no interest provisions/ payments have been made by the company to such creditors, if any, and no disclosures thereof are made in these financial statements.

#### Note 6. OTHER CURRENT LIABILITIES

Liabilities For Expenses	1,17,286	2,50,609
Statutory Dues	1,06,506	1,25,054
<b>Total</b>	<b>2,23,792</b>	<b>3,75,663</b>

#### Note 7. SHORT TERM PROVISIONS

Provision for Standard Assets	13,43,242	13,43,242
Provision for Substandard Assets	3,50,000	3,50,000
Provision for Tax	146,57,235	146,57,235
<b>Total</b>	<b>1,63,50,477</b>	<b>1,63,50,477</b>

#### Note 8. FIXED ASSETS - TANGIBLE ASSETS

(Amount in Rs)

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Cost as on 01.04.2016	Additions	Cost as on 31.03.2017	Upto 01.04.2016	For the Year	Upto 31.03.2017	As on 31.03.2017	As on 31.03.2016
Computer	5,37,018	-	5,37,018	3,73,362	1,03,843	4,77,205	59,813	1,63,656
Furniture & Fixture	2,11,726	-	2,11,726	63,369	38,493	1,01,862	1,09,864	1,48,357
Printer	22,048	-	22,048	20,947	-	20,947	1,101	1,101
Air Conditioner	22,000	-	22,000	1,306	3,752	5,058	16,942	20,694
<b>Total</b>	<b>7,92,792</b>	<b>-</b>	<b>7,92,792</b>	<b>4,58,984</b>	<b>1,46,088</b>	<b>6,05,072</b>	<b>1,87,720</b>	<b>3,33,808</b>
Previous Year	7,70,792	22,000	7,92,792	1,16,915	3,42,069	4,58,984	3,33,808	6,53,877

**KAILASH AUTO FINANCE LIMITED****Notes to Financial Statements as at and for the year ended March 31, 2017**

(Amount in Rs)

	As at 31.03.2017	As at 31.03.2016
<b>Note 9. NON CURRENT INVESTMENTS</b>		
Investments (at Cost):		
Investment In Venture Capital Fund	2,71,50,000	2,71,50,000
Other Investments	1,19,57,139	1,19,57,139
<b>Total</b>	<b><u>3,91,07,139</u></b>	<b><u>3,91,07,139</u></b>
<b>Note 10. Deferred Tax Assets</b>		
Balance at the beginning of the year	3,73,309	3,39,763
Addition during the Year	12,422	33,546
<b>Total</b>	<b><u>3,85,731</u></b>	<b><u>3,73,309</u></b>
<b>Note 11. LONG TERM LOANS &amp; ADVANCES</b> (Unsecured considered good)		
Advances Given	7,24,66,389	2,77,67,095
Security Deposit with Court	4,45,000	4,45,000
<b>Total</b>	<b><u>7,29,11,389</u></b>	<b><u>2,82,12,095</u></b>
<b>Note 12. CASH AND BANK BALANCES</b> <i>Cash and Cash Equivalents</i>		
Cash on hand	1,44,072	15,02,636
Balance with Scheduled Banks		
- In current account	1,09,82,434	93,10,250
<b>Total</b>	<b><u>1,11,26,506</u></b>	<b><u>108,12,886</u></b>
<b>Note 13. SHORT TERM LOANS AND ADVANCES</b> (Unsecured considered good)		
Loan Given	31,33,78,092	53,72,96,938
Advances Recoverable in Cash or in Kind	6,78,696	3,61,531
Balance with Government Authorities	2,05,44,836	1,75,85,286
<b>Total</b>	<b><u>33,46,01,624</u></b>	<b><u>55,52,43,755</u></b>
<b>Note 14. OTHER CURRENT ASSETS</b> (Unsecured considered good)		
Other Receivables	15,99,87,360	-
<b>Total</b>	<b><u>15,99,87,360</u></b>	<b><u>-</u></b>
<b>Note 15. REVENUE FROM OPERATIONS</b>		
Sales	-	28,94,65,783
Interest Income	3,28,04,035	4,80,09,636
Other Operating Income	-	26,506
<b>Total</b>	<b><u>3,28,04,035</u></b>	<b><u>33,75,01,925</u></b>
<b>Note 16. OTHER INCOME</b>		
Miscellaneous income	-	6,000
<b>Total</b>	<b><u>-</u></b>	<b><u>6,000</u></b>
<b>Note 17. PURCHASES OF STOCK IN TRADE</b>		
Purchases	-	30,91,14,671
<b>Total</b>	<b><u>-</u></b>	<b><u>30,91,14,671</u></b>



**KAILASH AUTO FINANCE LIMITED****Notes to Financial Statements as at and for the year ended March 31, 2017**

(Amount in Rs)

As at 31.03.2017 As at 31.03.2016

**Note 18. CHANGES IN INVENTORIES OF STOCK IN TRADE**

Inventories at the beginning of the period	-	2,16,96,952
Inventories at the end of the period	-	-
<b>Total</b>	<b>-</b>	<b>2,16,96,952</b>

**Note 19. EMPLOYEE BENEFIT EXPENSES**

Salaries and Bonus	10,32,429	10,54,154
Staff Welfare	3,49,452	2,03,656
<b>Total</b>	<b>13,81,881</b>	<b>12,57,810</b>

**Note 20. FINANCE COST**

Interest Paid	23,864	16,21,908
<b>Total</b>	<b>23,864</b>	<b>16,21,908</b>

**Note 21. DEPRECIATION AND AMORTISATION EXPENSES**

Depreciation on Fixed Assets	1,46,088	3,42,069
<b>Total</b>	<b>1,46,088</b>	<b>3,42,069</b>

**Note 22. OTHER EXPENSES**

Advertisement	17,940	28,364
Printing & Stationery	1,22,334	34,772
Rent, Rates & Taxes	7,69,873	5,51,601
Travelling & Conveyance	3,02,677	1,37,662
General Expenses	4,23,118	8,98,906
Postage & Courier Charges	1,39,857	14,117
Bank Charges	6,955	15,474
Professional & Legal Fees	10,94,300	7,63,420
Connectivity Charges	2,10,921	1,82,443
Listing Fees	2,00,000	2,24,720
Loss on sale of Movie Rights	2,94,35,640	-
<b>Auditors' Remuneration</b>		
As Audit Fees	60,000	50,000
Tax Audit Fees	20,000	15,000
In Other capacity	25,500	35,000
<b>Total</b>	<b>3,28,29,115</b>	<b>29,51,479</b>

**Note 23. EARNINGS PER SHARE**

Basis for calculation of Basic and Diluted Earnings Per Share is as under:		
Profit / (Loss) after Tax (Rs.)	(15,64,491)	3,35,785
Weighted Average Number of Equity Shares (Nos)	58,70,60,083	58,70,60,083
Face Value of each Equity Share (Rs.)	1	1
Basic and Diluted Earning Per Equity Share (Rs.)	(0.00)	0.00

**KAILASH AUTO FINANCE LIMITED****Notes to Financial Statements as at and for the year ended March 31, 2017**

## 24. Related Party Transactions

Name of related parties in Transactions with company and description of relationship

**Key Managerial Personnel:**

Mr Dilip Chauhan - Chief Financial Officer

Mr Murli Manohar Sarda - Company Secretary upto November 13, 2016

Ms Runel Saxena - Company Secretary w.e.f. March 31, 2017

## 25. Transaction with Related Parties during the Year

(Amount in Rs.)

Name	Nature of Transaction	Year ending March 31, 2017	Year ending March 31, 2016
Mr Dilip Chauhan	Remuneration Paid	Rs. 1,19,100	Rs. 1,14,075
Mr Murli Manohar Sarda	Remuneration Paid	Rs. 71,867	-
Ms Runel Saxena	Remuneration Paid	Rs. 387	-
Mr Babalu Prasad Keshari*	Remuneration Paid	-	Rs. 63,704
Ms. Vidisha Gehani**	Remuneration Paid	-	Rs. 59,300

\* Mr. Babalu Prasad Keshari was a Managing Director and he resigned w.e.f. August 6, 2015.

\*\* Ms. Vidisha Gehani was a Company Secretary and she resigned w.e.f. October 16, 2015.

26. The Securities and Exchange Board of India had passed an ad interim exparte order against the company on 29.03.2016 under section 19 read with section 11(1), section 11(4) and section 11B of the SEBI Act 1992 restraining the company from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner what so ever till further directions. The management has informed that the company had already made a suitable representation before the SEBI vide its letter dated May 02, 2016 and hoping to get away from the said restraint soon. Further the management has informed that the above restraint will not have any material impact on the financial performance of the company. There is no further development on this matter.

## 27. Contingent Liabilities:

## a) Contingent Liabilities not provided for

Particulars	Year Ending March 31, 2017 Rs.	Year Ending March 31, 2016 Rs.
Income Tax & Interest Tax demands disputed by the company ( Amount already paid Rs 57,98,482/-)	58,37,482	58,37,482
Service Tax on Hire Purchase and Lease transaction not realized and paid in view of interim stay of Hon'ble Madras High Court.	Amount not ascertained	Amount not ascertained
Disputed penalty liabilities in legal cases (Amount already paid Rs 3,55,000/-)	7,00,213	7,00,213
Income Tax Demand for the F.Y.2003-04 ( Matter pending with ITAT)	4,45,727	4,45,727

**KAILASH AUTO FINANCE LIMITED****Notes to Financial Statements as at and for the year ended March 31, 2017**

- b) Stock in hire repossessed include 14 cases amounting to Rs 18,17,000/- which are legally disputed and their recovery is pending before the legal authorities.
- c) The Contingent liabilities as mentioned in point no. a & b above except disputed liabilities on account of income tax and other statutory taxes had been assigned to M/s Kailash Motors Finance Pvt Ltd, Jabalpur vide assignment deed executed on 13.02.2012.
28. Fixed Deposits repayment due within one year is Rs 2,89,280/- ( Previous Year Rs 2,89,280/-), all due amount deposited in SBI Escrow A/c. The interest on Fixed Deposit has not been taken during the year.
29. The Company is engaged primarily in the business of Non Banking Financial Activities and accordingly there are no separate reportable segments as per Accounting Standard AS -17 Segment Reporting issued by ICAI.
30. Certain Balances of parties under sundry debtors, creditors, loans and advances are subject to confirmations/reconciliation.
31. During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification no. G.S.R 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in Rs)

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	-	71,920	71,920
(+) Permitted receipts	-	1,00,000	1,00,000
(-) Permitted Payments	-	49,820	49,820
(-) Amount deposited in banks	-	-	-
Closing cash in hand as on December 30, 2016	-	1,22,100	1,22,100

\*For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no S.O.3407(E), dated November 08, 2016.

## 32. Deferred Tax

(Amount in Rs)

Particulars	Year Ending March 31, 2017	Year Ending March 31, 2016
Opening Deferred Tax Assets	3,73,309	3,39,763
Deferred Tax Assets Created during the year	12,422	33,546
Closing Deferred Tax Assets	3,85,731	3,73,309

## **KAILASH AUTO FINANCE LIMITED**

### **Notes to Financial Statements as at and for the year ended March 31, 2017**

33. Certain Balances of parties under sundry debtors, creditors, loans and advances are under subject to confirmations/reconciliation.
34. Information as required in terms of paragraph 18 of Master Direction – Non-Banking Financial Company – Systemically Important Non – Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 is furnished vide Annexure – I attached herewith.
35. There was no expenditure/earning in Foreign Currency during the year.
36. There was no outstanding derivative contract as on March 31, 2017.
37. As informed there are no dues to Micro Small and Medium Enterprises as on March 31, 2017.
38. Advance against Property includes amount paid / advance to various parties for striking property purchase deal in favour of the company.
39. Short term Loans & Advances includes amount given as Loans repayable on demand during the normal course of the business of the company.
40. Some of the advances given under the head Long term Loans & Advances are not interest bearing.
41. During the year the Company has done transaction of Movie Rights.
42. Balance with Revenue Authorities includes balances with Income Tax Department.
43. The Non Banking business of the company under category “A” of Reserve Bank of India has been converted to category “B” i.e. non deposit acceptance company w.e.f 12th Jan, 2009.
44. The Previous year's figures have been regrouped, reclassified or rearranged wherever necessary.

For Anil Agrawal  
Chartered Accountants

For and on behalf of the Board of Directors

CA Anil Agrawal  
Proprietor  
Membership No: 79054  
Place : Mumbai  
Date : May 30, 2017

D J Patel  
Director  
DIN:05359769  
R Saxena  
Company Secretary

D K Dave  
Director  
DIN:06776698  
D Chauhan  
Chief Financial Officer



5	<b>Break-up of Investment</b> <b>Current Investments</b> <b>1 - Quoted</b> (I) Shares (a) Equity - (b) Preference - (II) Debentures & Bonds - (III) Units of mutual funds - (IV) Government Securities - (V) Others (please specify) - <b>2 - Unquoted</b> (I) Shares (a) Equity - (b) Preference - (II) Debentures & Bonds - (III) Units of mutual funds - (IV) Government Securities - (V) Others (please specify) -  <b>Long Term Investments</b> <b>1 - Quoted</b> (I) Shares (a) Equity - (b) Preference - (II) Debentures & Bonds - (III) Units of mutual funds - (IV) Government Securities - (V) Others ( please specify) - <b>2 - Unquoted</b> (I) Shares (a) Equity 116.34 (b) Preference - (II) Debentures & Bonds - (III) Units of mutual funds 271.50 (IV) Government Securities - (V) Others 3.23	
---	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

6 **Borrower group wise classification of assets financed as in (3) and (4) above:**  
**Please see Note 2 below**

Category	Amount Net of Provisions		
	Secured	Unsecured	Total
1- Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other Related Parties	-	-	-
2 - Other than Related Parties	-	3,858.44	3,858.44
<b>Total</b>	<b>-</b>	<b>3,858.44</b>	<b>3,858.44</b>

7	<b>Investor group wise classification of all investments (Current and long term) in shares &amp; securities (both quoted &amp; unquoted)</b>		
	<b>Please see Note 3 below</b>		
	<b>Category</b>	<b>Market Value / Break up or fair value or NAV</b>	<b>Book Value (Net of Provisions)</b>
	1 Related Parties**		
	(a) Subsidiaries	-	-
	(b) Companies in the same group	-	-
	(c) Other Related Parties	-	-
	2 Other than Related Parties	387.84	387.84
	<b>Total</b>	<b>387.84</b>	<b>387.84</b>

\*\* As per Accounting Standard of ICAI (Please see Note 3)

#### 8 Other Information

	<b>Particulars</b>	
	1 Gross Non Performing Assets	
	(a) Related Parties	-
	(b) other than Related Parties	3.50
	2 Net Non Performing Assets	
	(a) Related Parties	-
	(b) other than Related Parties	3.50
	3 Assets acquired in satisfaction on debts	
		-

#### Notes:

- 1 As defined in point xix of paragraph 3 of Chapter - 2 of Master Direction - Non - Banking Financial Company - Systemically Important Non - Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- 2 Provisioning norms shall be applicable as prescribed in Master Direction - Non - Banking Financial Company - Systemically Important Non - Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- 3 All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.

If undelivered, please return to:  
**KAILASH AUTO FINANCE LIMITED**  
15, Rolland Complex,  
37/17, The Mall Kanpur - 208001  
Uttar Pradesh.