

# KOVALAM INVESTMENT AND TRADING COMPANY LIMITED

*37<sup>th</sup>*  
ANNUAL  
REPORT  
2018-19

**BOARD OF DIRECTORS**

Smt. Ruchika Oswal  
Sh. Navdeep Sharma  
Sh. Gagnish Kumar Bhalla  
Sh. Pawan Kumar Sharma

**KEY MANAGERIAL PERSONNEL**

Ms. Jyoti Sud  
Company Secretary Cum CFO  
Sh. Mohinder Kumar Jain  
Manager

**REGISTERED OFFICE**

Premises Oswal Woollen Mills Limited,  
G.T. Road, Sherpur, Ludhiana-141003,  
Punjab

**BANKERS**

Allahabad Bank  
ICICI Bank Ltd

**AUDITORS**

M/s. YAPL & Co.  
Chartered Accountants,  
102-Kismat Complex,  
G.T. Road, Miller Ganj,  
Ludhiana – 141 003

**REGISTRAR AND SHARE TRANSFER AGENT**

Alankit Assignments Limited  
1E/13, Alankit Heights, Jhandewalan Extension, New  
Delhi-110055

**37<sup>th</sup> ANNUAL GENERAL MEETING**

Day : Saturday  
Date : 28<sup>th</sup> September, 2019  
Time : 4:00 P.M  
Place : At Registered Office:  
Premises Oswal Woollen Mills Ltd,  
G.T. Road, Sherpur, Ludhiana-  
141003

**NOTICE**

Notice is hereby given that the 37<sup>th</sup> Annual General Meeting of the Members of Kovalam Investment and Trading Company Limited will be held at Regd. Office of the Company at Premises Oswal Woollen Mills Ltd., G. T. Road, Sherpur, Ludhiana-141003, Punjab, on Saturday, the 28<sup>th</sup> day of September, 2019 at 4:00 P.M. to transact the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements for the financial year ended on 31.03.2019 and the Reports of Board of Directors and Auditors thereon.
2. To appoint Director in place of Sh. Pawan Kumar Sharma (DIN: 07163131) who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:**

3. **To appoint Sh. Mohinder Kumar Jain as Manager of the Company** and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of the Sections 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, (including any Statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to such other approval as may be required, Sh. Mohinder Kumar Jain be and is hereby appointed as Manager (Key Managerial Personnel) of the Company for a term of 3 (three) consecutive years w.e.f. April 04, 2019, on a total remuneration of Rs. 85,000/- per month and on the terms and

conditions embodied in the terms of appointment, as approved by the Nomination and Remuneration Committee in its meeting held on April 04, 2019.

**RESOLVED FURTHER THAT** in case Company has no profit or inadequacy of profit in any financial year during the currency of tenure of his appointment commencing from April 04, 2019, the payment of above mentioned total remuneration, shall be governed by the ceiling limits as specified under Section II of the Part II of Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) or such other limit as may be prescribed by the Government from time to time as minimum remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee of the Board, if any, be and is hereby authorized to alter, amend, vary the terms and conditions of appointment including remuneration as may be agreed between the Board of Directors and Sh. Mohinder Kumar Jain, subject to the same not exceeding the limits specified under Section 197 read with Schedule V of the Companies Act, 2013 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force) or subject to such approval as may be required and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolution.”

**For and on behalf of the Board**

**Place: Ludhiana**  
**Date: 13.08.2019**

**Jyoti Sud**  
**CFO Cum Company**  
**Secretary**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be duly signed, stamped and completed and should be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting. The blank proxy form is enclosed.  
  
In terms of section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. Pursuant to section 113 of Companies Act, 2013 corporate members intending to send their authorized representatives to attend the meeting are requested to send to the company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Route Map to reach the venue of the 37<sup>th</sup> Annual General Meeting including prominent land mark for easy location is provided at the end of Annual Report.
6. The register of members and share transfer books of the company shall remain closed from Saturday, 21<sup>st</sup> September 2019 to Saturday, 28<sup>th</sup> September 2019 (both days inclusive) for AGM purpose.
7. The documents referred to in the explanatory statement are open for inspection at the Registered office of the company on any working day (except holiday) between 10:00 AM to 1:00 P M upto the date of annual general meeting.
8. Electronic copy of the Annual Report for the year 2018-19 is being sent to all the members whose email Ids are registered with the Company/Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.
9. Members are requested to bring their attendance slip along with their copy of Annual Report to the meeting.
10. All the documents/Statutory records shall be produced at the commencement of the meeting and shall remain open and assessable during the continuance of the meeting.
11. Members seeking any information with regard to annual accounts at the time of meeting are requested to send their queries to the company at least seven days before the date of meeting so as to enable the management to keep the relevant information ready.
12. The Register under Section 189(4) of the Companies Act, 2013 shall be produced at the commencement of the meeting and shall remain open and accessible during the continuance of the meeting.

13. The details of Directors and Manager seeking Appointment / Re-appointment at this AGM as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and Secretarial Standard-2 is annexed herewith as **Annexure-A**.
14. In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 108 of the Companies Act, 2013 read with the Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company is providing facility for voting by electronic means and the business contained in this Notice shall be transacted through such voting. For this purpose, the Company has engaged the services of M/s. Central Depositories Services (India) Ltd. (CDSL) for providing e-voting facility to enable the shareholders to cast their votes electronically.
15. Notice of the 37<sup>th</sup> Annual General Meeting and the Annual Report for the financial year 2018-19 will also be available on the Company's website i.e. [www.owmnaahar.com](http://www.owmnaahar.com). The above said Notice will also be available on the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com).
16. The Securities and Exchange Board of India (SEBI) vide its circular dated April 20, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account details for all Members holding shares in physical form. Therefore, the Members are requested to submit their PAN and Bank Account details either to the Company or to the Registrar and Share Transfer Agent (RTA) of the Company. In this regard, the Members are requested to submit a duly signed letter alongwith self-attested copy of PAN Card(s) of all the registered Members (including joint holders) alongwith original cancelled cheque/ a copy of Bank Passbook duly attested by the Bank, not being a date earlier than one month bearing the name of the sole / first holder. Members holding shares in demat form are requested to submit the aforesaid documents to their respective Depository Participant(s).
17. As per Regulation 40(7) of the Listing Regulations read with Schedule VII to the said Regulations, for registration of transfer of shares and for securities market transactions and / or for off market / private transactions involving transfer of shares in physical mode for listed Companies, it shall be mandatory for the transferee(s) as well as transferor(s) to furnish copies of PAN Card to the Company / RTA for registration of such transfer of shares. In case of transmission of shares held in physical mode, it is mandatory to furnish a copy of the PAN Card of the legal heir(s) / Nominee(s).
18. The facility for voting via ballot or polling paper shall also be made available at the meeting and the members attending the meeting who have not already as their vote by remote e-voting shall be able to exercise their right at the meeting.
19. The members who have cast their vote by remote e-voting prior to meeting may also attend the meeting but shall not be entitled to cast their vote again.
20. Members are requested to notify the change in their address, if any, to the company at the earliest.

21. To avail the facility of nomination the members are requested to send us duly filled and signed nomination form (Form No. SH- 13.)
22. Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e 20.09.2019 may follow the same instructions as mentioned above for e-Voting.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

**23 The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 25.09.2019 from 9.00 A.M. and ends on 27.09.2019 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20.09.2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote again at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iv) Click on Shareholders/Members tab.
- (v) Now Enter your User ID
- a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with Sequence number 1 then enter RA00000001 in the PAN field</li> </ul>
Dividend Bank	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy)

Details <b>OR</b> Date of Birth (DOB)	format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>
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- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN 190821053 for the relevant **Kovalam Investment And Trading Company Limited** on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xviii) If Demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android, Apple and Windows based mobiles. The m-Voting app can be downloaded from Google Play Store, App Store and the Windows Phone store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) **Note for Non – Individual Shareholders and Custodians**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to

log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on. The list of accounts Linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Other instructions:**

- (xxii) Voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on cut off date.
- (xxiii) Mr. P.S. Dua, Practicing Company Secretary (Membership NO. FCS 4552), will act as a Scrutinizer to the e-voting process in a fair and transparent manner (including the ballot forms received from members who do not have access to the e-voting process).

(xxiv) The Scrutinizer shall immediately after the conclusion of Annual General Meeting first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the meeting, a Consolidated Scrutinizer’s Report of the total votes cast in the favour or against, if any, forthwith to the Chairman.

(xxv) The results declared along with the consolidated scrutinizer’s report shall be placed on the website of the Company i.e. [www.owmnaahar.com](http://www.owmnaahar.com) and on the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com). The results shall simultaneously be communicated to the Stock Exchanges.

(xxvi) Subject to the receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the 37<sup>th</sup> Annual General Meeting i.e. 28<sup>th</sup> September, 2019.

(xxvii) A person who is not a Member as on the cutoff date i.e 20<sup>th</sup> September, 2019 should treat this Notice for information purposes only.

**EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013**

**The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice.**

**Item No. 3**

The Board of Directors in its meeting held on April 04, 2019 on the recommendation of the Nomination and Remuneration Committee appointed Sh. Mohinder Kumar Jain as Manager of the Company for a period of 3 (three) consecutive years w.e.f. April 04, 2019.

Sh. Mohinder Kumar Jain, aged 71 years and has a vast experience of more than 30 years in the field of finance and administration.

Taking into consideration the rich experience and expertise of Sh. Mohinder Kumar Jain, the Nomination and Remuneration Committee has recommended the Board that he is best suited for the said position and beneficial to the Company.

Further in accordance with Rule 7 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has also proposed to pay the remuneration as specified in the abovesaid special resolution, in the case of no profit or inadequate profit of Company in any financial year during the currency of tenure of his appointment commencing from April 04, 2019, which is subject to the approval of Members.

Relevant details relating to appointment of Sh. Mohinder Kumar Jain as required by the Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Secretarial Standard-2 on General Meetings are provided as an “Annexure A” to this Notice.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives except Sh. Mohinder Kumar Jain, are in any way concerned or interested, financially or otherwise, in the proposed resolution as set out at Item No. 3 of the notice with regard to his appointment.

The Board of Directors recommends the Special Resolution set out at Item No. 3 of

the accompanying Notice for approval by the Shareholders.

**Statement as required under Section II of the Part II of the Schedule V of the Companies Act, 2013 with reference to the Special Resolution set out at Item No. 3 of the Notice.**

**I. General Information:**

**1. Nature of industry:** Kovalam Investment and Trading Company Limited ('Company') is mainly engaged in the business of financing and investment activities.

**2. Date or expected date of commencement of commercial production:** The Company was incorporated in 1981 and is working since then.

**3. In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable.

**4. Financial performance based on given Indicators:**

(Rs. in Lakhs)

Particulars	For the Year ended 31.03.2019	For the Year ended 31.03.2018
<b>Total Revenue</b>	153.95	254.99
<b>Profit/(Loss) before Tax</b>	33.84	212.43
<b>Profit/(Loss) after Tax</b>	13.65	157.30

**5. Foreign investment or collaborators, if any:** Nil

**II. Information about the appointee:**

**1. Background details:** Sh. Mohinder Kumar Jain, aged 71 years and has a vast

experience of more than 30 years in the field of finance and administration.

**2. Past remuneration:** N.A.

**3. Recognition or awards:** Nil

**4. Job profile and suitability:** Sh. Mohinder Kumar Jain is overall responsible for operations of the Company under the supervision of the Board of Directors. Seeing his entrepreneurial skills, leadership qualities, the Board appointed him as Manager of the Company w.e.f. April 04, 2019.

**5. Remuneration proposed:** The remuneration is as described in Special Resolution at Item No. 3 of the Notice and in case of no profit or inadequate profit in any Financial Year during the currency of tenure of his appointment commencing from April 04, 2019, the remuneration as proposed in the said Special Resolution, shall be governed by the limits prescribed under Schedule V of the Companies Act, 2013.

**6. Comparative remuneration profile with respect to industry size of the Company, profile of the position and person (in expatriates, the relevant details would be w.r.t. the country of origin):** Considering the size of the Company, the profile of Sh. Mohinder Kumar Jain, the responsibilities shouldered by him, the remuneration proposed to be paid to him, commensurate with the remuneration packages paid to persons appointed at similar level in other companies.

**7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:** Sh. Mohinder Kumar Jain, has no pecuniary relationship directly or indirectly with the Company other than the remuneration drawn in the capacity of Manager of the Company.

**III. Other Information:**

**1. Reasons for loss or inadequate profits:** Presently the Company does not have any reason for inadequate profits for the purpose of payment of Remuneration. However, because of economic situations the profitability of the Company may vary up and down. Thus the proposed resolution is to take the approval for minimum remuneration to Manager.

**2. Steps taken or proposed to be taken for improvement:** Not applicable

**3. Expected increase in productivity and profits in measurable terms:** The Company is expecting the normal increase in productivity and profits.

**ANNEXURE – A**

**BRIEF PROFILE OF DIRECTOR AND MANAGER SEEKING APPOINTMENT/  
REAPPOINTMENT AS SET OUT IN THE NOTICE:**

<b>Names</b>	<b>Sh. Mohinder Kumar Jain</b>	<b>Sh. Pawan Kumar Sharma (DIN : 07163131)</b>
<b>Designation</b>	Manager	Director
<b>Date of birth/ age</b>	31.12.1947/ 71 Years	01.08.1973/ 46 Years
<b>Date of appointment</b>	04.04.2019	11.05.2015
<b>Qualification</b>	Bachelor's Degree in Commerce	Bachelor's Degree in Science
<b>Experience</b>	More than 30 years of experience in the field of finance and administration.	More than 21 years of experience in the field of administration and marketing.
<b>Terms of appointment</b>	3 Years w.e.f. April 04, 2019	Liable by rotation.
<b>Remuneration for the f.y. 2018-19</b>	NIL	NIL
<b>Disclosure of relationship:</b>	Sh. Mohinder Kumar Jain is not related to any of the other Director and Key Managerial Personnel of the Company.	Sh. Pawan Kumar Sharma is not related to any of the other Director and Key Managerial Personnel of the Company.
<b>Shareholding:</b>	NIL Equity Shares	NIL Equity Shares
<b>No. of Board Meetings attended during the year:</b>	Nil	8 (Eight)
<b>List of Other Directorships on other Board:</b>	Nil	Nil
<b>List of Other Committee Membership/ Chairmanship on other Board:</b>	NIL	NIL

**For and on behalf of the Board**

**Place: Ludhiana  
Date: 13.08.2019**

**Jyoti Sud  
CFO Cum Company  
Secretary**

**DIRECTOR’S REPORT**

Dear Members,

Your Directors present the 37<sup>th</sup> Annual Report together with the audited accounts of the company for the financial year ended 31<sup>st</sup> March 2019. Your Company is a Non-Banking Financial Company (Non- public deposit taking company) and registered under Reserve Bank of India (“RBI”) vide registration number N-06.00576 Dated 17.10.2003.

**FINANCIAL PERFORMANCE:**

The financial performance of the company for the financial year under review is as under:-

**(Amount in Rs.)**

<b>Particulars</b>	<b>Year Ended 31.03.2019</b>	<b>Year Ended 31.03.2018</b>
Gross Income	15394832	25499004
Profit before tax	3383783	21243077
<b>Less</b> : Provision for income tax	(1973816)	(4911006)
<b>Less:</b> Deffered Tax	(45078)	(602194)
Profit after Tax for the year	1364889	15729877
<b>Add</b> : Balance B/F from previous year	72804794	60225116
Income tax adjustments for prior periods	2626	(200)
Available for appropriation	74172309	75954793
Transferred to Statutory Reserve Fund	(273000)	(3150000)
<b>Balance carried forward</b>	<b>73899309</b>	<b>72804793</b>

**OPERATIONS AND STATE OF COMPANY AFFAIRS:**

During the year under review the company’s funds remained invested in Shares, Loans and Advances. The dividend income earned was Rs. 1028658/- (previous year 5431537/-). The interest income earned was Rs. 5592641/- (previous years Rs. 10891478/-). During the year, the company also earned brokerage income of Rs 4746345/- (net of service tax) on mobilization of funds of third parties (previous year 9069189/-).

**DIVIDEND:**

Your directors do not recommend any dividend for the year under consideration.

**TRANSFER TO RESERVE:**

During the year under review, the Company has not transferred any amount to the General Reserve. The General Reserve of the Company stood at Rs. 118,140,960/- as at 31.03.2019 and a sum of Rs. 273,000/- has been appropriated towards Statutory Reserve Account in compliance to Section 45 IC of the Reserve Bank of India Act and the balance amount of Rs. 73,899,309/- is carried over to the Balance Sheet.

**TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:**

Since there was no unpaid/unclaimed dividend, the provisions of Section 125 of the Companies Act, 2013 do not apply.

**PUBLIC DEPOSIT:**

The Company is registered as Non-deposit taking Non- Banking Financial Company with RBI. During the year, the Company has not accepted any deposits from the public within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. There is no outstanding/unclaimed deposit from the public.

**SHARE CAPITAL:**

The paid up Equity Share Capital as at 31<sup>st</sup> March, 2019 remained unchanged and stood at Rs. 2,22,39,140/- divided into 2223914 Equity Shares of the face value of Rs. 10/- each. During the year, the Company has not

issued shares with differential voting rights nor has granted any stock options or sweat equity, none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT BY THE COMPANY:**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act 2013 are given in the notes to Financial Statements forming a part of this Annual Report. The Company being a Non-Banking Financial Company registered under Reserve Bank of India Act, 1934, thus the provisions of Section 186 (except Sub Section 1) of the Companies Act, 2013 in respect of lending and investment activities, are not applicable to the Company.

**CHANGE IN THE NATURE OF BUSINESS:**

During the year under review, there was no change in the nature of the business of the Company.

**DIRECTORS:**

Sh. Pawan Kumar Sharma (DIN: 07163131) Director of the company retires by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment. The board recommended him re-appointment to the members of the company at the ensuing Annual General Meeting.

In compliance with Regulation 36(3) of Listing Regulations and Secretarial Standards brief resume of the Director proposed to be appointed / re-appointed is attached along with the Notice calling the ensuing Annual General Meeting.

**WOMAN DIRECTOR:**

In terms of the provisions of Section 149 of the Companies Act, 2013 and SEBI (LODR), Regulations, 2015, your Company has Smt. Ruchika Oswal as Woman Director on the Board.

**KEY MANAGERIAL PERSONNEL:**

During the year under review, in terms of provisions of Sections 196 and 203 of the

Companies Act, 2013 and rules made there under and in terms of Regulation 6(1) of SEBI (Listing and Obligations Disclosure Requirements) Regulations, 2015 in the Board Meeting held on February 25, 2019, Ms. Jyoti Sud has been appointed as Company Secretary and Compliance Officer w.e.f. February 25, 2019.

Further, Sh. Mohinder Kumar Jain has been appointed as a Manager w.e.f. April 04, 2019 subject to the approval of the members at the forthcoming Annual General Meeting of the Company and Ms. Jyoti Sud has been appointed as a Chief Financial Officer of the Company w.e.f. April 04, 2019 in the Board Meeting held on April 04, 2019.

In compliance with Regulation 36(3) of Listing Regulations and Secretarial Standards brief resume of the Manager proposed to be appointed / re-appointed is attached along with the Notice calling the ensuing Annual General Meeting.

**DECLARATION BY INDEPENDENT DIRECTORS:**

Necessary declaration has been obtained from all Independent Directors under sub-section (6) of Section 149 of the Companies Act, 2013.

**NUMBER OF MEETINGS OF THE BOARD:**

During the year under review, eight meetings of the board were convened and held on 28.04.2018, 28.05.2018, 14.08.2018, 03.09.2018, 18.09.2018, 14.11.2018, 13.02.2019 and 25.02.2019. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. The details in respect to the Attendance is provided in the Corporate Governance Report forming part of this Report.

**SEPARATE MEETING OF INDEPENDENT DIRECTORS:**

The company's Independent Directors held their meeting on 14.11.2018 without the attendance of Non Independent Directors and members of the management. All Independents Directors were present at the meeting and, they:

- 1 Reviewed the performance of non-Independent directors and the Board as a whole;
- 2 Assessed the quality and timeliness of the flow of information between the company's Management and the Board which is necessary for the Board to effectively and reasonably perform their duties

**BOARD EVALUATION:**

Pursuant to the provisions of Companies Act, 2013, the Company has devised a policy for performance evaluation of Independent Directors and the Board.

**CORPORATE GOVERNANCE:**

The Company is committed to follow the best Corporate Governance practices, including the requirements under the SEBI Listing Regulations and the Board is responsible to ensure the same, from time to time. The Company has duly complied with the Corporate Governance requirements. Further a separate section on Corporate Governance in compliance with the provisions of Regulation 34 of the Listing Regulations read with Schedule V of the said regulations along with a Certificate from a Practicing Company Secretary confirming that the Company is and has been compliant with the conditions stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

**DIRECTORS RESPONSIBILITY STATEMENT:**

Your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013:-

- a) that in the preparation of the Annual Accounts for the year ended on 31<sup>st</sup> March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) That 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 31<sup>st</sup> March, 2019 and of the profit of the Company for the year ended on that date;

- c) that 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 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) that annual accounts have been prepared on a going concern basis.
- e) that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**ANNUAL RETURN:**

The Extract of Annual Return of the Company, pursuant to sub-section 3 (a) of Section 134 and to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 for the financial year 2018-19 in the Form MGT-9 has been uploaded on Company's website at <http://www.owmnaahar.com/kovalam/pdf/Extract-of-Annual-Return-2018-19.pdf> as the requirement of attaching the extract of Annual Return with Board's Report has been done away by Section 36 of Companies (Amendment) Act, 2017 notified by Ministry of Corporate Affairs, New Delhi, vide its Notification dated 31 July, 2018.

**PARTICULARS OF CONTRACTS AND ARRANGEMENT MADE WITH RELATED PARTIES:**

All the transactions entered by the Company with its Group Companies/Related Parties during the Financial Year 2018-19 were on Arm's Length Basis and in the ordinary course

of its business. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 is annexed as Annexure-1 forming part of this report. The details of all the related party transactions are placed before the Audit Committee and Board for its review on quarterly basis. The related party transactions have been elaborated and listed out in the financial statements at Note No. 16 and which are at arm's length price.

Your Company has framed a Policy on Related Party Transactions for purpose of identification and monitoring of such transactions in line with the requirements of the Companies Act, 2013 and Listing Regulations and the said policy is available <http://www.owmnaahar.com/kovalam/pdf/RPT-Policy.pdf>

#### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

The Company is having adequate internal control systems and procedures which commensurate with the size of the Company. The Company is having Internal Audit Department which ensures that the internal control systems are properly followed by all concerned departments of the Company.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

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

#### **CORPORATE SOCIAL RESPONSIBILITY:**

The Company is not covered under the purview of the requirements of Section 135 of the Companies Act, 2013 and the rules made thereon. Hence, it is not applicable to the Company.

#### **AUDIT COMMITTEE:**

The Company has constituted an Audit Committee pursuant to Section 177(8) read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and SEBI (LODR), Regulations, 2015.

Presently, the Audit Committee consists of Sh. Navdeep Sharma, Sh. Gagnish Bhalla who are Independent Directors and Sh. Pawan Kumar Sharma who is non-Executive director. The details in respect to the Attendance, Powers, Roles, and Terms of Reference etc. are provided in the Corporate Governance Report forming part of this Report.

#### **NOMINATION AND REMUNERATION COMMITTEE AND POLICY:**

As required u/s 178 of the Companies Act 2013 and SEBI (LODR), Regulations, 2015, the company has constituted nominations & remuneration committee. Presently, the committee comprises of two independent directors Sh. Navdeep Sharma and Sh. Gagnish Kumar Bhalla and Sh. Pawan Kumar Sharma as non Executive Director. Further, on the recommendation of Nomination and Remuneration Committee, the board has already framed a policy for selection and appointment of Directors, Key Management Personnels & Senior Management and their remuneration. The details in respect to the Attendance, Powers, Roles, and Terms of Reference etc. are provided in the Corporate Governance Report forming part of this Report. The Nomination and Remuneration Policy is available on the Company's website and the web link for the same is <http://www.owmnaahar.com/kovalam/pdf/Nomination-and-Remuneration-Policy.pdf>

#### **STAKEHOLDER RELATIONSHIP COMMITTEE:**

As required u/s 178 of the Companies Act 2013 and SEBI (LODR), Regulations, 2015, the company has constituted stakeholder relationship committee. Presently, the committee comprises of two independent directors Sh. Navdeep Sharma and Sh. Gagnish Kumar Bhalla and Sh. Pawan Kumar Sharma as non-Executive Director. The details in respect to the Attendance, Powers, Roles, and Terms of Reference etc. are provided in the Corporate Governance Report forming part of this Report.

#### **MANAGEMENT DISCUSSION AND ANALYSIS:**

Management Discussion and analysis Report as required under Regulation 34 and Schedule V of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 forms an integral part of this Report is annexed as Annexure – 2.

### **SECRETARIAL AUDITOR AND THEIR REPORT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed M/s P.S Dua & Associates, Company Secretaries in wholetime Practice to undertake the Secretarial Audit. The Secretarial Audit Report in form MR-3 is enclosed herewith as Annexure- 3 and forms an integral part of this Report.

In the Secretarial audit report the secretarial auditor has mentioned that The Company has not filled the vacancy of Chief Financial Officer and Manager as required under the provisions of Section 203 of the Companies Act, 2013, during the Audit Period. However, both the vacancies have been filled on 04/04/2019, i.e, after the Audit Period. Further, the Company has filled the vacancy of Company Secretary with effect from 25.02.2019.

The plane reading of the observation of Secretarial Auditor of the Company and the explanation of your Directors in this regard are as follows:-

The Company does not have day to day operations. In spite of so many efforts and tried their level best, the Company could not find a suitable candidate.

However, in the due course, the Company found suitable candidates and appointed Ms. Jyoti Sud as Company Secretary and Compliance Officer w.e.f. February 25, 2019 in the Board Meeting held on February 25, 2019 and Sh. Mohinder Kumar Jain as Manager and Ms. Jyoti Sud as CFO of the Company w.e.f. April 04, 2019 in the Board Meeting held on April 04, 2019

### **MAINTENANCE OF COST RECORDS:**

The maintenance of Cost Records as specified by the Central Government under sub section (1) of Section 148 of the

Companies Act, 2013 is not applicable to the Company as the Company is a Non-Banking Financial Company.

### **GOODS AND SERVICE TAX (GST):**

The Goods and Service Tax (GST) is a landmark reform which will have a lasting impact on the economy and on businesses. Your Company has successfully implemented and migrated to GST followed by the changes across operations have been made keeping in mind the changes that GST has brought in.

### **DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. A Sexual Harassment Committee/Internal Complaints Committee (ICC) was setup/constituted which is responsible for redressal of complaints related to sexual harassment at the workplace. During the Financial Year 2018-19 the Company has not received any complaints on the same and hence, no complaint was pending as at 31st March, 2019.

### **LISTING AGREEMENT:**

To streamline the provisions of the Listing Agreement and its better enforceability the Securities and Exchange Board of India (SEBI), on September, 2, 2015 issued SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. The said Regulation became effective from 1<sup>st</sup>. December, 2015. In compliance of the said Regulations, the company has entered into Listing Agreement with the BSE Ltd. on 23<sup>rd</sup> February, 2016.

### **DEMATERIALISATION OF SECURITIES:**

Your Company has already established connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL)

and Central Depository Services (India) Limited (CDSL) to facilitate the holding and trading of securities in electronic form. The shareholders who have not gone in for dematerialization of shares till date, are requested to opt for dematerialization of the shares at the earliest.

Further, as per SEBI circular No. D&CC/FITTC/CIR-15/2002 dated 27th December, 2002, Company has appointed M/s. Alankit Assignments Ltd. as Registrar for Share Transfer and Electronic Connectivity. Accordingly, all the shareholders, Investors, Members of the Stock Exchanges, Depository Participants and all other concerned are requested to send all communication in respect of Share Transfer, Demat/Remat, Change of Address etc. to our Registrar of below mentioned address:

M/s. Alankit Assignments Limited  
(Unit: Kovalam Investment & Trading Co. Ltd.)  
Alankit House, 1E/13,  
Jhandewalan Extension  
New Delhi-110 055

Telephone No. : (011) 42541234

Fax No. : (011) 42541201

E-mail address : [rita@alankit.com](mailto:rita@alankit.com)

Website : [www.alankit.com](http://www.alankit.com)

In case any query/complaint remains unresolved with our Registrar please write to Company at the Registered Office of the Company.

#### **SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES AND HOLDING COMPANIES:**

We wish to inform you that Hug Foods Private Limited ceased to be an Associate Company w.e.f. 26.11.2018. Accordingly, the Company does not have any Subsidiary, Joint Venture or Associate Company and Holding Company as on March 31, 2019.

#### **STATUTORY AUDITORS & AUDITOR'S REPORT:**

We wish to inform you that M/s. YAPL & CO, Chartered Accountants (Firm registration number: 017800N) were appointed as Statutory Auditors of the Company in the 35th Annual

General Meeting (AGM) to hold office up to the conclusion of the 40<sup>th</sup> AGM, subject to ratification by shareholders each year at the AGM. As per the proviso of section 139 (1) the matter relating to appointment of the Auditors was to be ratified by the Members at the every Annual General Meeting of the Company. The Ministry of Corporate Affairs vide its notification dated 07 May, 2018, has omitted the first proviso of section 139 of the Principal Act in sub section (1). Accordingly the Board has not proposed any resolution for the ratification of Appointment of Auditors by the Shareholders.

The Statutory Auditors have submitted Audit Report on the Financial Statements of the Company for the Accounting year ended 31 March, 2019. The Auditor's Report on the Accounts of the Company for the year under review is self explanatory and requires no comments. During the year under review, there were no frauds reported by Auditors under Section 143(12) of Companies Act, 2013.

#### **INTERNAL AUDITORS:**

M/s. Piyush Singla & Associates, Chartered Accountants performs the duties of internal auditors of the Company and their report is reviewed by the audit committee.

#### **COMPLIANCE WITH SECRETARIAL STANDARDS:**

During the year under review, your company has duly complied with applicable provisions of the Secretarial Standards on meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

#### **PARTICULARS OF EMPLOYEES:**

Disclosures relating to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given hereunder:

(1) Details of the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2018-19, ratio of the remuneration of each Director to the median

remuneration of the employees of the Company for the financial year 2018-19 is not applicable as no remuneration and sitting fees was paid to any director of the company. Ms. Jyoti Sud, Company Secretary was appointed w.e.f. February 25, 2019 as she was not employed during the financial year 2017-18. (2) The median remuneration of employees of the Company during the financial year was Rs, 10,000/- (3) In the financial year, there was no any increase of percentage in the median remuneration of employees. (4) There were 3 permanent employees on the rolls of Company as on March 31, 2019. (5) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2018-19 was 2.94%. (6) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

There was no employee in receipt of remuneration as mentioned in Rule 5(2) (i), (ii), (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

The information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014, are not applicable as the Company is a Non-Banking Financial Company and hence no disclosure is required.

#### **MATERIAL CHANGES OR COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY:**

There were no material changes or commitments, affecting the financial position of the company which have occurred between the end of Financial Year March 31, 2019 and the date of this report.

#### **RISK MANAGEMENT:**

The Company being essentially an Investment Company, its main sources of income is dividend/income receivable on investments in Equity Shares/Debentures/Bonds/deposits

made and held by it in other companies. The financial business is always prone to risks of capital market fluctuations and economic cycle. The Company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the Company. The same has also been adopted by your Board and is also subject to its review from time to time.

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

The company in accordance with Section 177 (9) of the Companies Act, 2013 has established a Vigil Mechanism/Whistle Blower Policy to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Company's code of conduct or grievances & to provide adequate safeguards against victimization of persons who may use such mechanism. The mechanism provides for direct access to the Chairman of the Audit Committee in exceptional circumstances. The Audit Committee reviews and ensures the adequacy of the system laid down by the Company for the said purpose and no concern was reported during the Financial year ended 31.03.2019. The Vigil Mechanism/Whistle Blower Policy is posted on the website of the Company and the web link for the same is <http://www.owmnahar.com/kovalam/pdf/Whistle-Blower-Policy.pdf>

#### **POLICY FOR PRESERVATION OF DOCUMENTS:**

In accordance with Regulation 9 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 the board has adopted a policy for preservation of documents and the same is also available on the Company's website and the web link for the same is <http://www.owmnahar.com/kovalam/pdf/Policy-on-preservation-of-documents.pdf>

#### **POLICY FOR DETERMINATION OF MATERIALITY OF THE DISCLOSURE OF EVENTS & INFORMATION:**

In accordance with Regulation 30 (4) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 a policy has

been adopted regarding disclosures of any events or information which, in the opinion of the board of directors is material and the same is also available on the Company's website and the web link for the same is <http://www.owmnahar.com/kovalam/pdf/Policy-for-determination-of-materiality-of-events-or-informations.pdf>

**ARCHIVAL POLICY:**

In accordance with Regulation 30 (8) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 an archival policy has been adopted by the Board. The Archival Policy is available on the Company's website and the web link for the same is <http://www.owmnahar.com/kovalam/pdf/Policy-on-Archival-of-Documents.pdf>

**FAMILIARISATION PROGRAMS FOR BOARD MEMBERS:**

The Company, at the time of appointing a Director, issues a formal letter of appointment which, inter alia, explains the role, functions, duties and responsibilities expected from him/her as a Director of the Company. All the Independent Directors are provided with all the Policies/Guidelines as framed by the Company under various statutes and SEBI Regulations, to familiarize them with Company's procedures and practices. Further, to update them on a regular basis, the Company provides copies of all the amendments in Corporate Laws, Corporate Governance Rules and SEBI Regulations. The details of Company's Policy on Familiarization Programs for Independent Directors are posted on the website of the Company and can be accessed at <http://www.owmnahar.com/kovalam/pdf/Familiarization-Programme.pdf>

**GREEN INITIATIVE:**

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies. Further, as per the provisions of Companies Act, 2013, the Company may send financial statements and other documents by electronic mode to its members. Your Company has decided to join

the MCA in its environmental friendly initiative. Accordingly, henceforth Company propose to send documents such as Notice of the General Meetings, Annual Report and other communication to its shareholders via electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest e-mail addresses with their Depository Participant (D.P.) with whom they are having Demat A/c. We solicit your valuable co-operation and support in our endeavor to contribute our bit to the environment.

**LISTING OF EQUITY SHARES AND LISTING FEES:**

Your company's shares are listed on the Stock Exchange, Mumbai and the listing fee for the financial year 2019-2020 has been paid.

**HUMAN RESOURCES/INDUSTRIAL RELATIONS:**

The Industrial Relations remained cordial throughout the year. A detailed section on Human Resources/Industrial Relations is provided in the Management Discussion and Analysis Report, which forms part of this Annual Report.

**ACKNOWLEDGEMENT:**

The Directors of the company wish to place on record their sincere thanks to the shareholders for their continued support, co-operation and confidence in the management of the company.

**For and on behalf of the Board**

**Place: Ludhiana  
Date: 13.08.2019**

**Pawan Kumar Sharma  
Director  
DIN: 07163131**

**Navdeep Sharma  
Director  
DIN: 00454285**

## ANNEXURE-1 TO THE DIRECTOR'S REPORT

## FORM NO. AOC -2

(Pursuant to clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of Section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

During the Financial Year 2018-19, the Company had not entered into any contract/ arrangement/ transaction with its related parties which is not at arm's length basis.

- (a) Name(s) of the related party and nature of relationship: Not Applicable
- (b) Nature of contracts/arrangements/transactions: Not Applicable
- (c) Duration of the contracts/arrangements/transactions: Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
- (f) Date of approval by the Board: Not Applicable
- (g) Amount paid as advances, if any: Not Applicable
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: Not Applicable

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

All the transactions entered into by the Company with its related parties, during the year under review were in the "ordinary course of the business" and on "an arm's length basis", none of which was "material" in value.

- (a) Name(s) of the related party and nature of relationship: Not Applicable
- (b) Nature of contracts/arrangements/transactions: Not Applicable
- (c) Duration of the contracts/arrangements/transactions: Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- (e) Date(s) of approval by the Board, if any: Not Applicable
- (f) Amount paid as advances, if any: Not Applicable

For and on behalf of the Board

Dated: 13.08.2019  
Place: Ludhiana

(Pawan Kumar Sharma)  
Director  
DIN: 07163131

(Navdeep Sharma)  
Director  
DIN: 00454285

**Annexure-2 TO THE DIRECTOR'S REPORT****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE AND DEVELOPMENTS AND FUTURE OUTLOOK:**

Non-Banking Financial Institutions (NBFIs) are an important alternative channel of finance in India's bank dominated financial sector. NBFCs supplement banks by providing the infrastructure to allocate surplus resources to individuals and companies. Additionally, NBFCs also introduces competition in the provision of financial services. While banks may offer a set of financial services as a packed deal, NBFCs unbundle and tailor these services to meet the needs of specific clients. NBFCs provide multiple alternatives to transform an economy's savings into capital investment.

During the year 2018-19, the financial crisis due to defaults by a large prominent financial institution of the country and few other NBFCs, led to negative sentiments of Financial Investors as well as drying-up bank lending, thereby forcing NBFCs to scout for alternate sources of funding at higher cost. In February 2019, Reserve Bank of India (RBI) had eased risk weight norms to increase credit flow to NBFCs. The move is aimed at not only freeing up capital for banks for further lending but also slash borrowing costs for well-rated NBFCs, which have been grappling with a systemic liquidity crisis.

Pursuant to RBI's regulatory framework, your Company is a "Non- Banking Financial Company Non-Systemically Important (Non- public deposit taking company) (NBFCs-ND-NSI) registered under Reserve Bank of India ("RBI") vide registration number N-06.00576 dated October 17, 2003 and involved in the activities of Investment in shares as well as trading and financing activities.

The Company also intends to continue focusing on diversifying its business into new avenues of Investment/financial deals with lower risk to earn reasonable returns and making its best efforts to utilize the available opportunities with caution and emerge as fully Integrated Financial Company.

**RISK AND CONCERNS:**

As a NBFC, the Company is exposed to market risk, global risk, regulatory risk, credit risk, liquidity risk, competition risk and interest rate risk etc. which can affect the return on investments and financial business in unexpected way. Sustained efforts to strengthen the risk framework and portfolio quality have yielded consistently better outcomes for the Company.

**OPPORTUNITIES AND THREATS:**

India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The Government of India has introduced several reforms to liberalize, regulate and enhance this Industry. During the financial year 2018-19, the Company decided to have reasonable investment in Equity Market to participate in overall growth of Industry and Economy. Change in Government policies and rate of interest revisions will affect the valuation of investments made by Company.

**FINANCIAL/OPERATIONAL PERFORMANCE:**

The Company has performed remarkably well during the year under review. The Company achieved an income of Rs. 15,394,832.49 with a net profit before tax of Rs. 3,383,782.80. The detailed performance has already been discussed in the Directors' Report under the column 'Financial Performance'.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company is maintaining an efficient and effective system of Internal Financial Control for the facilitation of speedy and accurate compilation of financial statements. The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations and procedures. Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, the Company has also appointed M/s. Piyush Singla & Associates, Chartered Accountants as an Internal Auditors of the Company. The Company has in place adequate internal financial control systems with reference to the Financial Statements. The Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board which also reviews the adequacy and effectiveness of the internal controls in the Company. During the year, Company's Internal Controls were tested and no reportable weakness in the system was observed.

**HUMAN RESOURCES/INDUSTRIAL RELATIONS:**

The Industrial Relations remained cordial throughout the year. The Company recognizes people as its most valuable asset and it has built an open, transparent and meritocratic culture to nurture this asset. The total permanent employee's strength of the Company was 3 (three) as on 31st March 2019.

**DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS:**

During the year under review, there were no any significant changes (changes exceeding 25% or more as compared to the immediately previous financial year) in Key Financial Ratios.

**DETAILS OF ANY CHANGE IN RETURN ON NET WORTH:**

The return on Net Worth of the Company for the current financial year is at 0.52% as compared to -6.02% in the previous financial year. The profit after tax in the current financial year grew by 91.32%.

**CAUTIONARY STATEMENT:**

Though the statement and views expressed in the above said report are on the basis of best judgment but the actual future results might differ from whatever is stated in the report.

**For and on behalf of the Board**

**Dated: 13.08.2019**  
**Place: Ludhiana**

**(Pawan Kumar Sharma)**  
**Director**  
**DIN: 07163131**

**(Navdeep Sharma)**  
**Director**  
**DIN: 00454285**

## Annexure-3 TO THE DIRECTOR'S REPORT

Form No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2019

*[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

**KOVALAM INVESTMENT AND TRADING COMPANY LIMITED****(CIN: L65910PB1981PLC023058)****Premises Oswal Woollen Mills Limited****G T Road Sherpur, Ludhiana-141003, Punjab**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KOVALAM INVESTMENT AND TRADING COMPANY LIMITED** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 (Audit Period) 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (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;

Provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there under were not attracted during the audit period as there was no instance of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings as informed to us.

- (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, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- Not Applicable as the Company has not issued any securities during the audit period;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not Applicable as the Company has not granted any shares/ options to its employees during the audit period;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable as the Company has not issued any debt securities 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 - Not Applicable as the Company is not registered as Registrars to an Issue and Share Transfer Agents;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable as the Company has not delisted its equity shares during the audit period; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not Applicable as the Company has not bought back any of its securities during the audit period.

(vi) Reserve Bank of India Act, 1934 and Guidelines made there under.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreement entered into with BSE Limited.
  - The Company has received the notice from Bombay Stock Exchange (BSE), vide Notice no. LIST/COMP/505585/Reg. 6(1)-Dec18/1113/2018-19 dated 12/02/2019, regarding non-compliance of Regulation 6(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, imposing a fine of Rs. 1,08,560. The Company has represented against the same vide its letter dated 28/02/2019.
  - The Company has appointed a qualified Company Secretary as the Compliance Officer pursuant to Regulation 6(1) of the SEBI (LODR) Regulations, 2015 with effect from 25.02.2019.

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

1. *The Company has not filled the vacancy of Chief Financial Officer and Manager as required under the provisions of Section 203 of the Companies Act, 2013, during the Audit Period. However, both the vacancies have been filled on 04/04/2019, i.e, after the Audit Period. Further, the Company has filled the vacancy of Company Secretary with effect from 25.02.2019.*

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice of at least seven days was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were available at the meeting and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions of the Board of Directors were approved unanimously or by majority and same were captured and recorded as part of the minutes.

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

**We further report that** during the review period:

1. The Company has entered into a lease agreement with the Related Party, for taking flat on lease, for guest house purposes, the lease rentals of which are as per the prevalent market rate, as informed to us.

Place: - Ludhiana

Date: - 13.08.2019

Signature: -

Name of Company Secretary in Practice: -

P. S. Dua

FCS No. 4552

C P No. 3934

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

**Annexure A to Secretarial Audit Report**

To

**The Members**

**KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**

**Premises Oswal Woollen Mills Limited**

**G T Road Sherpur, Ludhiana-141003, Punjab**

**(CIN: L65910PB1981PLC023058)**

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

**For P. S. Dua & Associates**

**Company Secretaries**

Date: - 13.08.2019

Place: - Ludhiana

**REPORT ON CORPORATE GOVERNANCE**

*[In terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')]*

**COMPANY’S PHILOSOPHY**

In Kovalam Investment and Trading Company Limited, we strongly believe that establishing good corporate governance practices in each and every function of the organization leads to increased operational efficiencies and growth as well as enhancing investor confidence. Beyond mere compliance we are committed towards taking initiative to enhance investor’s wealth in the long run. This is reflected in the well balanced and independent structure of Company’s eminent and well represented Board of Directors. The Company considers it absolutely essential to abide by the laws and regulations of the land in letter and spirit and is committed to the highest standards of corporate governance and be considered as a good corporate citizen of the Country. Our Corporate Governance framework ensures that we make timely disclosures and share accurate information regarding our financials, performance and operations of the Company.

**BOARD OF DIRECTORS**

The Company has a diversified Board, constituted in compliance with the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and in accordance with the best practices of Corporate Governance. The Board is entrusted with the ultimate responsibility of the management, directions and performance of the Company. The Company is managed by the Board of Directors in co-ordination with the Senior Management.

The Board of Directors meets at least once in every quarter and also as and when required.

During the year under review, the Board met on 8 (Eight) occasions viz. April 24, 2018, May 28, 2018, August 14, 2018, September 03, 2018, September 18, 2018, November 14, 2018, February 13, 2019 and February 25, 2019. The maximum gap between any two Board meetings was less than One hundred and twenty days.

The composition and category of each director on the Board, their status, their attendance at the Board Meetings and the last Annual General Meeting together with the details of number of other directorships and Committee Membership(s)/ Chairmanship(s) of each Director and Name of other Listed Entities in which concerned director is a director and the category of directorship as at 31.03.2019 are as under:

Name of the Director	Category of Director	No. of Board Meetings Attended	Attendance at AGM held on 28.09.2018	No. of Directorship <sup>1</sup>	No. of Committees <sup>2</sup> in which Chairman / Member		Name of Other Listed entities in which concerned director is a director and the category of directorship
					Chairman	Member <sup>3</sup>	
Smt. Ruchika Oswal	Non- Executive Director	8 of 8	Not Present	5	-	-	Monte Carlo Fashions Limited (Executive Director)
Sh. Navdeep Sharma	Non- Executive Independent Director	8 of 8	Present	7	1	5	Nahar Industrial Enterprises Limited (Non- Executive - Non Independent Director) & Oswal Leasing Limited (Non- Executive - Independent Director)
Sh. Gagnish Kumar Bhalla	Non- Executive Independent Director	8 of 8	Present	5	1	1	

Sh. Pawan Kumar Sharma	Non- Executive Director	8 of 8	Present	-	-	-	
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1. The number of directorships excludes directorship of Kovalam Investment and Trading Company Limited, Private Companies, Foreign Companies and Companies incorporated under Section 8 of the Companies Act, 2013.
2. Chairmanship/ Membership of Committee only includes Audit Committee and Stakeholders Relationship Committee as per Regulation 26 (1) (b) of the Listing Regulations in Indian Public Limited Companies other than Kovalam Investment and Trading Company Limited.
3. Number of memberships in Committees are inclusive of Chairmanship.
4. None of the directors are related to each other.

The number of Directorships and Committee positions held by the Directors are in conformity with the limits laid down in the Companies Act, 2013 and Listing Regulations, as on 31<sup>st</sup> March, 2019.

**SHAREHOLDING DETAILS OF DIRECTORS AS ON 31.03.2019:**

None of the Non-Executive/ Independent Directors holds any share of the Company.

**FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:**

The Company on appointment of an Independent Director, issues a formal Letter of Appointment setting out the terms of appointment, duties and responsibilities. The Company in terms of Regulation 25(7) of Listing Regulations, has also put in place a system to familiarize the Independent Directors of their roles, rights, responsibilities, nature of industry in which the Company operates, business model of the Company and the ongoing events relating to the Company. It aims to provide the Independent Directors an insight into the Company's functioning and to help them to understand its business in depth, so as to enable them to contribute significantly during the deliberations at the Board and Committee meetings. The details of Familiarization Programme imparted to Independent Directors can also be accessed from <http://www.owmnahar.com/kovalam/pdf/Familiarization-Programme.pdf>.

**CHART SETTING OUT THE SKILLS/EXPERTISE/COMPETENCIES OF THE BOARD OF DIRECTORS**

Sr. No.	Name of the Director	Education/Professional qualifications	Experience	Core skills/expertise/competencies in the context of business and sector in which the Company operates	Name of the other public limited in which Director held Chairmanships/Memberships
1.	Smt. Ruchika Oswal	Bachelor's Degree in Commerce from the Government College for Women, Punjab University	More than 19 years	Yes, Experience in the field of Manufacturing & Administration.	None
2.	Sh. Navdeep Sharma	Bachelor's Degree in Commerce	More than 37 years	Yes, Experience in the field of taxation.	<ol style="list-style-type: none"> <li>1. Oswal Leasing Limited (Member of Audit Committee, Chairman of N &amp; R Committee, Stakeholder Relationship Committee and Share Transfer Committee)</li> <li>2. Vanaik Spinning Mills Limited (Member of Audit Committee and</li> </ol>

					Chairman of N & R Committee)
3.	Sh. Gagnish Kumar Bhalla	Graduate	More than 38 years	Yes, Experience in the field of Administration.	1. Vanaik Spinning Mills Limited (Chairman of Audit Committee and Member of N & R Committee)
4.	Sh. Pawan Kumar Sharma	Bachelor of Science and Diploma in International Marketing	More than 21 years	Yes, Experience in the field of Marketing and Administration.	None

**CONFIRMATION OF INDEPENDENT DIRECTORS:** Pursuant to clause C(2) (i) of Schedule V read with Regulation 34(3) of Listing Regulations, in the opinion of the Board all the independent directors fulfill the conditions required for independent directors as specified in the Listing Regulations and are independent of the management.

**DETAILED REASONS FOR THE RESIGNATION OF AN INDEPENDENT DIRECTOR WHO RESIGNS BEFORE THE EXPIRY OF HIS TENURE ALONG WITH A CONFIRMATION BY SUCH DIRECTOR THAT THERE ARE NO OTHER MATERIAL REASONS OTHER THAN THOSE PROVIDED:** Not Applicable

**Notes:**

- Other than as disclosed here, there are no inter-se relationships between the Board Members.
- Based on the respective disclosures made by the Directors including Independent Directors, no Director of the Company was holding the office of Director in more than seven (7) listed entities, and was not a member of the more than 10 (ten) Committees or acted as Chairperson of more than five (5) Committees, across all the companies in which he / she was a Director. The necessary disclosures regarding Committee positions have been made by the Directors.
- None of the Directors held Directorships in more than twenty (20) Indian companies including ten (10) public limited companies.
- None of the Independent Directors of the Company served as Independent Director in more than 7 listed companies.
- None of the Independent Directors is a Whole - Time Director in any other company.
- All Independent Directors of the Company have been appointed as per the provisions of the Companies Act, 2013.
- Formal letters of appointment have been issued to the Independent Directors.
- The meeting of the Independent Directors of the Company was held on Wednesday, November 14, 2018.

**CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL:**

The Board of Directors of the Company has laid down a Code of Conduct for all the Board Members and Senior Management Personnel of the Company. The Code has been communicated to the Directors and the members of Senior Management. The said Code of Conduct is available at the link <http://www.owmnahar.com/kovalam/pdf/Code-of-Conduct.pdf>. All the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. A declaration to this effect signed by Manager of the Company is annexed to this report.

**COMMITTEES OF THE BOARD:**

The Board of Directors has constituted various Committees of Board in accordance with the provisions of Companies Act, 2013 and the Listing Regulations to take informed decisions in the best interest of the Company. These Committees monitor the activities falling within their terms of reference. These Committees play an important role in overall management of day to day affairs and governance of the Company. Details on the role and composition of these committees, including the no. of meetings held during the financial year and attendance at meetings are provided below:

**(A) Audit Committee:**

The Audit Committee comprises of 3 (Three) members with the Chairman of the Committee being an Independent Director. During the year under review, the Audit Committee met on 4 (four) occasions viz. May 28, 2018, August 14, 2018, November 14, 2018 and February 13, 2019 to deliberate on various matters. Not more than 120 days lapsed between any two consecutive meetings of the Audit Committee during the year. The necessary quorum was present at all the Meetings. The Chairman of the Audit committee was present at the last Annual General Meeting of the Company for addressing shareholders queries.

The composition of the Audit Committee as at 31.03.2019 and particulars of meetings attended by the members during the financial year 2018-19 are given hereunder:

Sr. No.	Name of the Director	Position	Category	No. of Meetings attended
1.	Sh. Navdeep Sharma	Chairman	Non-Executive Independent	4
2.	Sh. Gagnish Kumar Bhalla	Member	Non-Executive Independent	4
3.	Sh. Pawan Kumar Sharma	Member	Non-Executive	4

*The members of the Audit Committee are financially literate and bring in expertise in field of finance, taxation etc. The terms of reference of the Audit Committee are in line with Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013 and rules made thereunder. The brief description of the terms of reference of the Committee is described below:*

**Power of the Audit Committee:**

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

**Role of the Audit Committee**

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  14. Discussion with internal auditors of any significant findings and follow up there on;
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. Reviewing the functioning of the Whistle Blower Policy / Vigil Mechanism;
19. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

**(B) Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises of 3 (Three) members (all are Non-Executive Directors) and the Chairman of the Committee is an Independent Director. During the year under review, the Committee met thrice on May 28, 2018, September 03, 2018 and February 25, 2019. The necessary quorum was present at the meeting. Sh. Navdeep Sharma, Chairman of the Nomination and Remuneration Committee at the last Annual General Meeting of the Company for addressing shareholders queries.

The composition of the Nomination and Remuneration Committee as at 31.03.2019 and particulars of meetings attended by the members are given below:

Sr. No.	Name of the Director	Position	Category	No. of Meetings attended
1.	Sh. Navdeep Sharma	Chairman	Non-Executive Independent	3
2.	Sh. Gagnish Kumar Bhalla	Member	Non-Executive Independent	3
3.	Sh. Pawan Kumar Sharma	Member	Non-Executive	3

**Terms of Reference:**

The terms of reference of the Nomination and Remuneration Committee are in line with Regulation 19 of the Listing Regulations and Section 178 of the Companies Act, 2013 and rules made thereunder. The brief description of the terms of reference of the Committee is described below:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of independent directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- recommend to the board, all remuneration, in whatever form, payable to senior management.

**PERFORMANCE EVALUATION:**

In compliance with the requirements of the provisions of Section 178 of the Companies Act, 2013 and the listing regulations, the Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and other Directors which includes criteria for performance evaluation of the non- executive directors. The evaluation of the Independent Directors was carried out by the Board excluding the director being evaluated and that of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The exercise was carried out through a structured evaluation process covering various aspects of the Board's functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. The performance was reviewed on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. The Directors express their satisfaction over the entire evaluation process.

**SEPARATE MEETING OF INDEPENDENT DIRECTORS**

The meeting of Independent Directors was held on November 14, 2018 inter alia:

- To review the performance of Non-Independent directors and the Board as a whole;
- To review the performance of the Chairperson of the Company, and;
- To assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**REMUNERATION TO DIRECTORS:**

The Board comprises with Non-Executive Directors and they have not been paid any remuneration and sitting fees for attending the Board Meetings during the Financial Year ended March 31, 2019.

**DIRECTORS WITH PECUNIARY RELATIONSHIP OR BUSINESS TRANSACTION WITH THE COMPANY:**

The Board comprises with Non-Executive Directors and they have not been paid any remuneration and sitting fees for attending the Board Meetings during the Financial Year ended March 31, 2019. It is also to be noted that the company has paid rent to Smt. Ruchika Oswal, Director of the Company for flat taken on lease.

**CRITERIA FOR MAKING PAYMENTS TO DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

As per the Nomination & Remuneration Policy of the Company, the Board, on the recommendation of the Nomination and Remuneration Committee, reviews and approves the remuneration payable to the Key Managerial Personnel. The Board and the Committee considers the provisions of the Companies Act, 2013 and approving the remuneration of the Key Managerial Personnel.

The remuneration / sitting fees, as the case may be paid to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and the Rules made there under for the time being in force or as may be decided by the Committee / Board / Shareholders.

**(C) Stakeholders Relationship Committee**

The Stakeholders Relationship Committee comprises of 3 (Three) members and the Chairman of the Committee is Sh. Navdeep Sharma, Non-Executive Independent Director of the Company. During the year under review, Committee met on 4 (Four) occasions viz. 4 (four) occasions viz. May 28, 2018, August 14, 2018, November 14, 2018 and February 13, 2019. The necessary quorum was present at all the meetings.

The Committee looks into various queries / issues relating to shareholders/ non-receipt of dividend, Annual Report. Ms. Jyoti Sud, Company Secretary is the Compliance Officer of the Company w.e.f. April 25, 2019.

The table below highlights the composition and attendance of the Members of the Committee as on March 31, 2019:

Sr. No.	Name of the Director	Position	Category	No. of Meetings attended
1.	Sh. Navdeep Sharma	Chairman	Non-Executive Independent	4
2.	Sh. Gagnish Kumar Bhalla	Member	Non-Executive Independent	4
3.	Sh. Pawan Kumar Sharma	Member	Non-Executive	4

**Terms of Reference**

The Stakeholders Relationship Committee shall be responsible for, among other things, as may be required by the stock exchanges from time to time, the following:

- Consideration and redressal of grievances of the security holders of the Company, including complaints in respect of transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

**Details of Shareholder’s complaints Received, Solved and Pending:**

Particulars	No. of Complaints	Particulars	No. of Complaints
Pending as on 01-04-2018	0	Resolved during the year	0
Received during the year	0	Pending as on 31-03-2019	0

No complaints remained unattended/ pending for more than thirty days. The Company has no share transfers/ transmission pending as on 31<sup>st</sup> March, 2019. Further, no shareholders complaint/ grievance were received under ‘SCORES’ during the Financial Year 2018-19.

**GENERAL BODY MEETINGS:**

1. The details of the last three Annual General Meeting(s) of the Company are given as follows:

Year	Day and Date	Time	Venue	No. of Special Resolutions
2017-2018	Friday, 28 <sup>th</sup> September, 2018	04.00 P.M.	Registered Office of the Company situated at Premises Oswal Woollen Mills Ltd, G.T Road, Sherpur, Ludhiana	2
2016-2017	Wednesday, 27 <sup>th</sup> September, 2017	04.00 P.M.	Registered Office of the Company situated at Premises Oswal Woollen Mills Ltd, G.T Road, Sherpur, Ludhiana	0
2015-2016	Friday, 30 <sup>th</sup> September, 2016	04.00 P.M.	Registered Office of the Company situated at Premises Oswal Woollen Mills Ltd, G.T Road, Sherpur, Ludhiana	1

## 2. POSTAL BALLOT/ EXTRA-ORDINARY GENERAL MEETING

The Company has not conducted any Postal Ballot Exercise and Extra-Ordinary General Meeting during the Financial Year ended March 31, 2019.

### MEANS OF COMMUNICATION:

- Prior intimation of the Board Meeting to consider and approve the Unaudited/ Audited Financial Results of the Company is submitted to the Stock Exchanges and also disseminated on the website of the Company.
- The Quarterly/ Half Yearly / Annual Financial Results of the Company are published generally through The Poiner (English Newspaper), Desh Sewak (Punjabi Newspaper) and are also posted on the Company's website i.e [www.owmnahar.com](http://www.owmnahar.com).
- The Company's website also contains an exclusive section on 'Investors' which enables them to access information such as Quarterly / Half Yearly / Annual Financial Statements, Corporate Governance Reports, Shareholding Patterns.
- SCORES is a web based complaint redress system. Action Taken Reports (ATRs) on the investor complaint(s) are uploaded on the SCORES for online viewing by investors of actions taken on the complaint by the Company and its current status.
- presentations made to institutional investors or to the analysts. Not Applicable

### GENERAL SHAREHOLDER INFORMATION

- Day & Date of 37<sup>th</sup> Annual General Meeting : Saturday, 28<sup>th</sup> Day of September, 2019
- Financial Year : 2018-19
- Time & Venue : At 04:00 P.M. at Premises Oswal Woollen Mills Ltd, G.T Road, Sherpur, Ludhiana-141003, Punjab
- Date of Book Closure : September 21, 2019 to September 28, 2019 (both days inclusive)
- Listing on Stock Exchanges : The Equity Shares of the Company are listed on the following Stock Exchanges:-  
**BSE Limited (BSE)**  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
- ISIN : INE735U01011
- Stock Code/Symbol : BSE-505585
- Dividend Payment date : Not Applicable

### Listing Fee / Annual Custody Fee:

The Annual Listing Fee has been paid to BSE for the financial year 2019-2020. The Company has also made the payment of Annual Custody fee to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the financial year 2019-2020.

### Market Price Data:

The Company's shares are not actively traded on the Stock Exchange i.e. BSE Limited. The information regarding Market Price Data of Company's Equity Shares during the period April 01, 2018 to March 31, 2019 is not available.

Graphical Representation of the Company's share price in comparison to the broad-based Indices i.e. BSE- Sensex is not available as the Company's shares are not actively traded on the Stock Exchange i.e. BSE Limited.

In case the securities are suspended from trading, the directors report shall explain the reason thereof: Not Applicable

### Registrar & Share Transfer Agent:

**ALANKIT ASSIGNMENTS LIMITED**

UNIT: KOVALAM INVESTMENT AND TRADING COMPANY LIMITED

1E/13, Alankit Heights, Jhandewalan Extension,,New Delhi,Delhi,110055

Tel.: 011 - 42541234 / 42541960, Fax. 011 – 42541201, Email: info@alankit.com, Website: www.alankit.com

**Share Transfer System:**

Stakeholders Relationship Committee has been constituted to approve all the transfers, transmission, Demat/ remat of shares etc. and all the share transfer/transmission/transposition/ dematerialization/ re-materialization are handled by our Registrar and Transfer Agents i.e. Alankit Assignments Limited. During the year under review, no requests received for transfer/ transmission/ dematerialization/ re-materialization of shares etc.

The Company also obtains a Certificate of Compliance with the share transfer formalities from a Practicing Company Secretary as required under Regulation 40(9) of Listing Regulations (erstwhile Clause 47 (c) of the Listing Agreement) and have submitted a copy of the said certificate with the Stock Exchanges on half yearly basis.

**Distribution of Shareholding as on March 31, 2019:**

S. No.	Distribution of No. of Shares	No. of Shareholders	% age of No. of Shareholders	No. of Shares held	% age of shares held
1.	1-100	0	0	0	0
2.	101-500	7	1.367	994	0.045
3.	501-1000	484	94.531	343640	15.452
4.	1001-5000	0	0	0	0
5.	5001-10000	2	0.391	16390	0.737
6.	10001-20000	6	1.172	93650	4.211
7.	20001-30000	4	0.781	113180	5.089
8.	30001-40000	0	0	0	0
9.	40001-50000	1	0.195	42600	1.916
10.	50001-100000	4	0.781	322980	14.523
11.	100001-500000	3	0.586	459795	20.675
12.	500001 to Above	1	0.195	830685	37.352
	<b>Total</b>	<b>512</b>	<b>100.00</b>	<b>2223914</b>	<b>100.00</b>

**Commodity price risk or foreign exchange risk and hedging activities: NIL**

**Shareholding pattern as on 31.03.2019:**

Category	No. of Shares	% age
<b>Promoters &amp; Promoters Group</b>	1666990	74.957
<b>Bodies Corporate, Mutual Fund, Public and Others</b>	556924	25.043

**Dematerialization of Equity Shares and Liquidity:**

As on March 31, 2019, 74.957% of the total equity share capital of the Company (1666990 Equity Shares) were held in dematerialised form. The Company has entered into agreements with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of shares through Alankit Assignments Limited, Registrar & Transfer Agent (RTA) of the Company. The Company’s shares are not actively traded on the Stock Exchange i.e. BSE Limited.

**Reconciliation of Share Capital Audit:**

As stipulated by SEBI under Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996, a Company Secretary in whole time practice carries out Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges where the Company’s Shares are listed. The audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with

NSDL and CDSL) and total number of shares in physical form.

**Outstanding GDR/ADR/Warrants or any convertible instruments, conversion instruments, conversion date and impact on equity: NIL**

**Plant Locations: NIL**

**Address for Correspondence:**

Company	Alankit Assignments Limited (RTA)
The Company Secretary Kovalam Investments and Trading Company Limited Premises Oswal Woollen Mills Ltd., G.T.Road, Sherpur, Ludhiana-141 003, Punjab Website: <a href="http://www.owmnahar.com">www.owmnahar.com</a> Ph. No. 0161-5066607	1E/13, Alankit Heights, Jhandewalan Extension,,New Delhi,Delhi,110055 Tel.: 011 - 42541234 / 42541960, Fax.: 011 – 42541201, Email: <a href="mailto:info@alankit.com">info@alankit.com</a> , Website: <a href="http://www.alankit.com">www.alankit.com</a>

For any assistance regarding Share Transfer(s), Transmission(s), Change of Address, issue of Duplicates/ Lost share certificate(s)/Dematerialisation/ Rematerialisation of Share(s) and other relevant matters please write to the Registrar and Transfer Agent (RTA) of the Company.

Further, Members are required to note that, in respect of shares held in dematerialized form, they will have to correspond with their respective Depository Participants (DPs) for any change related to Address, Bank details or any other related matter.

**List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad: NIL**

#### **OTHER DISCLOSURES**

- **Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large:**

During the year under review, all the Related Party Transactions entered into with Group Companies and with related parties are given at Note No. 16 to the Financial Statements. All the RPT are at Arm's Length basis and in the ordinary course of business and are not in conflict with the interest of the Company.

- **Details of non-compliance by the company, penalties and strictures imposed on the company by Stock Exchange, SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

There were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital market during the last three years.

#### **Vigil Mechanism / Whistle Blower Policy**

Pursuant to Section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy / Vigil Mechanism for 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 Chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. Further the Audit Committee reviews and ensures the adequacy of the system laid down by the Company for the said purpose and no concern was reported during the Financial Year ended 31.03.2019. The said policy is also posted on the website of the Company and the web link for the same is <http://www.owmnahar.com/kovalam/pdf/Whistle-Blower-Policy.pdf>

- **Details of Compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.**

As on March 31, 2019, the Company has fully complied with the mandatory requirements as stipulated under Listing Regulations. The status of compliance with discretionary recommendations and adoption of the non-mandatory requirements as specified in Regulation 27(1) of the Listing Regulations is being reviewed by the Board.

- **Weblink where policy for determining 'material' subsidiaries is disclosed:**

As on March 31, 2019, your Company does not have any Subsidiary.

- **Web link where policy on dealing with related party transactions:**

Your Company has also framed a Policy on Related Party Transactions for purpose of identification and monitoring of such transactions in line with the requirements of the Companies Act, 2013 and Listing Regulations, which can also be accessed from

the Company's website at <http://www.owmnaahar.com/kovalam/pdf/RPT-Policy.pdf>

- **Disclosure of Commodity price risk and commodity hedging activities:** Not Applicable
- **Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):** Not Applicable
- **Recommendations of any committee** In the financial year 2018-19, the board has accepted all the recommendations of all its committee.
- **Fees paid to Statutory Auditors:** During the year under review, company paid Audit fees of Rs. 26,800/- inclusive of certification charges and out of pocket expense to Statutory Auditors.

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

**To**  
**The Members of**  
**Kovalam Investment And Trading Company Limited**  
**Premises Oswal Woollen Mills Ltd**  
**G T Road, Sherpur,**  
**Ludhiana-141003, Punjab**

I have examined the relevant registers, records, forms, returns disclosures and representation received from the Directors of Kovalam Investment And Trading Company Limited having CIN: L65910PB1981PLC023058 and having registered office at Premises Oswal Woollen Mills Ltd, G T Road, Sherpur, Ludhiana-141003, Punjab (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause (10)(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) and on the basis of the written representation / declaration received from the directors and taken on record by the Board of Directors as on March 31,2019, I hereby certify that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on the basis of our verification. This certificate 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: Ludhiana  
 Date: 13.08.2019

Signature:  
 Name: P.S. Dua  
 Membership No.: 4552  
 CP No.: 3934

- **Disclosure of Compliance with Corporate Governance Requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Regulation 46(2) of SEBI Listing Regulations, 2015:**

Pursuant to Schedule V of SEBI Listing Regulations, 2015, the Company hereby confirms that it has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) inter-alia covering the following subject matter/heads:

- Board of Directors
- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Risk Management Committee – Not Applicable
- Vigil Mechanism

- Related Party Transactions
  - Corporate governance requirements with respect to subsidiary of Company - Not Applicable
  - Obligations with respect to Independent Directors
  - Obligations with respect to Directors and senior management
  - Other Corporate governance requirements as stipulated under the Regulations
  - Dissemination of various information on the website of the Company w.r.t clauses (b) to (i) of Regulation 46(2).
- **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**
    - a. number of complaints filed during the financial year: NIL
    - b. number of complaints disposed of during the financial year: NIL
    - c. number of complaints pending as on end of the financial year: NIL
  - **Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed: NIL**
  - **Discretionary Requirements**

The extent to which the discretionary requirements as specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, have been adopted:

    - a. **Qualification /s in Audit Report**

There is no qualification in the Audit Report.
    - b. **Reporting of the Internal Auditor**

The Internal Auditor may report directly to the audit committee.

**For and on the behalf of Board of Directors**

**Dated: 13.08.2019**  
**Place: Ludhiana**

**(Pawan Kumar Sharma)**  
**Director**  
**DIN: 07163131**

**(Navdeep Sharma)**  
**Director**  
**DIN: 00454285**

**DECLARATION REGARDING COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS AND SENIOR  
MANAGEMENT PERSONNEL**

I hereby declare that all the Members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management for the year ended 31<sup>st</sup> March 2019.

**For Kovalam Investment and Trading Company Limited**

Place: Ludhiana  
Date: 28.05.2019

Mohinder Kumar Jain  
Manager

**CEO / CFO CERTIFICATION**

We the undersigned hereby certify that:

A. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2019 and that to the best of their knowledge and belief:

(1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year ended 31<sup>st</sup> March, 2019 which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have confirmed that there were no:

(1) significant changes in internal control over financial reporting during the year;

(2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant

**For Kovalam Investment and Trading Company Limited**

Place: Ludhiana  
Date: 28.05.2019

Mohinder Kumar Jain  
Manager

Jyoti Sud  
CFO Cum Company Secretary

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To

The Members

Kovalam Investment and Trading Company Limited

(CIN: L65910PB1981PLC023058)

We have examined the compliance of conditions of Corporate Governance by Kovalam Investment and Trading Company Limited (CIN: L65910PB1981PLC023058) ("the Company"), for the year ended on **31<sup>st</sup> March, 2019**, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule-V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR').

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a

review of the procedures and implementation thereof, as 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. In our opinion and to the best of our information and according to the explanations or representations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above said provisions of LODR. We further state that this certificate 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.

For P. S. Dua & Associates  
(Company Secretaries)

P.S. Dua  
(FCS No. 4552)  
(C. P No.3934)

Place: - Ludhiana  
Dated: - 13.08.2019

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**Disclosures with respect to demat suspense account/ unclaimed suspense account**

(1) The listed entity shall disclose the following details in its annual report, as long as there are shares in the demat suspense account or unclaimed suspense account, as applicable: NIL

- (a) aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year; NIL
  - (b) number of shareholders who approached listed entity for transfer of shares from suspense account during the year; NIL
  - (c) number of shareholders to whom shares were transferred from suspense account during the year; NIL
  - (d) aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year; NIL
  - (e) that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares. Not Applicable
-

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**

#### **Report on the Audit of the Standalone Financial Statements Opinion**

We have audited the accompanying standalone financial statements of Kovalam Investment And Trading Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2014, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and loss and cash flow statement for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including annexures to the Board's Report and Management Discussion & Analysis Report, but does not include the standalone financial statements and our auditors' report thereon. The Board's Report including annexures to the Board's Report and Management Discussion & Analysis Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. When we read the Board's Report including annexures to the Board's Report and Management Discussion &

Analysis Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **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 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 the Accounting Standards and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the relevant 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.
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

The Company has not paid any managerial remuneration.

- h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For YAPL & Co.  
Chartered Accountants  
Firm Regn.No.017800N

(CA Neha Kansal)  
Partner  
M.No.540386

Dated: 28.05.2019  
Place: Ludhiana

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of KOVALAM INVESTMENT AND TRADING COMPANY LIMITED of even date)

### **Report on the Internal Financial Controls Over Financial Reporting 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 **KOVALAM INVESTMENT AND TRADING COMPANY LIMITED** (“the Company”) as of March 31, 2019 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 Board of Directors of the Company 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. 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 respective 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.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **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, to the best of our information and according to the explanations given to us, 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, 2019, 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 YAPL & Co.  
Chartered Accountants  
Firm Regn.No.017800N

(CA Neha Kansal)  
Partner  
M.No.540386  
Dated: 28.05.2019  
Place: Ludhiana

## **ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of KOVALAM INVESTMENT AND TRADING COMPANY LIMITED of even date)**

- i. The Company does not have any fixed assets. Hence, the clause is not applicable to the company.
- ii. The Company does not have any Inventories. Hence, the clause is not applicable to the company.
- iii. (a) The Company has granted loans to one bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').  
  
(b) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the bodies corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.  
  
(c) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the principal and interest as stipulated.  
  
(d) There are no overdue amounts in respect of the loan granted to a body corporate listed in the register maintained under section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- vi. The provision of cost record is not applicable to the company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2019.
- viii. The Company has not taken any loan hence the clause is not applicable to the company.

- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The term loans were applied for the purpose for which those were raised. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. The Company has not paid/provided for managerial remuneration. Hence, the clause is not applicable to the company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is registered under section 45-IA of the Reserve Bank of India Act 1934.

For YAPL & Co.  
Chartered Accountants  
Firm Regn.No.017800N

(CA Neha Kansal)  
Partner  
M.No.540386

Dated: 28.05.2019  
Place: Ludhiana

**KOVALAM INVESTMENT AND TRADING COMPANY LIMITED****BALANCE SHEET AS AT 31.03.2019**

PARTICULARS	Refer Note No.	Amount (Rs.)	
		AS AT 31.03.2019	AS AT 31.03.2018
<b><u>EQUITY AND LIABILITIES</u></b>			
<u>Shareholders' Funds</u>			
Share Capital	1	2,22,39,140.00	2,22,39,140.00
Reserve and Surplus	2	24,03,06,268.43	23,89,38,753.63
		<u>26,25,45,408.43</u>	<u>26,11,77,893.63</u>
<u>Current Liabilities</u>			
Other Current Liabilities	3	1,96,618.55	1,89,075.44
Short Term Provisions	4	19,81,816.00	51,29,256.00
		<u>21,78,434.55</u>	<u>53,18,331.44</u>
Total Equity and Liabilities		<u>26,47,23,842.98</u>	<u>26,64,96,225.07</u>
<b><u>ASSETS</u></b>			
Non Current Investments	5	25,67,68,477.40	16,77,02,064.86
Deferred Tax Asset (Net)	6	1,45,566.00	1,90,644.00
		<u>25,69,14,043.40</u>	<u>16,78,92,708.86</u>
<u>Current Assets</u>			
Cash and Cash Equivalents	7	17,60,492.63	25,46,134.48
Short Term Loans and Advances	8	32,00,000.00	8,73,00,000.00
Other Current Assets	9	28,49,306.95	87,57,381.73
		<u>78,09,799.58</u>	<u>9,86,03,516.21</u>
Total Assets		<u>26,47,23,842.98</u>	<u>26,64,96,225.07</u>
Significant Accounting Policies Notes on Financial Statements	1 To 23	-	-

AS per our Report of even date annexed

**FOR Y A P L & CO**

Chartered Accountants

FRN - 017800N

**FOR KOVALAM INVESTMENT AND TRADING CO. LTD.****(NEHA KANSAL)**

Partner

M.No.540386

**(NAVDEEP SHARMA)**

DIRECTOR

DIN - 00454285

**(PAWAN KUMAR SHARMA)**

DIRECTOR

DIN - 07163131

**(JYOTI SUD)**

CFO cum Company Secretary

**(M K JAIN)**

Manager

Place : Ludhiana  
Dated: 28.05.2019

**KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2019**

PARTICULARS	Refer Note No.	Amount (Rs.)	
		AS AT 31.03.2019	AS AT 31.03.2018
<b><u>INCOME</u></b>			
<u>Revenue from Operations</u>			
Income from Brokerage (Gross)		47,46,345.31	93,28,569.34
Less: Service Tax		0.00	-2,59,379.81
		<u>47,46,345.31</u>	<u>90,69,189.53</u>
Other Operating Income	10	66,21,299.50	1,63,23,014.62
Other Income	11	<u>40,27,187.68</u>	<u>1,06,800.08</u>
Total Revenue		<u><u>1,53,94,832.49</u></u>	<u><u>2,54,99,004.23</u></u>
<b><u>EXPENSES</u></b>			
Employee Benefits expenses	12	11,49,143.00	10,80,000.00
Other Expenses	13	<u>1,08,61,906.69</u>	<u>31,75,926.65</u>
Total Expenses		<u><u>1,20,11,049.69</u></u>	<u><u>42,55,926.65</u></u>
<b>Profit before tax</b>		<b>33,83,782.80</b>	<b>2,12,43,077.58</b>
Tax Expense:			
Current Tax		-19,73,816.00	-49,11,006.00
Deffered Tax	6	<u>-45,078.00</u>	<u>-6,02,194.00</u>
<b>Profit for the period</b>		<u><u>13,64,888.80</u></u>	<u><u>1,57,29,877.58</u></u>
Earnings per equity share:			
Basic and Diluted		0.61	7.07

Significant Accounting Policies Notes on  
Financial Statements

1 To 23

AS per our Report of even date annexed

**FOR Y A P L & CO**  
Chartered Accountants  
FRN - 017800N

**FOR KOVALAM INVESTMENT AND TRADING CO. LTD.**

(NEHA KANSAL)  
Partner

(NAVDEEP SHARMA)  
DIRECTOR  
DIN - 00454285

(PAWAN KUMAR SHARMA)  
DIRECTOR  
DIN - 07163131

M.No.540386  
Place : Ludhiana  
Dated: 28.05.2019

(JYOTI SUD)  
CFO cum Company Secretary

(M K JAIN)  
Manager

**KOVALAM INVESTMENT AND TRADING COMPANY LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED - 31.03.2019****(Amount in Rs.)**

<b>PARTICULARS</b>	<b>Year Ended 31.03.2019</b>	<b>Year Ended 31.03.2018</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax & Extra Ordinary items	33,83,783	2,12,43,078
Adjustments for		
1. Depreciation and Non cash expenses	-	-
2. Provision for Standard Asset	(2,10,250)	(1,06,750)
3. Diminuation in Permanent Nature	(35,81,822)	8,83,462
4. Profit/Loss on Sale of Investments	77,58,486	-
5. Dividend	(10,28,659)	(54,31,537)
6. Interest (Net)	<u>(55,92,641)</u>	<u>(1,08,91,478)</u>
Operating Profit before working capital changes:	<u>7,28,897</u>	<u>56,96,775</u>
Adjustments for		
1. Trade & other receivable	34,38,890	(4,50,457)
2. Inventories	-	-
3. Trade payables	7,543	1,45,473
4. Deferred payment expenses	-	-
Cash generated from operations	41,75,330	53,91,791
Taxes paid	<u>(24,39,196)</u>	<u>(72,75,455)</u>
Net cash from operating activities	<u>17,36,134</u>	<u>(18,83,664)</u>
<b>B CASH FLOW FROM INVESTING &amp; FINANCING ACTIVITIES</b>		
Change in Loans and Advances	8,41,00,000	4,27,00,000
Purchase of Investments	(9,42,00,000)	(5,49,82,138)
Sale of Investments	9,56,924	-
Interest received	55,92,641	1,08,91,478
Dividend received	<u>10,28,659</u>	<u>54,31,537</u>
Net cash from investing activities	<u>(25,21,777)</u>	<u>40,40,877</u>
Net Change in Cash and Cash Equivalents [A + B + C]	(7,85,642)	21,57,213
Cash and Cash equivalents as at beginning of the year	25,46,135	3,88,922
Cash and Cash equivalents as at close of the year	<u>17,60,493</u>	<u>25,46,135</u>

**NOTES:**

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1 Figures in brackets represent cash out flows.

2 The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year presentation.

As per Our report of even date annexed.

**FOR Y A P L & CO**

Chartered Accountants

FRN - 017800N

**(NEHA KANSAL)****Partner**

M.No.540386

Place: Ludhiana

Dated: 28.05.2019

**KOVALAM INVESTMENT AND TRADING CO. LTD.****(NAVDEEP SHARMA)****DIRECTOR****DIN - 00454285****(JYOTI SUD)****CFO cum Company Secretary****(PAWAN KUMAR SHARMA)****DIRECTOR****DIN - 07163131****(M K JAIN)****Manager**

**KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**

**Note : 1.1 SHARE CAPITAL**

PARTICULARS	Amount (Rs.)			
	AS AT 31.03.2019		AS AT 31.03.2018	
	Number	Rs.	Number	Rs.
<u>Authorised</u>				
Equity Share of Rs.10/- each	3000000	3,00,00,000.00	3000000	3,00,00,000.00
	<u>3000000</u>	<u>3,00,00,000.00</u>	<u>3000000</u>	<u>3,00,00,000.00</u>
<u>Issued, Subscribed &amp; Paid up</u>				
Equity Shares of Rs.10/- each fully paid up	2223914	2,22,39,140.00	2223914	2,22,39,140.00
	<u>2223914</u>	<u>2,22,39,140.00</u>	<u>2223914</u>	<u>2,22,39,140.00</u>

Note: 1.2 Reconciliation of Shares Outstanding at the beginning and at the end of the reporting period

PARTICULARS	Equity Shares		Equity Shares	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	2223914	2,22,39,140.00	2223914	2,22,39,140.00
Share issued during the year	Nil	0.00	Nil	0.00
Shares outstanding at the end of the year	<u>2223914</u>	<u>2,22,39,140.00</u>	<u>2223914</u>	<u>2,22,39,140.00</u>

Note:  
In view of Clause 40A of the listing agreement and in view to increase the public shareholding to the minimum requirement of 25% the Company had issued 517704 Equity shares of Rs.10/- each on 08.08.2013 as Bonus Share to the public shareholders, promoters forgoing their rights.

Note: 1.3 Name of Shareholders holding more than 5% Shares of the Company

Name of Shareholders	As at 31st. March,2019		As at 31st. March,2018	
	No.of Shares	% of	No.of Shares	% of
	Held	Holding	Held	Holding

Nagdevi Trading and Investment .

Company Limited	830685	37.35	830685	37.35
Sankheshwar Holding Co. Ltd.	176400	7.93	176400	7.93
Suvrat Trading Co. Ltd.	160035	7.20	160035	7.20
Vanaik Investors Ltd.	123360	5.55	123360	5.55

**KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**

PARTICULARS	Amount (Rs.)	
	AS AT	AS AT
	31.03.2019	31.03.2018
<u>Note: 2 Reserves &amp; Surplus</u>		
<u>General Reserves</u>		
Opening Balance	11,81,40,960.00	11,81,40,960.00
Closing Balance ( A )	<u>11,81,40,960.00</u>	<u>11,81,40,960.00</u>
<u>Statutory Reserves Fund</u>		
Opening Balance	4,79,93,000.00	4,48,43,000.00
(+) Current Year Transfer	<u>2,73,000.00</u>	<u>31,50,000.00</u>
Closing Balance ( B )	<u>4,82,66,000.00</u>	<u>4,79,93,000.00</u>
<u>Surplus</u>		
Opening Balance	7,28,04,793.63	6,02,25,116.05
(+) Profit for the year	13,64,888.80	1,57,29,877.58
Income-tax Adjustments for prior periods	2,626.00	(200.00)
(-) Statutory Reserves Fund	<u>-2,73,000.00</u>	<u>-31,50,000.00</u>
Closing Balance ( C )	<u>7,38,99,308.43</u>	<u>7,28,04,793.63</u>
TOTAL:- ( A + B + C )	<u>24,03,06,268.43</u>	<u>23,89,38,753.63</u>
<u>Note: 3 Other Current Liabilities</u>		
Statutory Audit fee payable	20,000.00	23,600.00
Tax Audit fee payable	4,000.00	4,720.00
Tax Deducted at Sources Payable	15,000.00	33,500.00
GST Payable	62,570.90	1,07,637.44
Amount Payables	2,319.65	1,718.00
Rent Payables	0.00	12,000.00
Expenses Payable	<u>92,728.00</u>	<u>5,900.00</u>
	<u>1,96,618.55</u>	<u>1,89,075.44</u>
<u>Note: 4 Short Term Provisions</u>		
Provision for Standard Asset	8,000.00	2,18,250.00

**KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**

PARTICULARS	Amount (Rs.)	
	AS AT	AS AT
	31.03.2019	31.03.2018
Provisions for Income-tax	19,73,816.00	49,11,006.00
	<u>19,81,816.00</u>	<u>51,29,256.00</u>
<u>Note: 5 Non Current Investments</u>		
<u>Trade Investments (Refer A below)</u>		
Investment in Equity Instruments	5,52,80,367.36	1,93,86,907.36
( A )	<u>5,52,80,367.36</u>	<u>1,93,86,907.36</u>
<u>Other Investments (Refer B below)</u>		
Investment in Equity Instruments	13,53,13,550.04	10,49,22,419.50
Diminuation in Permanent Nature	<u>-38,30,440.00</u>	<u>(74,12,262.00)</u>
	13,14,83,110.04	9,75,10,157.50
Investment in Preference Shares	5,000.00	5,000.00
Investment in Units	1,00,00,000.00	1,00,00,000.00
Investment in AIF	6,00,00,000.00	4,08,00,000.00
( B )	<u>20,14,88,110.04</u>	<u>14,83,15,157.50</u>
TOTAL:- ( A + B )	<u>25,67,68,477.40</u>	<u>16,77,02,064.86</u>
Aggregate amount of quoted investments	25,24,60,342.40	16,52,16,111.86
Aggregate Market value of quoted investments	31,72,47,661.28	29,92,01,250.26
Aggregate amount of unquoted investments	43,08,135.00	24,85,953.00

Note: 5.1

Note: The Market Value of quoted investments is based on the price prevailing in the market as on 31st. March, 2019.

Note: 6 Deferred Tax Assets

As per Accounting standard 22, of the Institute of Chartered Accountants of India, is as under:-

Deferred Tax Assets

Timing Difference of short term capital loss,

(-)opening bal of deffered tax	1,90,644.00	7,92,838.00
Deffered Tax as per P&L	<u>(45,078.00)</u>	<u>(6,02,194.00)</u>
Deffered Tax as per Balance Sheet	<u>1,45,566.00</u>	<u>1,90,644.00</u>

Note: 7 Cash and Cash Equivalent

a) Cash in hand	2,838.57	3,188.57
b) <u>Balances with Banks</u>		
<u>In Current Account</u>		
Allahabad Bank, Ludhiana	17,10,486.05	5,44,007.90
ICICI Bank Ltd., Ludhiana	47,168.01	19,98,938.01
c) Cheques in hand	0.00	0.00
	<u>17,60,492.63</u>	<u>25,46,134.48</u>

**KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**

**ANNEXURE OF NOTE NO: 5**

Sr. No	Name of the Body Corporate	Subsidiary/ Associates/ JV/Controlled Entity/ Others	% of Holding	No. of Shares/Units		Quoted/ Unquoted	Face Value (Rs.)	Partly paid/ Fully paid/	Amount (Rs.)		Whether stated at cost Yes/No.	If Answers to Column (9) is "No" basis of Valuation
				2019	2018				2019	2018		
				(4)	(5)				(6)	(7)		
1	2	3	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)

**A. Details of Trade Investments**

a) Investment in Equity Instruments

1	Nagdevi Trading and Investment Co.Ltd.	Other Related Party	2.19	3350	3350	Un-quoted	100/-	Fully paid	50,000.00	50,000.00	Yes	N.A.
2	Oswal Leasing Ltd.	Other Related Party	2.84	14200	14200	Quoted	10/-	Fully paid	1,42,668.00	1,42,668.00	Yes	N.A.
3	Nahar Capital and Financial Services Ltd.	Other Related Party	4.54	760195	371527	Quoted	5/-	Fully paid	4,67,45,319.42	1,08,51,859.42	Yes	N.A.
4	Vardhman Investments Limited	Other Related Party	-	11	11	Un-quoted	100/-	Fully paid	102.00	102.00	Yes	N.A.
5	Atam Vallabh Financiers Ltd.	Other Related Party	-	11	11	Un-quoted	100/-	Fully paid	101.00	101.00	Yes	N.A.
6	IDBI Bank Ltd.	Others	-	50000	50000	Quoted	10/-	Fully paid	62,37,989.45	62,37,989.45	Yes	N.A.
7	The Federal Bank Limited	Others	-	20000	20000	Quoted	2/-	Fully paid	19,94,516.49	19,94,516.49	Yes	N.A.
8	Palam Motels Ltd.	Other Related Party	1.50	75	75	Un-quoted	100/-	Fully paid	1,09,671.00	1,09,671.00	Yes	N.A.
Total Trade Investment 'A'									<u>5,52,80,367.36</u>	<u>1,93,86,907.36</u>		

**B. Details of Other Investments**

a) Investment in Equity Instruments

1	Hug Foods Private Limited	Associates	12.00	450000	900000	Un-quoted	10/-	Fully paid	45,00,000.00	90,00,000.00	Yes	N.A.
2	Nahar Spinning Mills Ltd.	Other Related Party	2.16	778057	381911	Quoted	5/-	Fully paid	4,66,32,978.44	1,02,66,798.44	Yes	N.A.
3	Cotton County Retails Ltd	Other Related Party		70902	0	Quoted	10/-	Fully paid	27,40,360.00	0.00	Yes	N.A.
4	Nahar Industrial Enterprises Ltd.	Other Related Party	5.19	2068920	2068920	Quoted	10/-	Fully paid	6,22,01,038.40	6,22,01,038.40	Yes	N.A.
5	Nahar Poly Films Ltd.	Other Related Party	0.87	213037	213037	Quoted	5/-	Fully paid	13,29,538.49	13,29,538.49	Yes	N.A.
6	White Tiger Breweries & Distilleries Ltd.	Other Related Party	7.00	50000	50000	Un-quoted	10/-	Fully paid	6,53,059.00	6,53,059.00	Yes	N.A.
7	Shri Atam Fabrics Ltd.	Other Related Party	16.00	8000	8000	Un-quoted	10/-	Fully paid	80,180.00	80,180.00	Yes	N.A.
8	Oswal Woollen Mills Ltd.	Other Related Party	-	45	45	Un-quoted	10/-	Fully paid	102.00	102.00	Yes	N.A.

**KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**

**ANNEXURE OF NOTE NO: 5**

Sr. No	Name of the Body Corporate	Subsidiary/ Associates/ JV/Controlled Entity/ Others	% of Holding	No. of Shares/Units		Quoted/ Unquoted	Face Value (Rs.)	Partly paid/ Fully paid/	Amount (Rs.)		Whether stated at cost Yes/No.	If Answers to Column (9) is "No" basis of Valuation
				2019	2018				2019	2018		
				(4)	(5)				(6)	(7)		
9	SRF Ltd.	Others	-	0	49	Quoted	10/-	Fully paid	0.00	166.39	Yes	N.A.
10	Kirloskar Pneumatic Co.Ltd.	Others	-	1	1	Quoted	10/-	Fully paid	60.00	60.00	Yes	N.A.
11	Mahanagar Telephone Nigam Ltd.	Others	-	55500	55500	Quoted	10/-	Fully paid	88,58,915.66	88,58,915.66	Yes	N.A.
12	Reliance Communications Ltd.	Others	-	0	12000	Quoted	5/-	Fully paid	0.00	42,15,243.07	Yes	N.A.
13	Jindal Saw Ltd.	Others	-	15500	15500	Quoted	2/-	Fully paid	21,37,243.27	21,37,243.27	Yes	N.A.
14	Trident Limited	Others	-	50000	50000	Quoted	10/-	Fully paid	42,70,525.82	42,70,525.82	Yes	N.A.
15	Noida Toll Bridge Ltd.	Others	-	50000	50000	Quoted	10/-	Fully paid	19,09,548.96	19,09,548.96	Yes	N.A.
16	JITF Infralogistic Ltd.	Others	-	0	1004	Quoted	2/-	Fully paid	0.00	0.00	Yes	N.A.
									13,53,13,550.04	10,49,22,419.50		
Less: Provision for Permanent Diminuation in Value of Investments [Hug Foods Private Limited]									-38,30,440.00	(74,12,262.00)		
<b>TOTAL: I</b>									<b>13,14,83,110.04</b>	<b>9,75,10,157.50</b>		
b) <u>Investment in Preference shares</u>												
	Raj & Sandeep Private Limited	Others	-	50	50	Unquoted	100/-	Fully paid	5,000.00	5,000.00	Yes	N.A.
<b>TOTAL: II</b>									<b>5,000.00</b>	<b>5,000.00</b>		
c) <u>Investment in Units</u>												
	DSP BlackRock Equity Fund - Direct Plan - Dividend	Others	-	127365.82	127365.82	Quoted	78.51	Fully paid	1,00,00,000.00	1,00,00,000.00	Yes	N.A.
<b>TOTAL: III</b>									<b>1,00,00,000.00</b>	<b>1,00,00,000.00</b>		
d) <u>Investment in AIF</u>												
	Motilal Oswal Focused Emergence Fund	Others	-	2124325.2	1439924.9	Quoted	9.72	Fully paid	2,00,00,000.00	1,40,00,000.00	Yes	N.A.
	Vantage Equity Fund	Others	-	198471.77	198471.77	Quoted	100.8	Fully paid	2,00,00,000.00	2,00,00,000.00	Yes	N.A.
	DSP BlackRock High Conviction Fund	Others	-	204165.3	68000	Quoted	100	Fully paid	2,00,00,000.00	68,00,000.00	Yes	N.A.
<b>TOTAL: IV</b>									<b>6,00,00,000.00</b>	<b>4,08,00,000.00</b>		
<b>Total Other Investment 'B' (I+II+III+IV)</b>									<b>20,14,88,110.04</b>	<b>14,83,15,157.50</b>		
<b>Grand Total : (A+B)</b>									<b>25,67,68,477.40</b>	<b>16,77,02,064.86</b>		

**KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**

PARTICULARS	Amount (Rs.)	
	AS AT 31.03.2019	AS AT 31.03.2018
<u>Note: 8 Short Term Loans and Advances</u>		
<u>Unsecured, considered good</u>		
<u>Loan to Other Related Party/Group Company</u>		
Oswal Woollen Mills Ltd.	32,00,000.00	8,73,00,000.00
	<u>32,00,000.00</u>	<u>8,73,00,000.00</u>
<u>Note: 9 Other Current Assets</u>		
Advance Income-tax & TDS	21,41,820.72	46,11,005.32
Amount Recoverable	1,26,070.00	32,567.37
Brokerage receivable	4,70,734.23	21,32,591.51
Interest Receivable	1,10,682.00	19,70,584.00
Service Tax Receivable	0.00	10,633.53
	<u>28,49,306.95</u>	<u>87,57,381.73</u>
<u>Note: 10 Other Operating Income</u>		
Interest Income	55,92,641.00	1,08,91,478.00
<u>Dividend Income (Non-Current Investments)</u>		
On Trade Investment	5,77,290.50	5,57,290.50
On Other Investment	4,51,368.00	48,74,246.12
	<u>66,21,299.50</u>	<u>1,63,23,014.62</u>
<u>Note: 11 Other Income</u>		
Misc. Income	0.00	50.08
Provision for Standard Asset Written back	2,10,250.00	1,06,750.00
Previous year expenses writtenback	5,220.00	0.00
Gain on Sale of Investment	1,05,586.68	0.00
Diminuation in Permanent Nature Written Back	37,06,131.00	0.00
	<u>40,27,187.68</u>	<u>1,06,800.08</u>
<u>Note: 12 Employee Benefit Expenses</u>		
Salary paid	11,49,143.00	10,80,000.00
	<u>11,49,143.00</u>	<u>10,80,000.00</u>
<u>Note: 13 Other Expenses</u>		
Bank Charges	2,380.00	2,708.03
Donation	15,00,000.00	15,00,000.00
Electricity Expenses	27,492.00	0.00
Interest Paid (GST)	1,220.00	64.00
Legal Charges	2,00,160.00	1,76,552.00
Listing Fees	2,50,000.00	2,87,500.00
Loss on Sale of Investment	77,58,485.85	0.00
Misc. Expenses	11,274.84	2,207.86
Postage & Telegram Charges	10,400.00	10,425.00
Previous Year Income Written Back	0.00	50,000.00
Printing & Stationary	14,228.00	3,600.00
Professional Fee	70,235.00	42,930.00
Provision for Permanent Diminuation in Value of Investment	1,24,309.00	8,83,462.00
Rate, Fee & Taxes	6,700.00	32,743.76
Rent Paid	7,74,000.00	1,44,000.00
S.T.T. Paid	253.00	6,639.00
Staff Welfare	1,600.00	1,600.00
Guest House Maintenance Expenses	82,369.00	0.00
<b><u>AUDITOR'S REMUNERATION</u></b>		
Statutory Audit Fee	22,500.00	26,475.00
Tax Audit Fee	4,000.00	4,720.00
Certification Charges	300.00	300.00
	<u>1,08,61,906.69</u>	<u>31,75,926.65</u>

## **KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**

Note: 14

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS**

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **a) Corporate Information**

The company is legal entity incorporated under the companies act on 28.11.1981 having CIN No.L65910PB1981PLC023058. The company is domiciled in India. The Company Registered with Reserve Bank of India as an NBFC Vide Registration No. N - 06.00576 Dated. 17.10.2003

##### **b) Accounting Convention**

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards and relevant presentational requirements of the Companies Act, 2013.

##### **c) Revenue Recognition:**

###### **i) Income from Investments**

Dividend Income is recognised when the Company's right to receive payment is established.

###### **ii) Capital Gain/Profit on Sale of Investment**

Gain/Loss on sale of Investment is considered at the time of Sale / Redemption.

###### **iii) Interest Income**

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

###### **iv) Brokerage Income**

Accounted for on accrual basis.

##### **d) Investments**

The Investments are stated at cost, Diminution in the value of investments on account of market fluctuations, which are of permanent nature are provided for.

##### **e) Accounting for Taxes on Income**

The accounting treatment followed for taxes on income is to provide for Current Tax, Deferred Tax. Current Tax is the amount of income Tax determined to be payable in respect of taxable income for a period. Deferred Tax is calculated for timing difference that originates in one period and is capable of reversal in the subsequent period.

##### **f) Impairment of Assets**

At each balance sheet date, an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

## **KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**

### Note: 15 SEGMENT REPORTING

As per Accounting Standard 17 issued by the Institute of Chartered Accountants of India regarding Segment Reporting, the detail is as under:-

<b>SEGMENT REVENUE</b>	<b>INVESTMENT &amp; FINANCE</b>		<b>SERVICES (BROKERAGE)</b>		<b>TOTAL</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
	<b>(Amount in Lacs)</b>					
External	106.49	164.30	47.46	90.69	153.95	254.99
Inter Segment	-	-	-	-	-	-
Total Revenue	106.49	164.30	47.46	90.69	153.95	254.99
<b><u>RESULTS</u></b>						
Segment Result(Before tax)	(12.42)	122.94	46.26	89.49	33.84	212.43
Unallocable Income	-	-	-	-	-	-
Income-tax - Current	-	-	-	-	(19.74)	(49.11)
Deferred Tax Asset	-	-	-	-	(0.45)	(6.02)
Profit from Ordinary Business	-	-	-	-	13.65	157.30
<b><u>OTHER INFORMATION</u></b>						
Segment Assets	2,642.53	2,595.52	4.71	21.33	2,647.24	2,616.84
Unallocable Assets			-	-	-	48.12
Segment Liabilities	21.78	2.68	-	1.07	21.78	3.75
Unallocable Liabilities			-	-	-	49.43
Depreciation	-	-	-	-	-	-
Non Cash Expenses	-	-	-	-	-	-
(Provision for Standard Asset)						

### **SEGMENT ACCOUNTING POLICIES:**

- a) Segment Revenue includes income directly identifiable with/allocable to the segment including intersegment revenue
- b) Expenses that are directly identifiable with/allocable to the segments are considered for determining the Segment Result. The expenses which relate to the Company as a whole and not allocable to segment but does not include tax & financial liabilities.
- c) Segment assets includes all operating assets i.e. investment and current assets used by the segment.
- d) Segment Liabilities consists of creditors and other liabilities directly attributable to segment but does not include tax & financial liabilities.

## **KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**

### Note: 16 RELATED PARTY DISCLOSURES

Information related to relating party transaction as per accounting standard - 18 issued by Institute of Chartered Accountants of India is given below

#### A) ASSOCIATES

NIL

#### \*B) Other Related Parties/Group Companies

Oswal Woollen Mills Ltd.,	Abhilash Growth Fund Pvt Ltd.,
Nahar Spinning Mills Ltd.,	Nagdevi Trading and Investment Co. Ltd.,
Nahar Poly Films Ltd.,	J L Growth Fund Ltd.
Nahar Industrial Enterprises Ltd.,	Monica Growth Fund Pvt. Ltd.,
Monte Carlo Fashions Ltd.,	Ruchika Growth Fund Pvt. Ltd.,
Nahar Capital and Financial Services Ltd.,	Neha Credit & Investment Pvt. Ltd.
Cotton County Retail Ltd.,	Nahar Growth Fund Pvt Ltd.,
Nahar Industrial Infrastructure Co Ltd.,	Vanaik Investors Ltd.,
Vanaik Spinning Mills Ltd.,	Girnar Investment Ltd.,
Atam Vallabh Financiers Ltd.	Vardhman Investment Ltd.,
Crown Star Ltd.,	Sidhant and Mannat Company Ltd.,
Palam Motels Ltd.,	Simran and Shanaya Company Ltd.,
Sankheshwar Holding Co.Ltd.,	Oswal Leasing Limited,
Nahar Financial and Investment Ltd.,	Suvrat Trading Co Limited,
Hug Foods Private Limited,	Amloh Industries Limited.,
Marble E-Retail Pvt. Ltd.,	White Tiger Breweries & Distilleries Ltd.
Abrotex Apparels Pvt. Ltd.,	Bermuda Insurance Brokers Pvt. Ltd.,
Monica Oswal Products Pvt. Ltd.,	Shri Atam Fabrics Ltd.,
Oswal Denims Ltd.	Cabot Trading and Investment Co. Pvt. Ltd.,
Vigil Investment Pvt. Ltd.,	and Closettrunk Private Limited

#### C) Key Management Personnel

Mrs. Jyoti Sud, CFO cum Company Secretary & Sh. M K Jain, Manager

#### D) Relatives of Key Management Personnel

\* Other Related Parties/Group companies also Includes enterprises with whom no transaction has taken place during the period.

**Amount (Rs.)**

#### E) Transaction during the Year with Other Related Parties

<u>Oswal Woollen Mills Limited</u>	<b>31.03.2019</b>	<b>31.03.2018</b>
Interest received on Inter Corporate Deposits Placed	55,92,641	1,08,91,478
T.D.S. Deducted	5,59,264	10,89,148
Intercorporate Deposits Placed for the year	49,00,000	1,75,00,000
Intercorporate Deposits Realised	8,90,00,000	6,02,00,000
Amount paid in Other Account	-	25,74,592
Rent Paid	1,44,000	1,44,000
Outstanding Balance due	32,00,000	8,73,00,000
Interest receivable	1,10,682	19,70,584
<u>Other related party transactions:</u>		
Amount paid in Other Account in JL Growth Fund Ltd.	32,36,729	22,08,628
Amount paid for Purchase of Shares from Nahar Industrial Enter. Ltd.	7,50,00,000	-
Amount Received for Sale of Shares to Vanaik Investors Ltd.	8,10,000	-
Dividend Received from Nahar Spinning Mills Ltd.	1,90,956	5,72,867
Dividend Received from Nahar Industrial Enterprises Limited	-	20,68,920
Dividend Received from Nahar Capital and Financial Services Limited	5,57,291	5,57,291
Dividend Received from Nahar Poly Films Limited	1,06,519	1,06,519

Note: Related party relationship is as identified by the Company and relied upon by the Auditors

## **KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**

### Note : 17 Earning per shares

The calculation of Earning Per Share (EPS) as disclosed in the "Statement of Profit and Loss has been made in accordance with Accounting Standard (AS)-20 "Earning Per Share"

	<b><u>31.03.2019</u></b>	<b><u>31.03.2018</u></b>
a) Profit /( Loss) after tax	13,64,888.80	1,57,29,877.58
b) Income-tax adjustments for the prior periods	2,626.00	(200.00)
Net Profit	13,67,514.80	1,57,29,677.58
c) Number of Weighted Average		
Equity Shares outstanding	22,23,914	22,23,914
d) Earning per shares (Face value - Rs.10/- per share) Basic & Diluted	0.61	7.07

### Note : 18 Transfer to Statutory Reserve Fund

A sum of Rs. 2,73,000/- (Previous Year Rs. 31,50,000/-) transferred from P & L Appropriation Account to Statutory Reserve Fund A/c in compliance with the provisions of Section 45-IC of RBI Act for the Year Ending 31.03.2019.

### Note : 19

A Statement of disclosure in terms of paragraph 18 of Non-Banking Finance Companies (Non-deposit accepting or holding) Prudential Norms (Reserve Bank) Directions, 2016 is annexed.

### Note : 20 Provision for Standard Asset and Diminuation in Investment

- a) As per RBI Guidelines a Provision of 0.25% (Previous Year - 0.25%) of Standard Asset has been created.
- b) Diminuation in Value of Investment of Hug Foods Pvt. Ltd has been provided during the year being permanent in nature.

### Note : 21

Brokerage Income for the Apr-17 to Jun-17 is shown gross of Service Tax.

Revenue from Brokerage during the year and period from July-17 to Mar-18 is net of Good and Service Tax (GST), as the same was applicable from 1st July, 2017

## **KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**

### Note : 22

Previous year figures have been regrouped/recasted/rearranged/reclassified wherever necessary to make them comparable.

### Note : 23

Company has entered agreement for investment through AIF to DSP Blackrock High Conviction Fund during the FY 17-18, outstanding balance is Rs. Nil (Previous year Rs.132 lacs) (net of advances)

Notes 1 to 23 form an integral part of the Balance Sheet and Profit and Loss Account have been fully authenticated as such.

Subject to our port of even date

**FOR Y A P L & CO**

Chartered Accountants

FRN - 017800N

**FOR KOVALAM INVESTMENT AND TRADING CO LTD**

**(NEHA KANSAL)**

**Partner**

M.No.540386

Place : Ludhiana

Dated: 28.05.2019

**(NAVDEEP SHARMA)**

**DIRECTOR**

DIN - 00454285

**(JYOTI SUD)**

**CFO cum Company Secretary**

**(PAWAN KUMAR SHARMA)**

**DIRECTOR**

DIN - 07163131

**(M K JAIN)**

**Manager**

**ANNEXURE OF NOTE NO. 19****Disclosure of details as required in terms of paragraph 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016**

Particulars Liabilities side	(Amount in Rs.)			
	Current Year		Previous Year	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
<b>1 Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid :</b>				
(a) Debentures : Secured	-	-	-	-
: Unsecured (other than falling within the meaning of public deposits*)	-	-	-	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	-	-	-	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits*	-	-	-	-
(g) Other Loans (specify nature)	-	-	-	-
*Please see Note 1 below				
<b>2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>				
(a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other Public Deposits	-	-	-	-
*Please see Note 1 below				
<b>Assets side</b>	<b>Amount outstanding</b>		<b>Amount outstanding</b>	
<b>3 Break-up of Loans and Advances including bills receivables [other</b>				
(a) Secured	-		-	
(b) Unsecured	32,00,000		8,73,00,000	
<b>4 Break up of Leased Assets and stock on hire and other assets</b>				
(i) Lease assets including lease rentals under sundry debtors:				
(a) Financial lease	-		-	
(b) Operating lease	-		-	
(ii) Stock on hire including hire charges under sundry debtors:				
(a) Assets on hire	-		-	
(b) Repossessed Assets	-		-	
(iii) Other loans counting towards AFC activities				
(a) Loans where assets have been repossessed	-		-	
(b) Loans other than (a) above	-		-	

## 5 Break-up of Investments

### Current Investments

#### 1 Quoted

(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

#### 2 Unquoted

(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

### Long Term Investments

#### 1 Quoted

(i) Shares		
(a) Equity	<b>18,24,60,342</b>	<b>11,44,16,112</b>
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	<b>7,00,00,000</b>	<b>5,08,00,000</b>
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

#### 2 Unquoted

(i) Shares		
(a) Equity	<b>43,03,135</b>	<b>24,80,953</b>
(b) Preference	<b>5,000</b>	<b>5,000</b>
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

**6 Borrower group-wise classification of assets financed as in (3) and (4) above:**

Please see Note 2 below

Category	Amount net of provisions					
	Current Year			Previous Year		
	Secured	Unsecured	Total	Secured	Unsecured	Total
<b>1 Related Parties **</b>						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	32,00,000	32,00,000	-	8,73,00,000	8,73,00,000
<b>2 Other than related parties</b>	-	-	-	-	-	-
<b>Total</b>	-	<b>32,00,000</b>	<b>32,00,000</b>	-	<b>8,73,00,000</b>	<b>8,73,00,000</b>

**7 Investor group-wise classification of all investments (current and long term) in shares and debentures (both quoted and unquoted):**

Please see Note 3 below

Category	Current Year		Previous Year	
	Market Value/Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value/Break up or fair value or NAV	Book Value (Net of Provisions)
	<b>1 Related Parties **</b>			
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	24,34,52,029	16,13,54,678	24,22,55,332	8,72,72,856
<b>2 Other than related parties</b>	7,81,03,767	9,54,13,800	5,94,31,872	8,04,29,209
<b>Total</b>	<b>32,15,55,796</b>	<b>25,67,68,477</b>	<b>30,16,87,204</b>	<b>16,77,02,065</b>

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

**8 Other information**

Particulars	Current Year	Previous Year
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	-	-
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	-	-
(iii) Assets acquired in satisfaction of debt	-	-

**Notes:**

1 As defined in point xix of paragraph 3 of Chapter 2 of these Directions.

2 Provisioning norms shall be applicable as prescribed in these Directions.

3 All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.

# KOVALAM INVESTMENT AND TRADING COMPANY LIMITED

Regd. Office: Premises Oswal Woollen Mills Ltd., G. T. Road, Sherpur, Ludhiana – 141003, Punjab

CIN: L65910PB1981PLC023058

Email: kovalam@owmnahar.com Website: www.owmnahar.com

## BALLOT FORM

Name of Registered Address of the Sole/First named Member:

Sr. No. \_\_\_\_\_

Names of the Joint Member(s), if any:

Registered Folio No.:

No. of shares held:

I/We hereby exercise my/our vote(s) in respect of the following Resolutions as set out in the Notice dated 13<sup>th</sup> day of August, 2019 of the Company by conveying my/our assent (for) or dissent (against) the said Resolutions by placing the tick mark(✓) at the appropriate box below:

Resolution No.	Description	No. of Shares	I/we assent to the Resolution (FOR)	(We dissent to the Resolution (AGAINST)
1.	To receive, consider and adopt the Financial Statements for the financial year ended on 31.03.2019 and the Reports of Board of Directors and Auditors thereon.			
2	To appoint Director in place of Sh. Pawan Kumar Sharma (DIN: 07163131) who retires by rotation and being eligible, offers himself for re-appointment.			
3.	To appoint Sh. Mohinder Kumar Jain as Manager of the Company.			

Place:

Signature of the Member

Date :

or  
Authorised Representative

Notes:

- (i) If you have casted your vote by e-voting, there is no need to fill and sign this form
- (ii) Please read the instructions printed overleaf carefully before exercising your vote.

### INSTRUCTIONS

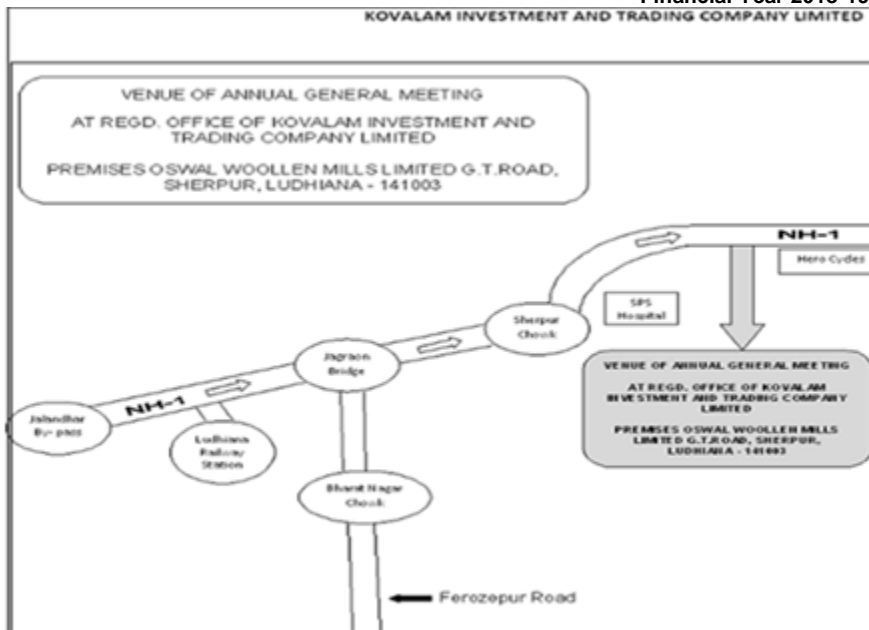
#### 1. General Instructions:

- a. There will be one Ballot form/e-voting for every Folio No., irrespective of the number of joint holders.
- b. Members have option to vote either through remote e-voting or through Ballot Form at the AGM. If a member has casted vote via remote e-voting, then vote cast by him/her via ballot form at the AGM shall be considered as invalid.
- c. Voting in the ballot/e-voting cannot be exercised by a proxy. However, corporate and institutional members shall be entitled to vote through their authorized representatives with proof of their authorization, as stated below under instruction no. 2(b).
- d. Any query in relation to the Resolutions proposed to be passed at the ensuing AGM may be addressed to Company at the Registered Office of the Company.
- e. The Scrutinizer's decision on the validity of a Ballot/E-voting shall be final and binding.

#### 2. Instructions for voting physically by Ballot Form:

- a. This Form must be completed and signed by the Member who is desirous of exercising his/her vote at the 37<sup>th</sup> Annual General Meeting, as per specimen signature registered with the Company. In case of joint holding, this Form must be completed and signed (as per the specimen signature registered with the Company) by the first named Member and in his/her absence, by the next named Member.
- b. In respect of shares held by corporate and institutional members (companies, trusts, societies, etc.), the completed Ballot Form should be accompanied by a certified copy of the relevant Board Resolution/appropriate authorization, with the specimen signature(s) of the authorized signatory(ies) duly attested.
- c. Voting rights shall be reckoned in proportion to the paid-up equity shares registered in the name of the Members as on cutoff date i.e. 20<sup>th</sup> September, 2019.
- d. The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' by placing a tick mark (✓) in the appropriate column in the Ballot Form. The assent or dissent received in any other form shall not be considered valid.
- e. Members are requested to fill the Ballot Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
- f. Incomplete, unsigned or incorrectly ticked Ballot Forms will be rejected.
- g. The Scrutinizer shall immediately after the conclusion of Annual General Meeting first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the meeting, a Consolidated Scrutinizer's Report of the total votes cast in the favor or against, if any, forthwith to the Chairman.
- h. The result declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.owmnahar.com](http://www.owmnahar.com) and on the website of CDSL [www.cdslindia.com](http://www.cdslindia.com). The results shall simultaneously be communicated to the Stock Exchanges.

#### Financial Year 2018-19



**KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**  
 CIN:L65910PB1981PLC023058  
 Regd. Office: Premises Oswal Woollen Mills Ltd,  
 G.T. Road, Sherpur, Ludhiana-141003, Punjab  
 Phone No. 0161-5066607, Fax. No. 0161- 5066602  
 Email: kovalam@owmnahar.com

**ATTENDANCE SLIP  
 E- VOTING PARTICULARS**

**37th ANNUAL GENERAL MEETING**

**2019**

I/we hereby record my/our presence at the 37<sup>th</sup> Annual General Meeting of the Company to be held on Saturday, the 28<sup>th</sup> day of September 2019 at 4:00 PM at the registered office of the Company.

Member's/Proxy's Name in Block Letters	No. of Shares Held
Folio No.	Member's/Proxy's Signature

- Note: 1. Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the Meeting venue.
- Please read instructions given at Note No. 23 of the Notice of 37<sup>th</sup> Annual General Meeting carefully before voting electronically.

**ELECTRONIC VOTING PARTICULARS**

EVSN (E-voting Sequence Number)	User ID/Folio No.	Sequence No.
190821053		

..... Cut here .....

**KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**  
 CIN:L65910PB1981PLC023058  
 Regd. Office: Premises Oswal Woollen Mills Ltd,  
 G.T. Road, Sherpur, Ludhiana-141003, Punjab  
 Phone No. 0161-5066607, Fax. No. 0161- 5066602  
 Email: kovalam@owmnahar.com

**PROXY FORM (Form No. MGT-11)**

(Pursuant to section 105(6) of the Companies Act 2013 and Rule 19(3) of the Companies (Management and Administration Rule, 2014)

Name of the Members(s)	
Registered Address	
Email Id	
Folio No.	

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

- Name \_\_\_\_\_ Address: \_\_\_\_\_  
 Email Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him
- Name : \_\_\_\_\_ Address : \_\_\_\_\_  
 Email Id: \_\_\_\_\_ Signature : \_\_\_\_\_

as my/our proxy attend and vote (on a poll) for me/us and on my/our behalf at the 37<sup>th</sup> Annual General Meeting of the Company, to be held on Saturday, the 28<sup>th</sup> day of September 2019 at 4:00 pm at the Premises Oswal Woollen Mills Limited, G.T.Road, Sherpur, Ludhiana and at any adjournment thereof in respect of such resolutions as are indicated below.

Resolution No.	Resolution	Optional	
		FOR	AGAINST
1.	To receive, consider and adopt the Financial Statements for the financial year ended on 31.03.2019 and the Reports of Board of Directors and Auditors thereon.		
2	To appoint Director in place of Sh. Pawan Kumar Sharma (DIN: 07163131) who retires by rotation and being eligible, offers himself for re-appointment.		
3.	To appoint Sh. Mohinder Kumar Jain as Manager of the Company.		

Place:

Signature of share holders / proxy holders  
 or  
 Authorised Representative

Date :

Notes:

Office  
 Revenue  
 Stamp  
 Re.1/-

- This form of proxy in order to be effective should be duly completed and deposited at the registered office of the company, not less than 48 hours before the commencement of the meeting.
- For the resolutions & notes, please refer to the notice of 37<sup>th</sup> Annual General Meeting.
- Its optional to put a (✓) in the appropriate column against the resolutions indicated in the box, if you leave the 'For' or 'Against' column blank against any of the resolutions your proxy will be entitled to vote in the manner as he or she thinks appropriate.
- Please complete all details including details of members in above box before submission.

# COURIER

(Printed Matter)

If undelivered, please return to:

**KOVALAM INVESTMENT AND TRADING COMPANY LIMITED**

Regd. Office: Premises Oswal Woollen Mills Ltd

G.T Road, Sherpur, Ludhiana. 141003, Punjab.

Ph: 0161-5066607, Fax: 0161-5066602

Email: [kovalam@owmnaahar.com](mailto:kovalam@owmnaahar.com)