

September 13, 2018

To
The Manager
Department of Corporate Services,
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 001
Scrip Code: 540775

To
The Manager
The Listing Department,
National Stock Exchange of India Limited
C-1, G-Block, Bandra-Kurla Complex
Bandra, (E), Mumbai – 400 0051
Scrip Symbol: KHADIM

Dear Sir/Madam,

Subject: Annual Report for the Financial Year ended March 31, 2018 in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the Financial Year ended March 31, 2018 as approved by the shareholders of the Company at the Annual General Meeting held on September 06, 2018.

This is for your information and record.

Thanking you,

Yours faithfully,

For **Khadim India Limited**



Abhijit Dan
Company Secretary & Head - Legal
Membership No.:A21358

Encl: As above

KHADIM INDIA LIMITED

REGD. OFFICE : 'KANKARIA ESTATE', 5TH FLOOR, 6, LITTLE RUSSELL STREET
KOLKATA-700 071, INDIA, Tel No. + 91-33-4009 0501, Fax No. + 91-33-4009 0500
E-mail : frontoffice@khadims.com; Website : www.khadims.com
CIN : L19129WB1981PLC034337

KHADIM
INDIA
LIMITED



**CUSTOMER
DRIVEN.
QUALITY
CONSCIOUS.**

Khadim's[®]
THE SOLE OF INDIA

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Khadim India Limited

Annual Report 2017-18



View Online:
<https://www.khadims.com/media/pdf/annual-report-2017-18.pdf>

Customer Driven. Quality Conscious.

Khadim India Limited is a leading home-grown manufacturer and retailer of quality footwear in India, well-known under the Khadim's brand. We are a differentiated footwear player, with both mass market appeal and a strong reputation for both quality and design with the fashion conscious. Our brand presence, wide product range, and an extensive geographical and digital reach, positions us competitively in addressing the large market potential of India's growing consumer base.

At Khadim India Limited (KIL), we have a demonstrated track record of growth and success in the dual business segments of Retail and Distribution. With our proven two-pronged strategy and our consistent successes in market share growth, we are at the tipping point of garnering superior value creation.

Our B2C segment has a healthy mix of company-owned and franchise stores, supported by a strong legacy of established outsourced manufacturing. This asset-light business model gives us the agility to drive scalability, optimise operating leverage and build profitability. Meanwhile, in our distribution based B2B segment, which focuses on mass volume products, we are aided by our large in-house capacities, economies of scale and strong materials cost management with value engineering, strong product development and merchandising skills.

With a successful history based on a mature, dual-strategy business model, we are well placed to build our growth in a competitive marketplace. We have the unusual ability to straddle both retail and distribution markets, de-risking our business from the unilateral dependence on any one business type. Furthermore, we can cross leverage our experience in each segment to capitalise on the potential of both business opportunities. We also continue to leverage our strong design and manufacturing capabilities to create and grow our various popular sub-brands, leading towards premiumisation, higher ASPs and healthy gross margins.

Going forward, we aim to deepen our business penetration into our stronghold markets of Eastern and South India, while we capitalise on our strong retail brand recall in the target markets of West India and North India. Through our retail arm, we aim to enter new markets through company-owned stores and new franchisee arrangements. For our distribution business, we continuously strive to sweat our existing installed capacity to the fullest, and de-risk our business further by growing our contract manufacturing business. Given the demographic tailwinds, increasing urbanisation, and rising disposable incomes, and a greater propensity for consumers to buy branded products, we are supremely placed in a sweet spot of generating consistent long-term growth and value creation.

We are guided at all times by our unwavering motto of "delivering affordable fashion with quality". Our vision is to be in every Indian step, and fulfil our customers' needs with cost-effective and high-quality footwear solutions.

Khadim India - At a Glance

We are a 5-decade old Kolkata-based home-grown footwear retail chain offering an affordable range of footwear. We are India's 2nd largest branded footwear retail by exclusive stores, operating under the Khadim's brand. We have the largest presence in East India and are also one of the top 3 players in South India.

The ability to straddle between the Retail and Distribution markets has been our forte. Our strategy of managing these two reigns helps us de-risk our dependence on any single business. We cross-leverage the two segments to capitalise on their business potential.

We satiate the present-day customers who are great value seekers, demand world-class quality, and also are brand-conscious. Our motto is to provide them with quality and stylish, yet affordable, footwear.

YoY Rise in Sales

22.62%

High Traction Markets

East and
North East

Our Presence

23 States
1 Union Territory

Retail Outlets Added
in FY2018

89

Focus Areas for
Accelerating Growth

Maharashtra and
Tamil Nadu

Distributors Selling to
Multi-Brand Outlets

455

Retail Outlets Planned
to be Added by FY2020

150

Branded Retail Stores

753

Robust Back-End
Infrastructure

- Procurement and quality control
- Manufacturing
- Warehousing and Logistics
- Supply Chain Management



What Defines Us

a. Our Business Model

We straddle between two distinct business models – retail and distribution, each with its own customer base, product range and sales channels. We have demonstrated our growth and success in the dual segments, with the aim of serving the customers’ needs for affordable and quality footwear.

b. Our Market Share

We have a 5% market share in the organised market, with around 10 brand/sub-brands in every price bracket.

c. Our Network

We have the largest footwear retail franchise network in India, with a core objective of Fashion for Everyone. We own 753 branded exclusive retail stores across 23 states and 1 union territory, through our retail business vertical. We also have a

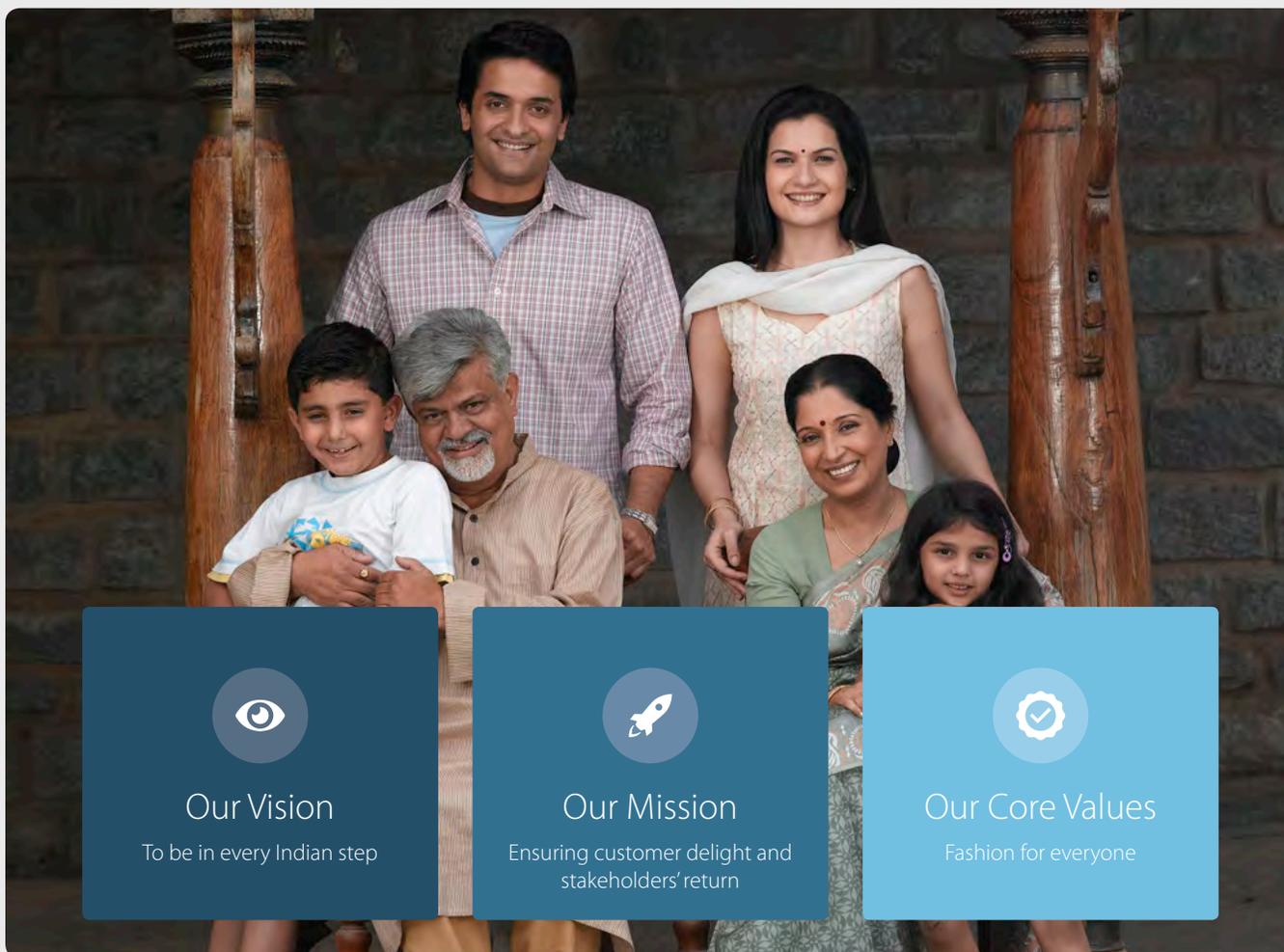
network of 455 distributors in our distribution business vertical. We have the ability to capitalise on the growth potential of both markets and de-risk dependence on any one business.

d. Catering to Customers

We have understood the “price conscious customer” well and cater to the expanding middle class segment in India. We offer quality footwear which is affordable for the entire family.

Khadim India - At a Glance

continued



We have a network of 455 distributors in our distribution business vertical. We have the ability to capitalise on the growth potential of Retail and Distribution and de-risk dependence on any one business.

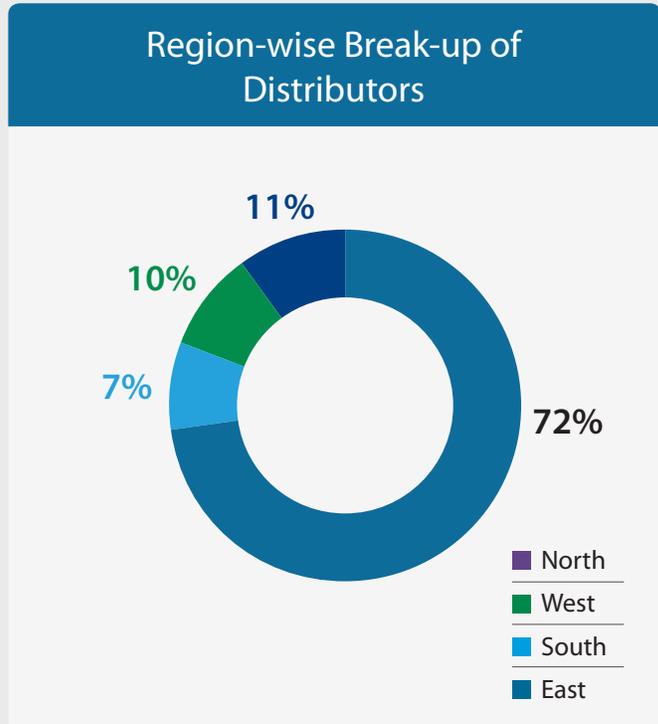
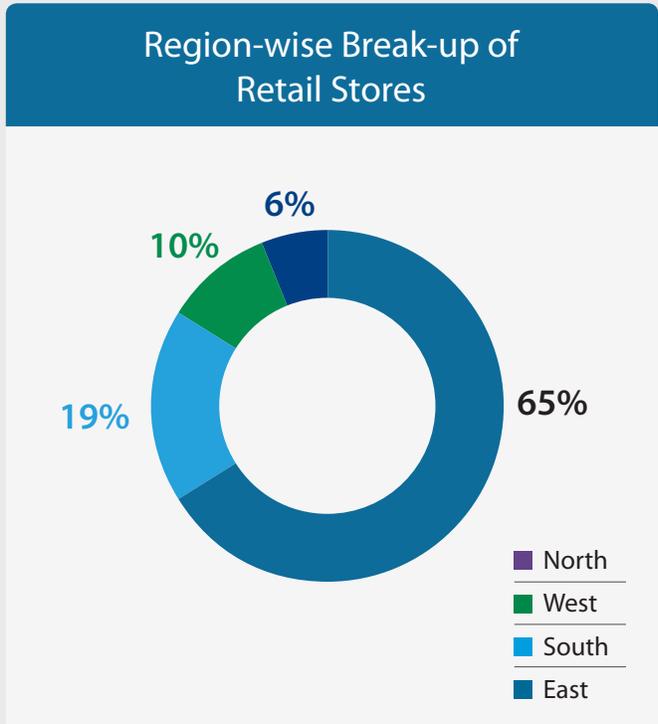
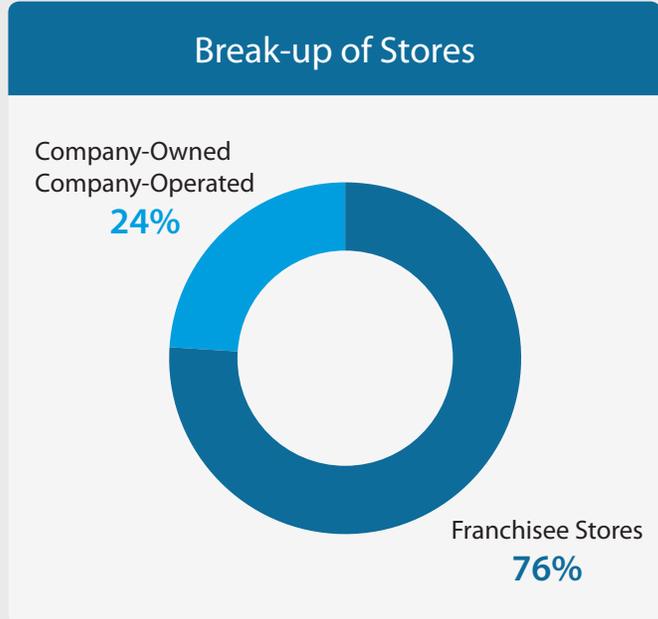
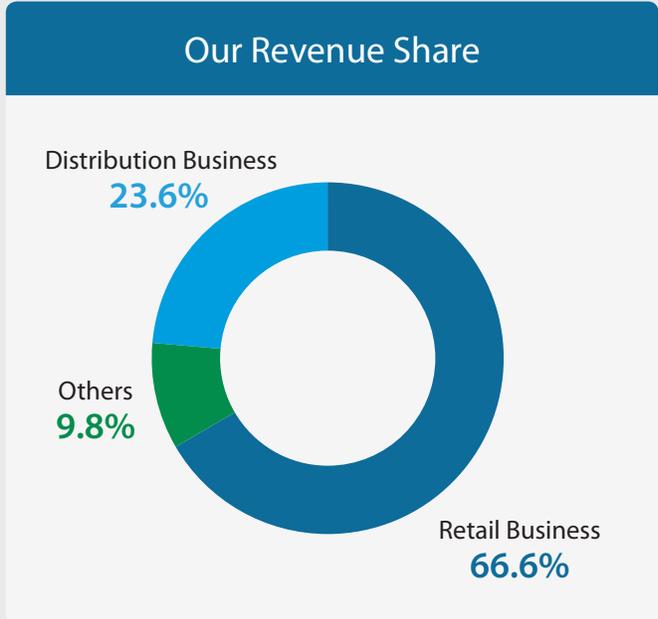
Our Asset Light Business Model for Growth

Retail Business

- 76% of retail presence through franchisee route
- Outsourcing 88.9% of product requirement

Distribution Business

- Highly scalable model on front end
- Mix of in-house and contract manufacturing



Our Competitive Advantages

Leading footwear brand in India

- 2nd largest footwear retailer
- Largest presence in East India
- One of the Top 3 players in South India
- Largest footwear retail franchise network in India
- Emerging brand in West and North India

Two-pronged market strategy

- Straddling between two distinct business models (retail and distribution), each with its own customer base, product range and sales channels
- Ability to capitalise on the growth potential of both markets and de-risk dependence on any one business

Strong design capabilities

- Understanding latest domestic and global fashion trends
- Strong design capabilities have helped to create and grow sub-brands, drive premiumisation and target and retain aspirational customers
- Grossing higher ASP and margins

Asset light model for growth

- - **Retail business:**
 - » 76% of retail presence through franchise route
 - » Outsourcing 88.9% of product requirement
- - **Distribution business:**
 - » Highly scalable model on front end
 - » Mix of in-house and contract manufacturing

Wide reach and presence

- Retail presence across 23 states and 1 Union Territory
- 753 branded retail stores
- Wide network of 455 distributors selling to Multi-Brand Outlets

Rising market potential

- Domestic footwear market projected to grow at 15% between FY2016-20
- Branded footwear market projected to grow at 20% during the same period
 - » Branded retail: 18% CAGR
 - » Branded distribution: 23% CAGR



We have the ability to capitalise on the growth potential of both markets and de-risk dependence on any one business. We have demonstrated our growth and success in the dual segments, with the aim of serving the customers' need for affordable and quality footwear.

Our Product Portfolio

We provide “affordable fashion” with a wide variety of designs and styles to men, women and children across all the age groups. Our comprehensive range of products is designed by a team of highly skilled designers, who create new designs through regular analysis of trends and market dynamics, that help our products remain fresh in the minds of consumers.

Khadim's



- Men, Women & Kids
- Fashionable and casual footwear for value conscious customers

British Walkers



- Menswear
- Formal shoes and sandals of premium quality leather

Lazard



- Menswear
- Semi-formal and casual shoes and sandals, using premium quality leather and faux leather

Turk



- Mens wear
- Outdoor boots and sandals using premium quality faux leather

Pro



- Mens and womens wear
- Sports, activity sneakers, floaters, sandals in mesh, synthetic and canvas uppers

Sharon



- Womens wear
- Fashionable yet functional sandals using premium quality faux leather

Cleo



- Womens wear
- Light and trendy sandals using premium quality faux leather

Softouch



- Mens and womens wear
- Closed and open shoes and sandals using premium quality soft leather and faux leather

Adrianna



- Womens wear
- Comfortable and fashionable footwear for pre-teens and teenage girls

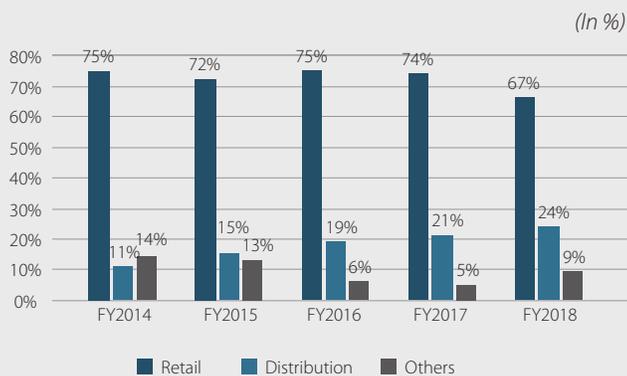
Bonito



- Kidswear
- Range of fun and colourful shoes for toddlers and children

Our Operational Summary

Segment-wise Contribution to Revenue

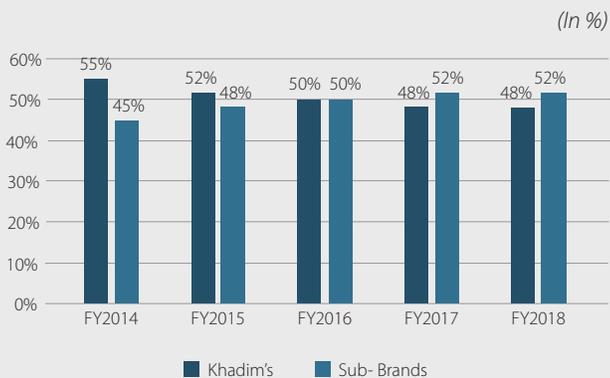


Segment-wise Contribution to Revenue - COCO* vs Franchises

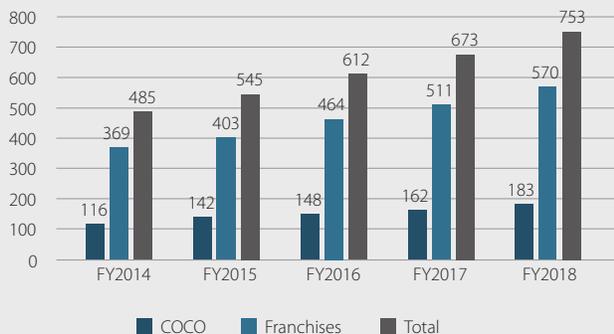


*COCO = Company Owned Company Operated

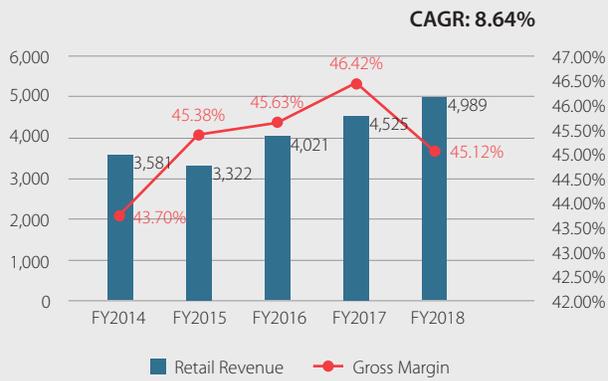
Contribution to Revenue Khadim's Brand Vs Sub-Brands



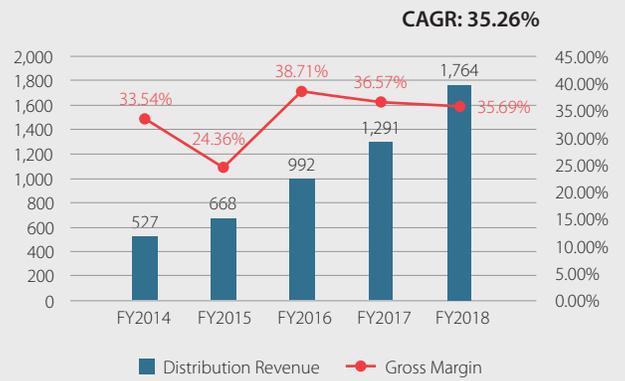
Rise in Number of Retail Stores



Rise in Retail Revenue (₹ Million) and Gross Margin (%)



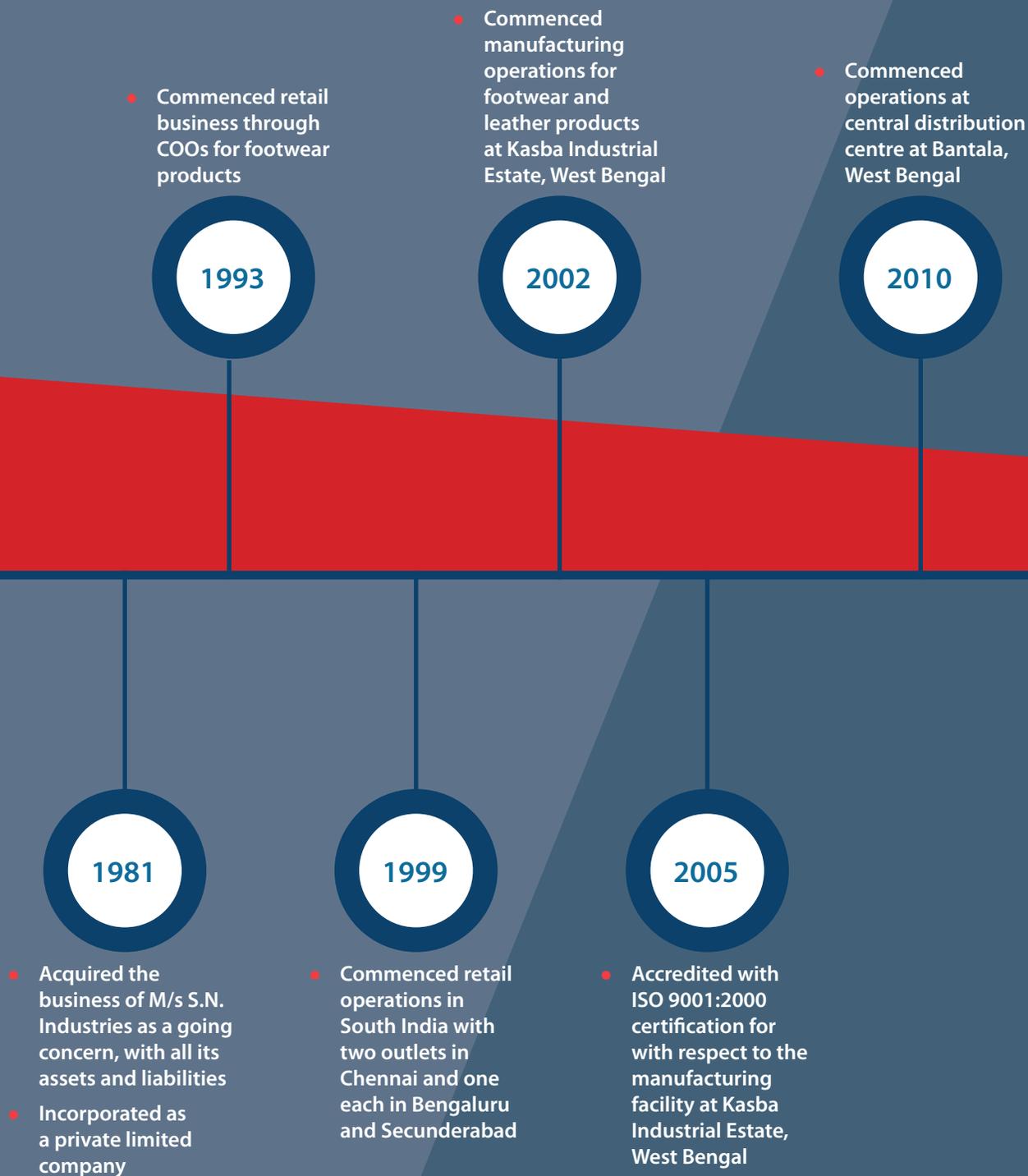
Rise in Distribution Revenue (₹ Million) and Gross Margin (%)

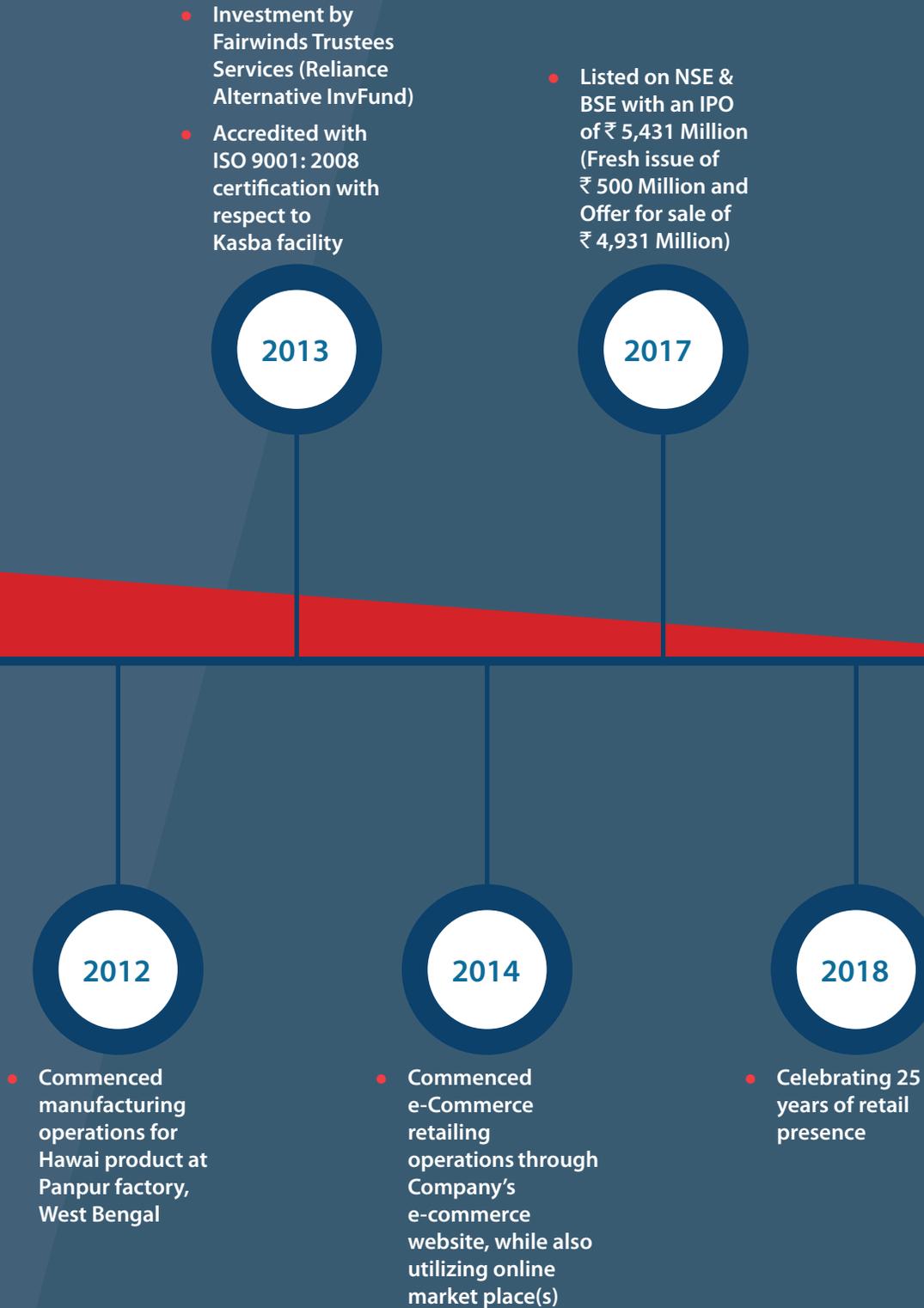


Year on Year Rise in Number of Distributors



Our Journey Over The Years





Awards & Recognition

Our awards and achievements are a direct reflection of the industry recognition and acknowledgement of the wide acceptance of our brands. Over the years, we have been conferred with the following prestigious awards in recognition of our performance and achievements.



Most Attractive Footwear
Retail Brand, 2013



Most Preferred Footwear
Brand, 2015



Srijan Samman



Mirchi Business
Excellence Awards, 2012



Bharat Chamber of
Commerce, 2002



Most Admired Retailer
of the Year (East), 2014



Most Admired Footwear
Retailer from East India, 2012



Bengal's Best
Footwear,
Brandwatch
Bengal, 2011



Most Purchased
Footwear Brand of
Bengal, 2010

Corporate Information

Board of Directors

Mr. Siddhartha Roy Burman
Chairman & Managing Director

Dr. Indra Nath Chatterjee
Independent Director

Prof. (Dr.) Surabhi Banerjee
Independent Director

Mr. Alok Chauthmal Churiwala
Independent Director

Ms. Namrata Ashok Chotrani
Non-Executive Director

Mr. Ritoban Roy Burman
Non-Executive Director

Chief Executive Officer

Ms. Ishani Ray

Chief Financial Officer

Mr. Indrajit Chaudhuri

Company Secretary & Head-Legal (Compliance Officer)

Mr. Abhijit Dan

Statutory Auditors

M/s. Deloitte Haskins & Sells
Chartered Accountants, Kolkata

Secretarial Auditors

M/s. BKG & Company
Company Secretaries, Kolkata

Cost Auditors

M/s. B. Ray & Associates
Cost Accountants, Kolkata

Bankers

State Bank of India
YES Bank Limited
Axis Bank Limited
ICICI Bank Limited
HDFC Bank Limited
Kotak Mahindra Bank Limited

Registrar and Share Transfer Agent

M/s. Link Intime India Private Limited
C -101, 247 Park,
Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai - 400083
Email: mumbai@linkintime.co.in
Tel: +91 22 49186000
Fax: +91 22 49186060

Registered Office

"Kankaria Estate", 5th Floor,
6, Little Russell Street,
Kolkata - 700071,
West Bengal, India
Phone: +91 33 40090501
Fax: + 91 33 40090500
Email: compliance@khadims.com
CIN: L19129WB1981PLC034337
Website: www.khadims.com



Key Achievements in FY2018

We witnessed a sustainable growth trajectory during the year. This was on the back of expansion in the newer markets, growth opportunity in the branded affordable segment, our diverse presence and product offerings across the value segment.

Total Revenue from Footwear Sales stood at

₹ 741.17
Crore

Total Revenue from Retail Sales went by up 10.27% to

₹ 498.93
Crore

Total Revenue from Distribution Channel went by up 36.59% to

₹ 176.39
Crore

Overall Sales Touched

₹ 748.71
Crore

Annual Production Capacity stood at

32.19
Million
Pairs of Footwear

Franchisees Added

68

Company Owned
Company Operated
Stores Added

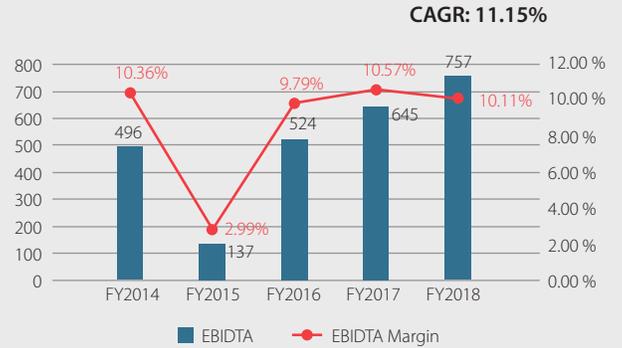
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Our Financial Scorecard

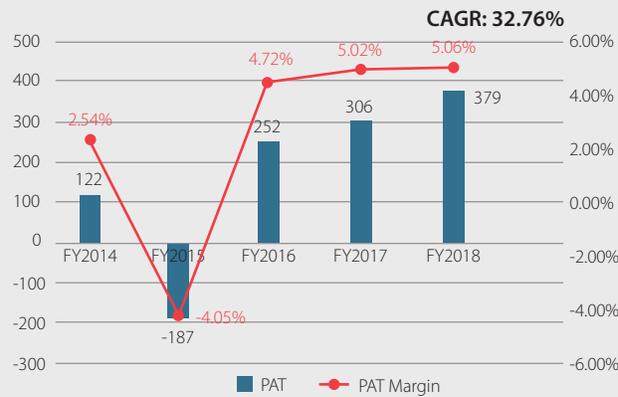
Revenue (₹ Million) and Gross Margin (%)



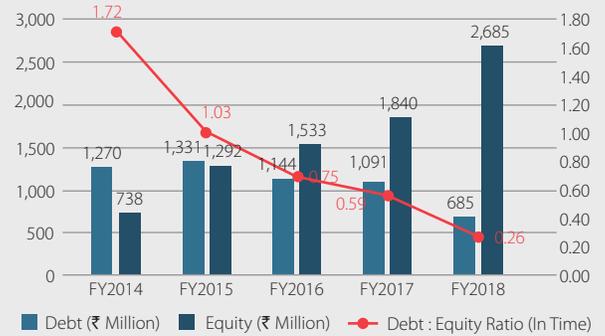
EBIDTA (₹ Million) and EBIDTA Margin (%)



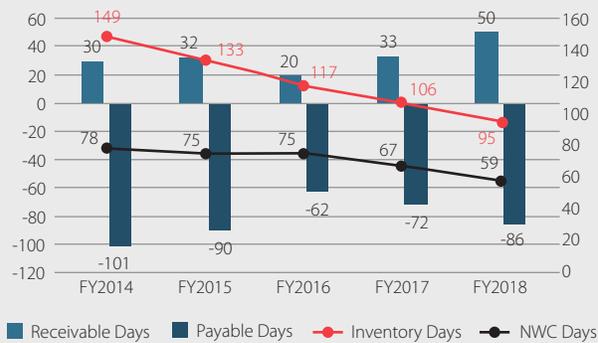
PAT (₹ Million) and PAT Margin (%)



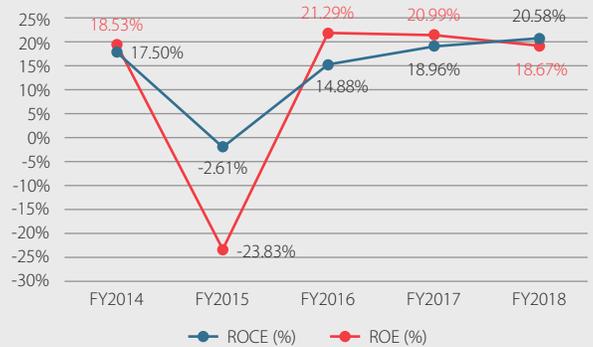
Leverage Analysis



Working Capital Analysis



Return Ratios (%)



CMD's Message to Shareholders



We are exploring the untapped potential in other markets through our two-pronged market strategy of exclusive retail and multi-brand distributors, which straddles efficiently in the retail and distribution formats with our asset light model.

Siddhartha Roy Burman
Chairman & Managing Director

Our Valued Shareholders,

To begin with, we thank you profoundly for the overwhelming response we received to our Initial Public Offering in November, 2017. Our public issue of ₹ 543 crore was subscribed 1.9 times and we are pleased to present to you the 37th Annual Report of your Company for the financial year ended March 31, 2018.

In my letter to you, I will describe our performance in FY2018, reflecting the progress we made in building our capabilities, and explain why we believe this moment marks an inflection point for the company.

Who are we

Khadim India is a leading home-grown manufacturer and retailer of quality footwear in India, well-known under the "Khadim's" brand. We continue to live by our motto of delivering stylish, yet affordable, fashion footwear to our customers. We are a differentiated footwear player, with both mass market appeal, and a strong

reputation for both quality and design, with the fashion conscious. Our brand presence, wide product range, and an extensive geographical and digital reach, position us competitively in addressing the large market potential of India's growing consumer base.

We have an enviable presence in 23 States and 1 Union Territory in India through our second-largest exclusive footwear retail network of 753 stores. Of these, 570 are franchised stores, which makes us the largest player in terms of a franchised network.

During the year, we expanded our portfolio by leveraging our design capabilities and also by upscaling our product mix and penetrating deeper into the existing and new markets. We are achieving this through inventive marketing efforts and sustained brand development to suit a variety of price points. We continued our premiumisation journey by launching tactical brands in the prestige space on a pan-India basis.

Year in Brief

The fiscal year under review has been an exciting one for your Company as it gave us the confidence to deliver strong results. It also stood as a testimony to our strong strategies and execution plans that further allowed us to withstand challenges and remain an enduring institution. Your Company performed well and delivered another year of consistent, strong and profitable growth.

We demonstrated the stability of our business model and showcased our resilience with consistent top-line and bottom-line growth, despite the challenges posed by demonetisation and GST implementation. During the year under review, our Net Profit stood at ₹ 37.90 crore, an increase of 23.69% as compared to ₹ 30.64 crore in the preceding financial year. Our endeavour to constantly scale our businesses, diversifying into new growth avenues, and consistently outperform ourselves, has helped us in carving out a considerable share of the markets in our areas of presence.

Expanding our Presence

We are exploring the untapped potential in other markets through our two-pronged market strategy of exclusive retail and multi brand distributors, which straddles efficiently across retail and distribution formats with our asset light model. Our retail business plays an important role in showcasing our footwear products on a pan-India stage. In a span of 25 years, we have steadily scaled up our retail network to 753 stores. On the other hand, our distribution business operates through a wide network of distributors catering to lower and middle income consumers in metros and Tier I - Tier III cities, who primarily shop in multi-brand-outlets (MBO) for functional products. The Company is also engaged in the business of institutional sales and export of footwear.

Industry Scenario

The macro-economic scenario has improved and India retained its ranking as the world's fastest-growing major economy. Growth in India is projected to advance further, backed by strong private consumption and strengthening of investments. India's footwear sector will be a significant beneficiary of growth in consumption. The country is the 2nd largest global producer of footwear, after China. The domestic footwear market in India is projected to grow at a CAGR of 15% to touch US\$ 12.6 billion by FY2020, up from US\$ 7.2 billion in FY2016. This growth, particularly in branded footwear, can be attributed to an increased adoption of footwear into the fashion market and shift from unbranded to branded footwear. We, at Khadim India, plan to leverage the industry growth through our undeterred focus on efficient execution of our key strategies.

Moving Ahead

We are working towards expanding our geographical footprint in western India and certain markets in north India, even as we work towards further penetrating in south India. In doing so, we will sharpen our cost and time efficiencies, and prime our ability to capitalise on new meaningful opportunities that align with our strengths. We are hopeful that our standing will gradually improve, and our performance will rebound to produce considerable value for our stakeholders.

Going forward, we will continue to invest in people with the right expertise, technology, and advanced analytics to keep pace with our growth. We are well positioned to leverage our established and growing network. We are confident that this will enable us to scale to new growth frontiers. As a trusted partner to all our stakeholders, we will continue to responsibly service all our customers with enthusiasm.

I am optimistic about our future growth prospects for the many pertinent reasons mentioned above. I am confident that we will continue to scale new peaks across key parameters.

I would like to thank our dedicated management team and skilled workforce for helping us succeed in sustaining resilience. I also express my sincere gratitude to my colleagues on the Board and to all the shareholders.

Lastly, I would want to acknowledge the support of all our stakeholders. I look forward to your patronage in our journey ahead.

Yours Sincerely,

Siddhartha Roy Burman
Chairman & Managing Director

Board of Directors



Siddhartha Roy Burman
Chairman & Managing Director

Is the Chairman & Managing Director of our Company and is our individual Promoter. He holds a bachelor's degree in Commerce from the University of Calcutta. He is responsible for the overall strategic decision making of our Company and provides leadership to all operations. He has been associated with our Company since its incorporation and was appointed as the Managing Director in April 2005 and subsequently on November 26, 2012, he has been re-designated as Chairman and Managing Director. He has 35 years of experience in the footwear industry.



Ms. Namrata Ashok Chotrani
Non-Executive, Non-Independent Director

Holds a bachelor's degree in Commerce from the H. R. College of Commerce & Economics, Mumbai University, and a master's degree in business administration from INSEAD. She has been associated with Fairwinds Asset Managers Limited since 2012 and has a total experience of over nine years in the field of private equity and M&A advisory. Prior to joining Fairwinds Asset Managers Limited, she was associated with KPMG. She had been associated with the Company since last 4 (Four) Years particularly from September 20, 2013 till March 09, 2016 as Non-voting observer and from March 10, 2016 till November 21, 2017 as nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme I.



Dr. Indra Nath Chatterjee
Independent Director

Holds a Post-Graduate Diploma in Management from the Indian Institute of Management, Calcutta and a Doctorate in Management from Symbiosis International University. He is a Fellow member of the Institute of Company Secretaries of India and a Fellow member of the Institute of Cost Accountants of India. He attended an Advanced Executive Program at Kellogg Graduate School of Business, Chicago, USA. He has been associated with the Company since 2006 and has 42 years of experience working in multi-national corporations, public sector undertakings, and educational institutions. Prior to joining our Company, he has been associated with Hinduja Group as Group President, Jindal Drilling & Industries Limited as Director and the Oil and Natural Gas Corporation Limited as Director (Finance). Further, he had also been associated with Tata Engineering and Locomotive Company Limited (currently known as Tata Motors Limited), Indian Airlines, Kamani Services Private Limited, Calcutta Business School, IFFCO- Tokio General Insurance Company Limited and Pioneer Insurance Services Limited.



Prof. (Dr.) Surabhi Banerjee
Independent Director

Holds a master's degree in arts from the University of Leeds and a Doctorate in English from University of Calcutta. She has 37 years of experience as an academician. Prior to joining our Company, she was associated with Netaji Subhas Open University as the vice chancellor, with Gour Banga University as the vice-chancellor, and with the Central University of Orissa as vice- chancellor.



Mr. Ritoban Roy Burman
Non-Executive, Non-Independent Director

Son of Mr. Siddhartha Roy Burman, Chairman and Managing Director of the Company, he is a graduate in Mass Communication from St. Xavier's College, Kolkata. He joined Khadim India Limited in 2013 as Manager-Marketing and worked till 30th November 2017. He has gained good exposure in various aspects of footwear marketing during his tenure with the Company.



Alok Chauthmal Churiwala
Independent Director

Is a third generation stockbroker and an Angel Investor. He holds a Bachelor's degree in Commerce from H.R. College of Commerce & Economics, Mumbai. He also holds a Diploma in Securities Law from the Government Law College, Mumbai apart from executive learning programs from IIM, Ahmedabad & Indian School of Business, Hyderabad. He has a rich experience of over 20 years in the Indian Capital Markets.

Churiwala Securities Private Limited (CSPL) is spearheaded by Mr. Alok Chauthmal Churiwala, whose focus and vision has helped the company to establish itself as a prominent and respected player in the industry. He has been responsible for starting the CDSL and NSE operations of the Churiwala Group. He was also responsible for the CSPL's tie up with Larsen & Toubro and Trade.com for their Internet venture (Ltrade.com).

Our Board has a wide range of experiences, competencies and perspectives, and help us grow our business and improve our processes.

Our Leadership



Ishani Ray
Chief Executive Officer

Is the Chief Executive Officer of the Company. She was appointed as such with effect from 1 April 2018. Prior to this she was the CFO of the Company. Her association with the Company goes back to March 2006. She is a Fellow Member of the Institute of Chartered Accountants of India and also holds a master's degree in commerce from the University of Calcutta.

She has about 26 years of experience in finance and accounts, taxation, audit, investor relation and business process reengineering. Prior to joining the Company she has worked with RPG Sanjeev Goenka Group, George Williamson Group and PWC.

As a CEO she is responsible for the sales and marketing, supply chain, procurement and overall operations.



Indrajit Chaudhuri
Chief Financial Officer

Is the Chief Financial Officer of the Company. Mr. Chaudhuri was elevated to the position of CFO from General Manager- Commercial and Strategic Planning with effect from 1 April 2018. He joined the Company in May 2007.

He is a Fellow Member of the Chartered Accountants of India and also holds a master's degree in commerce from the University of Calcutta. He has an experience of over 16 years in Finance & Accounts, Taxation and Strategic Planning.

He is responsible for the finance, accounts, taxation and treasury management and overall Financial Control. Additionally he also is responsible for the Legal and Secretarial, Information Technology and General Administration.



Abhijit Dan
Company Secretary & Head Legal

Is the Company Secretary & Head Legal. He holds a Bachelor's Degree in Science (Economics Hons.). He is an associate member of the Institute of Company Secretaries of India and also holds a Bachelor's Degree in Law. Prior to joining the Company, he was associated with MCPI Private Limited, Emami Infrastructure Limited and Burnpur Cement Limited. He has more than 17 years of experience in secretarial and legal affairs.

He is responsible for the overall secretarial and legal functions of the Company.



Jayanta Saha
Head - Human Resources

Is a B.A. Hons. in Economics with specialization in Mathematical Economics and a Post Graduate Diploma in Personnel Management & Industrial Relation from Xavier Institute of Social Service. He has over 25 years of work experience in varied industries like Retail, Consumer Durable, FMCG and Telecom. He has worked with India's largest business houses such as Reliance as well as some of the best MNCs like Heinz and Telenor, both at the regional and corporate level. He is

currently working with Khadim in the capacity of Head – HR. Has been in the leadership role for past 10 years and has played an important role in building the organisation through people development and latest HR practices. Some of the strategic areas of his work are culture building, performance management, capability building, IT enablement of HR processes, competency framework, processes and policies, HiPo management and succession planning.



Aranya Ray
General Manager- Supply Chain Management

Is the General Manager- Supply Chain Management of the Company. He joined the Company in August 2005. He holds a MBA from Sikkim Manipal University and a bachelor's degree in science from the University of Calcutta. He has overall 18 years of experience in supply chain and was associated with Companies like ICI India Limited and ITC Limited.

He is responsible for supply chain, logistics, procurement and merchandising in the Company.



Vinod Kumar Mishra
Assistant Vice President- Distribution and Sales

Is the Assistant Vice President- Distribution and Sales of the Company. He joined the Company in November 2013. He holds a bachelor's degree in arts from Babasaheb Bhimrao Ambedkar Bihar University, Muzaffarpur. Before joining the Company he was associated with Diamond Footcare Udyog Private limited, Aztec Shoes Private Limited and Lakhani India Limited. He has an overall experience of more than 23 years in Sales & Marketing.

He is responsible for the distribution business of the Company.



Tapas Ghosh
General Manager- Business Development

Is the General Manager- Business Development. He joined the Company in April 1997. He holds a bachelor's degree in commerce from University of Calcutta. He has more than 21 years of experience in strategic planning, accounts, IT, business development and sales.

He is responsible for the retail business of the Company.



Rajeev Kumar Mishra
General Manager- Manufacturing

Is the General Manager- Manufacturing. He holds a bachelor's degree in science from Babasaheb Bhimrao Ambedkar Bihar University, Muzaffarpur. He joined the Company in April 2014. He has an experience of 22 years in manufacturing of footwears and rubber. Before joining the

Company he was engaged with Diamond Footcare Udyog Private limited, Relaxo Footwear and Slapper Shoe Industries in Kenya.

He is responsible for the entire manufacturing process of the Company.



Rittick Roy Burman
AVP - Strategy and New Initiatives

Is a Commerce Graduate from a reputed college in Kolkata. Post his Graduation, he worked with the Company for 3 years in various departments to gain an overall understanding of the business. He completed his further studies in Berkeley, University of California as a Management Graduate and resumed work in the organization, taking care of the long-term strategy of the organisation and drive all the new initiatives and ventures.

Delivering Affordable Fashion Footwear to Our Customers

At Khadim India, we are always seeking to fulfill our promise of delivering quality and stylish, yet affordable, footwear to our customers. We are guided at all times by our unwavering motto of “making the most affordable shoes”. We strive to satiate the present-day customers who are great value seekers, demand world-class quality, and are also brand-conscious.

We design, develop and manufacture footwear for our customers. Our strong customer base and product experience is leveraged to provide a wide range of footwear to the customers. We cater to their rapidly changing tastes and converging market trends. Our commitment to quality has led us in attracting a growing client base from fashion to sports and casual brands.

By being closer to our customers, we fulfill their needs with innovative, cost effective and high quality solutions through our design and development capabilities. We seek to earn their loyalty through our responsiveness and dependability.



Our Key Market Differentiators



Capturing the Right Audience

The Khadim's brand aims to capture the target audience which is transitioning from the unorganised to the organised sector. Moving ahead, we plan to continue investing into our ability to deliver value, quality and craftsmanship. This will help us in achieving our mission of making affordable footwear, and positioning our business strongly for the future. We are also focusing on improving our product mix across retail-led and multi-brand distributor led channels. This will benefit our profitability and capacity utilisation.

By being closer to our customers, we fulfil their needs with innovative, cost effective and high quality solutions through our design and development capabilities. We seek to earn their loyalty through our responsiveness and dependability.

Leveraging our Asset-light, Mature and Scalable Business Model

We have a diversified footwear business through multiple regions, channels and product portfolios. We have adopted a scalable, asset-light and less capital-intensive business model to ramp up its pan-India presence in retail. We are working on strengthening our reach across markets through a hybrid channel strategy: exclusive retail and multi brand distributors. In order to drive growth and expansion, we aim to leverage our key strengths of a comprehensive portfolio and affordable positioning.

We sell our brands through two distinct business verticals - Retail and Distribution. Each of these channels have their own dedicated customer base, distribution channels and product portfolios. Our retail business, which contributed 66.6% to total sales in FY2018, operates through our 753 exclusive stores network. On the other hand, our multi-brand distributor-led business, which contributed 23.6% to our total sales in FY2018, operates through 455 distributors. It supplies to multi-brand outlets (MBOs) across India, catering to a relatively lower value footwear market.

Dual Channels of Operation

We operate our retail business under the Khadim's brand, which caters to middle and upper middle-income consumers in metros and Tier 1-3 cities. Our retail business plays an important role in showcasing our footwear products on a pan-India stage. In a span of 25 years, we have steadily scaled up our retail network to 753 stores.

Between FY2013-18, we added 378 retail stores (81 COO and 297 FOOs), of which 79% expansion was through our franchise model, which resulted in incremental revenues of ₹ 4,509.33 million, with a minimal capex requirement of ₹ 172.27 million.

Proven Track Record

The retail business operates through our exclusive retail stores and caters to middle and upper middle-income consumers in metros (including mini-metros) and Tier I - Tier III cities, who primarily shop in high street stores and malls. In the exclusive store

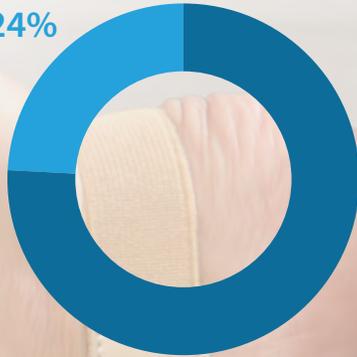
network, we operate through 2 formats - Company Owned and Company Operated (COCO); and franchise operated. This is further classified as exclusive branded outlets (EBO), branded outlets and franchisee-run and managed outlets (FRM).

The distribution business operates through a wide network of distributors catering to lower and middle income consumers in metros and Tier I - Tier III cities, who primarily shop in multi-brand-outlets (MBO) for functional products. We are also engaged in the business of institutional sales and export of footwear.



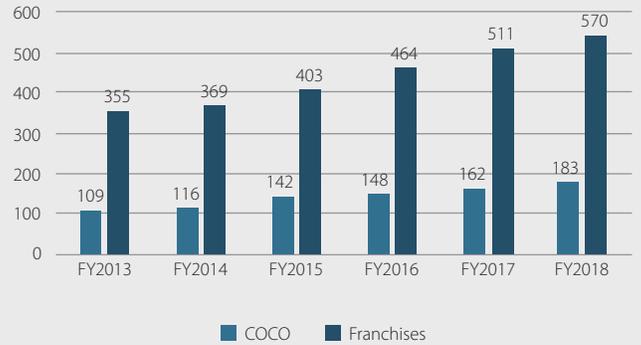
Our Store Mix

COCO Stores
24%



Franchisee Stores
76%

Our Store Network



Deploying Future Strategies

Moving ahead, our strategy is to open COOs in new markets through leased premises and further penetrate the market through FOOs, once the brand has reasonable strength. Within FOOs, expansion is largely through EBOs and BOs, where the inventory risk, capex and operational costs reside with the franchise. This strategy will help us expand faster and generate incremental revenues with low capital requirement.

Strengthening our Reach

We plan to expand our geographical presence by adopting a two-pronged growth model: through exclusive retail and multi brand distributors. We have a scalable and less capital-intensive business model to operate the retail business. Our asset light model for expansion and scalability, drives positive operating leverage. We plan to 'premiumise' our product offering to increase the average selling price and gross margins.

66.6%

Contribution of Retail Business to
Total Revenues in FY2018

Centered on Quality Growth and Value Creation through Entrenched Brands

Some of our brands have reached an iconic status and are key to our value creation agenda. We are expanding our portfolio by upscaling our product mix and penetrating deeper into the existing and new markets. We are achieving this through inventive marketing efforts and sustained brand development to suit a variety of price points.

Our brands are highly recognisable. They have an enthusiastic and loyal following and are uniquely positioned in the economy and premium categories. At Khadim India, we are an established leader in the footwear space in India. We are committed to fortifying our presence, with a strong portfolio of established brands.

Our mother brand "Khadim's" is positioned to appeal to the mass segment moving into the "branded" category. We operate on a business model centred around powerful, leading, yet volume-based, brands with handsome margins, that provides the strength of having comparatively better EBITDA earnings.

Premiumisation in Brands

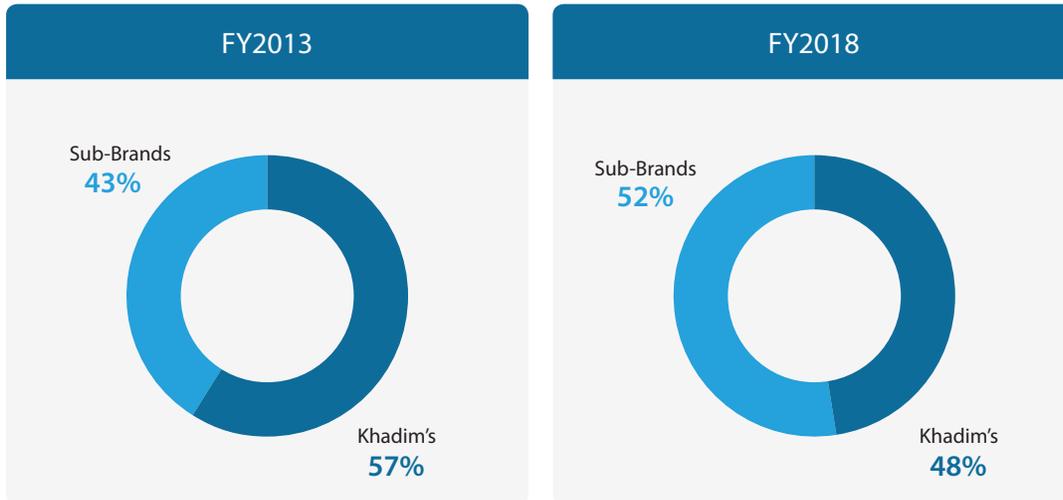
We continued our premiumisation journey by launching tactical brands in the prestige space on a pan-India basis. We launched 9 home-grown sub-brands which satiate the trending fashion aspirations of discerning customers. With this, our portfolio has been strengthened with premium brands with a pan-India potential.

Not only have these brands been well received by the customer, they have also managed to garner subsequent market share in their respective segments. As part of our premiumisation strategy, we continue to focus on increasing the proportion of retail sales from these sub brands. Moving ahead, we intend to increase the share of our premium brands within our portfolio.

Design Capabilities

We are known for our high quality of research and development. We leverage our design and manufacturing expertise to cater to changing fashion trends across seasons. Our dedicated and empowered design team in Kolkata engages in regular market research to identify the latest fashion trends.

Gradual Increase in our Sub-Brands



Our Home-Grown Brands



Moving Towards a National Presence

We have a prominent market position in the footwear markets of East and South India. We are also strengthening our presence in the fast-growing markets in North and West India, through a wider portfolio of products, including those in the retail and distribution businesses.





23 States, 1 Union Territory

Our Presence across India

We have an enviable presence in 23 states and 1 union territory across India through our second-largest exclusive footwear retail network of 753 stores. Of these, 570 are franchised stores, which makes us the largest player in terms of a franchised network.

We have a strong presence in East India where we have established a strong foothold and a significant presence, with a network of 494 stores. East is a highly penetrated market for us, accounting for 66% of our overall retail stores. Our brand Khadim's is indeed the most popular footwear brand in East India.

We are also present in some parts of southern India, where we rank among the top 3 players, and in central India. Currently, we have a network of 140 stores in the south, which accounts for 19% of our overall retail network.

Widening our Presence

Going forward, we are exploring the untapped potential in other markets through our two-pronged market strategy, which straddles efficiently across retail and distribution formats and our asset light model. We are working towards expanding our geographical footprint in western India and certain markets in north India, while we work towards further penetration in south India.

The expanding market provides an opportunity and headroom to expand in the southern, western and northern markets. We are striving to expand our retail business by entering into new markets through flagship COCO stores, and penetrating further into the existing markets through the franchise route. We are also leveraging our Distribution business to target new markets by capitalising on retail brand recall.

Growing Online Presence

At Khadim India, we are constantly evolving with the changing times. We have enabled our digitally-savvy and Gen-Y customers to make purchases through our website www.khadims.com. To provide new experiences to our customers, we also have a presence on most shopping portals in India. Our products are available on all the major e-Commerce websites, including Amazon, Flipkart, Snapdeal, LimeRoad, Voonik, Paytm Mall and Fynd, among others.

Expanding Our Presence

Retail Business

Expand into new markets through COCO stores and further augment the presence through franchise stores. Nearly 76% of retail presence is through the franchisee route.

Distribution Business

Highly scalable model to capitalise on retail brand recall and target new markets.

We are working towards expanding our geographical footprint in western India and certain markets in north India, even as we work towards further penetrating in south India.

Solidifying The Brand

We are penetrating deeper into the existing and new markets through our inventive marketing efforts and sustained brand development. We are implementing extensive marketing campaigns, spanning multiple channels, to enable brand recall and increase our sales.



We rely on regional media based activity to ensure maximum outreach of our products at an optimal cost. We promote our brands through a mix of in-store publicity and print advertisements to attract customers seeking top quality, value and style.

Khadim's has become the home-grown brand of our company. We also migrated to a new aesthetic and visually appealing packaging for our sub-brands to be introduced in the market.

In this fast-paced industry, market trends and customer preferences are changing rapidly. Khadim's focus has always been to change with the times and its customers. And so, while we consistently bring in new designs and styles to appeal to the young generation, we have gone a step further. We sponsored the Kolkata Knight Riders (KKR) Team in the Indian Premiere League for 2016, 2017 and 2018 as well as Chennai Super Kings in 2018.

Khadim's is young; it is energetic and is here to stay, just like our champions.

KEY MARKETING INITIATIVES

Brand promotions

Season-based new arrivals

Scheme promotions, discount sales and customer offers

New store openings

Khadim's has become the home-grown brand of our company. We also migrated to a new aesthetic and visually appealing packaging for our sub-brands to be introduced in the market.

Management Discussion & Analysis

India's Gross Domestic Product (GDP) grew by 6.7% in FY2018. The economy grew at its fastest in seven quarters in Q4 FY2018, bolstered by strong performance in construction, manufacturing and public services, showing a persistent revival trend.



7.1%

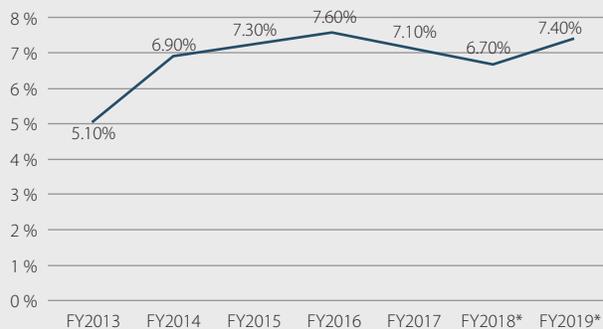
India's Projected GDP growth
in FY2019

Economic Overview

The year 2017 was marked by a number of key structural initiatives to build strength across macro-economic parameters for sustainable growth in the future. Stable macro-economic indicators, structural reforms, improving business ecosystem, thrust on infrastructure development, and liberal FDI regime have resulted in high foreign capital inflows and provided the needed impetus to make India a favoured investment destination. India's gross domestic product (GDP) amounted to US\$ 2.597 trillion at the end of last year. India's Gross Domestic Product (GDP) grew by 6.7% in FY2018, compared to 7.1% in the previous fiscal year of FY2017. The economy has been growing based on the strong performance in construction, manufacturing and public services, showing a persistent revival trend.

The growth in the first half of 2017 suffered despite global tailwinds. Manufacturing and consumer spending were the main drivers of the Indian economy last year, after a stutter owing to demonetization and implementation of Goods and Services Tax (GST). However, the weakness seen at the beginning of 2017, seems to have bottomed out as 2018 set in. We believe that India's economic outlook remains promising for FY2018 and is expected to strengthen further in FY2019. Also, GST, which had nominally reduced the pace of growth in the country, is expected to positively contribute to economic activity and fiscal sustainability by reducing the cost of complying with multiple state tax systems and expanding the tax base by bringing more informal activity into the formal sector.

Rising Economic Growth in India (YoY Growth in %)



Source: Central Statistical Organisation; Data for FY2018 and FY2019 are IMF projections on India's GDP Growth

Amongst World's Largest Economies

The London-based Centre for Economics and Business Research, a consultancy, said at the end of last year that India would overtake both Britain and France this year in terms of GDP, and has a good chance to become the world's third-biggest economy by 2032.

Rising Consumer Spend

India is a young country and will continue to remain young. The young India will continue to drive India's growth story:

- About ~65% of the population is below 35 years of age and ~78% of the population is below 45 years of age.
- The median age in India was 27 years in FY2011 which is expected to become 29 years in FY2025. Compared to other top 10 economies (including China), India has the lowest median age and the trend will be even more pronounced in next 2 decades as most other populations age. The dependency ratio has continuously decreased from 80% in FY1970 to ~50% in FY2014.

India's retail market is projected to increase by 60% to reach US\$ 1.1 trillion by 2020. India is also the most promising market for retail expansion, supported by an expanding economy, booming consumption rates, an urbanising population and a growing middle class.

- This young generation is more aspirational, well-connected & networked, tech-savvy, mobile, has high spending power. This young population with rising incomes will have a significant impact on retailing and consumption of many categories and products as this class will be consuming more number of lifestyle categories than their parents.

The Government's focus on skill development, job creation, infrastructure, manufacturing and investments will also act as pull up factors for the country's inclusive growth agenda. Key examples being financial inclusion initiatives such as UDI led bank accounts and direct transfer of subsidies which will lead to increased discretionary spends in the hands of consumers.

Industry Overview

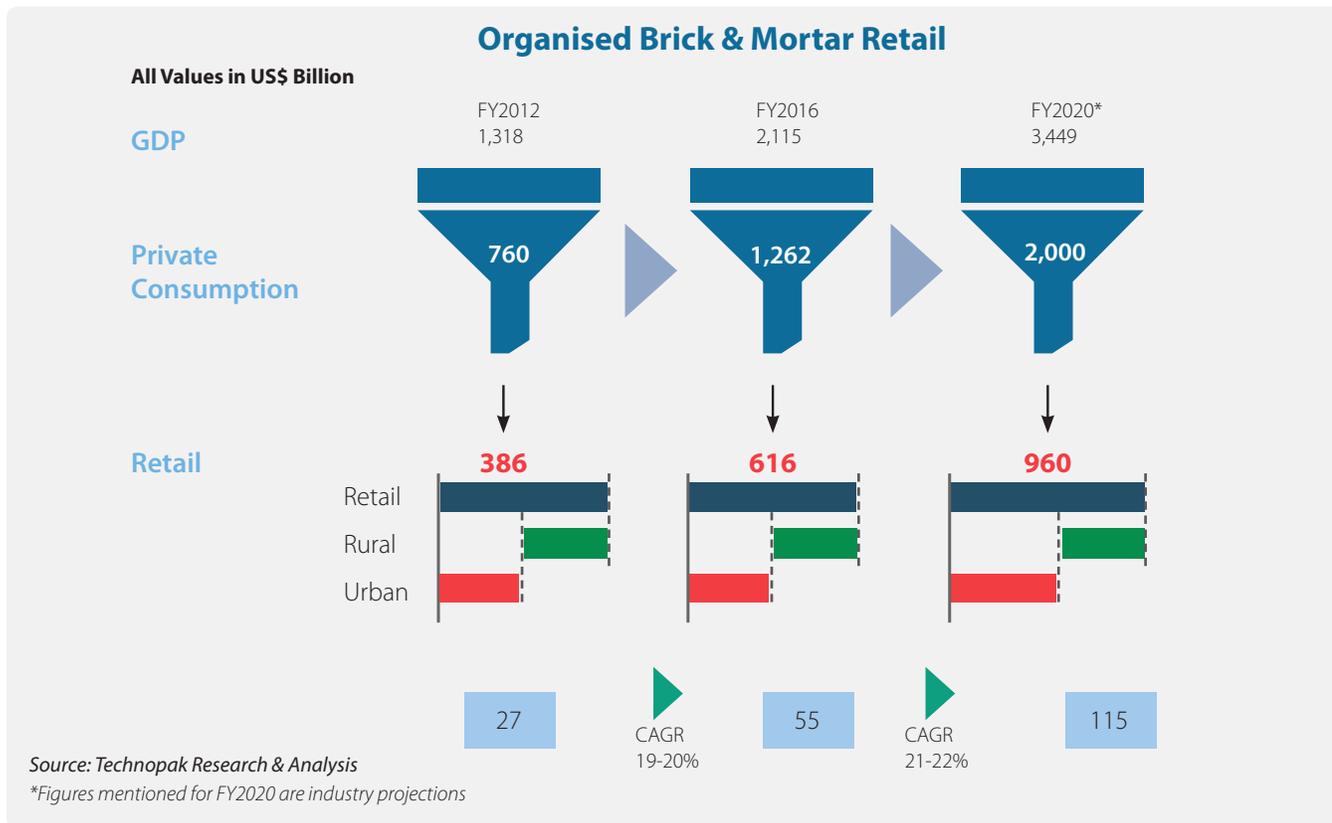
India Retail Industry

India's growth story is in the spotlight of the global economic outlook. According to McKinsey's Global Institute report, the nation offers an attractive long-term future, largely powered by a consuming class that is expected to more than triple in size - 89 million households - by 2025. With the help of rising incomes, lifestyle changes by the middle class and increased digital connectivity, India's retail market is projected to increase by 60% to reach US\$ 1.1 trillion by 2020. India is also the most promising market for retail expansion, supported by an expanding economy, booming consumption rates, an urbanising population and a growing middle class.

In 2016, India's GDP was estimated to be ±US\$ 2,115 billion, of which private consumption constituted 60%, while retail constituted ±50% of private consumption. India's GDP growth will, therefore, translate to an increase in the merchandise retail market - from US\$ 616 billion-plus to US\$ 960 billion-plus by FY2020, as per a report by Technopak.

Management Discussion & Analysis

continued



The size of the urban retail market is seen growing from 49% in FY2016 to 52% by FY2020, owing to increasing urbanisation, higher incomes in urban households, rural distress due to erratic monsoon seasons, and an increasing penetration of organised retail in urban centres. The organised brick and mortar retail, which is largely concentrated in urban India, was 9% of the total retail segment (US\$ 55 billion) in FY2016, and this is expected to become 12% (US\$ 115 billion) by FY2020.

- a. Increased adoption of footwear into the fashion market due to an increased versatility in usage.
- b. Shift from unbranded to branded footwear.

India Footwear Industry

India's footwear sector will be a significant beneficiary of growth in the country's consumption story. Footwear has evolved from being just a mere necessity to an important accessory that contributes to the style quotient of any outfit. According to Businesswire, India is the 2nd largest global producer of footwear after China, accounting for 9% of the annual global production of 22 billion pairs. Presently about 90% of the footwear produced in India is consumed by the domestic market, while the rest is exported.

Opportunities

The domestic footwear market in India is projected to grow at a CAGR of 15% to touch US\$ 12.6 billion by FY2020, up from US\$ 7.2 billion in FY2016. Key drivers for the footwear segment will be:



The Branded Footwear market is expected to grow at a CAGR of 20% to account for ~50% of the overall market by FY2020 from current ~40% of total market. The footwear segment is unique compared to other lifestyle and retail categories. Other key lifestyle categories such as men's shirts and women's ethnic reflect ~30% and ~18% branded play, respectively. The combined factors of footwear demonstrate high propensity towards, (a) organised retail, and (b) branded play, which presents an opportunity for branded play to grow further. Footwear demonstrates highest receptivity to modern retail with 26% share of channel sales attributed by this. For other key lifestyle categories viz. apparel, jewellery and watches, modern retail channel averages ~22% share of total pie.

Branded Share of Footwear Market in India



Source: Secondary research, Corporate Interviews, Technopak Analysis
1 US \$ = INR 67

The share of branded footwear in India is expected to increase from 42% at present to 50% by FY2020 owing to penetration of existing brands in Tier 2 and smaller cities. Also, existing international premium brands are expanding their presence by launching new stores.

Growth will also be driven by the increasing reach of mid and economy brands to Tier II/III Indian cities. Growth in the branded segment will also be driven by shift of consumers from unbranded products with increase in disposable income, better availability of products and increasing health consciousness.

The mass footwear segment driven by chappals and sandals is witnessing consumers adopting branded products owing to strong distribution network of brands: Khadim, VKC, Paragon and Relaxo. Branded retail segment will grow at a CAGR of 18% and branded distribution segment at the rate of 23% CAGR over the next five years.

Whilst organised retail is estimated at 10% penetration of the total retail sector, the footwear retail sector enjoys a high share of organised retail at 26%. The other key aspirational and lifestyle segments such as apparel sector also reflect double digit penetration of 20%.

Growth in India's branded footwear industry will be driven by the increasing reach of mid and economy brands to Tier II/III Indian cities. Growth in the branded segment will also be driven by shift of consumers from unbranded product with increase in disposable income, better availability of product and increasing health consciousness.

The Footwear retail market is expected to witness further penetration of organised retail driving growth beyond major urban clusters. This shall be driven by growth of multiple retail formats across Exclusive Branded Outlets, Large Format Department Stores, Multi-branded Outlets and e-Commerce. Thus, this share is poised to grow sharply over the next five years to contribute 29% share by FY2020.

The Footwear market is among the most organised category in the country with 26% of the organised share with presence of EBOs of leading brands. However, the unorganised pie of 74% will reflect a growth of 14%. The organised market is expected to grow at a CAGR of 18% to account for ~29% of the market by FY2021, however the distribution segment will still comprise 70% share. Growth in organised format will be driven by increasing penetration of EBOs in Tier II, Tier III and below towns, across the country. Also, the industry has witnessed the entry of leading international brands such as New Balance, ASICS and Kenneth Cole, with their own retail stores to cater to the mid-to-premium and premium segment.

Regulatory Initiatives

In January 2018, the Government approved a special package for generating employment in the leather and footwear sectors under the central sector scheme 'Indian Footwear, Leather & Accessories Development Programme (IFLADP)'. This scheme has an approved expenditure of ₹ 26 billion from FY2018 to FY2020. Apart from leading to the development of human resources in the sector, the new scheme will encourage the setting up of mega leather, footwear and accessory clusters. This integrated development of the leather sector and leather technology will facilitate investment, and lead to innovation and environmental protection, while raising the profile of Indian Footwear brands overseas.

Management Discussion & Analysis

continued

Company Overview

Incorporated in 1981 from its humble origin of a wholesale outlet for basic utility footwear, Khadim India Limited, head-quartered in Kolkata, West Bengal, is today the 2nd largest footwear retailer in India, considering the number of exclusive retail stores operating under the 'Khadim's' brand.

Today, Khadim has the largest market presence in East India. It has emerged as one of the top three players in Southern India. We also had the largest footwear retail franchisee network in India in FY2016. With a formidable presence spanning over two decades, we have matured as a brand, and are trusted by our customers in meeting their needs reliably and consistently.

Our core business objective is 'Fashion for Everyone', and we believe that our Company has established an identity as an 'affordable fashion' brand, catering to the entire family for all occasions.

Our Company operates through two distinct business verticals, retail and distribution, each with its predominantly own customer base, sales channels and product range. Our retail business operates through our exclusive retail stores catering to middle and upper middle income consumers in metros (including mini-metros) and Tier I – Tier III cities, who primarily shop in high street stores and malls, for fashionable products. Our distribution business operates through a wide network of distributors catering to lower and middle income consumers in metros and Tier I – Tier III cities, who primarily shop in multi-brand-outlets ("MBO") for functional products.

Retail Business

As on March 31, 2018, we had a wide network of 753 'Khadim's' branded exclusive retail stores, which constitute our channels of sale, of which 183 are company owned and operated outlets ("COO"), and 570 are franchisee operated stores (which are further categorised as exclusive branded outlets ("EBO"), branded outlets ("BO") and franchisee run and managed outlets ("FRM")), across 23 States and one Union Territory in India.

COOs are owned and operated by the Company and are primarily present in metros and Tier I cities where the responsibility of the inventory, capital expenditure and operating cost resides with us.

Our core business objective is 'Fashion for Everyone', and we believe that our Company has established an identity as an 'affordable fashion brand, catering to the entire family for all occasions.

Our EBOs operated by franchisees, are primarily present in Tier I and Tier II cities and our BOs, being economic formats of EBOs with small store size, are primarily present in Tier II and Tier III cities. Our EBOs and BOs are responsible for inventory, capital expenditure and operating cost. FRMs, primarily present in metros and Tier I cities, were launched by our Company as a vehicle to venture into new geographical markets by maintaining an asset light model, with the inventory risk being borne by the Company.

Through this business model, we cater to the middle and upper middle income consumers in metros and Tier I – Tier III cities, who primarily shop in high street stores and malls. In this business model, our product range primarily focuses on fashionable footwear, targeting men, women and children for all occasions spread across a large range of merchandise categories, including (but not limited to) leather and non-leather sandals, slippers, boots, ballerinas, stilettos, moccasins and sports shoes. Our product portfolio in the retail business is higher in value compared to the products which we distribute through our distribution business.

Presently, we promote 9 sub-brands with varied product offerings and merchandise category which cater to the retail business, namely, 'Pro', 'Lazard', 'Softouch', 'Cleo', 'British Walker', 'Turk', 'Sharon', 'Bonito' and 'Adrianna'. These sub-brands were developed to provide premium product offerings with varied design and style to the urban, fashion conscious consumer. Each sub-brand has been created to cater to specific merchandise category and caters to men, women or children, over a variety of occasions.

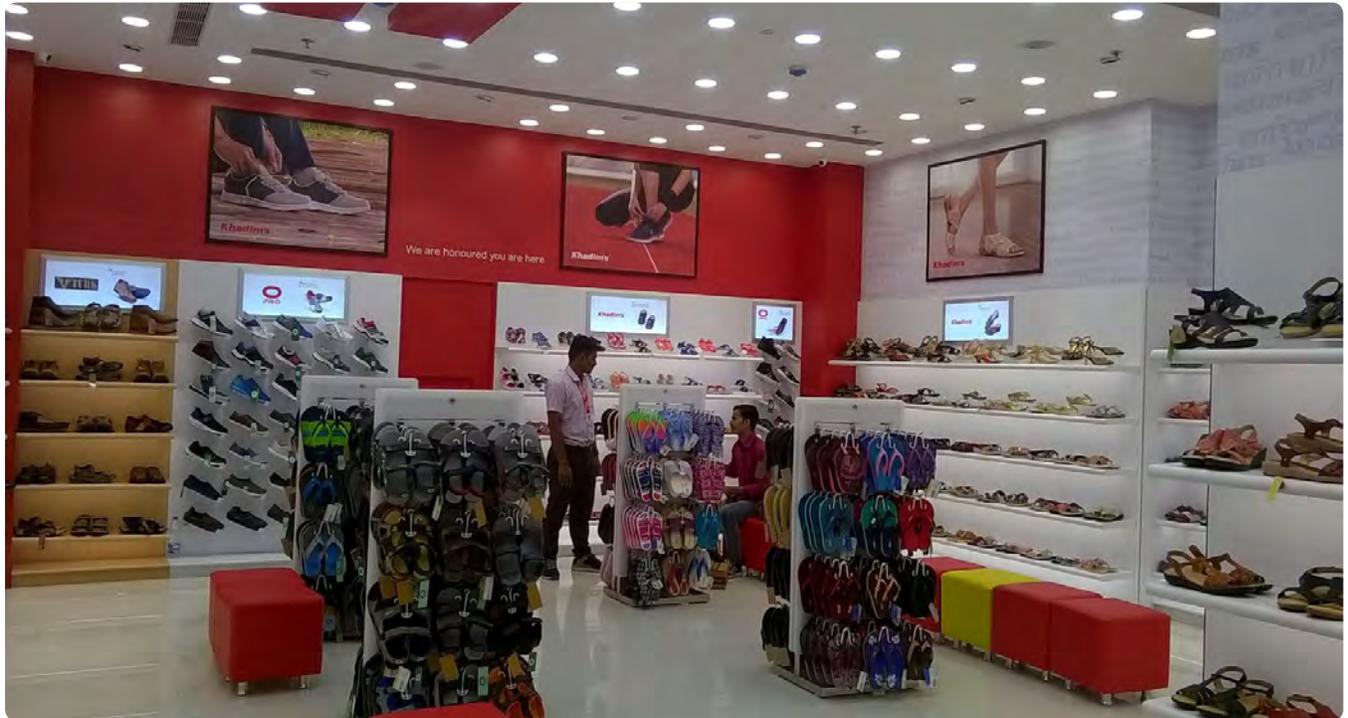
Our Competitive Advantages:

a. A leading footwear brand, offering affordable fashion across various price segments

We believe that the biggest strength of our 'Khadim's' brand is our product offering, which is 'affordable fashion' for the entire family for every occasion. Our comprehensive product range offers a wide variety of designs and styles, and caters to various customer segments across a wide range of price points, by providing affordable footwear products for men, women or children, across age groups. In our retail segment, our maximum retail price ("MRP") ranged from ₹ 75 to ₹ 3,599 for our products. We believe that our brands and sub-brands command high consumer recall and is associated with high quality products at affordable prices. Apart from servicing our existing customer base, we believe our 'Khadim's' brand helps us to capture the target audience transitioning from the unorganised to organised market and our sub-brands help us in targeting and retaining our aspirational customers, especially given the significant years of brand equity we have built with them.

Owing to our affordable fashion positioning, we are able to straddle both the retail and distribution business verticals. We cater to fashion conscious customers through our premium products in the retail segment and we are also able to leverage our brand recall to give impetus to our distribution business.

Owing to our brand positing and product offering, we are able to grow seamlessly across geographies. The attributes of our



brand have also enabled us to replicate our success in South India and penetrate markets in West India.

We are the second largest footwear retailer in India in terms of number of exclusive retail stores operating under the 'Khadim's' brand, with the largest presence in East India and one of the top three players in South India, in fiscal 2016. We also had the largest footwear retail franchisee network in India in fiscal 2016.

(Source: Technopak Report)

b. Strong design capabilities to maintain seasonal trends and leading premiumisation through sub-brands

We have a detailed design process pursuant to which we create designs for consumers across diverse segments for various seasons and festivals. We draw our inspiration from the mood of the season, fashion, and colour of a particular season. We follow and survey fashion trends across international and domestic markets, and continued market research enables us to understand the changing needs of the consumers.

Our strong in-house design capabilities have enabled us to create and grow our sub-brands organically, through the development of premium products, to cater to our existing customer base. While we continue to target consumers and provide affordable fashion through our 'Khadim's' brand, our sub-brands help us to target and retain our aspirational customers, especially given the significant years of brand

Our strong in-house design capabilities have enabled us to create and grow our sub-brands organically, through the development of premium products, to cater to our existing customer base.

equity we have built with them. Our revenue from all our sub-brands as a percentage of retail footwear business revenue stands at 52.45% in FY2018.

In our distribution business, we primarily sell our products under the 'Khadim's' brand. We believe our retail brand recall increases the demand for our more premium products, thereby enabling us to upscale the product mix in this business vertical. Given the changing consumer preferences and trends towards premium products, our Company has been introducing premiumised versions of certain of our product offerings, including Hawaii, PVC and PU.

Management Discussion & Analysis

continued

We are also able to leverage our already established brand recall in the retail segment to drive growth in our distribution business. We are accordingly able to cross leverage our experience in each segment to develop and grow our businesses.

We believe our design capabilities have resulted in the growth and development of our sub-brands. This has allowed us to cater to premium customers with higher consumer spend and also make reasonable price increases, thereby resulting in a growth in our ASP and gross margins.

Our Two-pronged Market Strategy

Our two businesses are independently carried with dedicated product design teams with the ability to create distinct product baskets for both the businesses and focused sales teams, responsible for the performance of the individual businesses. Both our business verticals

complement each other, as each of them predominantly have separate product ranges, target audience and channels of sale. Also, given the different business profiles, it helps de-risk our Company with regard to dependence on any one business.

Given our ability to straddle between both the retail and distribution markets, we are able to capitalise on growth potential, and target the Indian branded retail footwear market, which is proposed to grow at a CAGR of 18%, and the branded footwear distribution market which is proposed to grow at 23%, from FY2016 to FY2020.

(Source : Technopak Report)

We are also able to leverage our already established brand recall in the retail segment to drive growth in our distribution business. We are cross leveraging our experience in each segment to develop and grow our businesses.

Extensive penetration and geographical reach

We had a wide network of 753 exclusive retail stores across 23 States and one Union Territory in India, as at March 31, 2018. We are the 2nd largest footwear retailer in India, with the largest presence in East India and one of the top three players in South India, in fiscal 2016. (Source: Technopak Report) We believe that we have been able to successfully replicate our business model from East India in the Southern Indian markets. We believe that our experience to grow and establish our market position in South India, coupled with our brand positioning, is enabling us to develop and target new geographies across India.

Our Company-Owned and Franchisee Stores

| Category of Store | North | South | East | West | Total |
|-------------------|-----------|------------|------------|-----------|------------|
| COO | 11 | 57 | 74 | 41 | 183 |
| EBO | 24 | 61 | 239 | 25 | 349 |
| BO | 8 | 11 | 181 | 1 | 201 |
| FRM | 2 | 11 | 0 | 7 | 20 |
| Total | 45 | 140 | 494 | 74 | 753 |

We believe that the success and acceptance of our brand is demonstrated by the number of franchisee operated stores. With respect to our distribution business, we have established our presence across East and South India and have also forayed into markets in West India and primarily in Uttar Pradesh in North India. As on March 31, 2018, we had 455 distributors.

Asset light model leading to higher operating leverage

In terms of our retail business, we have adopted a scalable, asset-light and less capital-intensive business model to operate our exclusive retail stores. While expanding into new markets we enter through flagship COOs and further augment our presence in such markets through franchisees, once our brand is reasonably established in such markets. As at March 31, 2018, out of our

753 exclusive retail stores, 75.70%, were operated by franchisees. Moreover, we typically take on lease the premises from which we operate our COOs.

Further, we have tried to apply the asset light approach with regards to our procurement of products. The portion of products procured from outsourced vendors with respect to our retail business amounted to 88.88% in FY2017.

With respect to our distribution business, since we started tracking it as a separate business vertical only from FY2015, our initial focus has been to increase utilisation of existing installed capacity and invest in machines and moulds at our manufacturing facilities. Subsequently, we have grown our distribution business, by adopting

Our Brands and Sub-Brands

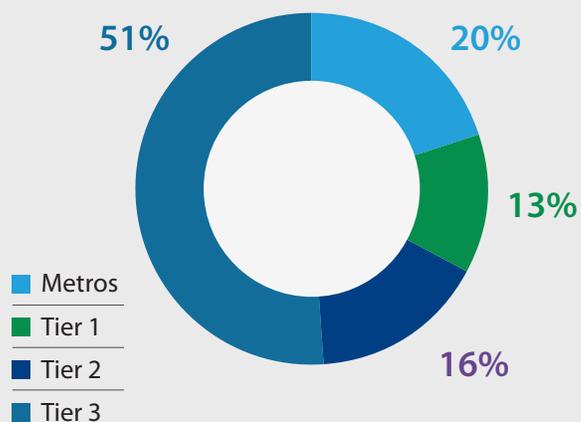
| | | |
|------------------------|---|---|
| Khadim's |  | Fashionable, casual footwear, for value conscious customers, for men, women and children. |
| British Walkers |  | Formal shoes and sandals for men. Features - basic colours of black/ brown, plain uppers, broad construction. Uses premium quality leather. |
| Lazard |  | Semi- formal and Casual shoes and sandals for men. Features - colours, fancy uppers, slim construction. Uses premium quality leather and faux leather. |
| Turk |  | Outdoor boots and sandals for men. Features - shades of brown and rugged sole. Uses premium quality faux leather. |
| Cleo |  | Light and trendy sandals for women. Features - delicate upper/ back straps, embellishments and laser-cut uppers, slim heels. Uses premium quality faux leather. |
| Sharon |  | Fashionable yet functional sandals for women. Features - broad upper/ back straps, clean lines and uppers, wide heels. Uses premium quality faux leather. |
| Softouch |  | Closed and Open shoes and sandals for men and women. Features - broad construction with anatomical support and low platform heels. Uses premium quality soft leather and faux leather. |
| Pro |  | Sports and activity sneakers & floater sandals for men women. Features -wide range of colours and designs, mesh, synthetic and canvas uppers. |
| Bonito |  | A range of fun and colourful shoes for toddlers and children. |
| Adrianna |  | Comfortable and fashionable footwear for pre-teen and teenage girls. |

Strong Retail & Distribution Network

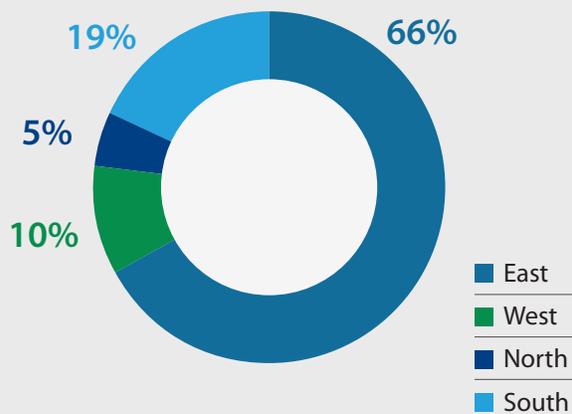
Brand Network

| Brand Network | FY2018 |
|-----------------------------|------------|
| No. of Retail Stores | 753 |
| - COCO | 183 |
| - Franchises | 570 |
| No. of Distributors | 455 |

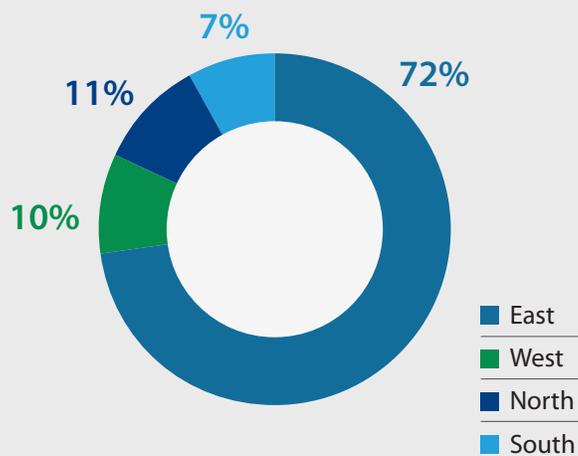
Tier-wise Distribution of Retail Stores



Region-wise Distribution of Retail Stores



Region-wise Distributors



Management Discussion & Analysis continued



Segment-wise Capacity Utilisation

| | PVC Sandals/Slippers & Direct Injection Shoes/Stuck on Process | EVA | Hawai | PU | Total |
|------------|--|------|-------|------|-------|
| Capacity | 4.83 | 4.82 | 21.39 | 1.14 | 32.19 |
| Production | 3.71 | 2.06 | 17.40 | 0.97 | 24.15 |

Note: Figures in Million Pairs

Supply Chain Management

To ensure that the right product is placed in the right quantities at the right place and at the right time, we have developed a process to replenish stock on a priority based system. We believe this enables us to maintain complete visibility over our inventory at all levels and manage orders and procurement against actual sales, which prevents stock outs and dead stock.

We have four distribution centres across India, located at Bantala and Titagarh (catering exclusively to distribution business) in West Bengal, Chennai and New Delhi. We have also entered into agreements with a carrying & forwarding agent (C&F) in Patna, Bihar for warehousing.

| Location of the Warehouse | Area (In Sq. Ft.) |
|---------------------------|-------------------|
| Chennai | 35,800 |
| Delhi | 58,938 |
| Bantala, West Bengal | 2,17,804 |
| Titagarh, West Bengal | 1,07,524 |

Institutional Business

Revenue from institutional business for FY2018 was ₹ 563.07 million, with a growth of 71% from the previous fiscal. We have conducted institutional business in the states of West Bengal, Tamil Nadu and Uttar Pradesh.

Sales

Our stellar financial performance for FY2018 reflects the continued success of our two-pronged business strategy across retail and distribution. We recorded a significant rise of 22.62% in sales from ₹ 6,105.98 million in the previous year to ₹ 7,487.06 million during the year under review. A pragmatic approach over cost control and increased focus on capacity utilisation has increased our profitability. As a result, our EBITDA witnessed a growth of 17.28%, from ₹ 645.32 million in the previous year to ₹ 756.83 million in the current fiscal.

Marketing

We allocate our marketing and advertising spend depending on the target audience and expected sales from a specified region.

Our marketing initiatives are predominantly regional media based, to ensure maximum outreach at optimal cost. We engage media and creative agencies to ensure high quality of campaigns. Our marketing activities support, brand promotions, product collection launches, season based new arrivals, general promotions, schemes/promotions/sales/discounts/consumer offers, festivals and occasions. Our Company also sponsored the Kolkata Knight Riders team in the Indian Premiere League, for 2016, 2017 and 2018 along with Chennai Super Kings for the year 2018. We market our products through television and print advertisements, both at the regional and national level, radio and social media.

Financial Overview

Our reported Net Sales, Profit Before Tax and Net Profit have been:

- Net sales for the company increased to ₹ 7,487.06 million as against ₹ 6,105.98 million in the previous year, up by 22.62%.
- Operating EBITDA increased to ₹ 756.83 million, as against ₹ 645.32 million in the previous year, up by 17.28%.
- Operating EBITDA margins stood at 10.11% of net sales, as against 10.57% in the previous year.
- Profit Before Tax increased to ₹ 569.61 million, as against ₹ 405.34 million in the previous year, up by 40.53%.
- Profit After Tax increased to ₹ 379.01 million, as against ₹ 306.37 million in the previous year, up by 23.71%.

Management Outlook

Moving ahead, we plan to leverage the “India Growth Story” which will see a manifold increase in consumption, in addition to a paradigm shift towards the preference for branded goods. Our future growth strategy is to focus on maintaining the stronghold developed in East India, building upon the foundation laid in South India, while tapping into the potential of the vast market in West India.

We plan to open 75 stores every year (net of closure), split between company-owned and franchisee-based outlets in 20:80 ratio, respectively. Most company-owned stores will be set up in the new markets we plan to expand into.



Our future growth strategy is to focus on maintaining the stronghold developed in East India, building upon the foundation laid in South India, while tapping into the potential of the vast market in West India.

By consistently providing “affordable fashion for all” and quality products at a price point significantly lower than competition, we believe we are well placed to grow our customer base and revenue. Going forward, we expect our earnings growth to be healthy, with stronger returns. This will be driven by increasing capacity utilisation of our manufacturing facilities with no major capital expenditure, in addition to our sub-brands becoming more premium in nature.

Threats and Concerns

a. Onslaught of E-Commerce:

The dynamic and intensifying e-Commerce business competition has placed brands from all over the world at the customer’s disposal, just a click away. Heavy discounting by these sites affects margins universally. However, in India, the online penetration of footwear stood at 2.5% in FY2016. Also, given the affordable nature of our product profile, we believe the impact of online on our business has been limited.

To compete equally, we have launched our website and a mobile app through which our customers can buy their favourite products. In addition, our products are also available on shopping portals such as Amazon, Flipkart, Myntra, Jabong and Snapdeal, among others.

A key factor protecting the footwear industry from e-Commerce is that customers always prefer to try out the shoes so as to gauge the fit and quality in person, and judge the look and feel before buying. This is because every foot is different and general size fits, like in apparels, mostly do not work for footwear.

b. Unorganised Sector:

This includes the widely available, cheap, unbranded low-cost substitute products. Despite the recent branded influx, the industry is still fragmented with the organised sector, commanding a lesser market share as compared to the unorganised sector.

Management Discussion & Analysis continued

Owing to our affordable fashion positioning, we are able to straddle both the retail and distribution business verticals.

Apart from servicing our existing customer base, we believe our 'Khadim's' brand helps us to capture the target audience transitioning from the unorganised to organised market and our sub-brands help us to target and retain our aspirational customers, especially given the significant years of brand equity we have built with them.

c. Expanding in New Geographies:

We are setting up new stores, creating brand identity in new territories while working towards building a pan-India presence. Each geography has its own established competition, and challenges will be faced in carving out market share and growing further.

We are the 2nd largest footwear retailer in India, with the largest presence in East India and one of the top three players in South India, in FY2016. (Source: Technopak Report). We have been able to successfully replicate our business model from East India in the Southern Indian markets. We believe that our experience to grow and establish our market position in South India, coupled with our brand positioning, is enabling us to develop and target new geographies across India.

We intend to continue expanding our geographical footprint in markets across South India, West India and in Uttar Pradesh in North India, through flagship COOs and further augment our presence in such markets through franchisees. In order to execute this strategy, we have undertaken a detailed micro-mapping exercise of the market, which includes detailed study of the relevant State and specific cities and towns, to obtain insights into potential business areas and considers factors including target customer profile and presence of competition. While identifying a retail market place, we consider a detailed demographic outlook of the location of the exclusive retail store including analysis with respect to customer profile, purchasing habits, competition, average footfall and major upcoming developments.

Distribution

We started manufacturing our products PVC and EVA in 2002, Hawaii in 2012 and PU in 2017. However, we started focusing on the distribution business as a separate vertical since FY2015. We have established our presence across East and South India and have also forayed into markets in West and North India. We had a network of 455 distributors during FY2018. We intend to continue penetrating the existing markets in Eastern and Southern India by increasing our distribution network. We further intend to capitalise on our retail brand recall and target markets in West and North India by increasing our distribution network in such markets.

A significant portion our products sold through our distributors are manufactured by our Company at our own manufacturing facilities and through contract manufacturing facilities, allowing

for economies of scale and better control over cost and quality. Transportation vendors are selected based on location and load distribution.

Human Resources

Our employees include sales, IT, administrative, finance, marketing, procurement, logistics, design, merchandise and factory personnel. We believe in developing a strong relationship with the employees. We emphasise on providing our employees with effective training programs, resulting in the improvement of operations and efficiency, as well as customer service standards. As on March 31, 2018, we had 830 full-time employees and 1,680 personnel working on a contractual basis. This mix of full-time employees and contract personnel offers flexibility to run the business efficiently.

We provide performance-linked incentives to all our employees, in addition to their fixed salary. Our performance-linked incentives consist of additional remuneration payments determined based on each employee's performance and position. Our Company has also adopted the ESOP 2017.

Internal Control Systems & Their Adequacy

The Company has adequate internal control systems in place, commensurate with the size and industry in which it operates. The internal control framework supports the execution of the strategy and ensures regulatory compliance. The foundation for internal control is set by the risk management framework, financial control, internal audit and supporting policies. The aim of internal control framework is to assure that operations are effective and well aligned with the strategic goals. It is intended to ensure correct, reliable, complete and timely financial reporting and management information, safeguard of company assets and ensure efficient productivity at all levels. The framework endorses ethical values, good corporate governance and risk management practices.

We intend to continue to penetrate existing markets in Eastern and Southern India by increasing our distribution network. We further intend to capitalize on our retail brand recall and target markets in West and North India by increasing our distribution network in such markets.



The internal audit function independently scrutinises critical audit areas, based on audit plans that are approved by the Audit Committee. The plans are formulated on the basis of a risk evaluation exercise, to assess relatively riskier areas. Significant Internal Audit findings are periodically reviewed by Management and Audit Committee and corrective action plan suggested by them are implemented by the respective process owner of the business units and thereby strengthen the internal controls.

The Company has also adopted Internal Financial control framework in line with section 134(5)(e) of Companies Act, 2013 for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, safeguard of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The effectiveness of Internal Financial controls is verified by independent Audit Firm and accordingly Audit reports are presented to Audit Committee.

Cautionary Statement

The document contains statements about expected future events, financial and operating results of Khadim India Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue

reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Khadim India Limited's Annual Report, FY2018.

For and on behalf of the Board of Directors

Place: Kolkata
Date: May 11, 2018

Siddhartha Roy Burman
Chairman & Managing Director
DIN: 00043715

Board's Report

The Directors are pleased to present the 37th Annual Report on the business and operations of Khadim India Limited ("the Company") together with the Audited Financial Statements for the financial year ended March 31, 2018.

Financial Highlights

The financial performance of the Company for the year ended March 31, 2018 is summarized below: -

| Particulars | (In ₹ million) | |
|--|----------------|----------------|
| | 2017-2018 | 2016-2017 |
| Revenue from Operations | 7487.06 | 6105.98 |
| Other Income | 92.64 | 51.23 |
| Profit before Depreciation, Interest, and Tax | 849.46 | 696.54 |
| Depreciation | 156.17 | 156.57 |
| Interest | 123.68 | 134.63 |
| Profit before tax | 569.61 | 405.34 |
| Provision for Taxation | 190.60 | 98.97 |
| - Current and deferred Tax | | |
| Profit for the year after tax | 379.01 | 306.37 |

Dividend

The Directors of your Company are pleased to recommend a dividend of ₹ 1/- per equity share of the face value of ₹ 10/- each for the financial year ended March 31, 2018, subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting. The total cash out flow on account of the dividend payment would be ₹ 1,79,65,197/- (Rupees One Crore Seventy Nine Lakh Sixty Five Thousand One Hundred Ninety Seven only).

General Reserve

No amount has been transferred to the General Reserve for the financial year ended March 31, 2018.

Operations and State of Company's Affairs

Operations

Your Company recorded a turnover of ₹ 7487.06 million for the financial year ended March 31, 2018, in comparison to ₹ 6105.98 million during the financial year ended March 31, 2017, registering 22.62% growth over the same period in the previous year.

Your Company's net profit increased by 23.71% for the financial year ended March 31, 2018, in comparison with the previous financial year ended March 31, 2017. In absolute terms the net profit for the financial year ended March 31, 2018 stood at ₹ 379.01 million in comparison to ₹ 306.37 million during financial year ended March 31, 2017.

Retail Business

In Retail Business your Company has opened 89 new footwear retail stores including 68 Exclusive Branded Outlets (EBOs) /Branded Outlets (BOs) and 21 Company Owned and Operated Outlets (COOs)

during the year under review. The turnover from Retail Business operations of the company is ₹ 4989.35 million which constitutes 67% of the total turnover of the Company.

Like previous years the Company took definite steps to spread its business in western and northern India as a calculated measure to be recognized as a true pan India Brand. As a result the non-eastern presence grew to 34% during the year under review.

The Company has a time-tested policy for opening of retails and monitoring post opening performances of retails based on various parameters. Based on that the Company has been tracking the performance of the new retails stores opened during the year under review.

Distribution Business

The distribution business of your Company showed steady growth during the year under review. In 2017-18, the turnover from the distribution business touched ₹ 1763.90 million, with a growth of 37% over the previous financial year. While Bengal and the North-Eastern parts of the country continued to remain the major contributors to the business of the Company, other parts of the country like Uttar Pradesh, Bihar and Orissa, have started contributing steadily. The number of the distribution channel partners has crossed 400 this year. Overall the Distribution Business has shown growth both in turnover and contribution.

Manufacturing

During the Financial Year 2017-18, around 2.40 Crore pairs of footwear were produced utilizing the facilities in Panpur and Kasba Factories as against 1.85 Crore pairs in the financial year ended on March 31, 2017, resulting an overall growth of around 30% in production.

Procurement

Procurement plays a very vital role in the growth of your business. To this end the Procurement Team under the aegis of the Supply Chain Management team has taken various measures for efficient vendor management to cater to the ever-growing demand of products. Some of the special initiative being taken are upgradation of the production scale of vendors, selection of structured suppliers with reduced lead time, controlling of the sourcing of raw-material at vendors' end to ensure timely delivery of the raw material at vendor's end.

Keeping in pace with the current fashion trend, exclusive product ranges in competitive prices are being launched. In order to reduce complaints, multi-layer quality control process has been implemented to improve the quality.

Supply Chain Management

The main backbone of the business of your Company is supply chain. Efficient supply chain management helps the Company to grow in its various business vertical. To this end the Supply Chain Management team has taken various measures to improve the delivery time and effective utilization of warehouse space. Separate warehouse is being maintained at Titagarh DC for e-Commerce channel considering the growing demand in this channel. During the financial year 2017-18, a new warehouse has been established at Patna and it has started working successfully with greater sales & optimum inventory level. Manual intervention at the warehouse level is being curtailed to reduce error in receipt and dispatch.

Brand and Marketing

During the year 2017-18, Khadim's brand campaigns had been focussed both at state and national level. Elaborate outdoor campaigns in specific markets helped brand Khadim's to get more mileage in terms of visibility.

The Retail stores in all regions benefitted from the continued support of Print and Outdoor campaigns during the peak sale periods. Wedding campaigns in Bihar and UP and Back-to-School campaigns in entire South India targeted towards local customers witnessed a different type of communication that broke away from the regular summer and festive campaigns. These zonal activities not only gave brand Khadim's the desired exposure but also helped to boost sales during the respective seasons. During the festive seasons such as Pre-Puja in entire East and Pre-Diwali across India had immense Print Advertisement support along with Outdoor Hoardings.

Social media branding activities by outsourced digital agency has also resulted in wider exposure and awareness of the brand.

The Company's association and sponsorship of team KKR in the tenth IPL season and subsequent in-store activity has supported our retail stores and distribution business as well.

The e-commerce business of the Company, that currently comes under the brand vertical is, in its nascent stage, your Company sees this segment more as a marketing tool and a mode to reach unserved areas. Tie-up with major online players like Flipkart, Amazon and Snapdeal has started giving results both in terms of revenue and visibility. The Online marketplace is still evolving in India and your Company is keeping a close watch on the recent developments. Increased participation or otherwise, in this segment shall depend on the evolution of the online market as a whole.

Finance

During the year, the Company raised funds by way of an Initial Public Offer (IPO) which helped in improving the liquidity position and reduction of debt levels and hence achieved major savings in its interest expense. The Company managed to repay all the long-term loans availed from its bankers. Also, the external credit rating assigned by ICRA and CARE was maintained at A-.

Adoption of IND AS

During the year under review, the Companies (Indian Accounting Standards) Rules, 2015 issued by the Central Government, in exercise of the powers conferred under Section 133 read with Section 469 of the Companies Act, 2013 and sub-section (1) of Section 210A of the Companies Act, 1956 became applicable to the Company for preparation of its financial statements and accordingly your Company has adopted Indian Accounting Standard ("Ind AS").

Internal Audit & Internal Control

The Company maintains adequate internal control systems and procedures commensurate with its size and nature of operations. The internal control systems are designed to provide a reasonable assurance over reliability in financial reporting, ensure appropriate authorization of transactions, safeguarding the assets of the Company and prevent misuse/ losses.

Further, your Company has an adequate system of Internal Financial Controls, which includes policies and procedures pertaining to maintenance of records containing reasonable details, accurate and fair reflections of financial transactions and dispositions of the assets of the Company.

The Internal Audit team of the Company has effective system of monitoring financial transactions and operational functions on a continuous basis to prevent revenue leakage. In discharging the responsibilities, the Internal Audit team constantly evaluates the Internal Controls and its effectiveness in different functional areas with necessary recommendations with implementations for the needed modifications.

Board's Report

Continued

Human Resource Management

Your Company understands the importance of its Human Resource and its efficient management. To this end, the Human Resource Function of your Company focuses on aligning the Human Resource function with the business needs in order to deliver right service to the end user.

The focus of your Company has been to acquire, manage and develop the right-fit employees with diverse background and build a performance-based culture. Your Company has partnered with reputed institutes in footwear / retail domain and has established a strong brand name by suitably placing their candidates. Focused hiring and development strategy have rendered expected results with positive impact on the overall business. In order to create a strong back up of quality resources for the future, during the year under review, certain employees were identified as having high potential and were put under a focussed development module through education, exposure and experience. Your Company has implemented reward and recognition policy across the organisation and has rendered priority on overall employee motivation, to develop sense of positive engagement and commitment.

Information Technology

During the financial year 2017-18, your Company has successfully implemented Goods and Service Taxes across all locations including its dealers and distributors. With this implementation, the Company is in compliant with the legal requirements of the Goods and Service Taxes. During the year under review, the Company continued with its licensing of softwares and usual maintenance of its servers. Apart from these, the card-based employee discount program has been converted into employee-contact number based loyalty program. Web based attendance management system for outsourced employees has been implemented by the Company during the year under report.

Initial Public Offer (IPO)

During the year under review, the Company successfully made its Initial Public Offer ("IPO") of 72,40,759 equity shares, which include a fresh issue of 6,66,666 Equity Shares of ₹ 10/- each for raising funds for the Company to the tune of ₹ 50,00,00,000/- (Rupees Fifty Crore only) and an offer for sale of 65,74,093 Equity Shares comprising of 7,22,000 shares by Mr. Siddhartha Roy Burman, Promoter and Chairman & Managing Director and 58,52,093 shares by the Private Equity Partner Reliance Alternative Investments Fund – Private Equity Scheme I (acting through its trustee, Fairwinds Trustee Services Private Limited) (hereinafter referred to as "the Private Equity Partner"). With the exit of the Private Equity Partner, the Company and the Promoters have complied with the requirement of providing exit to the Private Equity Partner as per the provisions of the Share Subscription & Purchase Agreement dated September 20, 2013.

Subsequent to the completion of the IPO, the paid up Equity Share capital of the Company got increased from ₹ 17,29,85,310 to ₹ 17,96,51,970. The Company's Equity shares got listed on BSE and NSE on 14th November, 2017 and are currently available for trading.

There is no deviation in the utilisation of the Proceeds from the objects stated in the prospectus.

Employee Stock Option Plan 2017

Your Company has instituted the Khadim Employee Stock Option Plan, 2017 ("ESOP 2017" / "Plan") for issue of up to 1,86,465 options to eligible employees which may result in issue of up to 1,86,465 Equity Shares in terms of the ESOP 2017. The Company had granted 62,876 options to the eligible employees of the Company during the year under report. As per ESOP 2017, the Vested Options can be exercised by an eligible employee within the exercise period of 5 (Five) years from the date of such vesting, or such other period as provided in the ESOP 2017 and determined by the Board or relevant Committee.

Share Capital

The paid up Equity Share Capital as on March 31, 2018 was ₹ 17,96,51,970 divided into 1,79,65,197 Equity shares of face value of ₹ 10/- each.

Change(s) in the nature of the business

There has been no change(s) of business of the Company or in the nature of business carried on by the Company during the financial year under review.

Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report

No material changes and commitments affecting the Financial position of the Company have occurred between the end of the financial year of the Company to which the financial statements relate and the date on which this Report has been signed.

Significant and material orders passed by the regulators/courts/tribunals impacting the going concern status and the Company's operations in future

During the year under review, no significant and material orders have been passed by the regulators / courts / tribunals that may impact the going concern status and the operations of the Company in future.

Subsidiaries, joint ventures and associate companies

The Company does not have any subsidiary company / associate company / joint venture company.

Deposits

During the year under review, the Company has not accepted any deposit from public within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014. The Company has no unclaimed / unpaid matured deposit or interest due thereon.

Corporate Social Responsibility

Your Company Believes that Corporate Social responsibility is an integral part of its business. It seeks to operate its business in a sustainable manner which would benefit the Society at large in alignment with the interest of its stakeholders. As per the requirements of Section 135 of the Companies Act, 2013 pertaining to Corporate Social Responsibilities ("CSR") your Company has duly constituted a Corporate Social Responsibility Committee ("CSR Committee").

The CSR Policy of the Company framed under the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is available on the Company's website www.khadims.com. The Annual Report on CSR activities for the financial year ended March 31, 2018 along with the composition of CSR Committee is marked as Annexure - I and forms part of this Report.

Risk Management Policy

Your Company recognizes that risk is an integral part of any business and is committed to manage the risk in a proactive and efficient manner. The Board has approved a Risk Management Policy which outlines the risk management framework for the various functions of the Company to identify and assess various kinds of risks, such as operational, strategic, resources, security, industry, regulatory compliance and other risks and put in place an adequate risk management infrastructure capable of mitigating these risks. As per the said Policy, a Risk Management Committee of the Board

has been entrusted with the roles and responsibilities to formulate, monitor and review risk management plans of the Company.

Vigil Mechanism and Whistle Blower Policy

Your Company is committed to highest standards of ethical, moral and legal conduct of its business. In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standard of professionalism, honesty, integrity and ethical behavior, the Company has adopted a comprehensive Vigil Mechanism / Whistle Blower Policy in compliance with the provisions of Section 177 (9) and (10) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as the "SEBI (LODR) Regulations"]. A (LODR) revised Vigil Mechanism / Whistle Blower Policy has been adopted by the Company duly approved by the Board in its meeting held on June 15, 2017. The policy provides for a framework and process whereby concerns can be raised by its Employees/ Directors or any other person against any kind of discrimination, harassment, victimization or any other unfair practice being adopted against them.

The revised Vigil Mechanism / Whistle Blower Policy has been uploaded in the website of the Company www.khadims.com and the same is available at the link <https://www.khadims.com/policy-on-vigil-mechanism/>.

Directors and Key Managerial Personnel

Your Company's Board is duly constituted in compliance with the requirement of the Companies Act, 2013, and the SEBI (LODR) Regulations.

During the year under review, the following Directors appointed / resigned from the Board of Directors of the Company viz.:

| S.No. | Name of the Director | Designation | Appointment Date | Resignation Date |
|-------|---|---|------------------|-------------------|
| 1. | Mrs. Tanusree Roy Burman (DIN:01582508) | Whole-Time Director | - | April 30, 2017 |
| 2. | Mr. Srinivasan Sridhar (DIN:00004272) | Non- Executive, Independent Director | May 25, 2017 | October 06, 2017 |
| 3. | Prof. (Dr.) Surabhi Banerjee (DIN:07829304) | Non- Executive, Independent Director | May 25, 2017 | - |
| 4. | *Ms. Namrata Ashok Chotrani (DIN: 00390845) | Non- Executive, Nominee Director (representing Reliance Alternative Investments Fund – Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited) | - | November 21, 2017 |
| 5. | Mr. Vinayak Vishwanath Kamath (DIN:02540608) | Non- Executive, Nominee Director (representing Reliance Alternative Investments Fund – Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited) | - | November 21, 2017 |

Board's Report

Continued

| S.No. | Name of the Director | Designation | Appointment Date | Resignation Date |
|-------|---|---|-------------------|------------------|
| 6. | *Ms. Namrata Ashok Chotrani (DIN: 00390845) | Additional Director (Non-Executive, Non-Independent) | December 14, 2017 | |
| 7. | Mr. Ritoban Roy Burman (DIN: 08020765) | Additional Director (Non-Executive, Non-Independent) | December 14, 2017 | - |
| 8. | Prof. Ashoke Kumar Dutta (DIN: 00045170) | Non- Executive, Independent Director | - | March 26, 2018 |
| 9. | Mr. Alok Chauthmal Churiwala (DIN: 02043221) | Additional Director (Non-Executive, Independent) | May 11, 2018 | - |

*Ms. Namrata Ashok Chotrani (DIN: 00390845) resigned as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited w.e.f. November 21, 2017 and was appointed as Non - Executive, Non Independent Director w.e.f. December 14, 2017.

As per Section 161 of the Companies Act, 2013, Ms. Namrata Ashok Chotrani, Mr. Ritoban Roy Burman and Mr. Alok Chauthmal Churiwala will hold Office upto the date of the ensuing Annual General Meeting (AGM) of your Company and they are proposed to be appointed as Directors of the Company.

A brief profile of Ms. Namrata Ashok Chotrani, Mr. Ritoban Roy Burman and Mr. Alok Chauthmal Churiwala along with the necessary disclosures has been annexed to the Notice convening the ensuing AGM.

None of the Directors of the Company is disqualified to be a Director of the Company on account of non-compliance with any of the provisions of the Companies Act, 2013, as applicable.

Director liable to Retirement by Rotation

Mr. Siddhartha Roy Burman (DIN:00043715), retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment. The brief resume of Mr. Siddhartha Roy Burman and other information under Regulation 36 of the SEBI (LODR) Regulations and Secretarial Standard on General Meeting (SS-2) with respect to the Director seeking re-appointment has been provided in the Notice convening AGM. Your Directors recommend his re-appointment at the ensuing AGM.

Appointment and Resignations of Key Managerial Personnel during the Financial Year ended 2017-18

The Board of Directors at its meeting held on March 26, 2018, has approved the appointment of Ms. Ishani Ray as the Chief Executive Officer (CEO) of the Company, effective from April 01, 2018. Prior to this Ms. Ray was the Chief Financial Officer (CFO) of the Company.

At the same meeting on March 26, 2018, the Board of Directors has approved the appointment of Mr. Indrajit Chaudhuri as the CFO of the Company, effective from April 01, 2018. Prior to this, Mr. Chaudhuri was the General Manager- Commercial & Strategic Planning of the Company.

Mr. Siddhartha Roy Burman, Chairman & Managing Director, Ms. Ishani Ray, CEO, Mr. Indrajit Chaudhuri, CFO and Mr. Abhijit Dan, Company Secretary and Head - Legal of the Company continue to be the Key Managerial personnel of your Company under the relevant provisions of the Companies Act, 2013.

Familiarisation Programme for Independent Directors

Pursuant to the requirement of Regulation 25(7) of the SEBI (LODR) Regulations, the Company needs to formally arrange Familiarization Programme for Independent Directors to familiarize them with their role, rights and responsibilities as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The details of such Familiarization Programme for Independent Directors are mentioned in the Report on Corporate Governance, which forms part of this annual report.

Statements of declaration on Independence given by Independent Directors

All the Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013.

Separate Meeting of Independent Director

In terms of requirements of Schedule IV of the Companies Act, 2013, the Independent Directors of the Company met separately on June 15, 2017 and November 21, 2017, to inter alia review the performance of Non-Independent Directors (including the Chairman), the entire Board and the quality, quantity and timeliness of the flow of information between the Management and the Board.

Company's Policy on Appointment and Remuneration of Directors

The Company has been following a policy with respect to appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel. The appointment of Directors on the Board is subject to the recommendation of the Nomination and Remuneration Committee (NRC). Based on the recommendation of the NRC, the remuneration of Executive Director comprises of Basic Salary, Perquisites, Allowances and Commission in accordance with the provisions of the Companies Act, 2013. The remuneration of Non-Executive Directors comprises of sitting fees and commission in accordance with the provisions of Companies Act, 2013.

Nomination and Remuneration Policy

In accordance with the provisions of Section 178(3) of the Companies Act, 2013 and the provisions of the SEBI (LODR) Regulations, the Company has a Remuneration Policy in place. The objectives and key features of this Policy are:

- Formulation of the criteria for determining qualifications, positive attributes and independence of the Directors, Key Managerial Personnel and Senior Management Personnel;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy;
- Directors' induction and continued updation as and when required of their roles, responsibilities and liabilities;
- Formulation of criteria for performance evaluation of the Board, its committees and Directors including Independent Directors/ Non-executive Directors; and
- Aligning the remuneration of Executive Directors, Key Managerial Personnel and senior management personnel with the Company's financial position, industrial trends, remuneration paid by peer companies etc.

The guiding principles of the Policy are:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The aforesaid Nomination and Remuneration Policy has been uploaded on the website of your Company www.khadims.com and is available at the link: <https://www.khadims.com/policy-on-nomination-remuneration-committee/>.

Meetings of the Board

During the year under review 17 meetings of the Board of Directors of the Company were held. The composition of the Board and other details relating to the Board meetings have been provided in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and SEBI (LODR) Regulations.

The Company has duly constituted the following mandatory Committees in terms of the provisions of the Companies Act, 2013 read with rules framed thereunder viz.

- Audit Committee;
- Nomination and Remuneration Committee;

- Stakeholders' Relationship Committee; and
- Corporate Social Responsibility Committee.

The Composition of all such Committees, number of meetings held during the year under review, brief terms of reference and other details have been provided in the Corporate Governance Report which forms part of this Annual Report. All the Recommendations made by the Committees were accepted by the Board.

Extract of Annual Return

The details forming part of extract of the Annual Return in Form MGT-9 in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, has been enclosed with this report as Annexure - II.

Particulars of contracts and arrangement with Related Parties

All transactions entered by the Company with Related Parties during the financial year 2017-18 as defined under section 2 (76) of the Companies Act, 2013 read with the Companies (Specification of Definitions Details) Rules, 2014 were in the Ordinary Course of Business and at Arm's Length pricing basis. There were no materially significant transactions with Related Parties during the financial year 2017-18, which were in conflict with the interest of the Company. Suitable disclosures as required under AS-18 have been made in the Notes to the financial statements.

Accordingly, the disclosure of particulars of contracts or arrangements with related parties in Form AOC-2, pursuant to section 134(3)(h) of the Companies Act, 2013, read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is not applicable. The policy on Related Party Transactions can be accessed on the website of the Company www.khadims.com and is available at the link: <https://www.khadims.com/policy-on-related-party-transaction/>.

Secretarial Auditors

In terms of the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board at its meeting held on May 11, 2018, appointed M/s. BKG & Company, Company Secretaries, 11A, Esplanade East, Kolkata-700069 as the Secretarial Auditors of the Company, to conduct the Secretarial Audit for the Financial Year ended March 31, 2019.

The Secretarial Audit Report for the Financial Year ended March 31, 2018 is annexed herewith and marked as Annexure - III to this report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer.

Secretarial Standards

During the year, the Company has complied with the applicable secretarial standards issued by the Institute of Company Secretaries of India.

Board's Report

Continued

Directors' Responsibility Statement

In terms of provisions of Section 134(5) of the Companies Act, 2013 ("the Act"), your Directors confirm that:

- a) in the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- c) the Directors had taken proper and sufficient care for the 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 fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;
- e) proper internal financial controls are followed by the Company and that such financial controls are adequate and are operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended March 31, 2018.

Statutory Auditors

M/s. Deloitte Haskins & Sells (Firm Registration No. 302009E, Chartered Accountants) was appointed as Statutory Auditors for a period of 4 years at the Annual General Meeting of the Company held on September 29, 2014, and shall hold office till the conclusion of the Annual General Meeting to be held for the financial year 2017-18 and are eligible for re-appointment for a second term of 5 consecutive years in the ensuing Annual General Meeting.

The Statutory Auditors have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for reappointment as Auditors of the Company. As required under SEBI (LODR) Regulations, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

Necessary resolution to consider the above reappointment is included in the Notice of the 37th Annual General Meeting. The Members are requested to approve the appointment of the Statutory Auditors as aforesaid and fix their remuneration.

The Auditors' Report on the Annual Accounts of the Company forms part of the Annual Report of the Company.

The Auditors' Report does not contain any qualification, reservation or adverse remark or disclaimer.

Cost Auditor

Although the Company is not coming under the purview of compulsory cost audit as per the Companies Act, 2013, your Company has continued with the services of the Cost Auditor for the Financial Year 2017-2018 and for the succeeding Financial Year.

Particulars of Loans, Investments and Guarantees

During the financial year 2017-18, the Company has not made any investment, has not given any loans, has not provided any guarantees, has not provided any security in connection with any loan, has not acquired securities by way of subscription, purchase or otherwise in excess of the thresholds provided in Section 186 of the Companies Act, 2013.

Conservation of Energy, Technology absorption and Foreign exchange earnings and outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are given in Annexure – IV, forming part of this Report.

Managerial Remuneration, Particulars of Employees and related disclosure

Details of remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as Annexure – V and VI respectively.

Disclosures under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

Your Company strongly believes in providing a safe and harassment free workplace for each and every individual working for the Company through various interventions and practices and has zero tolerance for sexual harassment at workplace. It is the continuous endeavour of the management of the Company to create and provide an environment to all its employees that is free from discrimination and harassment including sexual harassment. The Company has adopted a policy on Prevention of Sexual Harassment at Workplace. An Internal Complaint Committee (ICC) with requisite number of representatives has been set up to redress complaints relating to sexual harassment, if any. The Policy is gender neutral. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

The Policy under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder is available in the website of the Company at <https://www.khadims.com/policy-on-internal-compliance/>. No complaints

relating to the sexual harassment has been received during the year under report.

Performance evaluation of the Directors

In terms of the provisions of the Companies Act, 2013 read with Rules issued thereunder and the SEBI (LODR) Regulations, the Board of Directors has carried out the annual performance evaluation of the entire Board, Committees and all the Directors based on the criteria laid down by the Nomination and Remuneration Committee.

The performance of the Board and individual Directors was evaluated by the Board seeking inputs from all the Directors. The criteria for performance evaluation of the Board included aspects like Board composition and structure, effectiveness of Board processes, information and functioning etc. The criteria for performance evaluation of Committees of the Board included aspects like composition of Committees, effectiveness of Committee meetings etc. The criteria for performance evaluation of the individual Directors included aspects on contribution to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc.

Corporate Governance

A Report on Corporate Governance along with a Certificate from the Statutory Auditors of the Company confirming of corporate governance requirements as stipulated under Regulation 27 of SEBI (LODR) Regulations is enclosed as Annexure - VII and forms part of this Annual Report.

Management Discussion and Analysis Report

Management Discussion and Analysis Report for the financial year under review, as stipulated under Regulation 34 of SEBI (LODR) Regulations is presented in a separate section forming part of the Annual Report.

Fraud Reporting

During the year under review, no fraud has been reported by Auditors under sub-section (12) of Section 143 of the Companies Act, 2013.

Cautionary Statement

Statements in the Annual Report, including those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

Acknowledgement

Your Directors would like to express their sincere appreciation for the assistance and cooperation received from the financial institution, banks, merchant bankers, legal consultants, registrar, government authorities, customers, vendors and members during the year under review. Your Directors also acknowledge the continued support received from investors and shareholders and the confidence reposed by them. Your Directors also wish to place on record their deep sense of appreciation for the committed service by the executives, staffs and workers of the Company.

For and on behalf of the Board of Directors

Place: Kolkata
Date: May 11, 2018

Siddhartha Roy Burman
Chairman & Managing Director
DIN: 00043715

Annexure - I

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 and Rule 8 of the Companies
(Corporate Social Responsibility Policy) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

a) CSR Policy - Brief Outline and Overview:

The Board of Directors at its meeting held on March 25, 2016 approved the revised CSR Policy of your Company pursuant to the provisions of Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014. The main objective of CSR Policy is to lay down guidelines for CSR Activities of the Company and undertake various social initiatives that complement corporate mandate and benefit the community at large.

b) Web-Link to the CSR Policy:

<https://www.khadims.com/policy-on-csr/>

2. The Composition of the CSR Committee:

| | |
|---|-------------|
| Prof. (Dr.) Surabhi Banerjee [§] | Chairperson |
| Mr. Siddhartha Roy Burman | Member |
| Mr. Ritoban Roy Burman [£] | Member |
| Mr. Abhijit Dan | Secretary |

§ Appointed as the Chairperson of the CSR Committee w.e.f. April 24, 2018.

£ Appointed as member of the CSR Committee w.e.f. from December 14, 2017.

Prof. Ashoke Kumar Dutta, ceased to be the Chairman / Member of the CSR Committee w.e.f. March 26, 2018, consequent to his resignation from the Board of Directors.

Mr. Vinayak Vishwanath Kamath and Ms. Namrata Ashok Chotrani ceased to be the member of the CSR Committee w.e.f. November 21, 2017 consequent to their respective resignation as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited.

Ms. Tanusree Roy Burman ceased to become member of the CSR Committee w.e.f. April 30, 2017 consequent to her resignation from the Board of Directors.

3. Average Net Profit of the Company for the last three financial years:

| Particulars | (In ₹ million) | |
|--|----------------|--------|
| | Amount | Amount |
| A. Net Profits of the Company for the: | | |
| • Financial Year ended March 31, 2015 | (209.30) | |
| • Financial Year ended March 31, 2016 | 263.91 | |
| • Financial Year ended March 31, 2017 | 416.14 | |
| B. Average Net Profit of the Company for the last three financial years | | 156.92 |
| C. Prescribed CSR Expenditure (2% of amount stated in Item no. B above) | | 3.14 |
| D. Details of CSR Expenditure: | | |
| Amount spent during the financial year 2017-18 | | 1.02 |
| Amount unspent | | 2.12 |

Manner in which the amount spent during the Financial Year is detailed below:

| Sl. No. | CSR Project or activity identified | Sector in which the project is covered | Project or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise (in ₹ million) | Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Overheads (in ₹ million) | Cumulative expenditure up to the reporting period (in ₹ million) | Amount spent Direct or through implementing agency |
|--------------|------------------------------------|---|--|--|--|--|--|
| 1. | Donation of 2 (Two) Ambulances | Promotion of health care including preventive health care | i) Garden Reach Slum Development, Kolkata West Bengal ii) Bhadreswar Municipality, Hooghly, West Bengal | 1.02 | 1.02 | 1.02 | Direct |
| TOTAL | | | | 1.02 | 1.02 | 1.02 | |

4. In case the Company has failed to spend the two percent of the average net profit of the last three Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board's Report

The Company could not spend the balance allocated amount of ₹ 2.12 million, as it was in the process of identification of suitable projects / registered Society / Trust / Public Body etc. for undertaking CSR Activities. The Company shall endeavour to spend the balance amount of ₹ 2.12 million in the financial year 2018-19, subject to availability of suitable project / entity whose need / requirement is in alignment with the CSR policy of the Company.

5. Responsibility Statement:

On behalf of the CSR Committee, we hereby affirm that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

Place: Kolkata
Date: May 11, 2018

Siddhartha Roy Burman
Chairman & Managing Director
DIN: 00043715

Surabhi Banerjee
Chairperson, CSR Committee
DIN: 07829304

Annexure - II

FORM NO. MGT- 9
EXTRACT OF ANNUAL RETURN

as on the Financial Year ended March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I REGISTRATION & OTHER DETAILS:

| | | |
|-----|---|---|
| i | CIN | L19129WB1981PLC034337 |
| ii | Registration Date | December 03, 1981 |
| iii | Name of the Company | Khadim India Limited |
| iv | Category/Sub-category of the Company | Company limited by Shares / Non-govt company |
| v | Address of the Registered office and contact details | Kankaria Estate, 5 th Floor 6, Little Russell Street, Kolkata, West Bengal - 700071 |
| vi | Whether listed company | Yes |
| vii | Name , Address & contact details of the Registrar & Transfer Agent, if any. | Link Intime India Private Limited C-101, 1 st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai - 400083 Tel: +91 22 49186000 Fax: +91 22 49186060 Email: mumbai@linkintime.co.in |

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY - RETAILING AND DIRECT SALES

All the business activities contributing 10% or more of the total turnover of the company are:

| Sl No | Name & Description of main products/services | NIC Code of the Product /service | % to total turnover of the company |
|-------|--|----------------------------------|------------------------------------|
| 1 | Footwear - Retail [^] | 47713 | 67% |
| 2 | Footwear - Wholesale ^{^^} | 46413 | 24% |

[^] Retail consists of Company Owned and Operated Outlets (COOs), Franchisee Run and Managed outlets (FRMs), Branded Outlets (BOs) and Exclusive Branded Outlets (EBOs).^{^^} Wholesale consists of Distribution Business.

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES:

| Sl. No. | Name & Address of the Company | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|---------|-------------------------------|---------|--------------------------------|------------------|--------------------|
| | | None* | | | |

*Knightsville Private Limited ceased to be the a holding company w.e.f. November 14, 2017.

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

(i) Category-wise Share Holding

| Category of Shareholders | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change during the year |
|---|---|-----------------|-------------------------|-------------------------------------|----------|-------------------------|--------------------------|
| | Demat | Physical | Total % of Total Shares | Demat | Physical | Total % of Total Shares | |
| A Shareholding of Promoter and Promoter Group | | | | | | | |
| 1 Indian | | | | | | | |
| a Individuals / Hindu Undivided Family | 0 | 2173209 | 2173209 | 1451209 | 0 | 1451209 | 8.08 |
| b Central Government / State Government(s) | 0 | 0 | 0 | 0 | 0 | 0 | -4.48 |
| c Financial Institutions / Banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d Any Other (Specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e Bodies Corporate | 0 | 9273229 | 9273229 | 9273229 | 0 | 9273229 | 51.62 |
| Sub Total (A)(1) | 0 | 11446438 | 11446438 | 10724438 | 0 | 10724438 | 59.70 |
| 2 Foreign | | | | | | | |
| a Individuals (Non-Resident Individuals / Foreign Individuals) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d Foreign Portfolio Investor | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e Any Other (Specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub Total (A)(2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2) | 0 | 11446438 | 11446438 | 10724438 | 0 | 10724438 | 59.7 |
| B Public Shareholding | | | | | | | |
| 1 Institutions | | | | | | | |
| a Mutual Funds / UTI | 0 | 0 | 0 | 3004564 | 0 | 3004564 | 16.72 |
| b Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c Alternate Investment Funds | 0 | 0 | 0 | 959948 | 0 | 959948 | 5.34 |
| d Foreign Venture Capital Investors | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e Foreign Portfolio Investor | 0 | 0 | 0 | 1115206 | 0 | 1115206 | 6.2 |
| f Financial Institutions / Banks | 0 | 0 | 0 | 2334 | 0 | 2334 | 0.01 |
| g Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2) | 0 | 11446438 | 11446438 | 10724438 | 0 | 10724438 | -6.47 |

Annexure - II

Continued

| Category of Shareholders | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change during the year |
|--|---|-----------------|-----------------|-------------------------------------|----------|-----------------|--------------------------|
| | Demat | Physical | Total | Demat | Physical | Total | |
| h Provident Funds/ Pension Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i Any Other (Specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub Total (B)(1) | 0 | 0 | 0 | 5082052 | 0 | 5082052 | 28.28 |
| 2 Central Government/ State Government(s)/ President of India | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub Total (B)(2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Non-Institutions | | | | | | | |
| a Individuals | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto ₹ 1 lakh. | 0 | 0 | 0 | 1520882 | 0 | 1520882 | 8.47 |
| (ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 0 | 0 | 0 | 20000 | 0 | 20000 | 0.11 |
| b NBFCs registered with RBI | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c Employee Trusts | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d Overseas Depositories(holding DRs) (balancing figure) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e Any Other (Specify) | | | | | | | |
| (i) Hindu Undivided Family | 0 | 0 | 0 | 68793 | 0 | 68793 | 0.38 |
| (ii) Non Resident Indians (Non Repat) | 0 | 0 | 0 | 4786 | 0 | 4786 | 0.03 |
| (iii) Non Resident Indians (Repat) | 0 | 0 | 0 | 2486 | 0 | 2486 | 0.01 |
| (iv) Clearing Member | 0 | 0 | 0 | 108762 | 0 | 108762 | 0.61 |
| (v) Bodies Corporate | 5852093 | 0 | 5852093 | 432998 | 0 | 432998 | -31.42 |
| Sub Total (B)(3) | 5852093 | 0 | 5852093 | 2158707 | 0 | 2158707 | -21.81 |
| Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3) | 5852093 | 0 | 5852093 | 7240759 | 0 | 7240759 | 40.3 |
| Total (A)+(B) | 5852093 | 11446438 | 17298531 | 17965197 | 0 | 17965197 | 0 |
| C Non Promoter - Non Public | | | | | | | |
| 1 Custodian/DR Holder | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total (A)+(B)+(C) | 5852093 | 11446438 | 17298531 | 17965197 | 0 | 17965197 | 0 |

(ii) SHARE HOLDING OF PROMOTERS AND PROMOTER GROUP

| Sl. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in the shareholding during the year |
|--------|--|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--|
| | | No. of Shares | % of total shares of the Company | % of shares pledged/encumbered total shares | No. of Shares | % of total shares of the Company | % of shares pledged/encumbered total shares | |
| 1 | KNIGHTSVILLE PRIVATE LIMITED | 8737829 | 50.51 | 0 | 8737829 | 48.64 | 0 | -1.87 |
| 2 | SIDDHARTHA ROY BURMAN | 2173149 | 12.56 | 0 | 1451149 | 8.08 | 0 | -4.48 |
| 3 | KHADIM DEVELOPMENT COMPANY PRIVATE LIMITED | 302950 | 1.75 | 0 | 302950 | 1.69 | 0 | -0.06 |
| 4 | MOVIEWALLAH COMMUNICATIONS PRIVATE LIMITED | 172450 | 1.00 | 0 | 172450 | 0.96 | 0 | -0.04 |
| 5 | TETENAL PHOTOCHEMIE PRIVATE LIMITED | 35000 | 0.20 | 0 | 35000 | 0.19 | 0 | -0.01 |
| 6 | PHOTO IMAGING PRIVATE LIMITED | 25000 | 0.14 | 0 | 25000 | 0.14 | 0 | 0 |
| 7 | TANUSREE ROY BURMAN | 60 | 0 | 0 | 60 | 0.00 | 0 | 0 |
| | Total | 11446438 | 66.17 | 0 | 10724438 | 59.70 | 0 | -6.47 |

(iii) CHANGE IN SHAREHOLDING OF PROMOTERS AND PROMOTER GROUP

| Sl. No. | Name & Type of Transaction | Shareholding at the beginning of the year | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2018 | |
|----------|-------------------------------------|---|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of Shares Held | % of Total Shares of the Company | Date of Transaction | No. of Shares | No of Shares Held | % of Total Shares of the Company |
| 1 | KNIGHTSVILLE PRIVATE LIMITED | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 8737829 | 50.51 | | | | |
| | Transfer | | | - | - | | |
| | AT THE END OF THE YEAR | | | | | 8737829 | 48.64 |
| 2 | SIDDHARTHA ROY BURMAN | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 2173149 | 12.56 | | | | |
| | Transfer | | | 27-Oct-17 | (722000) | | |
| | AT THE END OF THE YEAR | | | | | 1451149 | 8.08 |

Annexure - II

Continued

| Sl. No. | Name & Type of Transaction | Shareholding at the beginning of the year | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2018 | |
|----------|---|---|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of Shares Held | % of Total Shares of the Company | Date of Transaction | No. of Shares | No of Shares Held | % of Total Shares of the Company |
| 3 | KHADIM DEVELOPMENT COMPANY PRIVATE LIMITED | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 302950 | 1.75 | | | | |
| | Transfer | | | - | - | | |
| | AT THE END OF THE YEAR | | | | | 302950 | 1.69 |
| 4 | MOVIEWALLAH COMMUNICATIONS PRIVATE LIMITED | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 172450 | 1.00 | | | | |
| | Transfer | | | - | - | | |
| | AT THE END OF THE YEAR | | | | | 172450 | 0.96 |
| 5 | TETENAL PHOTOCHEMIE PRIVATE LIMITED | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 35000 | 0.20 | | | | |
| | Transfer | | | - | - | | |
| | AT THE END OF THE YEAR | | | | | 35000 | 0.19 |
| 6 | PHOTO IMAGING PRIVATE LIMITED | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 25000 | 0.14 | | | | |
| | Transfer | | | - | - | | |
| | AT THE END OF THE YEAR | | | | | 25000 | 0.14 |
| 7 | TANUSREE ROY BURMAN | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 60 | 0 | | | | |
| | Transfer | | | - | - | | |
| | AT THE END OF THE YEAR | | | | | 60 | 0 |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

| Sl. No. | Name & Type of Transaction | Shareholding at the beginning of the year | | Transactions during the year | | Cumulative Shareholding at the end of the year | |
|----------|--|---|----------------------------------|------------------------------|---------------|--|----------------------------------|
| | | No. of Shares Held | % of Total Shares of the Company | Date of Transaction | No. of Shares | No of Shares Held | % of Total Shares of the Company |
| 1 | HSBC GLOBAL INVESTMENT FUNDS - ASIA EX JAPAN EQUITY SMALLER COMPANIES | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 0 | 0 | | | | |
| | Transfer | | | 10 Nov 2017 | 761432 | 761432 | 4.24 |
| | Transfer | | | 17 Nov 2017 | 73355 | 834787 | 4.65 |
| | Transfer | | | 24 Nov 2017 | 4999 | 839786 | 4.67 |
| | Transfer | | | 19 Jan 2018 | 41783 | 881569 | 4.91 |
| | Transfer | | | 26 Jan 2018 | 7164 | 888733 | 4.95 |
| | AT THE END OF THE YEAR | | | | | 888733 | 4.95 |
| 2 | SUNDARAM MUTUAL FUND A/C SUNDARAM SMILE FUND | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 0 | 0.0000 | | | | |
| | Transfer | | | 10 Nov 2017 | 624798 | 624798 | 3.48 |
| | Transfer | | | 17 Nov 2017 | 49264 | 674062 | 3.75 |
| | Transfer | | | 24 Nov 2017 | 22682 | 696744 | 3.88 |
| | Transfer | | | 22 Dec 2017 | 22721 | 719465 | 4.00 |
| | Transfer | | | 29 Dec 2017 | 49875 | 769340 | 4.28 |
| | Transfer | | | 09 Feb 2018 | (1830) | 767510 | 4.27 |
| | Transfer | | | 09 Mar 2018 | (42706) | 724804 | 4.03 |
| | AT THE END OF THE YEAR | | | | | 724804 | 4.03 |
| 3 | IDFC PREMIER EQUITY FUND | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 0 | 0.0000 | | | | |
| | Transfer | | | 10 Nov 2017 | 460621 | 460621 | 2.56 |
| | Transfer | | | 17 Nov 2017 | 49970 | 510591 | 2.84 |
| | Transfer | | | 24 Nov 2017 | 40010 | 550601 | 3.06 |
| | Transfer | | | 01 Dec 2017 | 4000 | 554601 | 3.09 |
| | Transfer | | | 08 Dec 2017 | 10000 | 564601 | 3.14 |
| | Transfer | | | 22 Dec 2017 | 10000 | 574601 | 3.20 |
| | Transfer | | | 05 Jan 2018 | 49399 | 624000 | 3.47 |
| | Transfer | | | 12 Jan 2018 | 10000 | 634000 | 3.53 |
| | Transfer | | | 19 Jan 2018 | 3177 | 637177 | 3.55 |
| | Transfer | | | 26 Jan 2018 | 6823 | 644000 | 3.58 |
| | Transfer | | | 09 Feb 2018 | 5000 | 649000 | 3.61 |
| | Transfer | | | 16 Feb 2018 | 15000 | 664000 | 3.70 |
| | Transfer | | | 23 Feb 2018 | 8761 | 672761 | 3.74 |
| | Transfer | | | 02 Mar 2018 | 14239 | 687000 | 3.82 |
| | Transfer | | | 09 Mar 2018 | 10000 | 697000 | 3.88 |
| | Transfer | | | 16 Mar 2018 | 9011 | 706011 | 3.93 |
| | Transfer | | | 23 Mar 2018 | 13497 | 719508 | 4.00 |
| | Transfer | | | 31 Mar 2018 | 1408 | 720916 | 4.01 |
| | AT THE END OF THE YEAR | | | | | 720916 | 4.01 |

Annexure - II

Continued

| Sl. No. | Name & Type of Transaction | Shareholding at the beginning of the year | | Transactions during the year | | Cumulative Shareholding at the end of the year | |
|----------|--|---|----------------------------------|------------------------------|---------------|--|----------------------------------|
| | | No. of Shares Held | % of Total Shares of the Company | Date of Transaction | No. of Shares | No of Shares Held | % of Total Shares of the Company |
| 4 | FRANKLIN INDIA SMALLER COMPANIES FUND | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 0 | 0 | | | | |
| | Transfer | | | 10 Nov 2017 | 475666 | 475666 | 2.65 |
| | Transfer | | | 17 Nov 2017 | 80000 | 555666 | 3.09 |
| | Transfer | | | 24 Nov 2017 | 12807 | 568473 | 3.16 |
| | Transfer | | | 01 Dec 2017 | 12193 | 580666 | 3.23 |
| | AT THE END OF THE YEAR | | | | | 580666 | 3.23 |
| 5 | SUNDARAM ALTERNATIVE OPPORTUNITIES FUND - NANO CAP SERIES I | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 0 | 0 | | | | |
| | Transfer | | | 24 Nov 2017 | 92697 | 92697 | 0.52 |
| | Transfer | | | 01 Dec 2017 | 29619 | 122316 | 0.68 |
| | Transfer | | | 08 Dec 2017 | 67664 | 189980 | 1.06 |
| | Transfer | | | 15 Dec 2017 | 172980 | 362960 | 2.02 |
| | Transfer | | | 22 Dec 2017 | 101340 | 464300 | 2.58 |
| | Transfer | | | 09 Mar 2018 | 35000 | 499300 | 2.78 |
| | AT THE END OF THE YEAR | | | | | 499300 | 2.78 |
| 6 | UTI-MASTER EQUITY PLAN UNIT SCHEME | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 0 | 0 | | | | |
| | Transfer | | | 10 Nov 2017 | 280000 | 280000 | 1.56 |
| | Transfer | | | 17 Nov 2017 | 47607 | 327607 | 1.82 |
| | Transfer | | | 24 Nov 2017 | 18073 | 345680 | 1.92 |
| | Transfer | | | 15 Dec 2017 | 13500 | 359180 | 2.00 |
| | Transfer | | | 22 Dec 2017 | 13490 | 372670 | 2.07 |
| | Transfer | | | 29 Dec 2017 | 9010 | 381680 | 2.12 |
| | Transfer | | | 02 Mar 2018 | 4950 | 386630 | 2.15 |
| | Transfer | | | 09 Mar 2018 | 8402 | 395032 | 2.20 |
| | AT THE END OF THE YEAR | | | | | 395032 | 2.20 |
| 7 | MIRAE ASSET EMERGING BLUECHIP FUND | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 0 | 0 | | | | |
| | Transfer | | | 12 Jan 2018 | 45980 | 45980 | 0.26 |
| | Transfer | | | 19 Jan 2018 | 10020 | 56000 | 0.31 |
| | Transfer | | | 26 Jan 2018 | 6000 | 62000 | 0.35 |
| | Transfer | | | 09 Feb 2018 | 33076 | 95076 | 0.53 |
| | Transfer | | | 16 Feb 2018 | 192603 | 287679 | 1.60 |
| | Transfer | | | 23 Feb 2018 | 16134 | 303813 | 1.69 |
| | Transfer | | | 02 Mar 2018 | 22925 | 326738 | 1.82 |
| | Transfer | | | 16 Mar 2018 | 578 | 327316 | 1.82 |
| | Transfer | | | 31 Mar 2018 | 6283 | 333599 | 1.86 |
| | AT THE END OF THE YEAR | | | | | 333599 | 1.86 |

| Sl. No. | Name & Type of Transaction | Shareholding at the beginning of the year | | Transactions during the year | | Cumulative Shareholding at the end of the year | |
|-----------|--|---|----------------------------------|------------------------------|---------------|--|----------------------------------|
| | | No. of Shares Held | % of Total Shares of the Company | Date of Transaction | No. of Shares | No of Shares Held | % of Total Shares of the Company |
| 8 | IL & FS TRUST COMPANY LIMITED - FOREFRONT ALTERNATIVE EQUITY SCHEME | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 0 | 0 | | | | |
| | Transfer | | | 10 Nov 2017 | 430571 | 430571 | 2.40 |
| | Transfer | | | 17 Nov 2017 | (134623) | 295948 | 1.65 |
| | AT THE END OF THE YEAR | | | | | 295948 | 1.65 |
| 9 | ADITYA BIRLA SUN LIFE INSURANCE COMPANY LIMITED | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 0 | 0 | | | | |
| | Transfer | | | 10 Nov 2017 | 186680 | 186680 | 1.04 |
| | Transfer | | | 12 Jan 2018 | 50000 | 236680 | 1.32 |
| | Transfer | | | 26 Jan 2018 | 21848 | 258528 | 1.44 |
| | Transfer | | | 02 Feb 2018 | 17065 | 275593 | 1.53 |
| | Transfer | | | 09 Feb 2018 | (2000) | 273593 | 1.52 |
| | Transfer | | | 02 Mar 2018 | (31425) | 242168 | 1.35 |
| | AT THE END OF THE YEAR | | | | | 242168 | 1.35 |
| 10 | BNP PARIBAS LONG TERM EQUITY FUND | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 0 | 0 | | | | |
| | Transfer | | | 19 Jan 2018 | 157383 | 157383 | 0.88 |
| | Transfer | | | 26 Jan 2018 | 164 | 157547 | 0.88 |
| | Transfer | | | 02 Feb 2018 | (10000) | 147547 | 0.82 |
| | Transfer | | | 09 Feb 2018 | 20000 | 167547 | 0.93 |
| | AT THE END OF THE YEAR | | | | | 167547 | 0.93 |

(v) Shareholding of Directors & Key Managerial Personnel (KMP)

| Sl. No. | Name & Type of Transaction | Shareholding at the beginning of the year | | Transactions during the year | | Cumulative Shareholding at the end of the year | |
|----------|------------------------------|---|----------------------------------|------------------------------|---------------|--|----------------------------------|
| | | No. of Shares Held | % of Total Shares of the Company | Date of Transaction | No. of Shares | No of Shares Held | % of Total Shares of the Company |
| 1 | SIDDHARTHA ROY BURMAN | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 2173149 | 12.56 | | | | |
| | Transfer | | | 27 Oct 2017 | (722000) | | |
| | AT THE END OF THE YEAR | | | | | 1451149 | 8.08 |
| 2 | TANUSREE ROY BURMAN | | | | | | |
| | AT THE BEGINNING OF THE YEAR | 60 | 0 | | | | |
| | Transfer | | | - | - | | |
| | AT THE END OF THE YEAR | | | | | 60 | 0 |

Annexure - II

Continued

V INDEBTEDNESS

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

| | | | | | (in ₹ million) |
|--|------------------------------|----------------------------------|-----------------|------------|--------------------|
| Sl. No. | Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
| Indebtedness at the beginning of the financial year | | | | | |
| i) | Principal Amount | 1,091.15 | Nil | Nil | 1,091.15 |
| ii) | Interest due but not paid | 1.69 | Nil | Nil | 1.69 |
| iii) | Interest accrued but not due | 0.11 | Nil | Nil | 0.11 |
| | Total (i+ii+iii) | 1,092.95 | Nil | Nil | 1,092.95 |
| Change in Indebtedness during the financial year | | | | | |
| | Additional | Nil | Nil | Nil | Nil |
| | Reduction | 406.40 | Nil | Nil | 406.40 |
| Net Change | | | | | |
| Indebtedness at the end of the financial year | | | | | |
| i) | Principal Amount | 684.81 | Nil | Nil | 684.81 |
| ii) | Interest due but not paid | 1.74 | Nil | Nil | 1.74 |
| iii) | Interest accrued but not due | - | Nil | Nil | - |
| | Total (i+ii+iii) | 686.55 | Nil | Nil | 686.55 |

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| | | | | | (in ₹ million) |
|--|--|----------------------------|---------------------------|--------------|----------------|
| Sl. No. | Particulars of Remuneration | Name of the MD/WTD/Manager | | Total Amount | |
| | | Mrs. Tanusree Roy Burman | Mr. Siddhartha Roy Burman | | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | 0.17 | 26.28 | 26.45 | |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | 0.02 | 0.54 | 0.56 | |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - | - | |
| 2 | Stock option | - | - | - | |
| 3 | Sweat Equity | - | - | - | |
| 4 | Commission | - | 2.86 | 2.86 | |
| | as % of profit | - | - | - | |
| | Others, please specify | - | - | - | |
| 5 | Others, please specify | - | - | - | |
| | Total (A) | 0.19 | 29.68 | 29.87 | |
| Ceiling as per the Act-10% of Net profit. | | | | | |

B. Remuneration to other Directors

| | | | | | | (in ₹ million) |
|----------|--|-----------------------------------|----------------------------------|---------------------------------|-------------------------------------|----------------|
| Sl. No | Particulars of Remuneration | Name of the Directors | | | | Total Amount |
| 1 | Independent Directors | Mr. Srinivasan Sridhar | Dr. Indra Nath Chatterjee | Prof. Ashoke Kumar Dutta | Prof. (Dr.) Surabhi Banerjee | |
| | (a) Fee for attending Board and Committee meetings | 0.21 | 0.83 | 0.76 | 0.74 | 2.54 |
| | (b) Commission | - | 0.10 | - | 0.10 | 0.20 |
| | (c) Others, please specify | - | - | - | - | - |
| | Total (1) | 0.21 | 0.93 | 0.76 | 0.84 | 2.74 |
| 2 | Other Non-Executive Directors | Ms. Namrata Ashok Chotrani | Mr. Ritoban Roy Burman | - | - | |
| | (a) Fee for attending board committee meetings | 0.15 | 0.08 | | | 0.23 |
| | (b) Commission | 0.10 | 0.10 | | | 0.20 |
| | (c) Others, please specify. | | | | | |
| | Total (2) | 0.25 | 0.18 | | | 0.43 |
| | Total (B)=(1+2) | - | - | | | 3.17 |
| | Total Managerial Remuneration [Total (A)+(B)] | - | - | - | - | 33.04 |

Overall Ceiling as per the Act- Sitting Fee paid to Non-Executive Director does not form a part of the Total Managerial Remuneration.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| | | | | | | (in ₹ million) |
|----------|---|--------------------------|-------------------------|-------------------|--|----------------|
| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | | Total |
| | | Chief Executive Officer | Chief Financial Officer | Company Secretary | | |
| 1 | Gross Salary | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | N.A. | 5.63 | 2.19 | | 7.82 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | - | - | - | | - |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - | - | | - |
| 2 | Stock Option | - | - | - | | - |
| 3 | Sweat Equity | - | - | - | | - |
| 4 | Commission | | | | | |
| | -as % of profit | - | - | - | | - |
| | -others, specify | - | - | - | | - |
| 5 | Others, please specify | | | | | |
| | Total | NIL | 5.63 | 2.19 | | 7.82 |

Annexure - II

Continued

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/Compounding fees imposed | Authority (RD/ NCLT/Court) | Appeal made if any (give details) |
|-------------------------------------|------------------------------|-------------------|---|----------------------------|-----------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | None | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | None | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | None | | |
| Compounding | | | | | |

For and on behalf of the Board of Directors

Place: Kolkata
Date: May 11, 2018

Siddhartha Roy Burman
Chairman & Managing Director
DIN: 00043715

Annexure - III

FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[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,
KHADIM INDIA LIMITED
Kankaria Estate, 5th Floor
6 Little Russell Street,
Kolkata-700071

We have conducted the Secretarial Audit in respect of compliance with applicable statutory provisions and the adherence to good corporate practices by M/s. Khadim India Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/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 authorised 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 March 31, 2018, 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 31st March, 2018 according to the provisions of:

- i. The Companies Act, 2013 ("the Act") and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. (Not applicable to the Company during the Audit Period);

- v. The 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, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) 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 to the extent of securities issued;

- vi. The company is mainly engaged in the business of Footwear Industry and on examination of the relevant documents and records in pursuance thereof and as confirmed by the management, we believe that no specific law applicable to the Footwear Industries in India.

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

- Secretarial Standards as issued by The Institute of Company Secretaries of India.
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for

Annexure - III

Continued

seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, approved and signed accordingly as the case may be.
- During the period under review, the Minutes of the Meetings held during the audit period did not reveal any dissenting member's view. As confirmed by the Management, there were no dissenting views expressed by any of the members on any business transacted at the meetings held during the period under review.

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 audit period the Company had the following specific events:

1. Mr. Alok Chauthmal Churiwala (DIN: 02043221) was appointed as an Additional Director (Non-Executive and Independent) of the Company with effect from May 11, 2018.
2. Ms. Ishani Ray has been elevated from the position of "Chief Financial Officer" to the "Chief Executive Officer" of the Company with effect from April 1, 2018, pursuant to resolution of the Board dated March 26, 2018.
3. Mr. Indrajit Chaudhuri had been appointed as the Chief Financial Officer of the Company in place of Ms. Ishani Ray with effect from April 1, 2018, pursuant to resolution of the Board dated March 26, 2018.
4. Prof. Ashoke Kr. Dutta resigned from the Board of Directors with effect from March 26, 2018.
5. Ms. Namrata Ashok Chotrani resigned as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited with effect from November 21, 2017 and re-appointed as Non - Executive, Non Independent Director with effect from December 14, 2017.
6. Mr. Vinayak Vishwanath Kamath resigned as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited with effect from November 21, 2017.
7. Prof. (Dr.) Surabhi Banerjee (DIN: 07829304) and Mr. Srinivasan Sridhar (DIN: 00004272) had been appointed as Non-Executive, Independent Directors, not liable to retire by rotation with effect from May 25, 2017 to hold office for a term up to May 24, 2022 by the members at the 36th Annual General Meeting held on September 16, 2017.
8. Mr. Srinivasan Sridhar (DIN: 00004272), Non-Executive, Independent Director of the Company, had resigned from the Board with effect from October 6, 2017.
9. Mrs. Tanusree Roy Burman (DIN: 01582508), Whole-Time Director (Executive, Non- Independent) of the Company, resigned from the Board w.e.f. 30th April, 2017.
10. The Company has obtained Shareholder's approval dated June 17, 2017 for increase in the limit of investment by foreign portfolio investors from 24% to 49% in the equity shares of the Company.
11. The Company has obtained Shareholder's approval for formulation and implementation of the 'Khadim Employee Stock Option Plan 2017' ("ESOP 2017"/ "Plan") in the Extraordinary General Meeting held on June 17, 2017.
12. The Company has obtained Shareholder's approval dated 3rd June, 2017 for approval of Initial Public offer in the Extraordinary General Meeting held on June 17, 2017.
13. The Company has identified Mr. Siddhartha Roy Burman (Chairman & Managing Director) and Knightville Private Limited as promoters of the Company.
14. The Company has issued/filed Red Herring Prospectus dated 23rd October, 2017 and Prospectus dated November 7, 2017 to the Registrar of Companies, West Bengal with respect to initial Public Offer.
15. The Company has allotted 6,66,666 Equity Shares at an Offer price of ₹ 750 per Equity share including a share premium of ₹ 740 per Equity share under the fresh issue and 65,74,093 Equity Shares Offered under the offer for sale, are transferred at an offer price of ₹ 750 per Equity Shares pursuant to a resolution of the Board dated 10th November, 2017, in relation to the Initial Public Offer of the Company.

For B K G & COMPANY
Company Secretaries

(BINOD KUMAR GUPTA)
Partner
(ACS-12965, C. P. No.- 3242)

Place: Kolkata
Date: May 11, 2018

[Note: This Report is to be read with our letter of even date which is annexed as Annexure A, forms an integral part of this report.]

Annexure - A

To,
The Members,
Khadim India Limited
Kankaria Estate, 5th Floor
6, Little Russell Street,
Kolkata - 700071

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 process 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 process 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 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 B K G & COMPANY
Company Secretaries

(BINOD KUMAR GUPTA)
Partner
(ACS-12965, C. P. No.- 3242)

Place: Kolkata
Date: May 11, 2018

Annexure - IV

Information under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Directors Report for the Year ended March 31, 2018

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

A. CONSERVATION OF ENERGY:

- i. The steps taken for conservation of Energy:
 - a) Installation of capacitor banks to maintain power factor at 0.98 an average to obtain maximum utilization of active power (KW) in respect of apparent power (KVA).
 - b) Promotion to energy efficiency lighting solution such as Light Emitting Diode (LED) in place of conventional higher consumed lights.
 - c) Installation of Translucent sheets along with natural air driven turbo vents on roof of the working shop to utilize day light as well as natural air circulation in shop floor area.
 - d) Installation of Variable Frequency Drive (VFD) in motor operated conveyor for saving energy.
 - e) Optimization of different processing steps for maximum utilization of input energy.
 - f) Use of recycled water for cooling tower application.
- ii. The steps taken by the company for utilizing alternate sources of energy:
Introduction of "Solar Energy" through net-metering system for generation of 500 KW "Solar Power Plant" is under evaluation.
- iii. The capital investment on energy conservation equipments:
Amount spent on energy efficiency LED Lights was ₹ 7.56 million during the financial year 2017-18.

B. TECHNOLOGY ABSORPTION:

- i. Efforts made towards technology absorption:
 - Company has introduced its own Eva compounding (Pelletizing unit) production at Panpur factory, previously out sourced, this has resulted into the improvement of product quality.
 - We have developed bicolour upper concept in PVC footwear through injection moulding.

- ii. the benefits derived like product improvement, cost reduction, product development or import substitution:
 - Making compound in - house has reduced per kg compound cost.
 - It has improved quality of the end Products.
 - Value addition in premium PVC product adding a unique look to this product.
- iii. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):
 - a. the details of technology imported:
The Company has not used any imported technology during last three financial years. Hence, the prescribed details are not applicable.
 - b. the year of import - N.A.
 - c. whether the technology been fully absorbed - N.A.
 - d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof - N.A.
- iv. The expenditure incurred on Research and Development:
The total expenditure incurred during financial year 2017-18 was ₹ 0.77 million.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the financial year 2017-18, the foreign exchange earnings of the Company amounted to ₹ 17.96 million as against ₹ 20.22 million in the previous year. The expenditure in foreign exchange during the financial year 2017-18 was ₹ 478.14 million as compared to ₹ 285.06 million in the previous year.

For and on behalf of the Board of Directors

Place: Kolkata
Date: May 11, 2018

Siddhartha Roy Burman
Chairman & Managing Director
DIN: 00043715

Annexure - V

Information 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

1. Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18:

| Name of Director(s) | Designation | Total Remuneration (in ₹ million) | Ratio of Remuneration of each director(s) to Median remuneration of employees [^] |
|---------------------------|------------------------------|--------------------------------------|---|
| Mr. Siddhartha Roy Burman | Chairman & Managing Director | 29.68 | 106 |
| Mrs. Tanusree Roy Burman* | Whole - Time Director | 0.19 | 9.5 |

Notes:

[^]Median remuneration for the financial year 2017-18 is ₹ 0.28 million per annum.

*resigned w.e.f. April 30, 2017.

- The aforesaid details are calculated on the basis of remuneration for the financial year 2017-18.
- The Non-Executive Directors are paid only sitting fees for attending the Board and Committee Meetings which cannot be termed as remuneration in as per the provision of Section 197(2) of the Companies Act, 2013. Hence, the disclosure of the same is not given. However, the Board of Directors have proposed to pay commission to the Non-Executive Directors of the Company on the basis of the recommendation of the Nomination and Remuneration Committee, subject to approval of the members of the Company.

2. The percentage increase / decrease in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager during the financial year 2017-18:

| Name of Director(s)/Key Managerial Personnel(s) | Designation | Remuneration (in ₹ million) | | Increase/ Decrease in Percentage |
|--|----------------------------------|-----------------------------|---------|--|
| | | 2017 -18 | 2016-17 | |
| Mr. Siddhartha Roy Burman | Chairman & Managing Director | 29.68 | 27.35 | 8.52 |
| Mrs. Tanusree Roy Burman ** | Whole Time Director | 0.19 | 2.35 | - |
| Ms. Ishani Ray [^] | Chief Financial Officer | 5.63 | 4.92 | 14.43 |
| Mr. Abhijit Dan | Company Secretary & Head - Legal | 2.19 | 2.02 | 8.42 |

Notes:

**Remuneration paid to Mrs. Tanusree Roy Burman during the financial year 2017-18 only includes remuneration paid for the month of April, 2017 as she had resigned w.e.f. April 30, 2017. Accordingly, the percentage increase/decrease of remuneration is not applicable.

[^]Elevated as CEO w.e.f. April 01, 2018.

- The remuneration to Directors is within the overall limits approved by the shareholders of the Company.
- Increase in remuneration is made as per appraisal system and Nomination and Remuneration Policy of the Company.

Annexure - V

Continued

3. The Percentage Increase in the median remuneration of the employees in the financial year 2017-18:

| Median remuneration of employees per annum | Remuneration (in ₹ million) | | Increase in Percentage |
|--|-----------------------------|---------|------------------------|
| | 2017-18 | 2016-17 | |
| | 0.28 | 0.24 | 16.67 |

4. There were 830 permanent employees on the rolls of the Company as on March 31, 2018.

5. The Average percentile increase already made in the salaries of employees of the Company other than the managerial personnel in the last financial year was 12.27% whereas the increase in the managerial remuneration was 8.52%.

6. It is hereby affirmed that the Remuneration paid to all the directors, KMPs, Senior Managerial Personnel and employees of the Company during the financial year ended March 31, 2018, were as per the Nomination and Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Place: Kolkata
Date: May 11, 2018

Siddhartha Roy Burman
Chairman & Managing Director
DIN: 00043715

Annexure - VI

Statement of Particulars of Employees pursuant to the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2018

Top 10 Employees including employees employed throughout the financial Year 2017-18 and was in receipt of remuneration, aggregating not less than ₹ 1,02,00,000/- per annum

| Sl. No. | Name | Designation | Qualification | Experience -No. of years including previous employment | Remuneration (in ₹ Million) | Nature of employment whether contractual or otherwise | Date of commencement of employment | Age (in years) | The last employment held by such employee before joining the Company | The percentage of equity shares held | Whether any such employee is a relative of any director or manager of the company |
|---------|---------------------------|---|---|--|-----------------------------|---|------------------------------------|----------------|--|--------------------------------------|---|
| 1 | Mr. Siddhartha Roy Burman | Chairman & Managing Director | B.Com | 35 | 29.68 | Contractual | 25-09-1990 | 56 | N.A. | 8.08 | Father of Mr. Ritoban Roy Burman, Director (Non -Executive, Non-Independent) |
| 2 | Ishani Ray | Chief Financial Officer | M.Com, CA | 26 | 5.63 | Permanent | 22-03-2006 | 54 | RPG Group | - | - |
| 3 | Jayanta Saha | Vice President – HR | B.A., PGDPM | 23 | 4.50 | Permanent | 15-04-2016 | 50 | Unilor | - | - |
| 4 | Vinod Kumar Mishra | Assistant Vice President - Distribution & Sales | B.A. | 22 | 4.14 | Permanent | 15-11-2013 | 48 | Diamond Footcare Udyog Private Limited | - | - |
| 5 | Rajeev Kumar Mishra | General Manager - Manufacturing | B.sc, MBA, Diploma in Industrial Chemical | 23 | 4.15 | Permanent | 01-04-2014 | 43 | Diamond Footcare Udyog Private Limited | - | - |
| 6 | Manish Chakraborty | Senior Vice President - Business Development | B.Com | 28 | 4.00 | Permanent | 14-12-1996 | 51 | Dunlop India Limited | - | - |
| 7 | Aranya Ray | GM - Supply Chain Management | M.sc, MBA | 18 | 3.48 | Permanent | 13-08-2005 | 44 | IITC Limited | - | - |
| 8 | Tapas Ghosh | GM - Business Development & Systems | B.Com | 22 | 3.50 | Permanent | 01-04-1997 | 47 | N.A. | - | - |
| 9 | Indrajit Chaudhuri | General Manager - Commercial & Strategic Planning | M.Com, CA | 16 | 3.40 | Permanent | 26-05-2007 | 44 | P. G. Shah and Co. | - | - |
| 10 | Rajib Banerjee | DGM – Retail Operations & Business Development | B.Com | 21 | 2.52 | Permanent | 09-12-1999 | 43 | IFB Finance Limited | - | - |

For and on behalf of the Board of Directors

Siddhartha Roy Burman
Chairman & Managing Director
DIN: 00043715

Place: Kolkata
Date: May 11, 2018

Annexure - VII

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Our philosophy of Corporate Governance is founded on the pillars of fairness, accountability, disclosures and transparency, equal treatment to all the stakeholders and social responsibility. Your Company believes that Corporate Governance extends beyond corporate laws. Its fundamental objective is not merely to fulfill legal requirements, but also the institution of and adherence to systems and procedures, ensuring the commitment of the Board of Directors in managing the Company's affairs in a transparent manner to maximize the long-term value of the stakeholders at large.

Your Company has adopted an appropriate Corporate Governance framework to ensure timely and accurate disclosure on all material matters including the financial position, performance, ownership and governance of the Company.

Your Company's policies and practices relating to the Corporate Governance are discussed in the following sections viz.:

2. BOARD OF DIRECTORS

Composition

The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors to have a balanced Board Structure. The Board has Six Directors (including two Women Directors), out of which one is Executive Director, two are Non-Executive, Non - Independent Directors and three are Non-Executive, Independent Directors of the Company.

The Chairman of the Board of Directors of your Company is an Executive Director.

The Composition of the Board, details of other directorships, committee positions are given below:

| Name | Directors Identification Number (DIN) | Category of Directors | Relationship with other Directors | No. of Directorships held (including Khadim India Limited) ^{##} | No. of Membership/ Chairmanship in Board Committees (including Khadim India Limited) [@] | |
|--|---------------------------------------|---|--|--|---|-------------|
| | | | | | Member | Chairperson |
| Mr. Siddhartha Roy Burman | 00043715 | Promoter (Executive – Chairman & Managing Director) | Father of Mr. Ritoban Roy Burman | 1 | 1 | - |
| Mrs. Tanusree Roy Burman [^] | 01582508 | Whole-Time Director (Executive, Non-Independent) | Wife of Mr. Siddhartha Roy Burman and Mother of Mr. Ritoban Roy Burman | - | - | - |
| Dr. Indra Nath Chatterjee | 00122677 | Non-Executive, Independent | None | 1 | 1 | 1 |
| Mr. Srinivasan Sridhar ⁵ | 00004272 | Non-Executive, Independent | None | - | - | - |
| Mr. Vinayak Vishwanath Kamath [*] | 02540608 | Non-Executive, Nominee Director | None | - | - | - |
| Prof. (Dr.) Surabhi Banerjee [#] | 07829304 | Non-Executive, Independent | None | 1 | 2 | 1 |
| Ms. Namrata Ashok Chotrani ^{@@} | 00390845 | Non-Executive, Non-Independent | None | 2 | 1 | - |

| Name | Directors Identification Number (DIN) | Category of Directors | Relationship with other Directors | No. of Directorships held (including Khadim India Limited)** | No. of Membership/ Chairmanship in Board Committees (including Khadim India Limited)® | |
|--|---------------------------------------|--------------------------------|-----------------------------------|--|---|-------------|
| | | | | | Member | Chairperson |
| Mr. Ritoban Roy Burman [£] | 08020765 | Non-Executive, Non-Independent | Son of Mr. Siddhartha Roy Burman | 1 | 1 | - |
| Prof. Ashoke Kumar Dutta** | 00045170 | Non Executive, Independent | None | - | - | - |
| Mr. Alok Chauthmal Churiwala ^{^^} | 02043221 | Non Executive, Independent | None | - | - | - |

Notes:

Number of Directorships held excludes Directorships in Private Limited Companies, Foreign Companies, Companies under Section 8 of the Companies Act, 2013 (earlier Section 25 of the Companies Act, 1956) and Alternate directorships.

@ Only covers Membership/Chairmanship of Audit Committee and Stakeholders' Relationship Committee of Listed and Unlisted Public Limited Companies.

^ Mrs. Tanusree Roy Burman (DIN: 01582508), Whole-Time Director (Executive, Non- Independent) of the Company, resigned from the Board w.e.f. April 30, 2017.

\$ Mr. Srinivasan Sridhar (DIN: 00004272) was appointed as an additional (Non-Executive, Independent) Director of the Company w.e.f. May 25, 2017 and resigned from the Board w.e.f. October 06, 2017.

*Mr. Vinayak Vishwanath Kamath (DIN: 02540608), Non-Executive Nominee Director of the Company, resigned as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited from the Board w.e.f. November 21, 2017.

Prof. (Dr.) Surabhi Banerjee (DIN: 07829304) was appointed as an additional (Non-Executive, Independent) Director of the Company w.e.f. May 25, 2017 and as Chairperson of the Stakeholders' Relationship Committee w.e.f. April 24, 2018.

@@ Ms. Namrata Ashok Chotrani (DIN: 00390845) resigned as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited w.e.f. November 21, 2017 and appointed as an Additional Director (Non-Executive and Non-Independent) w.e.f. December 14, 2017.

£ Mr. Ritoban Roy Burman (DIN:08020765) was appointed as an Additional Director (Non-Executive, Non- Independent) w.e.f. December 14, 2017.

** Prof. Ashoke Kumar Dutta (DIN: 00045170), Non-Executive, Independent Director of the Company, resigned from the Board w.e.f. March 26, 2018.

^^ Mr. Alok Chauthmal Churiwala (DIN: 02043221) was appointed as an Additional (Non-Executive, Independent) Director of the Company w.e.f. May 11, 2018.

None of the Directors on the Board is a Member of more than 10 Board Committees and a Chairman of more than 5 such Committees, across all Companies in which he/she is a Director.

None of the Directors holds directorships in more than 20 Companies and more than 10 Public Companies pursuant to the provisions of the Companies Act, 2013.

Further, in compliance with Regulation 25(1) of SEBI (LODR) Regulations, 2015, none of the Independent Directors holds directorship in more than seven listed companies.

Annexure - VII

Continued

The Board of Directors met 17 (Seventeen) times during the year under review. The date of the Board Meetings and attendance thereat are furnished hereunder:

| Sl. No. | Date of Board Meeting | No. of Directors Present |
|---------|-----------------------|--------------------------|
| i. | April 19, 2017 | 6 |
| ii. | May 25, 2017 | 7 |
| iii. | June 01, 2017 | 6 |
| iv. | June 15, 2017 | 7 |
| v. | June 30, 2017 | 7 |
| vi. | August 24, 2017 | 7 |
| vii. | September 15, 2017 | 7 |
| viii. | October 07, 2017 | 6 |
| ix. | October 23, 2017 | 6 |
| x. | October 25, 2017 | 6 |
| xi. | November 01, 2017 | 6 |
| xii. | November 07, 2017 | 6 |
| xiii. | November 10, 2017 | 6 |
| xiv. | November 21, 2017 | 4 |
| xv. | December 14, 2017 | 4 |
| xvi. | February 01, 2018 | 6 |
| xvii. | March 26, 2018 | 5 |

Attendance of individual Directors at the Board Meetings and last AGM:

| Name of Director | No. of Board Meetings Attended | Attendance at last AGM held on September 16, 2017 |
|-------------------------------|--------------------------------|---|
| Mr. Siddhartha Roy Burman | 17 | Yes |
| Mrs. Tanusree Roy Burman | 1 | Not Applicable |
| Dr. Indra Nath Chatterjee | 17 | Yes |
| Prof. Ashoke Kumar Dutta | 16 | Yes |
| Mr. Srinivasan Sridhar | 5 | No |
| Mr. Vinayak Vishwanath Kamath | 13 | Yes |
| Prof. (Dr.) Surabhi Banerjee | 16 | Yes |
| Ms. Namrata Ashok Chotrani | 15 | Yes |
| Mr. Ritoban Roy Burman | 2 | Not Applicable |

Number of Shares and Convertible instruments held by Non-Executive Directors:

As on March 31, 2018, none of the Non-Executive Directors holds any Share / Convertible instruments in the Company.

Independent Directors:

The Independent Directors fulfill the criteria of independence, which are given under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 and have given declaration of independence as per the requirements. The Draft Letter of Appointment of Independent Directors is available on the website of the Company www.khadims.com. and is available at the link: <https://www.khadims.com/terms-and-conditions/>.

During the year under review, meetings of Independent Directors of the Company as per the requirements of Schedule IV of the Companies Act, 2013 and Regulation 25 (3) of the SEBI (LODR), Regulations, 2015 were held on June 15, 2017 and November 21, 2017.

Familiarization Programme:

Pursuant to the provision of Regulation 25(7) of the Listing Regulations, the Company has in place Familiarization Programme for Independent Directors to familiarize them about the Company and their role, rights and responsibilities in the Company. The Familiarization Programme and details of Familiarization Programme imparted during the financial year 2017-18, are uploaded on the website of the Company and can be accessed through web-link: www.khadims.com/familiarisation-programme-for-independent-director.pdf

3. COMMITTEES OF THE BOARD

Your Company's Board of Directors has constituted the following Mandatory Committees to comply the requirements under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 viz.:

- I. Audit Committee
- II. Nomination and Remuneration Committee
- III. Stakeholders' Relationship Committee; and
- IV. Corporate Social Responsibility Committee

The Chairman of the Board, in consultation with the Company Secretary and the respective Chairman of these Committees, determines the frequency of the meetings of these Committees. The recommendations of the Committees are submitted to the Board for their approval.

The Board of Directors has also adopted the following policies in line with the requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 for the effective and defined functioning of the respective Committees of the Board:

- a) Whistle Blower Policy (Vigil mechanism);
- b) Policy on Evaluation of performances of Board of Directors;
- c) Remuneration Policy;
- d) Risk Management Policy;
- e) Corporate Social Responsibility Policy;

- f) Policy on Diversity of Board of Directors;
- g) Policy on Succession Planning for the Board and Senior Management;
- h) Policy on disclosure of material events / information;
- i) Policy for Preservation of Documents and Archival; and
- j) Policy on Related Party Transactions.

(I) Audit Committee

During the year under review, the Audit Committee of the Board of Directors was reconstituted on the following dates as mentioned below viz.

| Date of Reconstitution | Reason for Reconstitution | Composition of the Committee |
|---|---|---|
| May 25, 2017 | Induction / Appointment of Mr. Srinivasan Sridhar and Prof. (Dr.) Surabhi Banerjee as member of the Committee | Dr. Indra Nath Chatterjee – Chairman Prof. Ashoke Kr. Dutta – Member Prof. (Dr.) Surabhi Banerjee – Member Ms. Namrata Ashok Chotrani – Member Mr. Srinivasan Sridhar – Member Mr. Vinayak Vishwanath Kamath -Member |
| October 06, 2017 | Resignation of Mr. Srinivasan Sridhar as Director and cessation of Mr. Vinayak Vishwanath Kamath as member of the Committee with effect from October 06, 2017 | Dr. Indra Nath Chatterjee – Chairman Prof. Ashoke Kr. Dutta – Member Prof. (Dr.) Surabhi Banerjee – Member Ms. Namrata Ashok Chotrani – Member |
| November 21, 2017 | Resignation of Ms. Namrata Ashok Chotrani as Nominee Director, with effect from November 21, 2017 | Dr. Indra Nath Chatterjee – Chairman Prof. Ashoke Kr. Dutta – Member Prof. (Dr.) Surabhi Banerjee – Member |
| December 14, 2017 | Appointment of Ms. Namrata Ashok Chotrani as Non-Executive, Non-Independent Director with effect from December 14, 2017 | Dr. Indra Nath Chatterjee – Chairman Prof. Ashoke Kr. Dutta – Member Prof. (Dr.) Surabhi Banerjee – Member Ms. Namrata Ashok Chotrani – Member |
| April 24, 2018 (Circular Resolution) | Resignation of Prof. Ashoke Kr. Dutta with effect from March 26, 2018 | Dr. Indra Nath Chatterjee – Chairman Prof. (Dr.) Surabhi Banerjee – Member Ms. Namrata Ashok Chotrani – Member |

The Company Secretary acts as the Secretary of the Committee.

The terms of reference of Audit Committee are as follows:

- Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the statutory auditor and the fixation of audit fee;
- Review and monitor the auditor's independence and performance and the effectiveness of audit process;
- Approval of payments to the statutory auditors for any other services rendered by statutory auditors;
- Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;

Annexure - VII

Continued

- V. Compliance with listing and other legal requirements relating to financial statements;
- VI. Disclosure of any related party transactions; and
- VII. Qualifications and modified opinions in the draft audit report.
- f. Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- g. Scrutiny of inter-corporate loans and investments;
- h. Valuation of undertakings or assets of our Company, wherever it is necessary;
- i. Evaluation of internal financial controls and risk management systems;
- j. Approval or any subsequent modification of transactions of our Company with related parties;
- k. 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;
- l. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- m. Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- n. 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;
- o. Discussion with internal auditors on any significant findings and follow up thereon;
- p. 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;
- q. 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;
- r. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- s. Approval of appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- t. Reviewing the functioning of the whistle blower mechanism, in case the same is existing;
- u. Carrying out any other functions as provided under the Companies Act, the SEBI Listing Regulations and other applicable laws; and
- v. To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time.
- w. Overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimization of the employees and directors, who used the vigil mechanism to report genuine concerns in appropriate and exceptional cases;
- x. Recommending to the Board of Directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;

The Company's Audit Committee met 5 times for the financial year ended March 31, 2018 viz. June 15, 2017, August 24, 2017; December 14, 2017; February 01, 2018 and March 26, 2018.

The following table presents the details of attendance at the Audit Committee meetings held during the period ended March 31, 2018:

| Members | Designation & Category | No. of Meetings attended |
|--|--|--------------------------|
| Dr. Indra Nath Chatterjee | Chairperson, Non-Executive, Independent Director | 5 |
| Mr. Srinivasan Sridhar [£] | Member, Non-Executive, Independent Director | 2 |
| Mr. Vinayak Vishwanath Kamath [§] | Member, Non-Executive, Nominee Director | 2 |
| Ms. Namrata Ashok Chotrani* | Member, Non-Executive, Non-Independent Director | 4 |
| Prof. Ashoke Kr. Dutta [@] | Member, Non-Executive, Independent Director | 4 |
| Prof. (Dr.) Surabhi Banerjee [#] | Member, Non-Executive, Independent Director | 5 |

Notes:

£ Mr. Srinivasan Sridhar was appointed as member of the Committee w.e.f. May 25, 2017 and resigned from the Board of Directors w.e.f. October 06, 2017

§ Mr. Vinayak Vishwanath Kamath resigned as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited w.e.f. November 21, 2017

** Ms. Namrata Ashok Chotrani resigned as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited w.e.f. November 21, 2017 and re-appointed as Non - Executive, Non Independent Director w.e.f. December 14, 2017*

@ Prof. Ashoke Kr. Dutta resigned from the Board of Directors w.e.f. March 26, 2018

Prof. (Dr.) Surabhi Banerjee was appointed as member of the Committee w.e.f. May 25, 2017

The Chief Financial Officer and representatives of the Statutory Auditors and Internal Auditors are invitees to the Audit Committee Meetings and they attend the meetings. All the members of the Audit Committee have requisite accounting and financial management expertise.

Dr. Indra Nath Chatterjee, Chairman of the Audit Committee attended the previous Annual General Meeting and responded to the queries raised by the shareholders.

All the recommendations made by the Audit Committee were accepted by the Board of Directors.

(II) Nomination and Remuneration Committee

During the year under review, the Nomination and Remuneration Committee of the Board of Directors was reconstituted on the following dates as mentioned below viz.

| Date of Reconstitution | Reason for Reconstitution | Composition of the Committee |
|---|---|---|
| November 21, 2017 | *Resignation of Mr. Vinayak Vishwanath Kamath as Nominee Director and Ms. Namrata Ashok Chotrani as Nominee Director with effect from November 21, 2017 Induction / Appointment of Prof. (Dr.) Surabhi Banerjee as member of the Committee | Prof. Ashoke Kr. Dutta – Chairman Dr. Indra Nath Chatterjee – Member Prof. (Dr.) Surabhi Banerjee – Member |
| December 14, 2017 | Appointment of Ms. Namrata Ashok Chotrani as Non Executive, Non- Independent Director with effect from December 14, 2017 | Prof. Ashoke Kr. Dutta – Chairman Dr. Indra Nath Chatterjee – Member Prof. (Dr.) Surabhi Banerjee – Member Ms. Namrata Ashok Chotrani – Member |
| April 24, 2018 (Circular Resolution) | Resignation of Prof. Ashoke Kr. Dutta, as Independent Director with effect from March 26, 2018 Appointment of Dr. Indra Nath Chatterjee as Chairman of the Committee | Dr. Indra Nath Chatterjee – Chairman Prof. (Dr.) Surabhi Banerjee – Member Ms. Namrata Ashok Chotrani – Member |

The Company Secretary acts as the Secretary of the Committee.

*Notes:

- Mr. Vinayak Vishwanath Kamath resigned as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited w.e.f. November 21, 2017.
- Ms. Namrata Ashok Chotrani resigned as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited w.e.f. November 21, 2017 and re-appointed as Non - Executive, Non Independent Director w.e.f. December 14, 2017.

The terms of reference of Nomination and Remuneration Committee are as follows:

- Formulate 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;
- Identify persons who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. Our Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
- Analysing, monitoring and reviewing various human resource and compensation matters;
- Determining our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

Annexure - VII

Continued

- h. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- i. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- j. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; or
 - ii. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
- k. Determine 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; and
- l. Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.

Nomination and Remuneration Policy

The Company has formed a Nomination and Remuneration policy in accordance with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations and in order to harmonize the aspirations of human resources consistent with the goals of the Company which inter alia includes Company's policy

on Board Diversity, selection, appointment and remuneration of Directors, criteria for determining qualifications, positive attributes, independence of a Director and criteria for performance evaluation of the Directors.

Pursuant to the Guidance Note issued by the Securities and Exchange Board of India (SEBI) through its circular No. SEBI/HO/CFD/CMD/CIR/P/2018/004 dated January 05, 2017 on Board Evaluation required to be carried out by the Companies pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board of Directors, based on the recommendations of the Nomination & Remuneration Committee, approved revision in the criteria for performance evaluation of every Director (including the Chairperson, CEO, Independent Directors and Non-Independent Directors) in line with the above-mentioned Guidance Note of SEBI. The Revised Nomination & Remuneration Policy as approved by the Board is uploaded on the Company's website www.khadims.com.

Composition and attendance at Nomination and Remuneration Committee Meetings:

The Company's Nomination and Remuneration Committee met 5 times for the financial year ended March 31, 2018 viz. May 25, 2017; June 15, 2017; September 15, 2017; December 14, 2017 and March 26, 2018.

The Composition of the Nomination and Remuneration Committee and details of attendance of the members during the financial year 2017-18 are as under:

| Name | Designation & Category | No. of Meetings attended |
|--|---|--------------------------|
| Prof. Ashoke Kr. Dutta [@] | Chairman / Member, Non-Executive - Independent Director | 4 |
| Dr. Indra Nath Chatterjee [*] | Chairman / Member, Non-Executive - Independent Director | 5 |
| Ms. Namrata Ashok Chotrani ^f | Member, Non-Executive - Non Independent Director | 4 |
| Mr. Vinayak Vishwanath Kamath [§] | Member, Non-Executive - Non Independent Director | 3 |
| Prof. (Dr.) Surabhi Banerjee [^] | Member, Non-Executive - Independent Director | 2 |

Notes:

[@] Prof. Ashoke Kr. Dutta resigned from the Board of Directors w.e.f. March 26, 2018.

^{*} Dr. Indra Nath Chatterjee appointed as Chairman vide the circular resolution on April 24, 2018.

^f Ms. Namrata Ashok Chotrani resigned as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited w.e.f. November 21, 2017 and re-appointed as Non - Executive, Non Independent Director w.e.f. December 14, 2017.

[§] Mr. Vinayak Vishwanath Kamath resigned as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited w.e.f. November 21, 2017.

[^] Prof. (Dr.) Surabhi Banerjee inducted / appointed as member w.e.f. November 21, 2017.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees, Stakeholders Relationship Committee and other Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of the Board, Committees of the Board and Directors of the Company including the Chairman of the Board. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

Remuneration to Non-Executive Directors for the financial Year 2017-18:

The Non-executive Directors of your Company are paid remuneration by way of sitting fees and Commission. Sitting Fees to each Non-Executive Director (except Nominee Directors) has been enhanced to ₹ 30,000 per meeting from ₹ 20,000/- per meeting pursuant to a resolution of the Board dated May 25, 2017 for attending meetings of the Board, Audit Committee and Nomination and Remuneration Committee within the limits prescribed under the Companies Act, 2013 as amended, and the rules made thereunder. Each Non-Executive Director (except Nominee Directors) is entitled to receive sitting

fees of ₹ 15,000 per meeting pursuant to a resolution of the Board dated, June 01, 2017 for attending meetings of the Stakeholders' Relationship Committee. Each Non-Executive Director is entitled to receive sitting fees of ₹ 15,000 per meeting pursuant to a resolution of the Board dated June 15, 2017 for attending meetings of the Risk Management Committee. Independent Directors are entitled to receive sitting fees of ₹ 15,000/- per meeting pursuant to a resolution of the Board dated November 21, 2017 for attending the meeting of the Independent Directors. The travel expenses for attending meetings of the Board of Directors or a committee thereof, site visits and other Company related expenses are borne by our Company, from time to time.

The criteria of making payment to Non-Executive Directors are also placed on the website of the Company viz. www.khadims.com

Details of remuneration paid/payable to the Non-Executive Directors for the financial year 2017-18 are as follows:

| | | | | | | (in ₹ Million) |
|---------------------------------|---------------------------------|--------|------------|--------------|-------|----------------|
| Name | Designation | Salary | Commission | Sitting fees | Total | |
| Mr. Srinivasan Sridhar * | Non Executive, Independent | - | - | 0.21 | 0.21 | |
| Mr. Vinayak Vishwanath Kamath ‡ | Non-Executive, Nominee Director | - | - | - | - | |
| Dr. Indra Nath Chatterjee | Non Executive, Independent | - | 0.10 | 0.83 | 0.93 | |
| Prof. Ashoke Kumar Dutta@ | Non Executive, Independent | - | - | 0.76 | 0.76 | |
| Prof. (Dr.) Surabhi Banerjee§ | Non Executive, Independent | - | 0.10 | 0.74 | 0.84 | |
| Ms. Namrata Ashok Chotrani# | Non Executive, Non-Independent | - | 0.10 | 0.15 | 0.25 | |
| Mr. Ritoban Roy Burman ^ | Non-Executive, Non-Independent | - | 0.10 | 0.08 | 0.18 | |

Notes:

* Mr. Srinivasan Sridhar was appointed w.e.f. May 25, 2017 and resigned from the Board of Directors w.e.f. October 06, 2017.

‡ Mr. Vinayak Vishwanath Kamath resigned as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited w.e.f. November 21, 2017.

@ Prof. Ashoke Kr. Dutta resigned from the Board of Directors w.e.f. March 26, 2018.

§ Prof. (Dr.) Surabhi Banerjee was appointed w.e.f. May 25, 2017.

Ms. Namrata Ashok Chotrani resigned as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited w.e.f. November 21, 2017 and appointed as an additional (Non - Executive, Non Independent) Director w.e.f. December 14, 2017.

^ Mr. Ritoban Roy Burman appointed as an Additional (Non - Executive, Non Independent) Director w.e.f. December 14, 2017

The remuneration paid to Non-Executive Directors includes commission and sitting fees paid towards attending the Board Meeting, Audit Committee Meeting and Nomination and Remuneration Committee Meetings and other Committee Meetings held during the year.

None of the Non-Executive Independent Directors hold any Equity Shares of the Company. Further, there are no pecuniary relationships or transactions of the Non-Executive Directors with the Company, except those disclosed in the Annual Report.

Further, the Company has not granted any Employee Stock Option to its Directors. Hence, the Disclosure of the same is not applicable.

Remuneration paid to Executive Director

The remuneration of Executive Director(s) is decided by the Board of Directors / Recommendation of Nomination & Remuneration Committee as per the Company's remuneration policy and within the overall ceiling approved by shareholders.

Annexure - VII

Continued

- a. The remuneration paid to Mr. Siddhartha Roy Burman (Chairman & Managing Director) for the Financial Year 2017-18 is ₹ 29.68 million inclusive of perquisites amounting to ₹ 0.54 million with an annual increment not exceeding 20% of basic salary plus commission of ₹ 2.86 million (Commission not exceeding 1% of the net profit).

There is no separate provision for payment of severance fees.

Notice period is 3 Months as per terms of the appointment.

- b. The remuneration paid to Mrs. Tanusree Roy Burman (Whole-Time Director) for a period of one month is ₹ 0.19 million inclusive of perquisites amounting to ₹ 0.02 million.

There is no separate provision for payment of severance fees.

Notice period is one Month as per terms of the appointment.

The Company has not granted any Employee Stock Option to its Executive Directors. Hence, the Disclosure of the same is not applicable.

III) Stakeholders' Relationship Committee

Composition and attendance at Stakeholders' Relationship Committee Meeting:

In compliance with Regulation 20 of the SEBI (LODR) Regulations 2015, the Board has constituted the Stakeholders' Relationship Committee pursuant to a resolution of the Board dated June 1, 2017 inter alia to consider and review the complaints received from shareholders. Detail of share transfers/ transmissions, if any, approved by the Committee are placed at the Board Meetings from time to time.

The Stakeholders' Relationship Committee of the Board of Directors of your Company was reconstituted on the following dates as mentioned below viz.

| Date of Reconstitution | Reason for Reconstitution | Composition of the Reconstituted Committee |
|---|---|--|
| December 14, 2017 | Induction /Appointment of Mr. Ritoban Roy Burman as member of the Committee | Prof. Ashoke Kr. Dutta – Chairman Prof. (Dr.) Surabhi Banerjee – Member Mr. Siddharth Roy Burman - Member Mr. Ritoban Roy Burman – Member |
| April 24, 2018 (Circular Resolution) | Resignation of Prof. Ashoke Kr. Dutta, as Director with effect from 26 th March, 2018 Appointment of Prof. (Dr.) Surabhi Banerjee as Chairperson of the Committee | Prof. (Dr.) Surabhi Banerjee – Chairperson Mr. Siddhartha Roy Burman - Member Mr. Ritoban Roy Burman - Member |

The Company Secretary acts as the Secretary of the Committee.

During the year under review, one meeting of the Stakeholders' Relationship Committee was held on February 01, 2018.

The following table present the details of attendance at the stakeholders Relationship Committee meeting for the financial year ended March 31, 2018

| Name | Designation & Category | No. of Meetings attended |
|---|--|--------------------------|
| Prof. (Dr.) Surabhi Banerjee [@] | Chairperson, Non-Executive, Independent Director | 1 |
| Prof. Ashoke Kr. Dutta [§] | Chairman / Member, Non-Executive, Independent Director | 1 |
| Mr. Siddhartha Roy Burman | Member, Executive, Non - Independent Director | 1 |
| Mr. Ritoban Roy Burman [*] | Member, Non- Executive, Non - Independent Director | 1 |

Notes:

[@] Appointed as chairperson through circular resolution passed on April 24, 2018.

[§] Resigned from the Directorship w.e.f. March 26, 2018.

^{*} Appointed as an Member w.e.f. December 14, 2017

As per the provisions of Regulation 20 (2) of SEBI (LODR) Regulations, 2015, Prof. (Dr.) Surabhi Banerjee, Chairperson of the Committee is a Non-Executive Director.

The brief terms of reference of the Stakeholders' Relationship Committee are as follows:

- Redressal of grievances of shareholders, debenture holders and other security holders, including complaints related to the transfer of shares;
- Approval of transfer or transmission of shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal;
- Non-receipt of declared dividends, balance sheets of our Company, annual report or any other documents or information to be sent by our Company to its shareholders; and
- Carrying out any other function as prescribed under the SEBI Listing Regulations, Companies Act, 2013 and the rules and regulations made thereunder, each as amended or other applicable law."

IV) Corporate Social Responsibility (CSR) Committee

The CSR Committee of the Board of Directors of your Company was reconstituted on the following dates as mentioned below viz.

| Date of Reconstitution | Reason for Reconstitution | Composition of the Reconstituted Committee |
|---|--|---|
| April 19, 2017 | Resignation of Mrs. Tanusree Roy Burman as Director with effect from April 30, 2017 | Prof. Ashoke Kr. Dutta – Chairman Mr. Siddharth Roy Burman - Member Mr. Vinayak Vishwanath Kamath – Member Ms. Namrata Ashok Chotrani - Member |
| November 21, 2017 | *Resignation of Mr. Vinayak Vishwanath Kamath and Ms. Namrata Ashok Chotrani as Nominee Directors with effect from November 21, 2017 Appointment of Prof. (Dr.) Surabhi Banerjee as member of the Committee | Prof. Ashoke Kr. Dutta – Chairman Prof. (Dr.) Surabhi Banerjee – Member Mr. Siddharth Roy Burman - Member |
| December 14, 2017 | Induction /Appointment of Mr. Ritoban Roy Burman as member of the Committee | Prof. Ashoke Kr. Dutta – Chairman Prof. (Dr.) Surabhi Banerjee – Member Mr. Siddharth Roy Burman - Member Mr. Ritoban Roy Burman – Member |
| April 24, 2018 (Circular Resolution) | Resignation of Prof. Ashoke Kr. Dutta, as Director with effect from March 26, 2018 Prof. (Dr.) Surabhi Banerjee – Chairperson appointed / inducted as chairperson with effect from April 24, 2018 | Prof. (Dr.) Surabhi Banerjee – Chairperson Mr. Siddhartha Roy Burman - Member Mr. Ritoban Roy Burman – Member |

The Company Secretary acts as the Secretary of the Committee.

***Notes:**

a) Ms. Namrata Ashok Chotrani resigned as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited w.e.f. November 21, 2017 and re-appointed as Non - Executive, Non-Independent Director w.e.f. December 14, 2017.

b) Mr. Vinayak Vishwanath Kamath resigned as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited w.e.f. November 21, 2017.

During the year under review, one meeting of the CSR Committee was held on December 21, 2017.

Annexure - VII

Continued

The following table present the details of attendance at the CSR Committee meeting for the period ended March 31, 2018.

| Name | Designation & Category | No. of Meetings attended |
|---|--|--------------------------|
| Prof. (Dr.) Surabhi Banerjee [@] | Chairperson, Non - Executive, Independent Director | 1 |
| Mrs. Tanusree Roy Burman [£] | Member, Executive, Non - Independent Director | - |
| Prof. Ashoke Kr. Dutta [§] | Chairman / Member, Non - Executive, Independent Director | 1 |
| Mr. Siddhartha Roy Burman | Member, Executive, Non - Independent Director | 1 |
| Mr. Ritoban Roy Burman [*] | Member, Non-Executive, Non - Independent Director | 1 |
| Ms. Namrata Ashok Chotrani ^{**} | Member, Non-Executive, Non -Independent Director | - |

Notes:

[@] Appointed as chairperson through circular resolution passed on April 24, 2018.

[£] Mrs. Tanusree Roy Burman resigned from the Directorship w.e.f. April 30, 2017

[§] Resigned from the Directorship w.e.f. March 26, 2018.

^{*} Appointed as an Member w.e.f. December 14, 2017

^{**} Ms. Namrata Ashok Chotrani resigned as Nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme - I, acting through its Trustee Fairwinds Trustees Services Private Limited w.e.f. November 21, 2017 and appointed as Non - Executive, Non Independent Director w.e.f. December 14, 2017. However, presently, she is not a member of the Committee

The brief terms of reference of the CSR Committee are as follows:

- Formulating and recommending to the Board the corporate social responsibility policy of the Company, including any amendments thereto in accordance with Schedule VII of the Companies Act, 2013 and the rules made thereunder;
- Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;
- Recommending the amount of corporate social responsibility policy expenditure for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;

- Identifying and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required;
- Delegating responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- Reviewing and monitoring the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and
- Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company.

4. SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralised web based complaints redress system.

The salient features of this system are centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Your Company has been registered on SCORES and makes every effort to resolve all investor complaints received through SCORES or otherwise within the statutory time limit from the receipt of the complaint.

No Shares are lying in Demat Suspense Account / unclaimed suspense Account. Hence, the disclosure of the same is not applicable.

Status report on number of shareholder complaints/requests received and replied by the Company from November 14, 2017 to March 31, 2018 are as follows:

| COMPLAINTS | Received | Resolved | Pending |
|--------------------------------------|-----------|-----------|----------|
| Non Receipt/ Non allotment of Shares | 4 | 4 | 0 |
| Non-receipt of refund order | 30 | 30 | 0 |
| Non-receipt of electronic credits | 0 | 0 | 0 |
| Non-receipt of dividend warrants | 0 | 0 | 0 |
| Non-receipt of Annual Report | 0 | 0 | 0 |
| TOTAL | 34 | 34 | 0 |

Exclusive e-mail id for Investor Grievances: compliance@khadims.com

5. General Body meetings

i. Location and time, where last three Annual General Meetings (AGMs) were held:

| Year | Venue | Date | Time | Special Resolutions passed |
|---------|--|--------------------|-----------|--|
| 2016-17 | Kankaria Estate, 5 th Floor, 6, Little Russell Street, Kolkata-700071 | September 16, 2017 | 2.30 P.M. | Approval for payment of 1% Commission on the net profit of the Company to Mr. Siddhartha Roy Burman, Chairman & Managing Director |
| 2015-16 | Kankaria Estate, 5 th Floor, 6, Little Russell Street, Kolkata-700071 | September 23, 2016 | 2:30 P.M. | <ul style="list-style-type: none"> i) Payment of remuneration of ₹ 22,563,371 in aggregate to Mr. Siddhartha Roy Burman, Chairman & Managing Director and Mrs. Tanusree Roy Burman, Whole-time Director in case of no profit or inadequate profit of the Company for the financial year ended March 31, 2016. ii) Reappointment of Mr. Siddhartha Roy Burman, as "Chairman & Managing Director" (also as "Whole-Time Key Managerial Personnel"), with effect from April 1, 2016 till March 31, 2019 (both days inclusive). iii) Reappointment of Ms. Tanusree Roy Burman, as Whole Time Director of the Company with effect from 1st April 2016 till 31st March, 2019 (both days inclusive) |
| 2014-15 | Kankaria Estate, 5 th Floor, 6, Little Russell Street, Kolkata-700071 | September 24, 2015 | 11:30 AM | Payment of remuneration of ₹ 20,517,847 in aggregate to Mr. Siddhartha Roy Burman, Chairman & Managing Director and Mrs. Tanusree Roy Burman, Whole-Time Director in case of no profit or inadequate profit of the Company for the financial year ended March 31, 2015 |

ii. Details of special resolution passed through postal ballot: Not Applicable, as there was no special resolution passed through postal ballot. However, Two Extraordinary General Meetings (EGMs) of the Company were held on June 03, 2017 and June 17, 2017 to approve the following business as mentioned below viz:

| Date of EGM | Venue | Time | Special Resolution(s) |
|---------------|--|-----------|---|
| June 03, 2017 | Kankaria Estate, 5 th Floor, 6, Little Russell Street, Kolkata-700071 | 4.30 P.M. | <ul style="list-style-type: none"> i. Approval for IPO; ii. Change of Object and other clauses of the Memorandum of Association of the Company; iii. Approval for change in Liability and Capital clauses of the Memorandum of Association of the Company; iv. Adoption of New Set of Articles of Association of the Company; v. Taking on record the identification of Promoters. |
| June 17, 2017 | Kankaria Estate, 5 th Floor, 6, Little Russell Street, Kolkata-700071 | 5.30 P.M. | <ul style="list-style-type: none"> i. Increase in investment limits for Foreign Portfolio Investors; ii. Approval of Khadim Employee Stock Option Plan 2017 ("ESOP 2017"/"Plan"); iii. Grant of Employee Stock Options to the employees of the existing/ future Subsidiary Company(ies) and / or Holding Company(ies) under ESOP 2017 |

6. Disclosures

i) Statutory Compliance, Penalties/Strictures

The Company has complied with rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India and any other statutory authority relating to capital market.

No penalty or stricture has been imposed on the Company by the Stock Exchanges or SEBI on any matter related to the capital markets, during the last three years.

Annexure - VII

Continued

ii) Related Party Transactions

The Company has adopted the Related Party Transaction Policy which is available on the website of the Company www.khadims.com and can be accessed at weblink: www.khadims.com/policy-on-related-party-transaction/.

The details of all significant transactions with related parties are periodically placed before the Audit Committee. The Company has entered into related party transactions as set out in notes to accounts, which do not have potential conflict with the interests of the Company at large.

iii) Subsidiary

During the year under review, the Company does not have any subsidiary therefore the criteria specified for subsidiary in SEBI (LODR) Regulations, 2015 is not applicable to the company. Further, the Company has not adopted a policy on material subsidiaries as there are no material subsidiaries of your Company

iv) Vigil Mechanism / Whistle Blower Policy

In line with Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Company has formulated Vigil Mechanism Policy to report concerns about unethical behaviour, actual or suspected incidents of fraud or violation of Code of Conduct that could adversely impact the Company's operations, business performance and / or reputation, in a secure and confidential manner. The Company has also provided the complainant direct access to the Chairman of the Audit Committee. Further, no personnel has been denied access to the Audit Committee.

The Vigil Mechanism Policy has been placed on the website of the Company and web-link thereto is:

www.khadims.com/policy-on-vigil-mechanism/

7. Compliance with Mandatory and Non-Mandatory Requirements

The Company has complied with all the mandatory requirements of SEBI (LODR) Regulations, 2015 to the extent applicable.

Non-Mandatory Requirements

| Particulars | Status |
|--|--|
| A. The Board Non-Executive Chairperson may be entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties. | Not Applicable |
| B. Shareholders' Right A Half- Yearly declaration of financial performance including summary of significant events in last six-months, may be sent to each household of shareholders | Complied, as the Company's half-yearly results are published in leading English and Bengali newspaper and also uploaded on the website of the Company. |
| C. Modified opinion in audit report The listed entity may move towards a regime of financial statements with unmodified opinion | Complied, there are no qualification in the Audit Report |
| D. Separate posts of chairperson and chief executive officer The listed entity may appoint separate persons to the posts of chairperson and managing director or chief executive officer | The Chairman of the Company holds the position of Managing Director and there is a separate post for Chief Executive Officer of the Company. |
| E. Reporting of internal auditor The internal auditor may report directly to the Audit Committee | Complied, the Internal Auditors of the Company are generally present in the Audit Committee Meeting. |

8. Non-Compliance of any requirement of Corporate Governance Report of sub-paras (2) to (10) of schedule V of the SEBI (LODR) Regulations, 2015.

There are no non-compliances of any requirements of Corporate Governance Report of sub-paras (2) to (10) mentioned in schedule V of the SEBI (LODR) Regulations, 2015.

9. The Company has complied with Corporate Governance Requirements specified in Regulation 17 to 27 to the extent applicable and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015.

10. As per SEBI Notification dated January 04, 2017, we hereby confirm that no employee including Key Managerial Personnel or Director or Promoter of the Company has entered into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

11. Disclosure of Accounting Treatment

The financial statements are prepared on accrual basis of accounting in accordance with Indian GAAP, provisions of the Companies Act, 2013 (the Act) and comply in material aspects with the accounting standards, notified under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006.

12. Model Code of Conduct for Directors and Senior Management Team

The Company has adopted a Code of Conduct applicable to all its Directors and members of the Senior Management which is in consonance with the requirements of SEBI (LODR) Regulations, 2015. The said code is available on the website of the Company and can be accessed through web-link: www.khadims.com/code-of-conduct

All the Board Members and Senior Management Personnel have affirmed compliance with Code of Conduct of the Company for the year ended March 31, 2018.

This is to certify that, in line with the requirement of Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, all the Directors of the Board and Senior Management Personnel have solemnly affirmed that to the best of their knowledge and belief, they have complied with the provisions of the Code of Conduct during the financial year 2017-18.

Sd/-
Ms. Ishani Ray
CEO

13. CEO/CFO Certification

In terms of requirement of Regulation 17(8) of SEBI (LODR) Regulations, 2015, Ms. Ishani Ray, CEO of the Company and Mr. Indrajit Chaudhuri, Chief Financial Officer have furnished certificate to the Board in the prescribed format. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on May 11, 2018.

14. Directors' Responsibility Statement

The draft Directors' Responsibility Statement signed by Mr. Siddhartha Roy Burman, Chairman & Managing Director which is included in the Board's Report for F.Y.2017-18, has been reviewed by the Audit Committee at its meeting held on May 11, 2018.

15. Reconciliation of Share Capital Audit Report

In terms of the provisions of Clause 55A of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, Reconciliation of Share Capital Audit is carried out on a quarterly basis by a Practicing Company Secretary with a view to reconcile the total admitted capital with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") and those held in physical form with the total issued, paid up and listed capital of the Company. The audit report, inter alia, confirms that the Register of Members is duly updated and that demat/remat requests were confirmed within stipulated time etc. The said report is also submitted to BSE Limited and National Stock Exchange of India Limited.

16. Risk Management Policy

The Company has in place Risk Management System which takes care of risk identification, assessment and mitigation. There are no risks which in the opinion of the Board threaten the existence of the Company. Risk factors and its mitigation are covered extensively in the Management Discussion and Analysis Report forming part of this Board's Report.

17. Code for Prevention of Insider Trading

The Company has adopted a code of conduct to regulate, monitor and report trading by insiders for prevention of Insider Trading in the shares of the Company. The code, inter-alia, prohibits purchase / sale of shares of the Company by Directors and designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

Annexure - VII

Continued

17. Means of Communication

Website: The Company's website www.khadims.com contains inter alia the updated information pertaining to quarterly, half-yearly and annual financial results, annual reports, official press releases, the investor/ analysts presentations, details of investor calls and meets, shareholding pattern, important announcements. The said information is available in a user friendly and downloadable form.

Financial Results: The quarterly, half yearly and annual financial results of the Company are submitted to BSE Limited and National Stock Exchange of India Limited after approval of the Board of Directors of the Company. The results of the Company are published in one English daily newspaper (Business Standard) and one Bengali newspaper (Aajkal) within 48 hours of approval thereof.

Annual Report: Annual Report containing inter alia Financial Statement, Board's Report, Auditors' Report, Corporate Governance Report is circulated to the members and others entitled thereto and is also available on website of the Company.

Uploading on NSE Electronic Application Processing System (NEAPS) & BSE Listing Centre: The quarterly results, quarterly compliances and all other corporate communications to the Stock Exchanges are filed electronically on NEAPS for NSE and on BSE Listing Centre for BSE.

18. General Shareholder's information:

| | |
|--|---|
| a. Annual General Meeting Date time and venue | The 37 th Annual General meeting (AGM) of the Company will be held at 'Kalamandir', 48, Shakespeare Sarani, Kolkata - 700017 on Thursday September 06, 2018 at 11:30 A.M. |
| b. Financial Year Quarterly results will be declared as per the following tentative schedule: | Financial Year is April 1 to March 31 of the following year |
| Financial reporting for the quarter ending June 30, 2018 | First fortnight of August, 2018 |
| Financial reporting for the half year ending September 30, 2018 | First fortnight of November, 2018 |
| Financial reporting for the quarter ending December 31, 2018 | First fortnight of February, 2019 |
| Financial reporting for the year ending March 31, 2019 | By end of May, 2019 |
| c. Dates of Book Closure | August 31, 2018 (Friday) to September 06, 2018 (Thursday) |
| d. Record date for Dividend | August 30, 2018 (Thursday) |
| e. Dividend Payment Date | on or before October 05, 2018 |
| f. Listing on Stock Exchanges & Payment of Listing Fees | Your Company's shares are listed on: BSE Ltd. (BSE) Floor 27, P. J. Towers, Dalal Street, Mumbai - 400 001 National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 Your Company has paid the annual listing fee to both the exchanges. |
| g. Stock Code | BSE Security Code: 540775; NSE: KHADIM; ISIN: INE834I01025 |
| h. Registrars and Transfer Agents | Link Intime India Private Limited C-101, 247 Park, LBS Marg, Vikhroli (W) Mumbai - 400083 Tel: +91 22 49186000 F: +91 22 49186060 E mail: mumbai@linkintime.co.in |
| i. Share Transfer System | The Board has delegated the power of Share Transfer to Stakeholders' Relationship Committee. |
| j. Address for Correspondence | Mr. Abhijit Dan Company Secretary and Compliance Officer Khadim India Limited Kankaria Estate, 5 th Floor, 6, Little Russell Street, Kolkata , West Bengal-700071 Tel: +91- 33-40090501 Fax: +91-33-40090500 |

| | |
|---|--|
| k. Dematerialisation of Shares and Liquidity | 100% shares of your Company are held in the electronic mode as on March 31, 2018 |
| l. Electronic Clearing Service (ECS) | Members are requested to update their bank account details with their respective depository participants (for shares held in the electronic form) or write to the Company's Registrars and Transfer Agents, M/s. Link Intime India Private Limited (for shares held in the physical form). |
| m. Investor Complaints to be addressed to | Registrars and Transfer Agents or Mr. Abhijit Dan, Company Secretary, at the addresses mentioned earlier. |
| n. Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion Date and likely impact on equity | The Company has not issued any GDRs/ADRs/ Warrants or any Convertible Instruments. |
| o. Plant Locations | <p>i. Kasba Factory Khadim India Limited P - 31 & S 26, Kasba Industrial Estate, Phase -III, Kolkata - 700107</p> <p>ii. Panpur Factory Khadim India Limited, 25/1, 25/2 & 25/3, Panpur Road, Mouza-Madral, P.O.- Narayanpur, P.S. Jagatdal, Dist- 24 Parganas (N) -743126</p> |
| p. Details of Suspension of Securities from trading if any | Not Applicable |
| q. commodity price risk or foreign exchange risk and hedging activities | The Company does not have commodity price risk. The details of foreign exchange exposures and hedging activities are provided in the Management Discussion and Analysis Report. |

r. Market Price Data: High and Low from November 14, 2017 to March 31, 2018 are mentioned below.

[All prices in ₹]

| Month | BSE | | NSE | |
|----------------|--------|--------|--------|--------|
| | High | Low | High | Low |
| November, 2017 | 740 | 661 | 739.65 | 662 |
| December, 2017 | 694.75 | 645 | 694.95 | 650 |
| January, 2018 | 741.95 | 657 | 740 | 661 |
| February, 2018 | 723.75 | 666.10 | 723.8 | 659.95 |
| March, 2018 | 738 | 660 | 739 | 661 |

s. Summary of Shareholding Pattern as on March 31, 2018

| Category of Shareholder | Number of Shareholders | Number of Shares held | Percentage of Shareholding |
|---------------------------|------------------------|-----------------------|----------------------------|
| Promoter & Promoter Group | 7 | 1,07,24,438 | 59.70 |
| Public | 75,580 | 72,40,759 | 40.30 |
| Total | 75,587 | 1,79,65,197 | 100.00 |

t. Distribution of Shareholding as on March 31, 2018

| Category of Shares | Number of Shareholders | Number of Shares held | % of Shareholding |
|--------------------|------------------------|-----------------------|-------------------|
| 1 - 500 | 75,453 | 15,82,593 | 8.8092 |
| 501 - 1000 | 37 | 27,167 | 0.1512 |
| 1001 - 2000 | 24 | 34,281 | 0.1908 |
| 2001 - 3000 | 6 | 15,729 | 0.0876 |
| 3001 - 4000 | 5 | 18,636 | 0.1037 |
| 4001 - 5000 | 1 | 4,407 | 0.0245 |
| 5001 - 10000 | 6 | 44,585 | 0.2482 |
| 10001 and Above | 55 | 1,62,37,799 | 90.3848 |
| Total | 75,587 | 1,79,65,197 | 100.0000 |

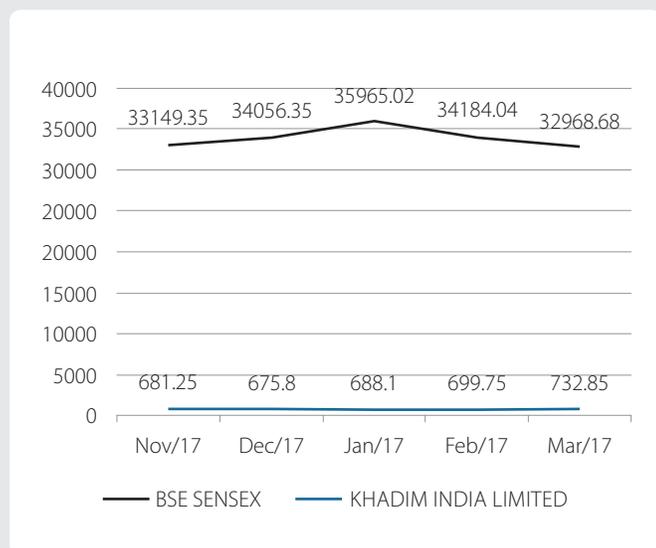
Annexure - VII

Continued

u. Bifurcation of shares held in physical and demat form as on March 31, 2018:

| Particulars | No. of Shares | Percentage (%) |
|---------------------|--------------------|----------------|
| Physical Shares (I) | Nil | - |
| Sub-Total | Nil | - |
| Demat Shares (II) | | |
| NSDL (A) | 68,57,348 | 38.17 |
| CDSL (B) | 1,11,07,849 | 61.83 |
| Sub-Total (A+B) | 1,79,65,197 | 100.00 |
| Total (I+II) | 1,79,65,197 | 100.00 |

v. PERFORMANCE IN COMPARISON TO BSE SENSEX



The Company has also sent reminders to encash unpaid/unclaimed dividend and IPO refund amount as per records every year.

GREEN INITIATIVE

Your Company is concerned about the environment and utilizes natural resources in a sustainable way. The Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011, respectively, has allowed companies to send official documents to their shareholders electronically as a part of its green initiatives in corporate governance.

Recognizing the spirit of the circular issued by the MCA, we henceforth propose to send documents like the Notice convening the general meetings, Financial Statements, Board's Report, Auditor's Report and others to the email address provided by you with the relevant depositories.

We request you to update your email address with your depository participant to ensure that the Annual Report and other documents reach you on your preferred email.

USAGE OF ELECTRONIC PAYMENT MODES FOR MAKING CASH PAYMENTS TO THE INVESTORS

SEBI, through its Circular No.CIR/MRD/DP/10/2013, dated March 21, 2013, has mandated the companies to use Reserve Bank of India (RBI) approved electronic payment modes, such as ECS [LECS (Local ECS) / RECS (Regional ECS) / NECS (National ECS)], NEFT and others to pay members in cash.

Recognizing the spirit of the circular issued by the SEBI, Members whose shareholding is in the electronic mode are requested to promptly update change in bank details with the Depository through your Depository Participant for receiving dividends through electronic payment modes.

Members who hold shares in physical form are requested to promptly update change in bank details with the Company/ Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd. (Unit: Khadims India Limited) for receiving dividends through electronic payment modes.

For and on behalf of the Board of Directors

Siddhartha Roy Burman

Chairman & Managing Director
DIN: 00043715

Place: Kolkata
Date: May 11, 2018

CORPORATE GOVERNANCE CERTIFICATE

TO THE MEMBERS OF

KHADIM INDIA LIMITED

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter dated 6th October, 2017.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Khadim India Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2018.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)

Place: Kolkata
Date: May 11, 2018

A. Bhattacharya
Partner
(Membership No. 054110)

Independent Auditor's Report

To The Members of Khadim India Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Khadim India Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 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 Ind AS financial statements in accordance with generally accepted accounting practice.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
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 **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)

Place: Kolkata
Date: 11th May, 2018

A. Bhattacharya
Partner
(Membership No. 054110)

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 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 **Khadim India Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, 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 31st March, 2018, based on the criteria for internal financial control over financial reporting 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 **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)

Place: Kolkata
Date: 11th May, 2018

A. Bhattacharya
Partner
(Membership No. 054110)

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 of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) With respect to immovable properties of acquired buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits under the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (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, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess, Goods and Services Tax and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Excise Duty, Customs Duty and Value Added Tax which have not been deposited as on 31st March, 2018 on account of disputes are given below:

| Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period to which the Amount Relates | Amount (₹ millions) |
|---------------------------------------|----------------|--|------------------------------------|---------------------|
| Income Tax Act, 1961 | Income Tax | Deputy Commissioner of Income Tax | 2007-09 | 1.11 |
| | | Commissioner of Income Tax | 2012-13 | 2.55 |
| Central Excise Act, 1944 | Excise Duty | Customs, Excise and Service Tax Appellate Tribunal | 2007-08 | 0.16 |
| Finance Act, 1994 | Service Tax | Assistant Commissioner of Service Tax | 2005-06 and 2006-07 | 0.15 |
| West Bengal Value Added Tax Act, 2003 | Sales Tax | West Bengal Taxation Tribunal | 2011-16 | 1.08 |
| | Sales Tax | Additional Commissioner of Commercial Tax, West Bengal | 2014-15 | 2.85 |
| Bihar Value Added Tax Act, 2005 | Sales Tax | Joint commissioner of Commercial Tax (Appeals) | 2012-15 | 2.93 |
| Central Sales Tax Act, 1956 | Sales Tax | West Bengal Commercial Taxes Appellate & Review Board | 2012-13 | 3.62 |
| | | Deputy Commissioner, Appeal, Thiruvananthapuram | 2014-15 | 0.07 |
| | | Additional Commissioner of Commercial Tax, West Bengal | 2013-15 | 11.19 |
| Kerala VAT Act, 2003 | Sales Tax | Deputy Commissioner, Appeal, Thiruvananthapuram | 2014-16 | 0.41 |
| Total | | | | 26.12 |

Out of the total disputed dues aggregating Rs 26.12 million as above, ₹ 5.49 million pertains to matters which have been stayed for recovery by the relevant authorities.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013. In respect of four directors, aggregate remuneration of Rs 0.40 million paid/ provided during the year, is subject to the approval of the Members at the forthcoming Annual General Meeting.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 302009E)

Place: Kolkata
Date: 11th May, 2018

A. Bhattacharya
Partner
(Membership No. 054110)

Balance Sheet

as at 31st March 2018

(All amounts in Rupees millions, unless otherwise stated)

| Particulars | Note No. | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|----------|------------------------|------------------------|-----------------------|
| ASSETS | | | | |
| 1 Non - current assets | | | | |
| (a) Property, Plant and Equipment | 4A | 1,246.16 | 1,194.50 | 1,279.18 |
| (b) Capital work - in - progress | 4B | 14.02 | 31.46 | 8.62 |
| (c) Intangible assets | 4C | 12.31 | 13.87 | 14.58 |
| (d) Intangible assets under development | 4D | 0.54 | - | - |
| (e) Financial Assets | | | | |
| (i) Investments | 5 | - | - | 0.46 |
| (ii) Others | 6 | 135.99 | 155.19 | 93.30 |
| (f) Income Tax Assets (net) | 24A | 3.08 | 2.54 | 21.51 |
| (g) Other non-current assets | 7 | 289.78 | 252.18 | 260.50 |
| 2 Current assets | | | | |
| (a) Inventories | 8 | 1,266.89 | 1,144.60 | 1,008.94 |
| (b) Financial Assets | | | | |
| (i) Investments | 9 | - | - | 10.90 |
| (ii) Trade receivables | 10 | 1,267.31 | 771.68 | 348.55 |
| (iii) Cash and cash equivalents | 11 | 35.04 | 18.55 | 81.82 |
| (iv) Other Bank balances | 12 | 121.34 | 97.88 | 110.78 |
| (v) Others | 13 | 78.95 | 143.20 | 62.06 |
| (c) Other current assets | 14 | 425.12 | 225.75 | 162.77 |
| Total Assets | | 4,896.53 | 4,051.40 | 3,463.97 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| (a) Equity Share capital | 15 | 179.65 | 172.99 | 172.99 |
| (b) Other Equity | | 2,505.16 | 1,666.61 | 1,359.95 |
| LIABILITIES | | | | |
| 1 Non-current liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 16 | - | 2.00 | 70.58 |
| (b) Provisions | 17 | 7.52 | 6.06 | 5.08 |
| (c) Deferred tax liabilities (net) | 18 | 50.40 | 23.09 | 16.18 |
| (d) Other non-current liabilities | 19 | 5.29 | 6.44 | 7.55 |
| 2 Current liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 20 | 684.81 | 1,039.65 | 976.42 |
| (ii) Trade payables | | 1,295.23 | 898.24 | 568.46 |
| (iii) Other financial liabilities | 21 | 113.97 | 163.35 | 208.84 |
| (b) Other current liabilities | 22 | 33.20 | 59.59 | 48.65 |
| (c) Provisions | 23 | 1.04 | 0.79 | 0.81 |
| (d) Income Tax Liabilities (net) | 24B | 20.26 | 12.59 | 28.46 |
| Total Equity and Liabilities | | 4,896.53 | 4,051.40 | 3,463.97 |

See accompanying notes to the financial statements.

In terms of our Report attached

For Deloitte Haskins & Sells
Chartered Accountants**A. Bhattacharya**
Partner**Place:** Kolkata
Date: 11th May 2018**For and on behalf of Board of Directors****Chairman & Managing Director**
Chairman & Managing Director**Ishani Ray**
Chief Executive Officer**Abhijit Dan**
Company Secretary & Head - Legal**Dr. Indra Nath Chatterjee**
Independent Director**Indrajit Chaudhuri**
Chief Financial Officer

Statement of Profit and Loss

for the year ended 31st March 2018

(All amounts in Rupees millions, unless otherwise stated)

| Particulars | Note No. | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|----------|-------------------------------------|-------------------------------------|
| I. Revenue From Operations | 25 | 7,487.06 | 6,105.98 |
| II. Other Income | 26 | 92.64 | 51.23 |
| III. Total Income (I + II) | | 7,579.70 | 6,157.21 |
| IV. Expenses : | | | |
| Cost of materials consumed | | 1,343.68 | 1,050.96 |
| Purchases of Stock-in-Trade | | 3,352.53 | 2,782.98 |
| Changes in inventories of finished goods, Stock-in-Trade and work-in-progress | 27 | (43.13) | (119.41) |
| Employee benefits expense | 28 | 651.69 | 552.32 |
| Finance costs | 29 | 123.68 | 134.63 |
| Depreciation and amortization expense | | 156.17 | 156.57 |
| Other expenses | 30 | 1,425.47 | 1,193.82 |
| Total expenses (IV) | | 7,010.09 | 5,751.87 |
| V Profit before tax (III - IV) | | 569.61 | 405.34 |
| VI Tax expense: | 31 | | |
| (1) Current tax | | 190.05 | 105.88 |
| (2) Deferred tax | | 0.55 | (6.91) |
| | | 190.60 | 98.97 |
| VII. Profit for the year (V - VI) | | 379.01 | 306.37 |
| VIII. Other Comprehensive Income | | | |
| (i) Items that will not be reclassified to profit or loss | | | |
| - Re-measurement gains/(losses) on defined benefit plans | 37.2 | (4.44) | 0.45 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 31 | 1.55 | (0.16) |
| Other comprehensive income for the year | | (2.89) | 0.29 |
| IX Total Comprehensive Income for the year | | 376.12 | 306.66 |
| X. Earnings per equity share : [Nominal Value per Share ₹ 10/- | 32 | | |
| (Previous year ₹ 10/-)] | | | |
| (1) Basic (In ₹) | | 21.60 | 17.71 |
| (2) Diluted (In ₹) | | 21.55 | 17.71 |

See accompanying notes to the financial statements.

In terms of our Report attached

For Deloitte Haskins & Sells
Chartered Accountants

A. Bhattacharya
Partner

Place: Kolkata
Date: 11th May 2018

For and on behalf of Board of Directors

Chairman & Managing Director
Chairman & Managing Director

Ishani Ray
Chief Executive Officer

Abhijit Dan
Company Secretary & Head - Legal

Dr. Indra Nath Chatterjee
Independent Director

Indrajit Chaudhuri
Chief Financial Officer

Statement of Changes in Equity

for the year ended 31st March 2018

(All amounts in Rupees millions, unless otherwise stated)

(a) Equity Share Capital

| Particulars | Balance at the beginning of the year | Changes in equity share capital during the year | Balance at the end of the year |
|--|--------------------------------------|---|--------------------------------|
| For the year ended 31 st March 2016 | 172.99 | - | 172.99 |
| For the year ended 31 st March 2017 | 172.99 | - | 172.99 |
| For the year ended 31 st March 2018 | 172.99 | 6.66 | 179.65 |

(b) Other Equity

| | Reserves and surplus | | | | Total other equity |
|---|--|----------------------------|-----------------------------------|-------------------|--------------------|
| | Capital reserve - Amalgamation Reserve | Securities premium reserve | Share options outstanding account | Retained earnings | |
| As at 1st April 2016 | 231.92 | 761.15 | - | 366.88 | 1,359.95 |
| Profit for the year | - | - | - | 306.37 | 306.37 |
| Other comprehensive income (net of tax) | - | - | - | 0.29 | 0.29 |
| Total comprehensive income | - | - | - | 306.66 | 306.66 |
| As at 31st March 2017 | 231.92 | 761.15 | - | 673.54 | 1,666.61 |
| Profit for the year | - | - | - | 379.01 | 379.01 |
| Other comprehensive income (net of tax) | - | - | - | (2.89) | (2.89) |
| Total comprehensive income | - | - | - | 376.12 | 376.12 |
| Issue of equity shares during the year | - | 493.33 | - | - | 493.33 |
| Share issue expenses* | - | (35.39) | - | - | (35.39) |
| Recognition of share based payment | - | - | 4.49 | - | 4.49 |
| As at 31st March 2018 | 231.92 | 1,219.09 | 4.49 | 1,049.66 | 2,505.16 |

The Board of Directors of the Company recommended a dividend of Re.1 per equity share (Previous Year - ₹ Nil) to be paid on fully paid up equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Total equity dividend to be paid is ₹ 17.96 millions (Previous Year - ₹ Nil). Income tax on proposed dividend being ₹ 3.69 millions (Previous Year - ₹ Nil).

*The Company spent ₹ 253.70 millions (inclusive of tax) as Initial Public Offer (IPO) related expenses which has been allocated between the Company (₹ 35.39 millions) and the selling shareholders (₹ 218.31 millions) in proportion to the equity shares allotted to the public as fresh issue by the Company and under offer for sale by the selling shareholders. The company does not expect any further expenditure in this regard. Accordingly, an amount of ₹ 35.39 millions has been debited to securities premium in accordance with Section 52 of the Companies Act, 2013. Also Refer Note 15

Capital Reserve: This Reserve represents the surplus of net assets over the Equity Shares issued as purchase consideration pursuant to the Scheme of Amalgamation approved by the Hon'ble High Court at Calcutta with effect from 1st October, 2004

Securities premium reserve: This Reserve represents the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

Share options outstanding account: This Reserve relates to stock options granted by the Company under Khadim Employee Stock Option Plan 2017. This Reserve is transferred to securities premium or retained earnings on exercise or cancellation of vested options.

Retained earnings: This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

See accompanying notes to the financial statements.

In terms of our Report attached

For and on behalf of Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

Chairman & Managing Director
Chairman & Managing Director

Dr. Indra Nath Chatterjee
Independent Director

A. Bhattacharya
Partner

Ishani Ray
Chief Executive Officer

Indrajit Chaudhuri
Chief Financial Officer

Place: Kolkata
Date: 11th May 2018

Abhijit Dan
Company Secretary & Head - Legal

Cash Flow Statement

for the year ended 31st March 2018

(All amounts in Rupees millions, unless otherwise stated)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|---|-------------------------------------|-------------------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before Tax | 569.61 | 405.34 |
| Adjustments for: | | |
| Depreciation and amortization expense | 156.17 | 156.57 |
| Share based payments to employees | 4.49 | - |
| Loss on disposal of property, plant and equipment (net) | 11.59 | 9.08 |
| Interest Received | (19.36) | (20.20) |
| Gain arising on sale of financial assets mandatorily measured at Fair Value through Profit and Loss | (1.69) | (1.41) |
| Gain on disposal of assets held for disposal | (36.02) | - |
| Liabilities/Provisions no longer required written back | (1.23) | (3.48) |
| Government grant received | (1.98) | (1.11) |
| Provision for doubtful debts, advances and other assets | 4.67 | 3.27 |
| Debts/Advances written off | 2.98 | 4.20 |
| Foreign currency translations and transactions - Net | (0.55) | (0.82) |
| Finance cost | 123.68 | 134.63 |
| Operating Profit before Working Capital Changes | 812.36 | 686.07 |
| Adjustments for: | | |
| Trade Receivables, Loans and Advances and Other Assets | (764.96) | (503.38) |
| Inventories | (122.29) | (135.66) |
| Trade Payables, Other Liabilities and Provisions | 370.79 | 351.16 |
| Cash Generated from Operations | 295.90 | 398.19 |
| Income taxes paid | (154.61) | (89.12) |
| Net Cash generated from Operating Activities | 141.29 | 309.07 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment, intangible assets | (218.94) | (182.11) |
| Sale of property, plant and equipment, intangible assets | 12.21 | 4.56 |
| Sale of assets held for disposal | 120.00 | - |
| Investments in bank deposits | (74.97) | (76.76) |
| Maturity of bank deposits | 95.54 | 39.37 |
| Purchase of Current Investments | (40.89) | - |
| Sale of Current Investments | 42.58 | 12.78 |
| Interest Received | 5.12 | 14.36 |
| Net Cash used in Investing Activities | (59.35) | (187.80) |

Cash Flow Statement

for the year ended 31st March 2018 (Continued)

(All amounts in Rupees millions, unless otherwise stated)

| Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|--|-------------------------------------|-------------------------------------|
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Share Capital | 499.99 | - |
| Share issue expenses | (35.39) | - |
| Interest paid | (123.75) | (134.77) |
| Repayment of Term Loans | (51.50) | (115.81) |
| Short term loans taken | 107.20 | 124.14 |
| Net Cash generated from/(used in) Financing Activities | 396.55 | (126.44) |
| Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C) | 478.49 | (5.17) |
| Cash and Cash Equivalents at beginning of year | (828.27) | (823.10) |
| Cash and Cash Equivalents at end of year | (349.78) | (828.27) |

Notes:

The above Cash Flow Statement has been prepared under "Indirect Method" as set out in Ind AS - 7 on "Statements of Cash Flow".

II Cash and Cash Equivalents:

| | | |
|--|-----------------|-----------------|
| Cash Credit facilities | (384.82) | (846.85) |
| Cash and cash equivalents (Note 11) | 35.04 | 18.55 |
| Unrealised gain/(loss) on foreign currency cash and cash equivalents | - | 0.03 |
| Cash and cash equivalents as above | (349.78) | (828.27) |

See accompanying notes to the financial statements.

In terms of our Report attached

For Deloitte Haskins & Sells
Chartered Accountants

A. Bhattacharya
Partner

Place: Kolkata
Date: 11th May 2018

For and on behalf of Board of Directors

Chairman & Managing Director
Chairman & Managing Director

Ishani Ray
Chief Executive Officer

Abhijit Dan
Company Secretary & Head - Legal

Dr. Indra Nath Chatterjee
Independent Director

Indrajit Chaudhuri
Chief Financial Officer

Notes to Financial Statements

for the year ended 31st March 2018

(All amounts in Rupees millions, unless otherwise stated)

1 Corporate information

Khadim India Limited (the 'Company') is a Public Limited Company engaged in the manufacturing / retail business of footwear and leather accessories. The Company is incorporated and domiciled in Republic of India. The address of its Registered office is "Kankaria Estate", 5th Floor, 6, Little Russell Street, Kolkata - 700071.

After successful completion of Initial Public Offering (IPO), the Company listed its Equity Shares in BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) during the year.

2 Significant accounting policies

2.1 Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April 2017.

Up to the year ended 31st March 2017, the Company prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April 2016. Details of the exceptions and optional exemptions availed by the Company and principal adjustments along with related reconciliations are detailed in Note 42 (First-time Adoption).

2.2 Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- I In the principal market for the asset or liability, or
- II In the absence of a principal market, in the most advantageous market for the asset or liability
The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 – Share-based Payment, leasing transactions that are within the scope of Ind AS 17 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period; they are recognized in the period of the revision and future periods if the revision affects both current and future periods.

2.3 Operating cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – "Presentation of Financial Statements", based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

2.4 Property, Plant and Equipment – Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognized as at 1st April, 2016 measured as per the previous GAAP.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

Notes to Financial Statements

for the year ended 31st March 2018 (Continued)

(All amounts in Rupees millions, unless otherwise stated)

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated. The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings - 30 – 60 Years

Leasehold Improvements - Shorter of lease period or over 6 years

Plant and Equipment - 5 – 15 Years

Furniture and Fixtures – 10 Years

Vehicles - 10 Years

Office Equipment - 5 Years

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

2.5 Intangible Assets

Intangible assets acquired separately are recorded at cost at the time of initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Intangible assets (Computer Software) with finite lives are amortized over the useful economic life (not exceeding five years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

2.6 Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

2.7 Assets held for disposal

Assets are classified as held for disposal if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable. These are measured at lower of their carrying amount and fair value less costs to sell.

2.8 Inventories

Inventories are valued at cost and net realisable value, whichever is lower. The cost is calculated on First in First Out basis (FIFO). Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale. Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

2.9 Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable for goods supplied, net of returns and discounts to customers. Revenue from the sale of goods is recognized when significant risks and rewards of ownership have been transferred to the customer, which is mainly upon delivery.

2.10 Government Grant

The Company receives government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of financial assistance on the basis of certain qualifying criteria. Government grants are recognized

when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant. Accordingly, government grants:

- a. related to or used for assets are included in the Balance Sheet as deferred income and recognized as income over the useful life of the assets.
- b. related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.
- c. by way of financial assistance on the basis of certain qualifying criteria are recognized as they become receivable.

2.11 Foreign Currency Transactions

The functional and presentation currency of the Company is Indian Rupee. Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/ losses arising on settlement as also on translation of monetary items are recognized in the Statement of Profit and Loss.

2.12 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.13 Retirement and Other Employee Benefits

I Short-term employee benefits

All short-term employee benefits such as salaries, wages, bonus etc. which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and also non-accumulating compensated absences are recognized on an undiscounted basis and charged to the statement of profit and loss

II Defined contribution plan

The Company's contribution towards Provident Fund and Employee State Insurance with respect to employees paid/ payable during the year to the respective Authorities are considered as Defined Contribution Plans and are charged to the Statement of Profit and Loss

III Defined benefit plan

The Company maintains Gratuity Plan for all its eligible employees and the same is a defined benefit plan. The cost of providing benefits under the defined benefit gratuity obligation is determined by independent actuary at each balance sheet date using the projected unit credit method.

Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognized immediately through other comprehensive income in the period in which they occur.

IV Other long term employee benefits

The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Actuarial gains/losses are immediately taken to the statement of profit and loss. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

V Employee Share Based Compensation

Stock Options are granted to eligible employees in accordance with the Khadim Employee Stock Option Schemes ("ESOP"), as may be decided by the Nomination & Compensation Committee.

The cost of ESOP is recognized based on the fair value of Stock Options as on the grant date. The fair value of Stock Options granted and vested are recognized in the Statement of profit and loss.

2.14 Leases

Leases are recognized as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Notes to Financial Statements

for the year ended 31st March 2018 (Continued)

(All amounts in Rupees millions, unless otherwise stated)

For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a Lessee

Assets used under finance leases are recognized as property, plant and equipment in the Balance Sheet for an amount that corresponds to the lower of fair value and the present value of minimum lease payments determined at the inception of the lease and a liability is recognized for an equivalent amount.

The minimum lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the Statement of Profit and Loss.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

2.15 Taxes on Income

Taxes on income comprises of current taxes and deferred taxes.

Current income tax

Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

2.16 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of finance costs.

2.17 Dividend Distribution

Dividends paid (including income tax thereon) is recognized in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by Shareholders.

2.18 Contingent liability

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

2.19 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding cash credit as they are considered an integral part of the Company's cash management.

2.20 Financial instruments, Financial assets, Financial liabilities and Equity instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities.

Financial assets

Recognition

Financial assets include Investments, Trade receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognized at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification

Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification. Financial assets are classified as those measured at:

- a. amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/ or interest.
- b. fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognized in other comprehensive income.
- c. fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognized in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment

The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognized if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification

When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently

Notes to Financial Statements

for the year ended 31st March 2018 (Continued)

(All amounts in Rupees millions, unless otherwise stated)

measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognized gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

Derecognition

Financial assets are derecognized when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

- a. amortised cost, the gain or loss is recognized in the Statement of Profit and Loss;
- b. fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition

Interest income is recognized in the Statement of Profit and Loss using the effective interest method. Dividend income is recognized in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognized at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognized in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet. Financial liabilities are derecognized when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognized at the value of the proceeds, net of direct costs of the capital issue.

3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

I Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant and equipment and intangible assets at least once in a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

II Actuarial Valuation

The determination of Company's liability towards employee benefits in the nature of gratuity and unpaid leave balance is made through independent actuarial valuation including determination of amounts to be recognized in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

| 4A | PROPERTY, PLANT AND EQUIPMENT | GROSS BLOCK | | | | | | As at 31 March 2018 | | | |
|----|-------------------------------------|---|---------------------------|-------------------------------------|---------------------|---------------------------|-------------------------------------|---------------------|---------------------|---------------------|--------------------|
| | | As at 01 April 2016 [Refer Note (i)] | Additions during the year | Disposal/adjustment during the year | As at 31 March 2017 | Additions during the year | Disposal/adjustment during the year | | | | |
| | Land | 16.76 | - | - | 16.76 | - | 16.76 | - | | | |
| | Buildings | 669.44 | - | 68.62 | 600.82 | 27.47 | - | 628.29 | | | |
| | Leasehold Improvements | 136.50 | 45.25 | 3.55 | 178.20 | 77.53 | 7.50 | 248.23 | | | |
| | Plant and equipment | 311.85 | 82.06 | 10.02 | 383.89 | 91.15 | 0.70 | 474.34 | | | |
| | Furniture and Fixtures | 116.87 | 14.21 | 2.90 | 128.18 | 21.42 | 2.34 | 147.26 | | | |
| | Vehicles | 9.54 | 2.29 | 4.26 | 7.57 | 0.45 | - | 8.02 | | | |
| | Office Equipment | 18.22 | 3.51 | 0.07 | 21.66 | 8.17 | 0.12 | 29.71 | | | |
| | Total | 1,279.18 | 147.32 | 89.42 | 1,337.08 | 226.19 | 27.42 | 1,535.85 | | | |
| 4B | Capital work - in - progress | 8.62 | | | 31.46 | | | 14.02 | | | |
| 4C | Intangible Assets | | | | | | | | | | |
| | Computer software (acquired) | 14.58 | 4.69 | 0.29 | 18.98 | 3.91 | - | 22.89 | | | |
| 4D | Intangible Assets under development | - | | | - | | | 0.54 | | | |
| | Grand total | 1,302.38 | 152.01 | 89.71 | 1,387.52 | 230.10 | 27.42 | 1,573.30 | | | |
| 4A | PROPERTY, PLANT AND EQUIPMENT | ACCUMULATED DEPRECIATION/AMORTIZATION | | | | | NET BLOCK | | | | |
| | | As at 01 April 2016 | Additions during the year | Disposal/adjustment during the year | As at 31 March 2017 | Additions during the year | Disposal/adjustment during the year | As at 31 March 2018 | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
| | Land | - | - | - | - | - | - | - | - | 16.76 | 16.76 |
| | Buildings | - | 17.26 | 1.42 | 15.84 | 16.84 | - | 32.68 | 595.61 | 584.98 | 669.44 |
| | Leasehold Improvements | - | 52.47 | 3.55 | 48.92 | 47.56 | 2.63 | 93.85 | 154.38 | 129.28 | 136.50 |
| | Plant and equipment | - | 47.04 | 1.18 | 45.86 | 56.50 | 0.23 | 102.13 | 372.21 | 338.03 | 311.85 |
| | Furniture and Fixtures | - | 25.45 | 1.51 | 23.94 | 21.32 | 0.67 | 44.59 | 102.67 | 104.24 | 116.87 |
| | Vehicles | - | 1.87 | 0.87 | 1.00 | 1.04 | - | 2.04 | 5.98 | 6.57 | 9.54 |
| | Office Equipment | - | 7.08 | 0.06 | 7.02 | 7.44 | 0.06 | 14.40 | 15.31 | 14.64 | 18.22 |
| | Total | - | 151.17 | 8.59 | 142.58 | 150.70 | 3.59 | 289.69 | 1,246.16 | 1,194.50 | 1,279.18 |
| 4B | Capital work - in - progress | | | | | | | 14.02 | 31.46 | 8.62 | |
| 4C | Intangible Assets | | | | | | | | | | |
| | Computer software (acquired) | - | 5.40 | 0.29 | 5.11 | 5.47 | - | 10.58 | 12.31 | 13.87 | 14.58 |
| 4D | Intangible Assets under development | | | | | | | 0.54 | - | - | |
| | Grand total | - | 156.57 | 8.88 | 147.69 | 156.17 | 3.59 | 300.27 | 1,273.03 | 1,239.83 | 1,302.38 |

Notes:

(i) Represents deemed cost on transition to Ind AS (Refer Note 42 on First Time Adoption).

(ii) The amount of expenditures recognized in the carrying amount of property, plant and equipment in the course of construction is ₹ 25.02 millions (Previous Year - ₹ Nil)

Notes to Financial Statements

for the year ended 31st March 2018 (Continued)

(All amounts in Rupees millions, unless otherwise stated)

| 5 | INVESTMENTS - NON-CURRENT | As at | As at | As at |
|---|--|-----------------------------------|-----------------------------------|----------------------------------|
| | | 31 st March 2018 | 31 st March 2017 | 1 st April 2016 |
| | Investment in Mutual Fund | | | |
| | (at fair value through profit and loss) | | | |
| | Quoted : | | | |
| | Nil Units of ₹ 21.09 each of UTI Infrastructure Fund (31 st March 2017: Nil units; 1 st April 2016: 22,876 units) | - | - | 0.46 |
| | | - | - | 0.46 |
| | Aggregate book value of quoted investments | - | - | 0.46 |
| | Aggregate market value of quoted investments | - | - | 0.46 |
| 6 | OTHER FINANCIAL ASSETS - NON-CURRENT | As at | As at | As at |
| | | 31st March 2018 | 31st March 2017 | 1st April 2016 |
| | Unsecured, Considered Good | | | |
| | Bank deposits with more than 12 months maturity | | | |
| | - Against guarantees and letter of credit | 5.56 | 1.62 | 1.62 |
| | - As security with Sales Tax Authorities | 0.34 | 0.32 | - |
| | - Pledged against credit facilities | - | 47.99 | - |
| | Premises and other deposits | 129.33 | 104.67 | 91.61 |
| | Employee Advances | 0.76 | 0.59 | 0.07 |
| | Total | 135.99 | 155.19 | 93.30 |
| 7 | OTHER NON-CURRENT ASSETS | As at | As at | As at |
| | | 31st March 2018 | 31st March 2017 | 1st April 2016 |
| | Unsecured, Considered Good | | | |
| | Capital Advances | 16.47 | 11.73 | 8.58 |
| | Advances other than capital advances: | | | |
| | Security Deposits | 50.17 | 16.50 | 9.66 |
| | Prepaid expenses* | 208.19 | 206.35 | 224.64 |
| | Other advances | 6.08 | 6.11 | 6.13 |
| | Government Grant Receivable | 8.87 | 11.49 | 11.49 |
| | Total | 289.78 | 252.18 | 260.50 |
| 8 | INVENTORIES | As at | As at | As at |
| | | 31st March 2018 | 31st March 2017 | 1st April 2016 |
| | Raw Material (including packing material) | 187.41 | 108.25 | 92.00 |
| | Work-in-progress | 53.73 | 49.93 | 55.56 |
| | Finished goods (manufactured) | 182.21 | 197.72 | 152.76 |
| | Stock-in-trade (goods purchased for resale) | 843.54 | 788.70 | 708.62 |
| | Total | 1,266.89 | 1,144.60 | 1,008.94 |

*This includes prepayment for leasehold land of ₹ 22.50 millions paid to Kolkata Metropolitan Development Authority (KMDA) as lease premium for a land at Laskarhat, Kolkata having a lease term of 99 years. The Company has received possession for 10.75 cottahs, for which the related lease deed has been executed. Remaining portion of the said land measuring 34.25 cottahs is under dispute for which legal proceeding is pending.

Notes:

(i) Cost of inventory recognized as an expense during the year ₹ 4,797.32 millions (Previous Year - ₹ 3,852.56 millions).

(ii) The cost of inventories recognized as an expense in respect of write-downs of inventory to net realisable value included in (i) above - ₹ 7.02 millions (Previous Year - ₹ 2.27 millions).

(iii) Refer Note 2.8 for mode of valuation.

| 9 INVESTMENTS - CURRENT (at fair value through profit and loss) | As at | As at | As at |
|---|-----------------------------|-----------------------------|----------------------------|
| | 31 st March 2018 | 31 st March 2017 | 1 st April 2016 |
| Investments in Mutual Funds | | | |
| Quoted : | | | |
| Nil Units of ₹ 10 each of DSP Blackrock Ultra Short Term Fund (31 st March 2017: Nil units; 1 st April 2016: 4,72,846 units) | - | - | 5.17 |
| Nil Units of ₹ 1000 each of Reliance Money Manager Fund (31 st March 2017: Nil units; 1 st April 2016: 2,762 units) | - | - | 5.73 |
| | - | - | 10.90 |
| Aggregate amount of quoted investments | - | - | 10.90 |
| Aggregate market value of listed and quoted investments | - | - | 10.90 |

| 10 TRADE RECEIVABLES | As at | As at | As at |
|-------------------------------------|-----------------------------|-----------------------------|----------------------------|
| | 31 st March 2018 | 31 st March 2017 | 1 st April 2016 |
| Secured, considered good | 56.00 | 59.41 | 43.17 |
| Unsecured, considered good* | 1,211.31 | 712.27 | 305.38 |
| Doubtful | 22.40 | 17.73 | 15.42 |
| | 1,289.71 | 789.41 | 363.97 |
| Less : Allowance for doubtful debts | 22.40 | 17.73 | 15.42 |
| Total | 1,267.31 | 771.68 | 348.55 |

*Includes ₹ 0.02 millions (31st March 2017: ₹ 0.01 millions; 1st April 2016: ₹ 0.31 millions) due from KM Khadim and Co. which is a firm in which a director is a partner.

| 11 CASH AND CASH EQUIVALENTS | As at | As at | As at |
|------------------------------|-----------------------------|-----------------------------|----------------------------|
| | 31 st March 2018 | 31 st March 2017 | 1 st April 2016 |
| Balances with banks | | | |
| On Current Accounts | 14.65 | 10.81 | 72.99 |
| Cheques, drafts on hand | 10.86 | - | 1.09 |
| Cash on hand | 9.53 | 7.74 | 7.74 |
| Total | 35.04 | 18.55 | 81.82 |

| 12 OTHER BANK BALANCES | As at | As at | As at |
|--|-----------------------------|-----------------------------|----------------------------|
| | 31 st March 2018 | 31 st March 2017 | 1 st April 2016 |
| Dividend Accounts [₹ 1,335/- (31 st March 2017: ₹ 1,335/-; 1 st April 2016: ₹ 1,335/-)] | | | |
| Fixed Deposits with banks* | | | |
| - Against guarantees and letter of credit | 73.34 | 51.36 | 26.31 |
| - As security with Sales Tax Authorities | 0.01 | 0.01 | 0.30 |
| - Pledged against credit facilities | 47.99 | 43.40 | 82.17 |
| - Others | - | 3.11 | 2.00 |
| Total | 121.34 | 97.88 | 110.78 |

*Represents deposits with original maturity of more than 3 months and includes deposits with remaining maturity of less than 12 months from the balance sheet date.

Notes to Financial Statements

for the year ended 31st March 2018 (Continued)

(All amounts in Rupees millions, unless otherwise stated)

| 13 OTHER FINANCIAL ASSETS - CURRENT | As at | As at | As at |
|--|-----------------------------|-----------------------------|----------------------------|
| | 31 st March 2018 | 31 st March 2017 | 1 st April 2016 |
| Unsecured, Considered Good | | | |
| Assets held for disposal * | 52.49 | 136.47 | 52.49 |
| Interest Receivable | 8.11 | 4.58 | 7.38 |
| Employee Advances | 2.08 | 1.10 | 1.47 |
| Other receivables (IPO expenses reimbursement, scrap sales etc.) | 16.27 | 1.05 | 0.72 |
| Total | 78.95 | 143.20 | 62.06 |

*Represents certain property, plant and equipment which are not in active use and management is in the process of negotiation with prospective buyers for disposal of the same.

| 14 OTHER CURRENT ASSETS | As at | As at | As at |
|---------------------------------------|-----------------------------|-----------------------------|----------------------------|
| | 31 st March 2018 | 31 st March 2017 | 1 st April 2016 |
| Unsecured, Considered Good | | | |
| Advances other than capital advances: | | | |
| Advances to related parties | - | - | 0.06 |
| Other advances | 37.14 | 31.41 | 11.08 |
| Prepaid expenses | 43.36 | 43.40 | 35.22 |
| Advance to Government Authorities | 342.00 | 147.66 | 110.88 |
| Others: | | | |
| Gratuity | - | 2.78 | 2.41 |
| Government Grant Receivable | 2.62 | 0.50 | 3.12 |
| Total | 425.12 | 225.75 | 162.77 |

| 15 Equity Share Capital | As at | As at | As at |
|--|-----------------------------|-----------------------------|----------------------------|
| | 31 st March 2018 | 31 st March 2017 | 1 st April 2016 |
| Authorised | | | |
| 6,00,00,000 (31 st March 2017: 6,00,00,000; 1 st April 2016: 6,00,00,000) Equity Shares of ₹ 10/- each: | 600.00 | 600.00 | 600.00 |
| Issued, Subscribed and Paid up | | | |
| 1,79,65,197 (31 st March 2017: 1,72,98,531; 1 st April 2016: 1,72,98,531) Equity Shares of ₹ 10/- each | 179.65 | 172.99 | 172.99 |
| Total | 179.65 | 172.99 | 172.99 |

15.1 Reconciliation of the number of Equity shares

| Particulars | As at 31 st March 2018 | | As at 31 st March 2017 | | As at 1 st April 2016 | |
|---|-----------------------------------|--------|-----------------------------------|--------|----------------------------------|--------|
| | Number | Amount | Number | Amount | Number | Amount |
| Balance as at the beginning of the year | 1,72,98,531 | 172.99 | 1,72,98,531 | 172.99 | 1,72,98,531 | 172.99 |
| Equity shares issued during the year (Refer Note 15.3) | 6,66,666 | 6.66 | - | - | - | - |
| Balance as at the end of the year | 1,79,65,197 | 179.65 | 1,72,98,531 | 172.99 | 1,72,98,531 | 172.99 |

15.2 Details of Shares held by Shareholders holding more than 5 % of the aggregate shares in the Company

| Name of the Shareholders | As at 31 st March 2018 | | As at 31 st March 2017 | | As at 1 st April 2016 | |
|--|-----------------------------------|--------------|-----------------------------------|--------------|----------------------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Knightsville Private Limited (Holding Company)* | 87,37,829 | 48.64 | 87,37,829 | 50.51 | 87,37,829 | 50.51 |
| Siddhartha Roy Burman | 14,51,149 | 8.08 | 21,73,149 | 12.56 | 21,73,149 | 12.56 |
| Reliance Alternative Investments Fund - PE Scheme I | - | - | 58,52,093 | 33.83 | 58,52,093 | 33.83 |

*Ceased to become a holding company with effect from 14th November 2017.

15.3 During the year, the Company has completed the initial public offer (IPO) with a fresh issue of 666,666 equity shares of ₹ 10 each at a price of ₹ 750 per equity share. The Company listed its equity shares on 14th November 2017 on BSE and NSE.

15.4 Rights, Preferences and Restrictions attached to Equity Shares

The Company has one class of Equity Shares having a face value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The Dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the Company after distribution of all Preferential amounts, in proportion to their shareholding.

15.5 Equity Shares allotted as fully paid up bonus shares for the period of five years immediately preceding 31st March 2018

The Company had issued bonus shares during the year ended 31st March 2014 to the shareholders in the ratio of 1:3 aggregating 3,64,05,714 number of equity shares of ₹ 10 each as fully paid by utilising balance in General Reserve Account and Surplus in Statement of Profit and Loss Account to the extent of ₹ 4.34 millions and ₹ 359.72 millions respectively.

15.6 Equity Shares allotted as fully paid pursuant to contract without payment being received in cash during the period of five years immediately preceding 31st March 2018

During the year 2014-15 the Company issued 51,63,293 Equity Shares of face value ₹ 10 each at a conversion premium of ₹ 140.03 per share on conversion of Zero Coupon Compulsorily Convertible Debentures (Unsecured) issued in 2013-14, as per the formula set

out in, and each with rights, preferences and privileges contained in the Securities Subscription and Share Purchase Agreement.

15.7 Shares reserved for issue under Options

| | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
|------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| Equity shares of ₹ 10/- each | 62,876 | - | - |
| | 62,876 | - | - |

During the year the Company has introduced the Khadim Employee Stock Option Plan (2017) through the resolution passed by the Board of Directors and the same was subsequently approved by the Shareholders.

Terms and conditions of Options granted

Each option entitles the holder thereof to apply for and be allotted one equity share of ₹ 10 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from such date.

The vesting period for conversion of Options is as follows:

On completion of 12 months from the date of grant of the Options - 15% vests

On completion of 24 months from the date of grant of the Options - 15% vests

On completion of 36 months from the date of grant of the Options - 30% vests

On completion of 48 months from the date of grant of the Options - 40% vests

The Options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Further details of 'Khadim Employee Stock Option Plan 2017' are provided in Note 39.

| 16 | BORROWINGS - NON-CURRENT | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
|----|--|--------------------------------------|--------------------------------------|-------------------------------------|
| | SECURED | | | |
| | Term Loans | | | |
| | From Banks | | | |
| | State Bank of India Term Loan * | - | - | 9.11 |
| | AXIS Bank Term Loan I * | - | - | 37.50 |
| | AXIS Bank Term Loan II ** | - | - | 9.97 |
| | Small Industries Development Bank of India * | - | 2.00 | 14.00 |
| | Total | - | 2.00 | 70.58 |

Notes to Financial Statements

for the year ended 31st March 2018 (Continued)

(All amounts in Rupees millions, unless otherwise stated)

| 16.1 | The scheduled maturity of the Non-current borrowings are summarised as under: | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
|------|---|--------------------------------------|--------------------------------------|-------------------------------------|
| | Borrowings repayable | | | |
| | In the first year (Also refer Note 21) | - | 49.50 | 96.73 |
| | Current maturities of long-term debt | - | 49.50 | 96.73 |
| | In the second year # | - | 2.00 | 68.58 |
| | In the third to fifth year | - | - | 2.00 |
| | Non-current borrowings | - | 2.00 | 70.58 |

*Respective securities released during the year 2017-18

**Respective securities released during the year 2016-17

#Repaid in May 2017.

| 17 | PROVISIONS - NON-CURRENT | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
|----|---------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| | Post employment benefits | | | |
| | Gratuity (Refer Note 37.2) | 1.29 | - | - |
| | Other long term benefits | | | |
| | Leave Encashment | 6.23 | 6.06 | 5.08 |
| | Total | 7.52 | 6.06 | 5.08 |

| 18 | DEFERRED TAX LIABILITIES (NET) | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
|----|----------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred tax liabilities | 83.98 | 83.18 | 83.05 |
| | Less: Deferred tax assets | 33.58 | 60.09 | 66.87 |
| | Total | 50.40 | 23.09 | 16.18 |

| 18.1 | Movement in deferred tax liabilities/assets balances | Opening balance | Recognized in profit or loss | Recognized in OCI | Closing balance |
|------|--|--------------------|---------------------------------|----------------------|--------------------|
| | 2017-18 | | | | |
| | Deferred tax liabilities/assets in relation to: | | | | |
| | On fiscal allowances on property, plant and equipment, etc. | 83.18 | 0.80 | - | 83.98 |
| | Total deferred tax liabilities | 83.18 | 0.80 | - | 83.98 |
| | On employees' separation and retirement etc. | 0.90 | (0.96) | 1.55 | 1.49 |
| | On Financial assets measured at fair value | 6.33 | 0.39 | - | 6.72 |
| | On Other assets | 7.51 | 0.74 | - | 8.25 |
| | On Provision for Doubtful Debts And Advances | 5.34 | 1.63 | - | 6.97 |
| | On Provision for slow moving inventories | 11.69 | (1.55) | - | 10.14 |
| | Total deferred tax assets before MAT Credit entitlement | 31.77 | 0.25 | 1.55 | 33.57 |
| | Less: MAT Credit utilised during the year | 28.32 | (28.31) | - | 0.01 |
| | Total deferred tax assets | 60.09 | | | 33.58 |
| | | 23.09 | 0.55 | (1.55) | 50.40 |

| Movement in deferred tax liabilities/assets balances | Opening balance | Recognized in profit or loss | Recognized in OCI | Closing balance |
|--|-----------------|------------------------------|-------------------|-----------------|
| 2016-17 | | | | |
| Deferred tax liabilities/assets in relation to: | | | | |
| On fiscal allowances on property, plant and equipment, etc. | 82.98 | 0.20 | - | 83.18 |
| On Investments measured at fair value | 0.07 | (0.07) | - | - |
| Total deferred tax liabilities | 83.05 | 0.13 | - | 83.18 |
| On employees' separation and retirement etc. | 0.57 | 0.49 | (0.16) | 0.90 |
| On Financial assets measured at fair value | 6.02 | 0.31 | - | 6.33 |
| On Other assets | 6.67 | 0.84 | - | 7.51 |
| On Provision for Doubtful Debts And Advances | 4.44 | 0.90 | - | 5.34 |
| On Provision for slow moving inventories | 7.19 | 4.50 | - | 11.69 |
| Total deferred tax assets before MAT Credit entitlement | 24.89 | 7.04 | (0.16) | 31.77 |
| Less: MAT Credit utilised during the year | 41.98 | (13.66) | - | 28.32 |
| Total deferred tax assets | 66.87 | | | 60.09 |
| | 16.18 | (6.91) | 0.16 | 23.09 |

| 19 OTHER NON-CURRENT LIABILITIES | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
|----------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| Deferred Government Grant | 5.29 | 6.44 | 7.55 |
| Total | 5.29 | 6.44 | 7.55 |

| 20 BORROWINGS - CURRENT | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
|--|--------------------------------------|--------------------------------------|-------------------------------------|
| SECURED | | | |
| Loans repayable on demand | | | |
| Cash Credit / Working Capital Demand Loans from Banks | | | |
| State Bank of India Cash Credit | [Refer Note 1 of 20.1] 167.85 | 432.43 | 482.64 |
| State Bank of India - Standby Line of Credit | [Refer Note 1 of 20.1] - | 40.00 | - |
| Axis Bank Cash Credit | [Refer Note 2 of 20.1] 10.85 | 52.50 | 45.78 |
| ICICI Bank Cash Credit | [Refer Note 2 of 20.1] 13.22 | 29.60 | - |
| HDFC Bank Cash Credit | [Refer Note 2 of 20.1] 2.71 | 98.94 | 97.14 |
| YES Bank Cash Credit | [Refer Note 2 of 20.1] - | 32.52 | 27.71 |
| Kotak Mahindra Bank Cash Credit | [Refer Note 2 of 20.1] 190.18 | - | - |
| State Bank of Hyderabad Cash Credit | - | 160.86 | 251.65 |
| ICICI Bank Demand Loan | [Refer Note 3 of 20.1] - | 60.00 | 60.00 |
| HDFC Bank Short Term Loan | [Refer Note 4 of 20.1] 250.00 | 100.00 | - |
| YES Bank Short Term Loan | [Refer Note 4 of 20.1] 50.00 | - | - |
| | 684.81 | 1,006.85 | 964.92 |
| Buyer's Credit from Banks | | | |
| State Bank of India | [Refer Note 1 of 20.1] - | 32.80 | 11.50 |
| Total | 684.81 | 1,039.65 | 976.42 |

20.1 Nature of Security of Cash Credit, Working Capital Demand Loans, Short Term Loans and Buyer's credit from Banks

- 1. Primary security** - Hypothecation charge on inventory, receivables and all other current assets of the Company, both present and future, on pari-passu basis with other working capital member banks under the consortium.

Notes to Financial Statements

for the year ended 31st March 2018 (Continued)

(All amounts in Rupees millions, unless otherwise stated)

Collateral security - Equitable mortgage of properties at Kancharapara, Salt Lake, KG Road, Bangalore and Civil Station, Bangalore, on pari-passu basis with other working capital members banks under the consortium, equitable mortgage of property at Kasba, liquid security in the form of fixed deposits, personal guarantees of promoter directors and corporate guarantees of group companies.

2. **Primary security** - Same as State Bank of India Cash Credit (Refer Note 1 above).

Collateral security - Equitable mortgage of properties at Kancharapara, Salt Lake, KG Road, Bangalore and Civil

Station, Bangalore, on pari-passu basis with other working capital members banks under the consortium, personal guarantees of promoter directors and corporate guarantees of group companies.

3. **Primary security** - Secured by hypothecation of all credit card receivables both present and future, mortgage of factory building at S19, S20 and S21 at Kasba, Kolkata, retail outlet at Rashbehari Avenue, Kolkata, Corporate guarantee of the Holding Company and personal guarantee of Managing Director.
4. Secured by personal guarantee of Managing Director.

| 21 | OTHER FINANCIAL LIABILITIES - CURRENT | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
|------|--|--------------------------------------|--------------------------------------|-------------------------------------|
| | Current maturities of long - term debt: Term loans | - | 49.50 | 96.73 |
| | Interest accrued but not due on borrowings | - | 0.11 | 0.21 |
| | Interest accrued and due on borrowings | 1.74 | 1.69 | 1.72 |
| | Unpaid Dividend [₹ 1,335/- (31 st March 2017: ₹ 1,335/-; 1 st April 2016: ₹ 1,335/-)] [Refer Note 21.1] | | | |
| | Deposits from customers | 93.79 | 92.14 | 85.70 |
| | Other payables: | | | |
| | Payables on purchase of property, plant and equipment | 18.03 | 19.16 | 23.42 |
| | Others (Reimbursement claims, etc.) | 0.41 | 0.75 | 1.06 |
| | Total | 113.97 | 163.35 | 208.84 |
| 21.1 | There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956/ Section 125 of the Companies Act, 2013 as at the year end. | | | |
| 22 | OTHER CURRENT LIABILITIES | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
| | Advance from customers | 20.35 | 21.04 | 23.73 |
| | Statutory remittances (GST, VAT and Sales Tax, Contribution to Provident and Other Funds, Withholding Tax) | 10.24 | 33.08 | 21.98 |
| | Deferred Government Grant | 1.10 | 1.11 | 1.11 |
| | Others | 1.51 | 4.36 | 1.83 |
| | Total | 33.20 | 59.59 | 48.65 |
| 23 | PROVISIONS - CURRENT | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
| | Other long term benefits | | | |
| | Leave Encashment | 1.04 | 0.79 | 0.81 |
| | Total | 1.04 | 0.79 | 0.81 |
| 24 | INCOME TAX ASSETS/LIABILITIES | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
| 24A | INCOME TAX ASSETS | | | |
| | Advance Income Tax (Net of Provision ₹ 131.94 millions; 31 st March 2017: ₹ 41.79 millions; 1 st April 2016: ₹ 41.79 millions) | 3.08 | 2.54 | 21.51 |
| | Total | 3.08 | 2.54 | 21.51 |

| 24B | INCOME TAX LIABILITIES | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
|-----|--|--|--|-------------------------------------|
| | Provision for Income Tax (Net of advance taxes ₹ 146.74 millions; 31 st March 2017: ₹ 82.82 millions; 1 st April 2016: ₹ 77.35 millions) | 20.26 | 12.59 | 28.46 |
| | Total | 20.26 | 12.59 | 28.46 |
| 25 | REVENUE FROM OPERATIONS | For the year ended 31 st March 2018 | For the year ended 31 st March 2017 | |
| | Sale of products * # [Refer Notes 25.1 and 25.2] | 7,411.70 | 6,038.24 | |
| | Other operating revenues** | 75.36 | 67.74 | |
| | Total | 7,487.06 | 6,105.98 | |

*Sale of goods include excise duty of ₹ 0.75 millions (Previous Year : ₹ 4.81 millions).

Net of sales returns

**Includes Government grants received of ₹ 1.49 millions (Previous Year : ₹ 1.92 millions) on account of export incentives.

| 25.1 | Details of sale of products | For the year ended 31 st March 2018 | For the year ended 31 st March 2017 |
|------|-----------------------------|--|--|
| | Footwear and accessories | 7,411.70 | 6,038.24 |
| | Total | 7,411.70 | 6,038.24 |

25.2 The Government of India has implemented Goods and Services Tax (GST) from 1st July 2017 subsuming excise duty, service tax and various other indirect taxes. As per Ind AS, the revenue for the year ended 31st March 2018 is reported net of GST. Accordingly the numbers for the year ended 31st March 2018 are not comparable with the year ended 31st March 2017, which are reported inclusive of Excise Duty.

| 26 | OTHER INCOME | For the year ended 31 st March 2018 | For the year ended 31 st March 2017 |
|----|---|--|--|
| | Interest income comprises interest from: | | |
| | - Deposits with banks - carried at amortised cost | 8.50 | 9.39 |
| | - Other financial assets measured at amortised cost | 10.71 | 8.81 |
| | - On Income Tax Refunds | 0.15 | 2.00 |
| | Gain arising on sale of financial assets mandatorily measured at Fair Value through Profit and Loss | 1.69 | 1.41 |
| | Gain on disposal of assets held for disposal | 36.02 | - |
| | Gain on disposal of other assets | 1.13 | - |
| | Other non-operating income (Rental income, etc.) | 34.44 | 29.62 |
| | Total | 92.64 | 51.23 |

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for the year ended 31st March 2018 (Continued)

(All amounts in Rupees millions, unless otherwise stated)

| 27 | CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|----|--|--|--|
| | Inventories at the end of the year | | |
| | Work - in - progress | 53.73 | 49.93 |
| | Finished goods | 182.21 | 197.72 |
| | Stock-in-trade | 843.54 | 788.70 |
| | | 1,079.48 | 1,036.35 |
| | Inventories at the beginning of the year | | |
| | Work - in - progress | 49.93 | 55.56 |
| | Finished goods | 197.72 | 152.76 |
| | Stock-in-trade | 788.70 | 708.62 |
| | | 1,036.35 | 916.94 |
| | TOTAL NET INCREASE | (43.13) | (119.41) |
| 28 | EMPLOYEE BENEFITS EXPENSE | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
| | Salaries and wages | 574.23 | 490.73 |
| | Contribution to Provident and other funds | 18.22 | 16.31 |
| | Share based payments to employees | 4.49 | - |
| | Staff Welfare Expenses | 54.75 | 45.28 |
| | Total | 651.69 | 552.32 |
| 29 | FINANCE COSTS | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
| | Interest expense on financial liabilities measured at amortised cost | 123.68 | 134.63 |
| | Total | 123.68 | 134.63 |
| 30 | OTHER EXPENSES | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
| | Consumption of Stores | 5.32 | 1.41 |
| | Power and Fuel | 133.37 | 114.53 |
| | Rent | 271.56 | 210.93 |
| | Rates and Taxes | 18.36 | 35.58 |
| | Bank Charges | 16.90 | 12.07 |
| | Insurance | 19.04 | 18.59 |
| | Repairs: | | |
| | Buildings | 0.02 | 2.11 |
| | Plant and Machinery | 10.63 | 8.15 |
| | Others | 91.33 | 87.59 |
| | Travelling and Conveyance Expenses | 60.00 | 47.66 |
| | Printing and Stationery | 3.93 | 4.62 |
| | Postage, Telephone and other Communication Expenses | 58.28 | 48.56 |
| | Advertising, Marketing and Sales Promotion Expenses | 193.67 | 162.36 |
| | Freight Charges, Transport and Delivery | 174.18 | 130.05 |
| | Jobwork and Hallmarking Charges | 155.36 | 115.28 |

| 30 OTHER EXPENSES | For the year ended 31 st March 2018 | For the year ended 31 st March 2017 |
|--|--|--|
| Professional Fees | 45.14 | 48.37 |
| Commission and Discount | 108.18 | 93.22 |
| Legal Expenses | 0.12 | 0.09 |
| Debts/Advances written off | 2.98 | 4.20 |
| Loss on sale/discard of property, plant and equipments - Net | 11.59 | 9.08 |
| Provision for doubtful debts, advances and other assets | 4.67 | 3.27 |
| Security Hire Charges | 18.15 | 16.78 |
| Miscellaneous Expenses (Refer Note 30.1) | 22.69 | 19.32 |
| Total | 1,425.47 | 1,193.82 |

30.1 Miscellaneous Expenses include :

| | For the year ended 31 st March 2018 | For the year ended 31 st March 2017 |
|---|--|--|
| Amount paid /payable to Auditors (excluding tax)* | | |
| - Statutory Audit | 1.80 | 1.30 |
| - Tax Audit | 0.40 | 0.30 |
| - Other matters | 0.60 | 0.03 |
| - Out of pocket expenses | 0.01 | 0.16 |
| Total | 2.81 | 1.79 |

* Excludes ₹ 8.20 Million of which Company's share has been adjusted to Securities Premium.

| 31 INCOME TAX EXPENSES | For the year ended 31 st March 2018 | For the year ended 31 st March 2017 |
|--|--|--|
| A Amount recognised in profit or loss | | |
| Current tax | | |
| Income tax for the year | | |
| Current tax | 190.05 | 150.63 |
| Adjustments/(credits) related to previous years - Net | | |
| Current tax | - | (44.75) |
| Total Current tax | 190.05 | 105.88 |
| Deferred tax | | |
| Deferred tax for the year | 0.55 | (6.91) |
| Total | 190.60 | 98.97 |
| B Amount recognised in other comprehensive income | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
| The tax (charge)/credit arising on income and expenses recognised in other comprehensive income is as follows: | | |
| Deferred tax | | |
| On items that will not be reclassified to profit or loss | | |
| Re-measurement gains/(losses) on defined benefit plans | 1.55 | (0.16) |
| Total | 1.55 | (0.16) |

Notes to Financial Statements

for the year ended 31st March 2018 (Continued)

(All amounts in Rupees millions, unless otherwise stated)

| C Reconciliation of effective tax rate | For the year ended 31 st March 2018 | For the year ended 31 st March 2017 |
|--|--|--|
| Profit before tax | 569.61 | 405.34 |
| Company's tax rate | 34.608% | 34.608% |
| Income tax expense calculated using Company's tax rate | 197.13 | 140.28 |
| Effect of non deductible expenses | 2.70 | 4.51 |
| Effect of favorable addbacks | (9.23) | (1.07) |
| | 190.60 | 143.72 |
| Tax adjustment of prior periods | - | (44.75) |
| Tax as per statement of profit and loss | 190.60 | 98.97 |

Note:-

The Company has long term capital losses of ₹ 0.25 Million (2017 - ₹ 0.25 Millions) for which no deferred tax assets have been recognised. This loss is due to expire in financial year 2019-20.

32 Earnings Per Share (EPS) - The numerator and denominator used to calculate Basic and Diluted EPS :

| | For the year ended 31 st March 2018 | For the year ended 31 st March 2017 |
|--|--|--|
| i. Profit after Tax attributable to the Equity Shareholders | 379.01 | 306.37 |
| ii. Weighted average number of equity shares outstanding for the purpose of basic earnings per share | 1,75,50,586 | 1,72,98,531 |
| iii. Effect of potential equity shares on Employee Stock Options outstanding | 33,668 | - |
| iv. Weighted average number of equity shares in computing diluted earnings per share [(ii) + (iii)] | 1,75,84,254 | 1,72,98,531 |
| v. Earnings per share on profit for the year (Face value ₹ 10/- per share) | | |
| - Basic [(i) / (ii)] | 21.60 | 17.71 |
| - Diluted [(i) / (iv)] | 21.55 | 17.71 |

33 Miscellaneous Expenses included in "Note 30 - Other Expenses" includes expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities and the same represents contributions for promoting health care. Gross amount required to be spent by the Company is ₹ 3.14 millions (Previous Year - ₹ 1.52 millions) and amount spent during the year is ₹ 1.02 millions (Previous Year - ₹ 1.52 millions).

34 The Company has identified one business segment namely "Footwear and accessories" which is consistent with internal reporting provided to the Chairman and Managing Director who is the Chief Operating Decision Maker (CODM).

Disclosure required under Ind AS 108 "Operating Segments" for Companies with single segment are as follows :

| Geographical information | For the year ended 31 st March 2018 | For the year ended 31 st March 2017 |
|---------------------------------|--|--|
| Revenue from external customers | | |
| - Within India | 7,469.10 | 6,085.76 |
| - Outside India | 17.96 | 20.22 |
| Total | 7,487.06 | 6,105.98 |

| | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
|---------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| Non-current assets* | | | |
| - Within India | 1,565.89 | 1,494.55 | 1,584.39 |
| - Outside India | - | - | - |
| Total | 1,565.89 | 1,494.55 | 1,584.39 |

* excludes financial assets, deferred tax assets, post-employment benefit assets.

The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

| 35 | Contingent Liabilities in respect of - | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
|----|---|--------------------------------------|--------------------------------------|-------------------------------------|
| | Claims not acknowledged as debts : | | | |
| a. | Sales Tax Matters under dispute | 25.80 | 10.82 | 17.95 |
| b. | Income Tax Matters under dispute | 1.11 | 1.11 | 1.11 |
| c. | Service Tax matters under dispute | 0.15 | 0.15 | 0.15 |
| d. | Excise Duty matters under dispute | 0.19 | 0.19 | 2.25 |

The claims disputed by the Company as above relate to issues of applicability and classification and it is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

| 36 | Commitments | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
|----|---|--------------------------------------|--------------------------------------|-------------------------------------|
| | Capital Commitment (Net of capital advances - ₹ 8.79 millions; 31 st March 2017 - ₹ 5.30 millions; 1 st April 2016 - ₹ 7.73 millions) | 26.24 | 3.57 | 4.70 |

37 Employee Benefits

The Company has recognized, in the Statement of Profit and Loss for the year ended 31st March 2018 an amount of ₹ 14.70 millions (Previous Year - ₹ 13.36 millions) as expenses under defined contribution plans (Employer's Contribution to Provident Fund).

37.1 Defined Benefit Plan

Description of Plans

The employees' gratuity fund scheme is managed by Life Insurance Corporation Of India (LIC) as a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Risk Management

The Defined Benefit Plans expose the Company to risk of actuarial deficit arising out of investment risk, interest rate risk and salary cost inflation risk.

Investment Risks: This may arise from volatility in asset values due to market fluctuations and impairment of assets due to credit losses. These Plans primarily invest in debt instruments such as Government securities and highly rated corporate bonds - the valuation of which is inversely proportional to the interest rate movements.

Interest Rate Risk: The present value of Defined Benefit Plans liability is determined using the discount rate based on the market yields prevailing at the end of reporting period on Government Bonds. A decrease in yields will increase the fund liabilities and vice-versa.

Salary Cost Inflation Risk: The present value of the Defined Benefit Plan liability is calculated with reference to the future salaries of participants under the Plan. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

Longevity Risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Notes to Financial Statements

for the year ended 31st March 2018 (Continued)

(All amounts in Rupees millions, unless otherwise stated)

| | Gratuity (Funded) | | |
|---|--|--|--|
| | For the year ended 31 st March 2018 | For the year ended 31 st March 2017 | |
| I. Components of Employer Expense | | | |
| - recognized in Profit or loss | | | |
| a. Current Service cost | 3.82 | 3.15 | |
| b. Net Interest cost | (0.30) | (0.20) | |
| c. Total expense recognized in the Statement of Profit and Loss | 3.52 | 2.95 | |
| - Re-measurements recognized in Other Comprehensive Income | | | |
| d. Return on plan assets (excluding amounts included in Net interest cost) | 0.20 | 0.16 | |
| e. Effect of changes in financial assumptions | (0.76) | 1.74 | |
| f. Effect of experience adjustments | 5.00 | (2.35) | |
| g. Total re-measurement loss/(gain) included in Other Comprehensive Income | 4.44 | (0.45) | |
| h. Total defined benefit cost recognized in Profit and Loss and Other Comprehensive Income (c+g) | 7.96 | 2.50 | |
| The current service cost and net interest cost for the year pertaining to Gratuity expenses have been recognized in "Contribution to Provident and other funds" under Note 28. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income . | | | |
| II. Actual Returns | 2.45 | 2.25 | |
| III. Changes in Defined Benefit Obligation (DBO) | | | |
| a. Present value of DBO at the beginning of the year | 31.41 | 27.72 | |
| b. Current Service Cost | 3.82 | 3.15 | |
| c. Interest Cost | 2.35 | 2.22 | |
| d. Re-measurement gains/(losses): | | | |
| - Effect of changes in financial assumptions | (0.76) | 1.74 | |
| - Effect of experience adjustments | 5.00 | (2.35) | |
| e. Benefits paid | (2.07) | (1.07) | |
| f. Present value of DBO at the end of the year | 39.75 | 31.41 | |
| IV. Change in the Fair Value of Plan Assets | | | |
| a. Plan Assets at the beginning of the year | 34.19 | 30.13 | |
| b. Interest income | 2.65 | 2.42 | |
| c. Re-measurement gains/(losses) on plan assets | (0.20) | (0.16) | |
| d. Actual Company contributions | 3.89 | 2.87 | |
| e. Benefits paid | (2.07) | (1.07) | |
| f. Plan Assets at the end of the year | 38.46 | 34.19 | |
| | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
| V. Net Asset/(Liability) recognized in Balance Sheet | | | |
| a. Present value of Defined Benefit Obligations | 39.75 | 31.41 | 27.72 |
| b. Fair value of Plan Assets | 38.46 | 34.19 | 30.13 |
| c. Funded Status [Surplus/(Deficit)] | (1.29) | 2.78 | 2.41 |
| d. Net Asset/(Liability) recognized in Balance Sheet | (1.29) | 2.78 | 2.41 |
| - Current | - | 2.78 | 2.41 |
| - Non-Current | (1.29) | - | - |
| VI. Best estimate of Employers' expected contribution for the next year | 6.12 | 5.07 | 4.75 |

| VII. Actuarial Assumptions | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
|---|---|--------------------------------------|-------------------------------------|
| | a. Discount Rate (%) | 7.75% | 7.50% |
| b. Expected rate of return on Plan Assets (%) | 7.75% | 7.50% | 8.00% |
| c. Salary Escalation | 5.00% | 5.00% | 5.00% |
| d. Mortality | Indian Assured Lives Mortality (2006-08) ultimate | | |

The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotions and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

| VIII. Major Category of Plan Assets as a % of the Total Plan Assets | % invested | | |
|---|--------------------------------------|--------------------------------------|-------------------------------------|
| | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
| Gratuity - Funds managed by Insurer (LIC in Group Gratuity Scheme) | 100% | 100% | 100% |

In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

| IX. Net Asset/(Liability) recognized in Balance Sheet (including experience adjustment impact) | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
|--|--------------------------------------|--------------------------------------|-------------------------------------|
| | Gratuity | | |
| Present value of DBO | 39.75 | 31.41 | 27.72 |
| Fair value of plan assets | 38.46 | 34.19 | 30.13 |
| Funded status [Surplus / (Deficit)] | (1.29) | 2.78 | 2.41 |
| Experience gain / (loss) adjustments on plan liabilities | (5.00) | 2.35 | - |
| Experience gain / (loss) adjustments on plan assets | 0.20 | 0.16 | 0.29 |

X. Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

| | Gratuity - DBO as at | |
|-------------------------------------|-----------------------------|-----------------------------|
| | 31 st March 2018 | 31 st March 2017 |
| 1. Discount rate + 100 basis points | 36.55 | 28.04 |
| 2. Discount rate - 100 basis points | 43.45 | 35.29 |
| 3. Salary increase rate + 1% | 43.69 | 35.20 |
| 4. Salary increase rate - 1% | 36.27 | 28.04 |

XI. Maturity analysis of the benefit payments

| | Gratuity | |
|--------------|-----------------------------|-----------------------------|
| | 31 st March 2018 | 31 st March 2017 |
| Year 1 | 2.50 | 0.16 |
| Year 2 | 2.93 | 0.46 |
| Year 3 | 3.23 | 0.58 |
| Year 4 | 2.70 | 0.36 |
| Year 5 | 4.19 | 1.33 |
| Next 5 years | 16.66 | 28.52 |

Notes to Financial Statements

for the year ended 31st March 2018 (Continued)

(All amounts in Rupees millions, unless otherwise stated)

38 Related Party Disclosure as per requirements of Ind AS 24 on "Related Party Disclosures"

A) List of Related Parties

| | |
|---|---|
| Holding Company | Knightsville Private Limited (till 13 th November 2017) |
| Associate (of which the Company is an associate) | Knightsville Private Limited (w.e.f. 14 th November 2017) |
| Key Management Personnel (KMP) | Mr. Siddhartha Roy Burman - Chairman and Managing Director Mrs. Tanushree Roy Burman - Whole-time Director (resigned w.e.f. 30 th April 2017) Mrs. Ishani Ray, Chief Financial Officer* Mr. Abhijit Dan, Company Secretary and Head Legal |
| Enterprises over which KMP and their relatives exercise significant influence | Khadim Financial Services Private Limited Khadim Development Company Private Limited Khadim Enterprises K.M.Khadim & Co. St.Marys' Clinic & Drug Stores Sheila Departmental Stores Private Limited Bee Tee Enterprise Moviewallah Communications Private Limited |
| Relatives of KMP | Mrs. Namita Roy Burman (Mother of Mr.Siddhartha Roy Burman) Mr. Ritoban Roy Burman (Son of Mr.Siddhartha Roy Burman and appointed as a non-executive director w.e.f. 14 th December 2017) Mr. Rittick Roy Burman (Son of Mr.Siddhartha Roy Burman) |

B) Particulars of transactions during the year ended 31st March 2018:

| Particulars | Year Ended 31 st March 2018 | Year Ended 31 st March 2017 |
|---|---|---|
| I) Holding Company # | - | - |
| II) Key Management Personnel ^ | | |
| a) Remuneration | 37.69 | 36.64 |
| - Siddhartha Roy Burman # | 29.68 | 27.35 |
| - Tanusree Roy Burman # | 0.19 | 2.35 |
| - Ishani Ray | 5.63 | 4.92 |
| - Abhijit Dan | 2.19 | 2.02 |
| b) Share based payments | | |
| - Ishani Ray | 0.75 | - |
| c) Rent paid to Siddhartha Roy Burman | 0.09 | 0.06 |
| III) Enterprises over which KMP and their relatives exercise significant influence | | |
| a) Royalty received from K M Khadim & Co. [31 st March 2018 - ₹ 1,289/-] | | 0.01 |
| b) Rent paid to Khadim Development Co Pvt Ltd # | 0.92 | 0.64 |
| c) Commission paid | | |
| - Khadim Enterprises | 0.34 | 0.34 |

| Particulars | Year Ended 31 st March 2018 | | Year Ended 31 st March 2017 | |
|--|---|------|---|------|
| - Bee Tee Enterprises | 0.77 | | 0.73 | |
| - Sheila Departmental Stores Pvt Ltd | 0.72 | | 0.67 | |
| - St. Mary's Clinic & Drug Stores | 0.14 | 1.97 | 0.12 | 1.86 |
| d) Rent received from K M Khadim & Co. | | 0.03 | | 0.01 |
| IV) Relatives of Key Management Personnel | | | | |
| Remuneration | | 2.83 | | 3.48 |
| - Namita Roy Burman | 1.44 | | 1.44 | |
| - Ritoban Roy Burman | 0.79 | | 0.84 | |
| - Rittick Roy Burman | 0.60 | | 1.20 | |

| | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April, 2016 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|
| Outstanding Balances | | | |
| I) Key Management Personnel | | | |
| - Siddhartha Roy Burman | (2.86) | (2.66) | 0.01 |
| II) Enterprises over which KMP and their relatives exercise significant influence | | | |
| - Khadim Enterprises | (0.09) | (0.32) | (0.62) |
| - Bee Tee Enterprises | (0.31) | (0.42) | (1.66) |
| - Sheila Departmental Stores Pvt Ltd | (2.60) | (2.34) | (1.83) |
| - St. Mary's Clinic & Drug Stores | (0.12) | (0.03) | 0.06 |
| - Khadim Development Co Pvt Ltd | (0.06) | (0.05) | (0.05) |
| - K M Khadim & Co. | 0.02 | 0.01 | 0.31 |
| III) Relatives of KMP | | | |
| - Ritoban Roy Burman | (0.10) | - | - |

Also refer Note 20.1 in respect of guarantees given for loans taken by the Company.

^ Post employment benefits are actuarially determined on overall basis and not included above.

* W.e.f. 1st April 2018, Mrs. Ishani Ray has been appointed as Chief Executive Officer and Mr. Indrajit Chaudhuri as Chief Financial Officer.

39 Information in respect of Options granted under the Company's Employee Stock Option Scheme ('Scheme'):

| Name of the Scheme | Khadim Employee Stock Option Plan 2017 | |
|---|--|---|
| i. Date of Shareholders' approval | : | 17 th June 2017 |
| ii. Total number of Options approved under the Scheme | : | Options equivalent to 1,86,465 equity shares of ₹ 10/- each |
| iii. Vesting schedule | : | The vesting period for conversion of Options is as follows: On completion of 12 months from the date of grant of the Options - 15% vests On completion of 24 months from the date of grant of the Options - 15% vests On completion of 36 months from the date of grant of the Options - 30% vests On completion of 48 months from the date of grant of the Options - 40% vests |
| iv. Pricing formula | : | Closing market price on the day prior to the date of grant on stock exchange with highest trading volume |
| v. Maximum term of Options granted | : | 5 years from the date of vesting |

Notes to Financial Statements

for the year ended 31st March 2018 (Continued)

(All amounts in Rupees millions, unless otherwise stated)

| Name of the Scheme | | Khadim Employee Stock Option Plan 2017 | |
|--------------------|--|--|--|
| vi. | Source of shares | : | Primary issuance |
| vii. | Variation in terms of Options | : | None |
| viii. | Method used for accounting of share-based payments plans | : | The employee compensation cost has been calculated using the fair value method of accounting for Options under the Company's Employee Stock Option Scheme. The employee compensation cost as per fair value method for the financial year 2017-18 is ₹ 4.49 millions (Previous Year - ₹ Nil). |
| ix. | Nature and extent of employee share based payment plan that existed during the period including the general terms and conditions of the plan | : | Each option entitles the holder thereof to apply for and be allotted one equity share of ₹ 10 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from such date. |
| x. | Weighted average exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock | : | Weighted average exercise price per Option - ₹ 320 Weighted average fair value per Option - ₹ 310 |
| xi. | Option movements during the year: | | |
| a. | Options outstanding at the beginning of the year | : | Nil |
| b. | Options granted during the year | : | 62,876 |
| c. | Options cancelled and lapsed during the year | : | Nil |
| d. | Options vested and exercisable during the year (net of Options lapsed and exercised) | : | Nil |
| e. | Options exercised during the year | : | Nil |
| f. | Number of equity shares of ₹ 10 each arising as a result of exercise of Options during the year | : | Nil |
| g. | Options outstanding and exercisable at the end of the year | : | 62,876 |
| h. | Money realised by exercise of the Options during the year | : | Nil |
| xii. | Weighted average share price of shares arising upon exercise of Options | : | No options were exercised during the year |
| xiii. | A description of the method used during the year to estimate the fair value of Options, the weighted average exercise price and weighted average fair value of Options granted | : | The fair value of each Option is estimated using the Black Scholes Option Pricing model Weighted average exercise price per Option - ₹ 320 Weighted average fair value per Option - ₹ 310 |
| | The significant assumptions used to ascertain the above | : | The fair value of each Option is estimated using the Black Scholes Option Pricing model after applying the following key assumptions on a weighted average basis: Risk-free interest rate - 8% Expected life - 6 years Expected volatility - 80% Dividend yield - 0% Fair market value of the underlying share in the market at the time of Option grant - ₹ 400 |
| xiv. | Methodology for determination of expected volatility | : | The volatility used in the Black Scholes Option Pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. The period considered for the working is based on the daily volatility of the stock prices on National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) over a period prior to the date of grant corresponding with the expected life of the options. |
| xv. | Options granted to | : | As provided below: |

| Name of the Scheme | | Khadim Employee Stock Option Plan 2017 | | | |
|--------------------|---|--|---------------------|---|---|
| | | : | Name | Designation | Options granted during the financial year 2017-18 |
| a. | Key managerial personnel | 1 | Ishani Ray | Chief Financial Officer | 10,501 |
| | | 2 | Indrajit Chaudhuri | GM Commercial & Strategic Planning | 6,384 |
| b. | Senior managerial personnel | 3 | Tapas Ghosh | GM - Business Development & Systems | 6,325 |
| | | 4 | Rajib Banerjee | DGM - Retail Operation and Business Development | 4,151 |
| | | 5 | Manish Chakraborty | Senior Vice President - Business Development | 7,567 |
| | | 6 | Kaliprasad Majumder | DGM - Systems | 3,868 |
| | | 7 | Aranya Ray | GM - Supply Chain Management | 6,291 |
| | | 8 | Vikram Jeet Sharma | DGM - Accounts | 4,079 |
| | | 9 | Subir Rakshit | Head - Internal Audit | 3,944 |
| | | 10 | Ranajit Roy | DGM - Human Resource Management | 4,111 |
| | | 11 | Manojit Sarkar | DGM - Retail Operations | 3,022 |
| | | 12 | Subrata Saha | DGM - Production | 2,633 |
| c. | Any other employee who received a grant on any one year of Options amounting to 5% or more of the Options granted during the year | 1 | Ishani Ray | Chief Financial Officer | 10,501 |
| | | 2 | Indrajit Chaudhuri | GM Commercial & Strategic Planning | 6,384 |
| | | 3 | Tapas Ghosh | GM - Business Development & Systems | 6,325 |
| | | 4 | Rajib Banerjee | DGM - Retail Operation and Business Development | 4,151 |
| | | 5 | Manish Chakraborty | Senior Vice President - Business Development | 7,567 |
| | | 6 | Kaliprasad Majumder | DGM - Systems | 3,868 |
| | | 7 | Aranya Ray | GM - Supply Chain Management | 6,291 |
| | | 8 | Vikram Jeet Sharma | DGM - Accounts | 4,079 |
| | | 9 | Subir Rakshit | Head - Internal Audit | 3,944 |
| | | 10 | Ranajit Roy | DGM - Human Resource Management | 4,111 |
| d. | Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant. | : | None | | |

Notes to Financial Statements

for the year ended 31st March 2018 (Continued)

(All amounts in Rupees millions, unless otherwise stated)

40 Financial Instruments and related disclosures

A Capital Management

The Company aims at maintaining a strong capital base safeguarding business continuity and augments its internal generations with a judicious use of borrowing facilities to meet the requirements of working capital that arise from time to time as well as requirements to finance business growth. The Company is not subject to any externally imposed capital requirements.

B Categories of Financial Instruments

| | As at 31 st March 2018 | | As at 31 st March 2017 | | As at 1 st April 2016 | |
|---|-----------------------------------|-----------------|-----------------------------------|-----------------|----------------------------------|-----------------|
| | Carrying value | Fair value | Carrying value | Fair value | Carrying value | Fair value |
| I Financial assets | | | | | | |
| a. Measured at amortised cost | | | | | | |
| Trade receivables | 1,267.31 | 1,267.31 | 771.68 | 771.68 | 348.55 | 348.55 |
| Cash and cash equivalents | 35.04 | 35.04 | 18.55 | 18.55 | 81.82 | 81.82 |
| Other bank balances | 121.34 | 121.34 | 97.88 | 97.88 | 110.78 | 110.78 |
| Other financial assets | 214.94 | 214.94 | 298.39 | 298.39 | 155.36 | 155.36 |
| Sub-Total | 1,638.63 | 1,638.63 | 1,186.50 | 1,186.50 | 696.51 | 696.51 |
| b. Measured at Fair value through Profit or Loss | | | | | | |
| Investments | - | - | - | - | 11.36 | 11.36 |
| Sub-Total | - | - | - | - | 11.36 | 11.36 |
| Total Financial assets | 1,638.63 | 1,638.63 | 1,186.50 | 1,186.50 | 707.87 | 707.87 |
| II Financial liabilities | | | | | | |
| a. Measured at amortised cost | | | | | | |
| Borrowings | 684.81 | 684.81 | 1,041.65 | 1,041.65 | 1,047.00 | 1,047.00 |
| Trade payables | 1,295.23 | 1,295.23 | 898.24 | 898.24 | 568.46 | 568.46 |
| Other financial liabilities | 113.97 | 113.97 | 163.35 | 163.35 | 208.84 | 208.84 |
| Total Financial liabilities | 2,094.01 | 2,094.01 | 2,103.24 | 2,103.24 | 1,824.30 | 1,824.30 |

C Financial risk management objectives

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks facing the business. Backed by strong internal control systems, the current risk management framework rests on policies and procedures issued by appropriate authorities; process of regular reviews / audits to set appropriate risk limits and controls; monitoring of such risks and compliance confirmation for the same.

Interest rate risk

As majority of the financial assets and liabilities of the Company are either non-interest bearing or fixed interest bearing instruments, the Company's net exposure to interest risk is negligible.

Price risk

The Company invests its short term funds primarily in debt mutual fund. Accordingly, these do not pose any significant price risk.

Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Company consistently generated strong cash flows from operations by ensuring timely collections of its trade receivables and this together with the available cash and cash equivalents provides adequate liquidity in short terms as well in the long term.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date.

| As at 31 st March 2018 | Carrying value | Less than 1 year | Between 1 to 5 years | Beyond 5 years | Total |
|-----------------------------------|-----------------|------------------|----------------------|----------------|-----------------|
| Borrowings | 684.81 | 684.81 | - | - | 684.81 |
| Trade payables | 1,295.23 | 1,295.23 | - | - | 1,295.23 |
| Other financial liabilities | 113.97 | 113.97 | - | - | 113.97 |
| Total | 2,094.01 | 2,094.01 | - | - | 2,094.01 |

| As at 31 st March 2017 | Carrying value | Less than 1 year | Between 1 to 5 years | Beyond 5 years | Total |
|-----------------------------------|-----------------|------------------|----------------------|----------------|-----------------|
| Borrowings | 1,041.65 | 1,039.65 | 2.00 | - | 1,041.65 |
| Trade payables | 898.24 | 898.24 | - | - | 898.24 |
| Other financial liabilities | 163.35 | 163.35 | - | - | 163.35 |
| Total | 2,103.24 | 2,101.24 | 2.00 | - | 2,103.24 |

| As at 1 st April 2016 | Carrying value | Less than 1 year | Between 1 to 5 years | Beyond 5 years | Total |
|----------------------------------|-----------------|------------------|----------------------|----------------|-----------------|
| Borrowings | 1,047.00 | 976.42 | 70.58 | - | 1,047.00 |
| Trade payables | 568.46 | 568.46 | - | - | 568.46 |
| Other financial liabilities | 208.84 | 208.84 | - | - | 208.84 |
| Total | 1,824.30 | 1,753.72 | 70.58 | - | 1,824.30 |

Credit Risk

The Company's customer base is diverse limiting the risk arising out of credit concentration. Further, credit is extended in business interest in accordance with guidelines issued centrally and business-specific credit policies. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the counterparty etc. Loss allowances and impairment is recognized, where considered appropriate by responsible management. The Company has adopted a simplified approach by computing the expected credit loss allowance for trade receivables based on a provision matrix taking into account historical credit loss experience.

The movement of the expected loss provision (allowance for bad and doubtful receivables) made by the Company are as under:

| | Expected Loss Provision | |
|----------------------------|-----------------------------------|-----------------------------------|
| | As at 31 st March 2018 | As at 31 st March 2017 |
| Opening Balance | 17.73 | 15.42 |
| Add: Provisions made (net) | 4.67 | 2.31 |
| Closing Balance | 22.40 | 17.73 |

Foreign currency Risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar, Euro and Pound Sterling) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency are also subject to reinstatement risks.

The carrying amount of foreign currency denominated financial assets and liabilities, are as follows:

| | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
|-----------------------|-----------------------------------|-----------------------------------|----------------------------------|
| | USD | USD | USD |
| Financial assets | 4.11 | 5.38 | 2.69 |
| Financial liabilities | 38.11 | 32.80 | 42.67 |

Notes to Financial Statements

for the year ended 31st March 2018 (Continued)

(All amounts in Rupees millions, unless otherwise stated)

The Company uses forward exchange contracts to hedge its exposures in foreign currency. Accordingly, forward exchange contracts that were outstanding on respective reporting dates:

| | Currency | Cross Currency | Buy |
|-----------------------------------|----------|----------------|------|
| As at 31 st March 2018 | - | - | - |
| As at 31 st March 2017 | USD | Rupees | 0.51 |
| As at 1 st April 2016 | USD | Rupees | 0.17 |

The aforesaid hedges have a maturity of less than 1 year from the year end.

41 Fair value measurement

Fair value hierarchy

Fair value of the financial instruments is classified in various hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, current investments, trade payables, other current financial assets and liabilities and short-term borrowings are considered to be equal to the carrying amounts of these items due to their short-term nature and accordingly not included in the below table. Where such items are Non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

| | Fair value hierarchy (Level) | Fair value | | |
|---|------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| | | As at 31 st March 2018 | As at 31 st March 2017 | As at 1 st April 2016 |
| I Financial assets | | | | |
| a. Measured at amortised cost | | | | |
| Other financial assets | 3 | 135.99 | 155.19 | 93.30 |
| Sub-Total | | 135.99 | 155.19 | 93.30 |
| b. Measured at Fair value through Profit or Loss | | | | |
| Investments | 1 | - | - | 0.46 |
| Sub-Total | | - | - | 0.46 |
| Total Financial assets | | 135.99 | 155.19 | 93.76 |
| II Financial liabilities | | | | |
| a. Measured at amortised cost | | | | |
| Borrowings | 3 | - | 2.00 | 70.58 |
| Total Financial liabilities | | - | 2.00 | 70.58 |

42 First-time adoption of Ind AS

- A Ind AS 101 (First-time Adoption of Indian Accounting Standards) provides a suitable point for accounting in accordance with Ind AS and is required to be mandatorily followed by first-time adopters. The Company has prepared the opening Balance Sheet as per Ind AS as of 1st April 2016 (the transition date) by:
- recognising all assets and liabilities whose recognition is required by Ind AS
 - not recognising items of assets or liabilities which are not permitted by Ind AS
 - reclassifying items from previous Generally Accepted Accounting Principles (GAAP) to Ind AS as required under Ind AS, and
 - applying Ind AS in measurement of recognized assets and liabilities
- B Reconciliation of total comprehensive income for the year ended 31st March 2017 to those reported under previous GAAP are summarised as follows:

| Particulars | Notes | For the year ended 31 st March 2017 |
|--|----------|--|
| Profit After Tax as reported under previous GAAP | | 307.56 |
| i. Impact of measuring investments at Fair Value through Profit or Loss (released) | (2)(ii) | (0.39) |
| ii. Remeasurement of defined benefit obligation recognized in Other Comprehensive Income | (2)(iii) | (0.45) |
| iii. Impact of measuring financial assets at amortised cost | (2)(iv) | (0.88) |
| iv. Tax effect of above | | 0.53 |
| Profit After Tax under Ind AS | | 306.37 |
| Other Comprehensive Income (net of tax) | | 0.29 |
| Total Comprehensive Income as reported under Ind AS | | 306.66 |

- C Reconciliation of equity to those reported under previous GAAP are summarised as follows:

| Particulars | Notes | As at 1 st April 2016 (Date of transition) | As at 31 st March 2017 (end of last period presented under previous GAAP) |
|---|---------|---|--|
| Equity as reported under previous GAAP | | 1,544.01 | 1,851.57 |
| i. Impact of measuring investments at Fair Value through Profit or Loss | (2)(ii) | 0.39 | - |
| ii. Impact of measuring financial assets at amortised cost | (2)(iv) | (17.41) | (18.29) |
| iii. Tax effect of above | | 5.95 | 6.32 |
| Equity as reported under Ind AS | | 1,532.94 | 1,839.60 |
| Comprising: | | | |
| Equity Share Capital | | 172.99 | 172.99 |
| Other Equity | | 1,359.95 | 1,666.61 |
| Total | | 1,532.94 | 1,839.60 |

Notes to Financial Statements

for the year ended 31st March 2018 (Continued)

(All amounts in Rupees millions, unless otherwise stated)

D Effect of Ind AS adoption on the Statement of Cash Flow for the year ended 31st March 2017 are as follows:

| Particulars | Notes | Previous GAAP | Effect of transition to Ind AS | Ind AS |
|--|--------|---------------|--------------------------------|----------|
| Net cash flows from operating activities | | 309.07 | - | 309.07 |
| Net cash flows from investing activities | | (187.80) | - | (187.80) |
| Net cash flows from financing activities | (2)(v) | (186.49) | 60.05 | (126.44) |
| Net increase in cash and cash equivalents | | (65.22) | 60.05 | (5.17) |
| Cash and cash equivalents at the beginning of the year | | 83.80 | (906.90) | (823.10) |
| Cash and cash equivalents at the end of the year | | 18.58 | (846.85) | (828.27) |

Notes

- 1 *Ind AS 101 mandates certain exceptions and allows first-time adopters exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions in the financial statements:*
 - i. *Property, plant and equipment and intangible assets were carried in the Balance Sheet prepared in accordance with previous GAAP on 31st March 2016. Under Ind AS, the Company has elected to regard such carrying values as deemed cost at the date of transition.*
 - ii. *Ind AS 103 (Business Combinations) has not been applied retrospectively to business combinations that occurred prior to 1st April, 2016. Use of this exemption means that in the opening Balance Sheet, all assets and liabilities acquired in previous business combinations remain at the previous GAAP carrying values.*
 - iii. *The Company has applied Appendix C of Ind AS 17 (Leases) - 'Determining whether an Arrangement contains a Lease' to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.*
- 2 *In addition to the above, the principal adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at 1st April 2016 and the financial statements as at and for the year ended 31st March 2017 are detailed below:*
 - i. *Under previous GAAP, leasehold properties were presented as fixed assets and amortised over the period of the lease. Under Ind AS, such properties have been classified as prepaid expenses within non-current assets (current portion presented as other current assets) and have been amortised over the period of the lease, resulting in decrease in property, plant and equipment by ₹ 121.98 millions as at 31st March 2017 and by ₹ 141.21 millions as at 1st April 2016 and corresponding increase in other non-current assets by ₹ 119.81 millions as at 31st March 2017 and by ₹ 138.76 millions as at 1st April 2016 and in other current assets by ₹ 2.17 millions as at 31st March 2017 and by ₹ 2.45 millions as at 1st April 2016.*

Such classification has resulted in decrease in depreciation and amortisation expense by ₹ 2.45 millions for the year ended 31st March 2017 and corresponding increase in other expenses, but does not affect profit before tax and total profit for the year ended 31st March 2017.
 - ii. *Under the previous GAAP, investments in mutual funds were classified as non-current investments or current investments based on the intended holding period and realisability. Non-current investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are measured at fair value through profit or loss.*
 - iii. *Under the previous GAAP, actuarial gains / losses, arising in respect of employee benefit schemes were recognized in the statement of profit and loss. Under Ind AS, the actuarial gains and losses forming part of re-measurement of net defined benefit liability / asset is recognized in other comprehensive income in the respective periods.*
 - iv. *Under the previous GAAP, long term interest free security deposits given against operating lease are recorded at their transaction value. Under Ind AS, such financial assets have been accounted at amortised costs using the effective interest rate method.*
 - v. *Under previous GAAP, movements in cash credit facilities, repayable on demand, were reflected in cash flows from financing activities in cash flow statement. Under Ind AS, such cash credit facilities are included in cash and cash equivalents in the cash flow statement.*

43 The Company has entered into operating Lease arrangements primarily for various commercial premises / retail outlets, distribution centres and land. Some of the significant terms and conditions are :

- These leasing arrangements which are not non - cancellable range between 11 months and 40 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms.

Rent in respect of the above amounting to ₹ 257.61 millions (Previous Year - ₹ 198.97 millions) has been charged to Statement of Profit and Loss in "Other Expenses" - Note 30.

44 Micro, Small and Medium scale business entities:

A sum of ₹ 60.63 millions is payable to Micro and Small Enterprises as at 31st March 2018 (31st March 2017 - ₹ 21.64 millions, 1st April, 2016 - ₹ 21.26 millions). There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

45 Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2018 on 28th March 2018 notifying Ind AS 115, 'Revenue from Contracts with Customers' and amending Ind AS 21 'The Effects of Changes in Foreign Exchange Rates'; Ind AS 12 'Income Taxes'. The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April 2018. The Company is in the process of assessing the detailed impact on the financial statements resulting from the implementation of these standards.

46 As at 31st March 2018, remuneration payable to four non-executive directors aggregating ₹ 0.40 million is subject to the approval of the Members at the forthcoming Annual General Meeting (Previous Year - ₹ Nil).

47 The financial statements were approved for issue by the Board of Directors on 11th May 2018.

For and on behalf of Board of Directors

Siddhartha Roy Burman
Chairman & Managing Director

Dr. Indra Nath Chatterjee
Independent Director

Ishani Ray
Chief Executive Officer

Indrajit Chaudhuri
Chief Financial Officer

Abhijit Dan
Company Secretary & Head - Legal

Place: Kolkata

Date: 11th May 2018

NOTICE

NOTICE is hereby given that the 37th (Thirty-seventh) Annual General Meeting ('AGM') of the members of Khadim India Limited ("the Company") will be held on **Thursday, 6th day of September, 2018 at 11:30 A.M. at 'KALAMANDIR' 48, Shakespeare Sarani, Kolkata - 700017** to transact the following businesses:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2018, together with the reports of the Board of Directors and Auditors thereon;
- To declare a dividend of ₹ 1/- per Equity Share of face value of ₹ 10/- each for the financial year ended March 31, 2018.
- To appoint a Director in place of Mr. Siddhartha Roy Burman (DIN: 00043715), who retires by rotation and being eligible, offers himself for re-appointment.
- To re-appoint M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No.: 302009E) as the Statutory Auditors of the Company for a second term of 5 (Five) consecutive years and in this regard to consider and if thought fit, to pass the following resolution, as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to recommendations of the Audit Committee and the Board of Directors, M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No.: 302009E), the retiring Statutory Auditors of the Company, be and are hereby re-appointed as Statutory Auditors of the Company for a second term of 5 (Five) consecutive years commencing from the conclusion of this Annual General Meeting till the conclusion of the 42nd Annual General Meeting to be held in the year 2023, at such remuneration and out-of-pocket expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS:

- Appointment of Mr. Ritoban Roy Burman (DIN: 08020765) as a Director (Non-Executive, Non-Independent) of the Company**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Ritoban Roy Burman (DIN: 08020765) who was

appointed as Additional Director of the Company under Section 161 of the Companies Act, 2013 with effect from December 14, 2017 and holds office up to the date of this Annual General Meeting of the Company be and is hereby appointed as Non-Executive, Non-Independent Director of the Company, liable to retire by rotation."

- Appointment of Ms. Namrata Ashok Chotrani (DIN: 00390845) as a Director (Non Executive, Non-Independent) of the Company.**

To consider, and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Ms. Namrata Ashok Chotrani (DIN:00390845), who was appointed as Additional Director of the Company under Section 161 of the Companies Act, 2013 with effect from December 14, 2017 and holds office up to the date of this Annual General Meeting of the Company be and is hereby appointed as Non-Executive, Non-Independent Director of the Company, liable to retire by rotation."

- Appointment of Mr. Alok Chauthmal Churiwala (DIN: 02043221) as an Independent Director.**

To consider, and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule IV to the Act and other applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Alok Chauthmal Churiwala (DIN: 02043221), who was appointed as an Additional (Non-Executive, Independent) Director of the Company by the Board of Directors with effect from May 11, 2018 be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, to hold office for an initial term of 5 consecutive years i.e., from May 11, 2018 up to May 10, 2023. "

- Payment of Commission to Non-Executive Directors of the Company**

To consider, and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder read with Schedule V to the Act and Regulation 17(6)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

including any statutory modification(s) or re-enactment(s) thereof, the Articles of Association of the Company and subject to all applicable approval(s) as may be required, the consent of the Members of the Company be and is hereby accorded for payment of commission of ₹ 1,00,000/- (Rupees One Lakh Only) to each of the Non - Executive Directors of the Company for the financial year ended March 31, 2018."

9. **Payment of Commission to Mr. Siddhartha Roy Burman (DIN: 00043715) Chairman & Managing Director of the Company**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder read with Schedule V to the Act and subject to such other statutory approval(s), if any, the consent of the members of the Company be and is hereby accorded for payment of commission @ 0.50% of the net profit for the Financial Year ended March 31, 2018 to Mr. Siddhartha Roy Burman, Chairman & Managing Director of the Company in addition to the remuneration paid / payable to him in accordance with the terms of the Agreement dated 1st April, 2016, executed between Mr. Roy Burman and the Company."

10. **Ratification of Khadim Employee Stock Option Plan 2017 ("ESOP 2017"/"Plan")**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, the Memorandum and Articles of Association, and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the "SBEB Regulations") (including any statutory modification(s) or re-enactment of the Act or the SBEB Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, 'Khadim Employee Stock Option Plan 2017' ("ESOP 2017"/"Plan") as approved by the Company, to create, issue offer and grant from time to time not exceeding 1,86,465 (One Lakh Eighty Six Thousand Four Hundred Sixty Five Only) Employee Stock Options in one or more tranches to the permanent employees, existing and future, including the Directors (but excluding the Independent Directors) of the Company whether in or outside India, as may be decided solely by the Board under the Plan, exercisable into not more than 1,86,465 (One Lakh Eighty-six Thousand Four Hundred and Sixty Five Only) fully paid-up Equity Shares of the Company in aggregate, of face value of ₹ 10/- each, at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board in accordance with the provisions

of the Plan and in due compliance with the applicable rules and regulations and as approved by the Company prior to its Initial Public Offer (IPO) in its Extraordinary General Meeting held on June 17, 2017, be and is hereby ratified within the meaning of Regulation 12 of SBEB Regulations."

RESOLVED FURTHER THAT the number of Employee Stock Options that may be granted to any single employee including any Director, in any financial year and in aggregate under the ESOP 2017 shall not exceed 21,003 (Twenty One Thousand and Three Only) Options.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot Equity Shares and transfer Equity Shares to the eligible employees and Directors of the Company upon exercise of Options from time to time in accordance with ESOP 2017.

RESOLVED FURTHER THAT the Equity Shares to be allotted and issued by the Company shall rank *pari passu* in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional Equity Shares are required to be issued by the Company to the Option grantees for the purpose of making a fair and reasonable adjustment to the Options granted earlier, the ceiling of Equity Shares as approved above shall be deemed to increase to the extent of such additional Equity Shares issued.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of Shares to be allotted/transferred and the exercise price payable by the Option grantees under the Plan shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of ₹ 10/- per Equity Share shall bear to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the ESOP 2017 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as may at its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2017 and do all other things incidental and ancillary thereof".

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11. Ratification for Grant of Employee Stock Options to the employees of the existing / future Subsidiary Company(ies) and / or Holding Company(ies) under ESOP 2017

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 62(1) (b) and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, consent of the Company accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any authorized Committee including Compensation Committee, which Board may constitute to exercise its powers, including the powers, conferred by this resolution) to create, offer and grant from time to time such number of Employee Stock Options to the permanent employees, existing and future, including the Directors (but excluding the Independent Directors) of any existing and future Subsidiary Company(ies) and / or Holding Company(ies) of the Company whether in or outside India, as may be decided solely by the Board under the Plan (“ESOP 2017”/“Plan”) within the ceiling of Options approved therein, exercisable into same number of fully paid-up equity shares of the Company of face value of ₹ 10/- each in accordance with the provisions of the Plan and in due compliance with the applicable laws and regulations and as approved by the Company prior to Initial Public Offering (IPO) in its Extra-Ordinary General Meeting held on June 17, 2017 be and is hereby ratified within the meaning of Regulation 12 of SBEB Regulations.”

12. Alteration of Main Object Clause of the Memorandum of Association of the Company:

To consider and if thought fit, to pass, the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of Section 4, 13 and other applicable provisions, if any, of the Companies Act, 2013, read with applicable Rules made there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) (the “Act”) and as per the guidelines, regulations, circulars and clarifications issued by the Ministry of Corporate Affairs (“MCA”), Securities and Exchange Board of India (“SEBI”) any other statutory or regulatory authorities and subject to all necessary approvals, consents, permissions and/or sanctions as may be necessary and subject to any such conditions and modifications as may be prescribed or imposed in such approvals, the consent of the Company be and is hereby accorded for the alteration of the ‘Main Object’ in the Object Clause of the Memorandum of Association of the Company by inserting the following new sub-clause 3 after the existing sub-clause No.2 under Clause III (A) of the Memorandum of Association of the Company:

3. To manufacture, process, design and decorate, stitch, recondition, repair, manipulate, sale, purchase, export, import, deal, trade, act as an agent in all garments, textiles, all seasonal wear like rain wear, winter wear, gloves, caps, umbrellas, bags, dress materials and related accessories.

RESOLVED FURTHER THAT the Board of Directors of the Company (including a Committee of the Board thereof) be and is hereby authorized to take all such steps and actions for the purposes of making all such filings and registrations as may be required in relation to the aforesaid amendment to the Memorandum of Association and further to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

Place: Kolkata
Date: May 11, 2018

By Order of the Board of Directors

Abhijit Dan
Company Secretary & Head – Legal
ICSI Membership No.: A21358

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and Rules framed thereunder, in respect of the Special Business to be transacted at the meeting is annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF ONLY ON A POLL. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE AGM.**

In terms of Section 105 of the Companies Act, 2013 and Rules framed thereunder, a person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.
3. Information as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("the ICSI"), in respect of the Directors seeking appointment / re-appointment at the AGM is provided hereunder.
4. Corporate members intending to send their authorized representative 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 AGM.
5. All Statutory Registers and relevant documents referred to in the accompanying Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 shall be open for inspection by the members at the Registered Office of the Company on all working days except Saturday, Sunday and public holidays, between 11.00 A.M. and 1.00 P.M. up to date of AGM and also at the Meeting.
6. Shareholders are advised to bring their own copy of the Annual Report along with them for the meeting. Extra copies of the Annual Report will not be available at the meeting.
7. Shareholders who have not registered their e- mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, circulars etc, from the Company electronically.
8. Pursuant to Section 91 of the Companies Act, 2013 and Rule 10 of the Companies (Management and Administration) Rules, 2014 read with Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, The Register of Members and the Share Transfer books of the Company will remain closed from Friday, August 31, 2018 to Thursday, September 06, 2018 (inclusive of both days).
9. Members are requested to quote the ledger folio/DP ID in all communication with the Company.
10. Members/Proxies are requested to carry their copies of the Notice, Annual Report and duly filled in Attendance Slip at the Meeting.
11. Members desirous of making a nomination in respect of their shareholding, under Section 72 of the Companies Act, 2013, are requested to send their request to the Company Secretary's Department in the prescribed form.
12. Members are requested to:
 - a) intimate to the Company Secretary's Department or Company's Registrar and Transfer Agent, Link Intime (India) Private Limited, changes, if any, in their registered addresses at an early date, along with self-attested copy of address proof i.e. Aadhar Card / electricity bill / telephone bill / driving license / passport / bank passbook particulars in case of Shares held in physical form;
 - b) intimate to the respective Depository Participants (DPs), changes, if any, in their registered addresses at an early date, along with self-attested copy of address proof i.e. Aadhar Card / electricity bill / telephone bill / driving license / passport / bank passbook particulars in case of Shares held in dematerialized form;
13. A Route Map showing directions to reach to the venue of the AGM is given at the end of this Notice as required under SS-2 issued by the ICSI.
14. Any Member desirous of receiving any information on the Financial Statements or Operations of the Company is requested to forward his / her queries to the Company at least seven working days prior to the AGM, so that the required information can be made available at the AGM.
15. Dividend on Equity shares, as recommended by the Board of Directors of the Company, for the Financial Year ended March 31, 2018, if declared, at the AGM, will be paid to:
 - i) Those Members whose names shall appear in the Register of Members of the Company, at the end of business hours on Thursday, August 30, 2018 after giving effect to all valid share transfers in physical mode lodged with the Company / RTA on or before Thursday, August 30, 2018.
 - ii) Those Beneficial owners entitled thereto, in respect of shares held in electronic mode, whose names shall appear in the statements of beneficial ownership furnished by respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the end of business hours on Thursday, August 30, 2018.

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16. As per Regulation 12 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule I to the said Regulations, it is mandatory for all the Companies to use bank details furnished by the investors for distributing dividends, interests, redemption or repayment amounts to them through National / Regional / Local Electronic Clearing Services (ECS) or Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT), National Automated Clearing House (NACH) wherever ECS / RTGS / NEFT / NACH and bank details are available. In the absence of electronic facility, Companies are required to mandatorily print bank details of the investors on 'payable-at-par' warrants or cheques for distribution of Dividends or other cash benefits to the investors. In addition to that, if bank details of investors are not available, Companies shall mandatorily print the address of the investor on such payment instruments.

Therefore, Members holding shares in physical mode are requested to update their bank details with the Company or RTA immediately. Members holding shares in demat mode are requested to record the ECS mandate with their DPs concerned.

17. 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 to the Company Secretary's Department or Company's Registrar and Transfer Agent, Link Intime India Private Limited. Also, the Members are requested to submit a duly signed letter along with self-attested copy of PAN Card(s) of all the registered Members (including joint holders). Members are also requested to submit original cancelled cheque bearing the name of the sole / first holder. In case of inability to provide the original cancelled cheque, a copy of Bank Passbook / Statement of the sole / first holder duly attested by the Bank, not being a date earlier than one month may be provided. Members holding shares in demat form are requested to submit the aforesaid documents to their respective Depository Participant(s).

18. Pursuant to Regulation 40(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule VII to the said Regulations, for registration of transfer of shares, the transferee(s) as well as transferor(s) shall mandatorily furnish copy of their Income Tax Permanent Account Number (PAN). Additionally, for securities market transactions and / or for off market / private transactions involving transfer of shares in physical mode of listed Companies, it shall be mandatory for the transferee(s) as well as transferor(s) to furnish copy 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).

19. Members are requested to kindly note that if physical documents viz. Demat Request Forms (DRF) and Share Certificates, etc. are not received from their DPs by the RTA within a period of 15 days from the date of generation of the

Demat Request Number (DRN) for dematerialization, the DRN will be treated as rejected / cancelled. This step is being taken on the advice of NSDL and CDSL, so that no demat request remains pending beyond a period of 21 days. Upon rejection / cancellation of the DRN, a fresh DRF with new DRN has to be forwarded along with the Share Certificates by the DPs to the RTA. This note is only to caution Members that they should ensure that their DPs do not delay in sending the DRF and Share Certificates to the RTA after generating the DRN.

20. VOTING THROUGH ELECTRONIC MEANS

i) As per the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 read with the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Listing Regulations, the Company is pleased to facilitate its Members to transact business at the AGM by voting through electronic means. For this, the Company has engaged the services of **NSDL** having office at Trade World, A wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013, to provide remote e-voting services and voting at the AGM venue through electronic voting system to the members, who are holding the shares as on the cut-off date.

ii) The facility for voting through electronic means shall be made available at the AGM venue and the Members attending the AGM who have not casted their vote by remote e-voting shall be able to exercise their right at the AGM through electronic voting system. However, members who have casted their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

iii) The remote e-voting period shall commence at 9:00 A.M. on Monday, September 03, 2018 and ends at 5:00 P.M. on Wednesday, September 05, 2018. During this period, the Members of the Company, holding shares either in physical or dematerialized mode, as on the cut-off date i.e. August 30, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

iv) **Instructions / Procedure for remote e- voting are as under:**

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

DETAILS ON STEP 1 ARE MENTIONED BELOW:

How to Log-in to NSDL e-Voting website?

1. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. click on the icon "Login" which is available under 'Shareholders' section.
3. Enter your User ID, Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****. |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Your password details are given below:
 - a) If you are already registered with NSDL for remote e-Voting, then you can use your existing User ID and Password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you are required to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your "Initial Password".
 - c) How to retrieve your "Initial Password"?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your

8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your "User ID" and your "Initial Password".

- (ii) If your email ID is not registered, your 'initial password' is communicated to you on your registered postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?" (option available on www.evoting.nsdl.com).
 - b) Click on "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/Folio Number, your PAN, your name and your registered postal address.
 7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
 8. Now click on "Login"
 9. Home page of e-Voting will open.

DETAILS ON STEP 2 ARE GIVEN BELOW:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of Khadim India Limited.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

v. General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of

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the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to aklabhcs@gmail.com with a copy marked to evoting@nsdl.co.in.

- 2 It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com to reset the password.
- 3 In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or Mr. Supratim Mitra, Asst. Vice President, NSDL, at Telephone Nos. (033) 22814662 / 22904246 or at e-mail id: supratimm@nsdl.co.in or alternatively at evoting@nsdl.co.in.
- 4 The voting rights of the Member shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date i.e., August 30, 2018.
- 5 A person whose name appears in the Register of Members or in the Register of Beneficial owners maintained by the Depositories as on the cut-off date, only those shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through electronic means.
- 6 Any person, who acquires shares of the Company and become a Member of the Company after despatch of the Notice of the AGM and holding shares as on the cut-off date i.e., August 30, 2018, may obtain the login User Id and password by sending a request at evoting@nsdl.co.in. However, if you are already registered with NSDL for remote e-voting then you can use your existing User ID and password for casting your vote.
- 7 In order to scrutinize the e-voting process in a fair and transparent manner M/s. A.K. Labh & Co., Company Secretaries, 40, Weston Street, 3rd Floor, Kolkata - 700 013 has been appointed by the Board of Directors of the Company as the Scrutinizer.
- 8 The Chairman at the AGM shall allow voting, with the assistance of Scrutinizer, by use of electronic means for all those Members who are present at the AGM and did not cast their votes by availing the remote e-voting facility.
- 9 The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through electronic voting system provided at the AGM venue and remote e-voting in the presence of at least two witnesses, not in the employment of the Company and make a consolidated scrutinizer's report of the total votes cast in favour or against, if any, within 48 hours of conclusion of the AGM, to the Chairman or a person authorized by him in writing who shall countersign the same and declare the results of the voting forthwith. The resolution(s) shall be deemed to be passed on the date of the AGM, subject to receipt of requisite number of votes.
- 10 The results declared along with the scrutinizer's report shall be placed on the website of the Company i.e., www.khadims.com under the head "SEBI Disclosure" and on the website of NSDL immediately after the results are declared by the Chairman or a person authorised by him in writing. The same shall be communicated by the Company to the stock exchanges i.e., BSE Limited and National Stock Exchange of India Limited.

Explanatory statement pursuant to the provisions of Section 102 of Companies Act, 2013

Item No. 5

The Board of Directors has appointed Mr. Ritoban Roy Burman (DIN: 08020765) as an Additional (Non-Executive, Non Independent) Director of the Company with effect from December 14, 2017, on the recommendation of the Nomination and Remuneration Committee. As per the provisions of Section 161(1) of the Companies Act, 2013, he holds the office of Additional Director only up to the date of this AGM and is eligible for appointment as a Director of the Company liable to retire by rotation.

The Company has received a Notice under Section 160 of the Companies Act, 2013 from a member proposing the appointment of Mr. Ritoban Roy Burman as a Non-Executive, Non-Independent Director of the Company, liable to retire by rotation.

Further, taking into consideration his contribution towards the growth of the Company, his longer association with the Company is much needed.

The brief profile of Mr. Ritoban Roy Burman as per the requirements of the Companies Act, 2013, and the SEBI (LODR) Regulations, 2015 and the rules made thereunder and the Secretarial Standards on General Meeting (SS-2) are given in Annexure - I, which forms part of the notes to the Notice.

None of the Directors/ Key Managerial Personnel of the Company except Mr. Siddhartha Roy Burman and his relatives are in any way, concerned or interested, financially or otherwise, in the said Resolution set out at Item No. 5 of the Notice except to the extent of shareholding, if any, in the Company.

The Board recommends this resolution for approval of the members of the Company by way of an Ordinary Resolution.

Item No.6

The Board of Directors has appointed Ms. Namrata Ashok Chotrani (DIN: 00390845) as an Additional (Non-Executive, Non - Independent) Director of the Company with effect from December 14, 2017, on the recommendation of the Nomination and Remuneration Committee. As per the provisions of Section 161(1) of the Act, she holds the office of Additional Director only up to the date of this AGM and is eligible for appointment as a Director of the Company liable to retire by rotation.

She holds a bachelor's degree in Commerce from the H. R. College of Commerce & Economics, Mumbai University and a master's degree in business administration from INSEAD. She has been associated with Fairwinds Asset Managers Limited since 2012 and has a total experience of over Ten years in the field of private equity and M&A advisory. Prior to joining Fairwinds Asset Managers Limited, she was associated with KPMG.

Prior to her appointment on December 14, 2017, she had been associated with the Company from September 20, 2013 till March 09, 2016 as Non-voting observer and from March 10, 2016 till November 21, 2017 as nominee Director, representing Reliance Alternative Investments Fund - Private Equity Scheme I.

The Company has received a Notice under Section 160 of the Companies Act 2013, from a member proposing the appointment of Ms. Namrata A. Chotrani as a Non-Executive, Non-Independent Director of the Company, liable to retire by rotation.

The brief profile of Ms. Namrata A. Chotrani as per the requirements of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 and the rules made thereunder and the Secretarial Standards on General Meeting (SS-2) are given in Annexure -I, which forms part of the notes to the Notice.

None of the Directors/ Key Managerial Personnel / their relatives of the Company except Ms. Namrata A. Chotrani and her relatives are in any way, concerned or interested, financially or otherwise, in the said Resolution set out at Item No. 6 of the Notice except to the extent of shareholding, if any, in the Company.

The Board recommends this resolution for approval of the members of the Company by way of an Ordinary Resolution.

Item No. 7

The Board of Directors has appointed Mr. Alok Chauthmal Churiwala (DIN: 02043221) as an Additional Director (Non-Executive, Independent) of the Company with effect from May 11, 2018, on the recommendation of the Nomination and Remuneration Committee. As per the provisions of Section 161(1) of the Act, he holds the office of Additional Director only up to the date of this AGM and is eligible for appointment as an Independent Director of the Company not liable to retire by rotation for a period of 5 consecutive Years commencing from May 11, 2018 to May 10, 2023.

Mr. Alok Chauthmal Churiwala is a third generation stockbroker and an Angel Investor. He holds a Bachelor's degree in Commerce from H.R. College of Commerce & Economics, Mumbai. He also holds a Diploma in Securities Law from the Government Law College, Mumbai apart from executive learning programs from IIM, Ahmedabad & Indian School of Business, Hyderabad. He has a rich experience of over 20 years in the Indian Capital Markets.

He is the Former Vice-Chairman of the BSE Brokers Forum, which is an industry representative body. He was also on the Board of ICSCA (International Council for Securities Association) as Asian representative and has attended their meetings in Paris, Sydney, Mumbai & Stockholm. He also represented Indian Capital Markets at ASF (Asian Securities Federation) at Seoul. Besides being an Ex member of the BSE Governing Board, he has been actively involved in various committees of the exchange. He is on the advisory Board of ICCL (Indian Clearing Corporation Ltd). He is a much sought after visiting faculty offering lectures on a wide spectrum of subjects relating to Capital Markets in India. He is widely quoted in various business publications viz. Economic Times, Business Standard,

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Dalal Street & Financial Express & television media like NDTV Profit, Doordarshan, Zee Business, Star News, Sahara, BBC and CNBC, CNN-IBN, etc.

He has given his consent (s) to act as a Director of the Company, along with a declaration stating that he is not disqualified from being appointed as a Director in the Company in terms of Section 164 of the Companies Act, 2013. Further, he has submitted the declaration as required pursuant to section 149 (7) of the Act stating that he meets the criteria of independence as provided in sub section (6) of Section 149.

In the opinion of the Board, Mr. Churiwala fulfills the conditions specified in the Act and the rules made thereunder to be appointed as an Independent Director of the Company.

Mr. Alok Chauthmal Churiwala does not hold any shares in the Company.

The Company has received a Notice under Section 160 of the Companies Act 2013, from a member proposing the appointment of Mr. Alok Chauthmal Churiwala as an Independent Director of the Company.

The brief profile of Mr. Alok C. Churiwala as per the requirements of the Companies Act, 2013, and the SEBI (LODR), Regulations, 2015 and the rules made thereunder and the Secretarial Standards on General Meeting (SS-2) are given in Annexure -I, which forms part of the notes to the Notice.

Except Mr. Alok Chauthmal Churiwala, none of the Directors or Key Managerial Personnel (KMPs) of the Company and their relatives are, in any way, concerned or interested, whether financially or otherwise, in passing the proposed Resolution set out at Item No.7 of the Notice.

The Board recommends this resolution for approval of the members of the Company by way of an Ordinary Resolution.

Item No. 8

In accordance with the provisions of Section 197 of the Companies Act, 2013 and Regulation 17(6)(a) of the SEBI (LODR) Regulations, 2015, payment of remuneration to Non-Executive Directors of the Company by way of commission, is permitted, if the Company authorizes such payment by obtaining the approval of the shareholders in the General Meeting of the Company.

Considering the financial performance of the Company, a commission of ₹ 1,00,000/- (Rupees One Lakh Only) each is proposed to be paid to the Non-Executive Directors of the Company for the financial year ended March 31, 2018.

None of the Directors, Key Managerial Personnel or their respective relatives, except all of the Non-Executive Directors of the Company viz. Mr. Indra Nath Chatterjee, Prof. Surabhi Banerjee, Ms. Namrata Ashok Chotrani, Mr. Ritoban Roy Burman and Mr. Alok Chauthmal Churiwala, to whom the resolution relates, may be deemed to be

concerned or interested in the Resolution mentioned at Item No. 8 of the notice.

The Board recommends the resolution set forth in Item No.8 for approval of the Members by way of an Ordinary Resolution.

Item No. 9

Mr. Siddhartha Roy Burman is a Promoter, Chairman & Managing Director of the Company.

He holds a bachelor's degree in Commerce from the University of Calcutta. He is responsible for the overall strategic decision making of our Company and provides leadership to all operations.

Under his leadership and guidance, the Company completed its maiden Initial Public Offering (IPO) and Equity shares were listed on BSE and NSE on November 14, 2017.

He has been associated with the Company since incorporation and was appointed as the Managing Director with effect from April 1, 2005 and subsequently on November 26, 2012.

He has 35 years of experience in the footwear industry.

Considering the performance of the Company, it is proposed to pay him a commission @ 0.50% of the net profit for the financial year ended March 31, 2018, in addition to the remuneration paid / payable to him in accordance with the terms of the Agreement dated 1st April, 2016, executed between him and the Company.

None of the Directors/ Key Managerial Personnel of the Company except Mr. Siddhartha Roy Burman and his relatives are in any way, concerned or interested, financially or otherwise, in the said Resolution set out at Item No.9 of the Notice, except to the extent of shareholding, if any, in the Company.

The Board recommends the resolution set forth in Item No.9 for the approval of the Members by way of an Ordinary Resolution.

Item No. 10 & 11

The members of the Company at the Extra-ordinary General Meeting held on 17th June, 2017, approved the Khadim Employee Stock Option Plan 2017 ("ESOP 2017"/"Plan").

As per Regulation 12 of SEBI (Share Based Employee Benefits) Regulations, 2014 (the "SBEB Regulations") no Company shall make any fresh grant which involves allotment or transfer of shares to its employees under any Schemes formulated prior to its IPO and prior to the listing of its Equity Shares (Pre-IPO Scheme) unless (i) such pre-IPO scheme is in conformity with SBEB Regulations; and (ii) such pre-IPO scheme is ratified by its shareholders subsequent to IPO.

In view of Regulation 12 of SBEB Regulations, as stated above, the Khadim Employee Stock Option Plan 2017, is being placed before the shareholders for their ratification. It is hereby confirmed that the Scheme is in conformity with SBEB Regulations and that the

Company has not made any fresh grant of options under the Plan post IPO.

Explanation as per Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and Regulation 6 of SBEB Regulations:

a. Total number of Options to be granted:

1,86,465 options exercisable into equal number of Equity Shares of the Company of face value of ₹ 10/- each fully paid-up, would be available for grant to the eligible employees of the Company under ESOP 2017, in one or more tranches. A part or whole of the Equity Shares required for the implementation of ESOP 2017 may be issued by the Company.

Vested options lapsed/ cancelled due to non-exercise for any reason and/or unvested options that get cancelled due to cessation of employment or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled options as per the provisions of ESOP 2017.

In case of any corporate action(s) such as rights issues, bonus issues, split, merger and sale of division, and others, a fair and reasonable adjustment needs to be made to the Options granted. Accordingly, if any additional Equity Shares are issued by the Company to the Option grantees for making such fair and reasonable adjustment, the above ceiling shall be deemed to be increased to the extent of such additional equity shares issued.

b. Identification of classes of employees entitled to participate in the ESOP 2017:

Following classes of employees are entitled to participate in ESOP 2017:

- a) Permanent employees of the Company working in India or out of India;
- b) Directors of the Company; and
- c) Employees and Directors of the Subsidiary / Holding Company(ies).

Following persons are not eligible:

- a) an employee who is a Promoter or belongs to the Promoter Group;
- b) a Director who either by himself or through his relatives or through anybody corporate, directly or indirectly holds more than 10% of the issued and subscribed equity Shares of the Company; and
- c) an Independent Director within the meaning of the Companies Act, 2013.

c. Appraisal process for determining the eligibility of employees under ESOP 2017:

The Options shall be granted to the employees as per performance appraisal system of the Company as may be decided by the Board.

d. Transferability of Employee Stock Options:

The Options granted to an employee shall not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of the Option grantee, the right to exercise all the Options granted to him till such date shall be transferred to his legal heirs or nominees.

e. Requirements of vesting and period of vesting:

The Options granted shall vest so long as an employee continues to be in the employment of the Company. The Board may, at its discretion, lay down certain performance metrics on the achievement of which such Options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which Options granted would vest subject to the minimum vesting period of 1 year.

f. Maximum period within which the Options shall be vested:

Options granted under ESOP 2017 would vest subject to maximum period of 4 years from the date of grant of such Options.

g. Exercise price or pricing formula:

The Exercise Price shall be such price as may be determined by the Board being not less than the face value of a Share of the Company as on date of grant of Option.

h. Exercise period and the process of exercise:

After Listing, the Vested Options can be exercised by an Option Grantee within the Exercise Period of 5 years from the date of such Listing subject to the condition that such Option Grantee continues the employment/ service as on date of such Exercise.

The vested Option shall be exercisable by the Employees by a written application to the Company/ Board expressing his/ her desire to exercise such Options in such manner and on such format as may be prescribed by the Board from time to time. The Options shall lapse if not exercised within the specified exercise period.

i. Lock-in period, if any:

The Shares arising out of Exercise of Vested Options shall not be subject to any lock-in restriction except such restrictions as may apply under the Applicable Laws.

j. Maximum number of Options to be issued per employee and in aggregate:

The maximum number of Employee Stock Options that may be granted to any single employee including any Director, in any financial year and in aggregate under the ESOP 2017 shall not exceed 21,003 (Twenty One Thousand and Three Only) Options.

NOTICE

Continued

k. Maximum quantum of benefits to be provided per employee under the Plan:

The maximum quantum of benefits underlying the options issued to an eligible employee shall depend upon the market price of the shares as on the date of exercise.

l. Whether Plan is to be implemented and administered directly or through a trust:

The implementation and administration of the Plan shall be done directly without any trust. However, Company may subject to compliance with applicable laws, may administer the Plan through trust route in case decided in future.

m. Whether the Plan involves new issue of shares or secondary acquisition or both:

The Plan contemplates new issue only.

n. Amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.:

Not applicable as no trust route is contemplated.

o. Maximum percentage of secondary acquisition:

Not applicable

p. Conditions under which Vested Options may lapse:

Vested Options shall lapse in case of (i) abandonment of employment, and (ii) termination of employment due to misconduct or due to breach of Company policies or the terms of employment.

q. Exercise period in case of proposed termination of employment or resignation of employee:

After listing, the Vested Options can be exercised by the employee by the last working day in the Company. In case of termination on account of misconduct, the Vested Options cannot be exercised which otherwise would lapse.

r. Accounting and Disclosure Policies:

The Company shall follow the 'Guidance Note on Accounting for Employee Share-based Payments' and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

s. Method of Option Valuation:

To calculate the employee compensation cost, the Company shall use the intrinsic Value method for valuation of the Options granted. Notwithstanding the above, the Company may adopt any other method as may be required under prevailing applicable laws.

t. Declaration:

In case the Company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed

and the employee compensation cost that shall have been recognized if it had used the fair value of the Options and the impact of this difference on profits and on EPS of the company shall also be disclosed in the Board's Report.

The Board recommends both the resolutions for approval of the members of the Company by way of a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or any of their relatives are, in any way, concerned or interested in the Resolution, except for the fact that they, being employees of the Company are eligible to be granted options, and/or might have been granted options under the ESOP Plan 2017.

Item No. 12

Presently the Company is engaged in the manufacturing of footwear and related accessories. Though the existing Main Objects provide scope for Footwear and related accessories, the improved lifestyles and modern global trends demand various products in this segment, hence it is proposed to introduce certain allied products and hybrids that would definitely enlarge the business and meet with the expanding consumers' needs. The proposed change will enable the Company to participate in various tenders which may include supply of these new products along with Footwear and related accessories. Hence, it is proposed to amend the Memorandum of Association by inserting a new sub-clause 3 in Clause III (A) as set out in the said resolution subject to the approval of the members of the Company.

None of the Directors, Key Managerial Personnel of the Company or their relative is deemed to be concerned or interested, either financially or otherwise, except to the extent of their shareholding, if any, in the Company.

The Board of Directors of the Company recommends the Special Resolution as set out in Item No. 12 of the accompanying Notice for approval of the members at the AGM.

Place: Kolkata
Date: May 11, 2018

By Order of the Board of Directors

Abhijit Dan
Company Secretary & Head – Legal
ICSI Membership No.: A21358

Annexure - I

Information on Directors seeking appointment /re-appointment at the forthcoming AGM

[Persuant to Regulation 36(3) of the SEBI (LODR) Regulations, 2015]

| Name of the Director | Mr. Siddhartha Roy Burman (DIN: 00043715) | Mr. Ritoban Roy Burman (DIN - 08020765) | Ms. Namrata Ashok Chotrani (DIN: 00390845) | Mr. Alok Chauthmal Churiwala (DIN - 02043221) |
|---|---|--|--|---|
| Date of Birth | 19/11/1961 | 4/06/1992 | 26/09/1985 | 18/07/1969 |
| Age | 56 Years | 26 years | 32 years | 48 years |
| Qualifications | Bachelor's degree in Commerce from the University of Calcutta | Bachelor's in Mass Communication from St. Xaviers College, Kolkata | B.com from H.R. College of Commerce & Economics, Mumbai and MBA from INSEAD | B.com from H.R. College of Commerce & Economics, Mumbai and Diploma in Securities Law from the Government Law College, Mumbai |
| Experience and expertise in Specific Functional Areas | Mr. Siddhartha Roy Burman has an overall experience of 35 years in all segments of Footwear Industry. His expertise include streamlining of operations, processes, HR initiatives and most importantly Brand building. He has great contribution in developing the manufacturing division of the Company. | Mr. Ritoban Roy Burman joined Khadim India Limited in 2013 as Manager –Marketing and worked till November 30, 2017. He has good exposure in various aspects of footwear marketing. | Ms. Namrata Ashok Chotrani has an overall experience of 10 years in Tax, Private Equity and Mergers. | Mr. Alok Chauthmal Churiwala is a third generation stock Broker and an Angel Investor. He has a rich experience of over 20 years in the Indian Capital Markets. |
| Date of first appointment on the Board | 01/04/2005 | 14/12/2017 | 14/12/2017 | 11/05/2018 |
| Shareholding in the Company | 8.08% (14,51,149 equity shares) | NIL | NIL | NIL |
| Relationship with other Directors or with KMP | Father of Mr. Ritoban Roy Burman, Additional (Non –Executive, Non –Independent) Director | Son of Mr. Siddhartha Roy Burman, Chairman & Managing Director | None | None |
| Number of meetings attended during 2017-18 | Number of Meetings held: 17 Number of Meetings attended: 17 | Number of Meetings held: 17 Number of Meetings attended: 2 | Number of Meetings held: 17 Number of Meetings attended: 15 | Not Applicable |
| List of outside Directorships held in other Public Companies (excluding foreign Companies and Companies under Section 8 of the Companies Act, 2013) | None | NIL | BEC Steels Limited | 1. Churiwala Holdings And Finance Pvt Ltd 2. Churiwala Securities Private Limited |

Annexure - I

Continued

| Name of the Director | Mr. Siddhartha Roy Burman (DIN: 00043715) | Mr. Ritoban Roy Burman (DIN - 08020765) | Ms. Namrata Ashok Chotrani (DIN: 00390845) | Mr. Alok Chauthmal Churiwala (DIN - 02043221) |
|---|---|---|---|---|
| Chairman / Member of the Committees of Board of Directors of other Companies in which he / she is a Director # | None | None | None | None |
| Terms and conditions of Appointment or Re-appointment | Chairman & Managing Director with effect from April 1, 2016 till March 31, 2019 | Additional (Non –Executive, Non –Independent) Director of the Company effective December 14, 2017 | Additional (Non –Executive, Non – Independent) Director of the Company effective 14 th December, 2017 | Independent Director of the Company effective May 11, 2018 for a period of five years, i.e., upto May 10, 2023 |
| Details of Remuneration sought to be paid | He is entitled to Remuneration as per terms of the Agreement dated April 1, 2016. | He is entitled to Commission, if any and Sitting fees for attending meetings of the Board and Committees in which he is a Member / Chairman as may be decided by the Board. | She is entitled to Commission, if any and Sitting fees for attending meetings of the Board and Committees in which he is a Member / Chairperson as may be decided by the Board. | He is entitled to Commission, if any and Sitting fees for attending meetings of the Board and Committees in which he is a Member / Chairman as may be decided by the Board. |
| Remuneration last drawn by such person, if applicable (As per last audited balance sheet dated 31 st March, 2018)^ | 29.68 Million | Not Applicable | Not Applicable | Not Applicable |

#Includes only Audit Committee and Stakeholders' Relationship Committee

^Pursuant to provision of Section 197(2) of the Companies Act, 2013 the Remuneration paid to Directors does not include sitting fee for attending meetings of the Board and Committees.

ROUTE MAP TO THE AGM VENUE

"Kalamandir", 48, Shakespeare Sarani, Kolkata - 700 017, West Bengal





FORM NO. MGT-11

Proxy Form

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

KHADIM INDIA LIMITED

Regd. Office: "Kankaria Estate", 5th floor, 6, Little Russell Street, Kolkata-700071

Phone: +91 33 40090501 | **Fax:** +91 33 40090500 | **Website:** www.khadims.com

CIN: L19129WB1981PLC034337

| | |
|-------------------------|-------------|
| Name of the member(s) : | E-mail Id : |
| Registered Address : | |
| Folio No. / Client Id : | DP ID : |

I / We, being the holder of _____ Equity Share(s) of the above named Company, hereby appoint:

Name:

Address:

E-mail Id: Signature:, or falling him

Name:

Address:

E-mail Id: Signature:, or falling him

Name:

Address:

E-mail Id: Signature:

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 37th Annual General Meeting of the Company, to be held on Thursday, the 6th day of September, 2018 at 11:30 A.M. at 'KALAMANDIR' 48, Shakespeare Sarani, Kolkata - 700017, West Bengal, India and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sl. No | Resolution |
|--------|--|
| | ORDINARY BUSINESS |
| 1. | Adoption of Audited Financial Statements of the Company for the financial year ended March 31, 2018 including the reports of the Board of Directors and the Auditors thereon |
| 2. | Declaration of Dividend for the financial year 2017-18 |
| 3. | Re-appointment of Mr. Siddhartha Roy Burman (DIN: 00043715) who retires by rotation and being eligible, offers himself for re-appointment |
| 4. | Re-appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 302009E) as Statutory Auditors of the Company |
| | SPECIAL BUSINESS |
| 5. | Appointment of Mr. Ritoban Roy Burman (DIN: 08020765) as a Director (Non-Executive, Non-Independent) of the Company |
| 6. | Appointment of Ms. Namrata Ashok Chotrani (DIN: 00390845) as a Director (Non-Executive, Non-Independent) of the Company |
| 7. | Appointment of Mr. Alok Chauthmal Churiwala (DIN: 02043221) as an Independent Director of the Company. |
| 8. | Payment of Commission of ₹ 1,00,000/- to Non-Executive Directors of the Company for the financial year ended March 31, 2018 |
| 9. | Payment of commission @ 0.50% of the net profit of the Company to Mr. Siddhartha Roy Burman, Chairman & Managing Director |
| 10. | Ratification of Khadim Employee Stock Option Plan 2017 ("ESOP 2017"/"Plan") |
| 11. | Ratification for Grant of Employee Stock Options to the employees of the existing / future Subsidiary Company(ies) and / or Holding Company(ies) under ESOP 2017 |
| 12. | Alteration of Main Object Clause of the Memorandum of Association of the Company |

Signed this ____ day of _____, 2018

Signature of the shareholder

Signature of the Proxy Holder(s)

**AFFIX
REVENUE
STAMP**

NOTES:

1. The form should be signed across the stamp as per specimen signature registered with the Company.
2. This form of proxy in order to be effective should be duly completed and deposited at least 48 hours before the commencement of the meeting at the registered office of the Company.
3. The Proxyholder may vote either for or against each resolution in the Meeting, provided that he / she or the Member(s) has / have not casted the vote through remote e-voting facility.

Khadim's[®]
— THE SOLE OF INDIA —

Khadim India Limited

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6, Little Russell Street,
Kolkata - 700 071, India
Website : www.Khadims.com

www.dickensonworld.com

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