

# AVON MERCANTILE LIMITED

**Registered Office :**

S Global Knowledge Park, 19A & 19B,  
Sector-125, NOIDA-201301 (U.P.)  
CIN : L17118UP1985PLC026582  
Phone : 0120-3355131, 3859000  
[www.avonmercantile.in](http://www.avonmercantile.in)

To

Date : 11.09.2018

The Listing Manager  
Bombay Stock Exchange Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400001

**Subject : Submission of Annual Report for the financial year 2017-18 pursuant to Regulation 34 of SEBI (LODR) Regulations, 2015.**

**Scrip Code : 512265**

Dear Sir,

Pursuant to Regulation 34 of SEBI (LODR) Regulations, 2015, please find enclosed herewith the copy of annual report for the year 2017-18.

Please take note of the same.

Thanking you.

Yours truly,  
For Avon Mercantile Limited

  
(Pranjul Gupta)  
Company Secretary &  
Compliance Officer  
M. No. : A35912



2017-18



## AVON MERCANTILE LIMITED

S Global Knowledge Park, 19A & 19B, Sector-125, Noida, Uttar Pradesh – 201301

CIN: L17118UP1985PLC026582 Website: [www.avonmercantile.in](http://www.avonmercantile.in)

Email id: avonsecretarial@gmail.com

## **AVON MERCANTILE LIMITED**

### **CORPORATE INFORMATION**

#### **BOARD OF DIRECTORS**

Mr. Ramesh Chandra Agarwal  
(Non-Executive Independent Director)  
Mr. Satish Kumar Gupta  
(Non-Executive Independent Director)  
Mr. Rakesh Kumar Bhatnagar  
(Non-Executive Director)  
Ms. Rashi Adlakha  
(Non-Executive Director)

#### **KEY MANAGERIAL PERSONNEL**

Mr. Jagdutt Kumar Sharma  
(Manager)  
Mr. Pranjul Gupta  
(Company Secretary & Compliance Officer)

#### **STATUTORY AUDITORS**

M/s. Goel, Garg & Co.,  
Chartered Accountants  
18, Ground Floor, National Park,  
Lajpat Nagar-IV,  
New Delhi – 110024

#### **INTERNAL AUDITOR**

M/s. RBAS & Associates  
Chartered Accountants  
Office No. 49, II Floor,  
A-215, Chawla Complex,  
Shakarpur, Delhi- 110092

#### **SECRETARIAL AUDITOR**

M/s. K Rakesh & Co.  
Company Secretaries  
C-532, Aman Vihar, Near Rohini,  
Sector-20, Kirari  
Delhi-110086

#### **SHARE TRANSFER AGENT**

MCS Share Transfer Agent Limited  
F-65, 1<sup>st</sup> Floor, Okhla Industrial Area,  
Phase-I, New Delhi - 110 020  
Ph:- 011-41406149, Fax:- 011-4170 9881  
Email: [helpdeskdelhi@mcsregistrars.com](mailto:helpdeskdelhi@mcsregistrars.com)  
Website: [www.mcsregistrars.com](http://www.mcsregistrars.com)

#### **REGISTERED / CORPORATE OFFICE**

S Global Knowledge Park  
Sector-125,  
Noida, Uttar Pradesh - 201301

#### **BANKERS**

IndusInd Bank Limited, New Delhi 19A & 19B,  
State Bank of India, New Delhi

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# AVON MERCANTILE LIMITED

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Email Id : [avonsecretarial@gmail.com](mailto:avonsecretarial@gmail.com)

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## NOTICE

Notice is hereby given that the 33<sup>rd</sup> Annual General Meeting of AVON MERCANTILE LIMITED will be held on Saturday, 29<sup>th</sup> September, 2018 at 10:00 A.M. at S Global Knowledge Park, 19A & 19B, Sector-125, Noida – 201301 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2018 and the Profit and Loss Account together with Cash Flow Statement for the Financial Year ended on that date along with the Directors' Report and Auditors' Report thereon.
2. To consider and appoint a Director in place of Mr. Rakesh Kumar Bhatnagar (DIN 02922258), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

3. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161(1), 184 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder, Ms. Rashi Adlakha (DIN: 07742051), who was appointed as an Additional Director of the Company w.e.f. 8<sup>th</sup> February, 2018 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of the Director of the Company, be and is hereby elected and appointed as a Non-Executive Director, whose period of office shall be liable to determination by retirement of directors by rotation.”

By Order of the Board  
For **Avon Mercantile Limited**

Place : Noida

Date : 14<sup>th</sup> August 2018

Sd/-

(Pranjul Gupta)

Company Secretary &

Compliance Officer

M. No. A35912

## NOTES :

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto (**Annexure-A**).
2. Brief resume of the Director seeking re-appointment as mandated under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) is annexed as (**ANNEXURE – B**) hereto and forms part of the Notice.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. 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 OF ANY OTHER MEMBER. THE INSTRUMENT APPOINTING THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED, NOT LESS THAN 48 (FORTY-EIGHT) HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS APPENDED WITH THE ATTENDANCE SLIP.
4. The members are requested to bring duly filled attendance slip along with their copy of Annual Report at the meeting.
5. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a duly certified copy of the Board Resolution authorizing them to attend and vote on their behalf at the meeting.
6. A route map has been attached with this notice for your convenience to reach at the venue of the Annual General Meeting of the Company.
7. Members are requested to intimate any change in their address directly to the Company’s Registrar and Share Transfer Agent, MCS Share Transfer Agent Limited – F-65, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase-I, New Delhi – 110020.
8. The members are requested to intimate their queries to the Company at its Registered Office Address, at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
9. Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company shall remain closed from 23<sup>rd</sup> September 2018 to 29<sup>th</sup> September 2018 (both days inclusive).
10. In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
11. The Copy of the Annual Report is being sent by electronic mode to members who have registered their e-mail ids with the Company. Members whose e-mail id is not registered with the Company will be sent physical copies of the Annual Report at their registered address through permitted mode as specified under Section 20(2) of the Companies Act, 2013 and Rule 35 of the Companies (Incorporation) Rules, 2013. To support the ‘Green Initiative’ the Members who have not registered their email addresses are requested to register the same with the Company.
12. The Annual Report of the Company for the year ended 31<sup>st</sup> March 2018 is uploaded on the Company’s website [www.avonmercantile.in](http://www.avonmercantile.in) and may be accessed by the members.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares can submit their PAN to the Company / MCS Share Transfer Agent Limited.
14. Statutory Registers and documents referred to in the Notice and Explanatory Statement as required to

be maintained under the provisions of the Companies Act, 2013, are open for inspection at the registered office of the Company on all working days (Monday to Friday) between 11.00 A.M. and 1.00 P.M. upto the date of Annual General Meeting and will also be available for inspection at the venue of the meeting.

#### 15. VOTING THROUGH ELECTRONIC MEANS

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility to the members to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e- voting”) will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast 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.
- IV. The process and manner for remote e-voting are as under:
  - a. In case of Members receiving e-mail from NSDL (For those members whose e-mail addresses are registered with Company/Depositories):
    - a) Open e-mail and open PDF file viz “Avon-remote e-Voting.pdf” with your Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password and you will be asked to change this password when you log-in for the first time.
    - b) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
    - c) Click on Shareholder-Login.
    - d) Put user ID and password as initial password noted in step (a) above. Click Login.
    - e) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
    - f) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
    - g) Select “EVEN” of “AVON Limited”.
    - h) Now you are ready for remote e-voting as Cast Vote page opens.
    - i) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
    - j) Upon confirmation, the message “Vote cast successfully” will be displayed.
    - k) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - l) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [caamitjain.btp@gmail.com](mailto:caamitjain.btp@gmail.com) with a copy marked to [evoting@nsdl.com](mailto:evoting@nsdl.com).
- b. In case of Members receiving Physical copy of Notice of Annual General Meeting (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy) :

- i. Initial password is provided in the box overleaf.
- ii. Please follow all steps from Sl. No. (b) to Sl. No. (l) above at 14 (IV) (A), to cast vote.
  - a) If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
  - b) 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. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
  - c) The e-voting period commences on Wednesday, 26<sup>th</sup> September, 2018 (9.00 am) and will end on Friday, 28<sup>th</sup> September 2018 (5.00 pm). During this period members of the Company, holding shares as on the cut-off date, being 22<sup>nd</sup> September 2018, may cast their vote electronically in the manner and process as set out above. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on the resolution is cast by the member, the member shall not be allowed to change it subsequently.
  - d) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
  - e) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - f) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 22<sup>nd</sup> September, 2018.
  - g) Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 22<sup>nd</sup> September, 2018, they may also obtain the login ID and password by sending a request at [evoting@nsdl.com](mailto:evoting@nsdl.com) or RTA, MCS Share Transfer Agent Limited.
  - h) A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
  - i) A person, whose name is recorded in the register of members, as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM through ballot paper.
  - j) Mr. Amit Kumar Jain, Practicing Chartered Accountant (M. No.-509349) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
  - k) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e- voting facility.
  - l) The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
  - m) The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company <http://www.avonmercantile.in/> and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and the Calcutta Stock Exchange Association Limited.



## **ANNEXURE - A**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 IN RESPECT OF SPECIAL BUSINESS**

#### **Item No. 4**

As per Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and pursuant to Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a listed company is required to appoint a Woman Director.

Accordingly in terms of Sections 149, 152, 161(1), 184 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, Ms. Rashi Adlakha was appointed as an Additional Director w.e.f. 8<sup>th</sup> February 2018, to hold office till conclusion of this Annual General Meeting. Her term of office shall be liable to determination by retirement of directors by rotation.

Ms. Rashi Adlakha is a Company Secretary and has over 3 years of experience in various fields covering Business Companies Act, 2013, Legal Aspects etc. and is on the Board of several Indian Companies.

The Board feels that presence of Ms. Rashi Adlakha on the Board is desirable and would be beneficial to the Company and hence recommend resolution No. 3 for adoption.

None of the Directors except Ms. Rashi Adlakha, Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution except and to the extent they are member of the Company.

## **ANNEXURE-B**

Details of Directors seeking reappointment in forthcoming Annual General Meeting (in pursuance of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

|  |   |  |
|--|---|--|
| Name of Director   | Mr. Rakesh Kumar Bhatnagar  | Ms. Rashi Adlakha  |
| Date of Birth  | 10 <sup>th</sup> November 1958  | 24 <sup>th</sup> October, 1991                               |
| Date of Appointment as Director  | 6 <sup>th</sup> February 2012   | 8 <sup>th</sup> February, 2018                               |
| Qualification  | Post Graduate diploma in business analytics   | Company Secretary  |
| Expertise in specific functional areas   | Having 41 years of vast experience in Finance, accounting and expertise in fields of Direct and Indirect Taxation etc. the field of finance and accounting. | Have 2 years of experience in secretarial and legal aspects. |
| List of Listed Companies in which directorship held                              | NIL   | IO System Limited  |
| List of Listed Companies in which the membership of Committees of the Board held | NIL   | IO System Limited  |
| Number of Shares held in the Company   | Nil   | Nil  |

# AVON MERCANTILE LIMITED

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## DIRECTORS' REPORT

To,  
The Members  
Avon Mercantile Limited

*The Board of Directors of your Company have pleasure in placing before the Members the 33<sup>rd</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31<sup>st</sup> March 2018.*

### ➤ FINANCIAL HIGHLIGHTS

The financial highlights of the Company during the year under review are as under:

| PARTICULARS  | Rs. (in Lakhs) |         |
|--|----------------|---------|
|  | 2017-18        | 2016-17 |
| Total Income   | 571.93         | 386.20  |
| Less : Total Expenses  | 535.59         | 360.39  |
| Profit / (Loss) before exceptional and extraordinary items and tax | 36.34          | 25.81   |
| Less: Prior Period Expenses  | -              | -       |
| Less : Tax for current year  | 8.25           | 8.02    |
| Less: Income Tax paid for earlier years                            | -              | -       |
| Profit After Tax   | 28.09          | 17.79   |

During the year under review the total revenue of the Company was Rs. 571.93 Lakhs consisting of revenue from operations for Rs. 570.41 Lakhs and other Income for Rs. 1.52 Lakhs as against the total revenue of the Company was Rs. 386.20 Lakhs consisting of revenue from operations for Rs. 364.17 Lakhs and other Income for Rs. 22.03 Lakh during the previous financial year 2016-17. The profit for the year under review is Rs. 28.09 Lakhs as compared to profit of Rs. 17.79 Lakhs during the previous financial year 2016-17.

### ➤ STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

During the year under review, the Company, being a Non-Banking Financial Company, has carried out its main activity of lending funds. The Company intends to continue the same line of business in future as well.

### ➤ CHANGE(S) IN THE NATURE OF BUSINESS

During this period there is no change in business of the Company or in the subsidiaries' business or in the nature of business carried on by them.

➤ **DIVIDEND**

For the purpose of business growth and expansion, the Board of Directors of the Company has not recommended any dividend for the Financial Year ending 31<sup>st</sup> March, 2018.

➤ **TRANSFER TO RESERVES**

During the year under review, the Company has transferred Rs. 5.62 Lakhs to the Reserves Fund from the profits of the Company in accordance with the provisions of Section 45-IC of the Reserve Bank of India Act, 1934.

➤ **CHANGES IN SHARE CAPITAL**

During the year under review, there was no change in the Authorized and paid up share capital of the Company.

➤ **EXTRACT OF ANNUAL RETURN**

Pursuant to the provisions of section 92 of the Companies Act, 2013 (“Act”) and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 the extract of Annual return in Form No. MGT-9 is annexed herewith as ANNEXURE-I and forms part of this report.

➤ **NUMBER OF BOARD MEETINGS**

During the year under review, four meetings of the Board were held on 25/05/2017, 14/08/2017, 13/11/2017 and 08/02/2018 respectively.

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

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

➤ **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

During the year under review, the Company has not entered into any contract or arrangement with related parties under section 188 of the Act. The form AOC-2 is enclosed to this Report as ANNEXURE – II.

➤ **MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There is no material change and commitment affecting the financial position of the Company between the end of the Financial Year of the Company to which financial statements relate and the date of report.

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

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed herewith as ANNEXURE-III and forms part of this report.

➤ **SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES**

During the year under review, no company has become or ceased to be its Subsidiary, Joint Venture or Associate Company.

➤ **INTER-SE TRANSFER OF PROMOTERS' SHAREHOLDING**

During the year under review, there was no change in inter-se transfer of shares between Promoter Group.

➤ **RISK MANAGEMENT POLICY**

The Company believes that managing risks goes hand-in-hand with maximum returns. To this effect, there is a robust process in place to identify key risks and prioritise the relevant action plans to mitigate these risks. Risk management framework is reviewed periodically like review of compliance and regulatory matters by the Board Members.

➤ **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The Board of your Company is duly constituted with proper balance of Non-Executive Directors (including Woman Director) and Independent Directors. During the year under review, there was no change in the composition of the Board of Directors of the Company.

i) **RE-APPOINTMENT OF RETIRING DIRECTOR**

Mr. Rakesh Kumar Bhatnagar (DIN: 02922258) is liable to retire by rotation and, being eligible, offers himself for re-appointment. The Directors recommend Mr. Rakesh Kumar Bhatnagar for re-appointment.

His brief resume and other details are furnished in the Notice for the Annual General Meeting as ANNEXURE – A.

ii) **INDEPENDENT DIRECTORS**

The members in the Annual General Meeting of the Company held on 30<sup>th</sup> September 2014 had approved the appointments of Mr. Ramesh Chandra Agarwal (DIN: 00037477) and Mr. Satish Kumar Gupta (DIN: 00030841) as Independent Directors to hold office for 5 consecutive

years w.e.f. 30<sup>th</sup> September 2014, who are not liable to retire by rotation.

Pursuant to Section 134(3)(d) read with Section 149(7) of the Companies Act, 2013, both the Independent Directors have given declarations for the Financial Year 2018-19 that they meet the criteria of independence as laid down under Section 149(6) the Act and Regulation 16(1)(b) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has a policy to induct its Independent Directors upon their appointment to attend the orientation programme conducted by the Company so as to familiarize them with the Company's policies, strategies, plans, etc.

Further the Board advises and ensures that its Independent Directors attend programmes/seminars conducted by various organizations on the matters relating to finance, taxation, corporate governance, etc. so that they keep themselves updated with the various developments in the corporate/ legal world.

iii) Woman Director

Pursuant to the provisions of Sections 149, 152, 161(1), 184 and any other applicable provisions of the Companies Act, 2013 and rules made there under, Ms. Rashi Adlakha, who was appointed as an Additional Director of the Company w.e.f. 8<sup>th</sup> February 2018 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of the Director of the Company, be and is hereby elected and appointed as Non-Executive Director, whose period of office shall be liable to determination by retirement of directors by rotation.

The brief resume and details of Directors who are to be appointed / re-appointed are furnished in the Notice for the Annual General Meeting as **ANNEXURE-B**.

iv) Changes in the composition of the Board of Directors / Key Managerial Personnel.

As required under the provisions of Section 134(q) read with Rule 8(5)(iii) of the Companies (Accounts) Rules, 2014, the details of Directors or Key Managerial Personnel who were appointed or have resigned during the year under review are as follows:

| Sr. No. | Name of Director/Key Managerial Person | Designation                            | Date of Appointment | Date of Resignation |
|---------|--|--|---------------------|---------------------|
| 1.      | Mr. Vikas Kapoor                       | Non-Executive Non Independent Director | 22/04/2013          | 30/11/2017          |
| 2.      | Ms. Gunjan Arora                       | Non-Executive Non Independent Director | 25/03/2015          | 30/11/2017          |

|    |                     |  |            |            |
|----|---------------------|--|------------|------------|
| 3. | Mr. Rajesh Kumar    | Chief Financial Officer                | 01/09/2015 | 30/11/2017 |
| 4. | Ms. Jyoti Manchanda | Company Secretary & Compliance Officer | 30/04/2016 | 30/11/2017 |
| 5. | Ms. Rashi Adlakha   | Non-Executive Non Independent Director | 08/02/2018 | -          |
| 6. | Mr. Pranjul Gupta   | Company Secretary & Compliance Officer | 13/04/2018 | -          |

➤ **STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149**

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

➤ **STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act, SEBI Listing Regulations and the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc. In a separate meeting of independent directors, performance of non-independent directors, the Chairman of the Company and the board as a whole was evaluated, taking into account the views of executive directors and non-executive directors. The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In the board meeting that followed the meeting of the independent directors and meeting of Nomination and Remuneration Committee, the performance of the board, its committees, and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

The performance of all the directors during the year was satisfactory and towards the growth prospects.

Personnel relations with all employees remained cordial and harmonious throughout the year. Your Directors wish to place on record their sincere appreciation for the devoted services of all employees of the Company.

➤ **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

During the year under review, no significant order has been passed by any regulators or courts or tribunals.

➤ **ADEQUACY OF INTERNAL FINANCIAL CONTROL**

The Company maintains appropriate systems of internal control and monitoring procedures to ensure that all assets are safeguarded against loss from unauthorized use or disposition. It provides for adequate checks and balances and is meant to ensure that all transactions are authorized, recorded and reported correctly. The Internal financial controls with reference to the Financial Statements are adequate commensurate with the size and nature of its business.

The Board had appointed M/s RBAS & Associates, Chartered Accountants, as Internal Auditor of the Company for the Financial Year 2017-18. The Internal Audit Report along with observations and recommendations contained therein was placed before the Audit Committee in its meeting held on 30-5-2018 and was taken note of.

➤ **DISCLOSURE ON EMPLOYEE STOCK OPTION/PURCHASE SCHEME**

The Company has not provided any Employee Stock Option Scheme or Purchase Scheme to the employees.

➤ **DEPOSITS**

During the year under review, your Company has not accepted any deposits from the public and as such no amount of principal or interest thereon was outstanding as on 31<sup>st</sup> March 2018.



➤ **PARTICULARS OF EMPLOYEES**

In terms of Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, table containing the names and other particulars of employees is appended in **ANNEXURE - IV**.

Further, in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no employee

- a) employed throughout the financial year was in receipt of remuneration of Rs. 60 lakh or more, or
- b) employed for part of the year and was in receipt of Rs. 5 lakh or more per month, and
- c) was in receipt of remuneration in excess of that drawn by the manager and holds by himself / herself or along with his / her spouse and dependent children, not less than two percent of the equity shares of the company.

➤ **CORPORATE SOCIAL RESPONSIBILITY**

The provisions contained in Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014 are not applicable to the Company.

➤ **AUDITORS AND AUDITORS' REPORT**

M/s. Gupta Garg & Agarwal, Chartered Accountants were appointed as Statutory Auditors of your Company at the Annual General Meeting held on 29th September, 2015 for a term of five consecutive years, subject to ratification by the members of the Company at every Annual General Meeting. However, vide notification dated 7th May 2018; the Ministry of Corporate Affairs has done away with the requirement of seeking ratification of members for appointment of auditors at every Annual General Meeting. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the 9th Annual General Meeting.

The Auditors Report given by the Auditors on the financial statements of the Company is part of the Annual Report. The Auditors' Report does not contain any qualification, reservation or adverse remark or disclaimer. There was no fraud reported by Auditors under section 143(12) of the Companies Act, 2013.

➤ **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts for the Financial Year 2016-17, the applicable accounting standards had been followed along with proper explanation relating to

material departures;

- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March 2017 and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

➤ **COST AUDITORS**

Pursuant to Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Amendment Rules, 2014, there is no requirement to appoint a cost auditor for the company.

➤ **SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013, read with Rule 9 of the Companies (Appointment and Remuneration) Rules, 2014, the Board had appointed M/s. K Rakesh & Co., Company Secretaries in Practice (C.P No 14700) to undertake the Secretarial Audit of the Company for the financial year 2017-18 and the report is annexed as **ANNEXURE-V** to this report.

➤ **AUDIT COMMITTEE**

The details pertaining to composition of Audit Committee and its terms of reference in accordance with Sections 134(3) and 177(4) of the Act respectively are included in the Corporate Governance Report, which forms part of this report.

There are no instances of the Board not accepting the recommendations of the Audit Committee during the Financial Year 2017-18.

## ➤ **NOMINATION AND REMUNERATION COMMITTEE**

The details pertaining to composition of Nomination and Remuneration Committee and the Company's policy on Directors, Key Managerial Personnel and other Employees' appointment and remuneration and other matters provided in Section 178(3) and (4) of the Act have been disclosed in the Corporate Governance Report, which forms part of this report.

## ➤ **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The details pertaining to composition of Stakeholders Relationship Committee in accordance with Section 178(5) of the Act are included in the Corporate Governance Report, which forms part of this report.

## ➤ **BOARD EVALUATION**

Pursuant to Section 134(q) of the Companies Act, 2013, read with Rule 8(4) of the Companies (Accounts) Rules, 2014 and Regulation 17(10) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out a formal annual evaluation of its own performance, performance of the Individual Directors (including Independent Directors) as well as the evaluation of the working of its Committees.

The Nomination and Remuneration Committee has in terms of Section 178(2) and (3) of the Companies Act, 2013 and relevant regulations of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors. The nomination and remuneration policy, inter alia, giving details about the policy on directors' appointment and remuneration including the criteria for determining qualifications, positive attributes, independence and other details are included in nomination and remuneration policy, the details of which are given in the Corporate Governance Report, which forms part of this Report.

## ➤ **CORPORATE GOVERNANCE & COMPLIANCE CERTIFICATE**

The Company is committed to follow the standards of good Corporate Governance. As required under Regulation 34(3) read with Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed report on Corporate Governance is annexed as **ANNEXURE – VI(a)** and forms integral part of this report.

Further the Company has received a certificate from M/s. K Rakesh & Co, Company Secretaries in Practice (C.P. No. 14700) regarding compliance with Corporate Governance norms as stipulated in Part C of Schedule V of the Listing Regulations for the financial year ended 31<sup>st</sup> March, 2018. The certificate confirming compliance of the conditions of Corporate Governance is annexed as **ANNEXURE – VI(b)** and form integral part of this report.

➤ **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

As required under Schedule V(B) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report is presented in the separate section and is marked as **ANNEXURE - VII** and forms an integral part of this report.

➤ **VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, read with Rule 7 of the Companies (Meetings of Board and its powers), Rules 2014 and Schedule V(B) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a Vigil Mechanism to report genuine concerns about actual or suspected frauds, unethical behavior etc. and the same has been posted on the official website of the Company.

➤ **DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT 2013**

During the Period no cases has been reported under Sexual Harassment of Women at Workplace.

➤ **LISTING AT STOCK EXCHANGE(s)**

The Company continues to be listed at the Bombay Stock Exchange Ltd and Calcutta Stock Exchange Association Ltd.

➤ **ACKNOWLEDGEMENT**

Your Directors wish to place on record their sincere thanks and appreciation for the co-operation and help provided by State Government and the Bankers to the Company.

Your Directors also acknowledge the continued trust and confidence that Shareholders have placed in the Company.

By Order of the Board  
For Avon Mercantile Limited

Place : Noida  
Date : 14<sup>th</sup> August, 2018

|                          |                    |
|--------------------------|--------------------|
| Sd/-                     | Sd/-               |
| (Rakesh Kumar Bhatnagar) | (Rashi Adlakha)    |
| Director                 | Director           |
| DIN No. : 02922258       | DIN No. : 07742051 |

**Annexure-I****Form No. MGT-9  
EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31<sup>st</sup> March 2018***[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]***1. REGISTRATION AND OTHER DETAILS:**

|      |   |  |
|------|---|--|
| i.   | CIN   | L17118UP1985PLC026582  |
| ii.  | Registration Date   | 21.01.1985   |
| iii. | Name of the Company   | Avon Mercantile Limited  |
| iv.  | Category/Sub-Category of the Company                                      | Company Limited by shares / Non-Government Company   |
| v.   | Address of the Registered office and contact details                      | S Global Knowledge Park, 19A & 19B, Sector-125, Noida – 201301   |
| vi.  | Whether listed company  | Yes  |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | MCS Share Transfer Agent Limited F-65, 1 <sup>st</sup> Floor, Okhla Industrial Area, Phase-I, New Delhi -1100 20<br>Ph:- 011-41406149<br>Fax:- 011-4170 9881<br>Email: <a href="mailto:helpdeskdelhi@mcsregistrars.com">helpdeskdelhi@mcsregistrars.com</a><br>Website:www.mcsregistrars.com |

**2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

| Sr. No. | Name and Description of main products/ services | NIC Code of the Product/service | % to total turnover of the company |
|---------|---|---------------------------------|------------------------------------|
| 1       | Financial Services                              | 99711                           | 99.73%                             |

**3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

| Sr. No. | Name And Address of the company | CIN/GLN | Holding / Subsidiary /Associate | % of shares held | Applicable Section |
|---------|---------------------------------|---------|---------------------------------|------------------|--------------------|
| NIL     |                                 |         |                                 |                  |                    |

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

i. *Category-wise Share Holding*

| Category of Shareholders   | No. of Shares held at the beginning of the year |                  |                  |                   | No. of Shares held at the end of the year |                  |                  |                   | % Change during the year |
|--|---|------------------|------------------|-------------------|---|------------------|------------------|-------------------|--------------------------|
|  | Demat   | Physical         | Total            | % of Total Shares | Demat                                     | Physical         | Total            | % of Total Shares |                          |
| <b>A. Promoter</b>   |   |                  |                  |                   |   |                  |                  |                   |                          |
| <b>1) Indian</b>   |   |                  |                  |                   |   |                  |                  |                   |                          |
| a) Individual/ HUF   | 0   | 70               | 70               | 0                 | 0   | 70               | 70               | 0                 | 0                        |
| b) Central Govt.   | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| c) State Govt.(s)  | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| d) Bodies Corp   | 0   | 19,60,000        | 19,60,000        | 26.21             | 0   | 19,60,000        | 19,60,000        | 26.21             | 0                        |
| e) Banks / FI  | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| f) Any Other   | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| <b>Sub-total(A)(1):-</b>   | <b>0</b>  | <b>19,60,070</b> | <b>19,60,070</b> | <b>26.21</b>      | <b>0</b>                                  | <b>19,60,070</b> | <b>19,60,070</b> | <b>26.21</b>      | <b>0</b>                 |
| <b>2) Foreign</b>  |   |                  |                  |                   |   |                  |                  |                   |                          |
| a) NRIs-Individuals  | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| b) Other-Individuals   | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| c) Bodies Corp.  | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| d) Banks / FI  | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| e) Any Other....   | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| <b>Sub-total(A)(2):-</b>   | <b>0</b>  | <b>0</b>         | <b>0</b>         | <b>0</b>          | <b>0</b>                                  | <b>0</b>         | <b>0</b>         | <b>0</b>          | <b>0</b>                 |
| <b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1) + (A)(2)</b> | <b>0</b>  | <b>19,60,070</b> | <b>19,60,070</b> | <b>26.21</b>      | <b>0</b>                                  | <b>19,60,070</b> | <b>19,60,070</b> | <b>26.21</b>      | <b>0</b>                 |
| <b>B. Public Shareholding</b>  |   |                  |                  |                   |   |                  |                  |                   |                          |
| <b>1. Institutions</b>   |   |                  |                  |                   |   |                  |                  |                   |                          |
| a) Mutual Funds  | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| b) Banks / FI  | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| c) Central Govt  | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| d) State Govt(s)   | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| e) Venture Capital Funds   | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| f) Insurance Companies   | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| g) FIs   | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| h) Foreign Venture Capital Funds   | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| i) Others (specify)  | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| <b>Sub-total(B)(1)</b>   | <b>0</b>  | <b>0</b>         | <b>0</b>         | <b>0</b>          | <b>0</b>                                  | <b>0</b>         | <b>0</b>         | <b>0</b>          | <b>0</b>                 |
| <b>2. Non Institutions</b>   |   |                  |                  |                   |   |                  |                  |                   |                          |
| a) Bodies Corp.  |   |                  |                  |                   |   |                  |                  |                   |                          |
| (i) Indian   | 0   | 49,81,260        | 49,81,260        | 66.62             | 0   | 49,81,260        | 49,81,260        | 66.62             | 0                        |
| (ii) Overseas  | 0   | 0                | 0                | 0                 | 0   | 0                | 0                | 0                 | 0                        |
| b) Individuals   |   |                  |                  |                   |   |                  |                  |                   |                          |

|   |          |                  |                  |              |          |                  |                  |              |          |
|---|----------|------------------|------------------|--------------|----------|------------------|------------------|--------------|----------|
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh          | 0        | 4,51,060         | 4,51,060         | 6.03         | 0        | 4,51,060         | 4,51,060         | 6.03         | 0        |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 0        | 85,000           | 85,000           | 1.14         | 0        | 85,000           | 85,000           | 1.14         | 0        |
| c) Others(Specify)  | 0        | 0                | 0                | 0            | 0        | 0                | 0                | 0            | 0        |
| <b>Sub-total(B)(2)</b>  | <b>0</b> | <b>55,17,320</b> | <b>55,17,320</b> | <b>73.79</b> | <b>0</b> | <b>55,17,320</b> | <b>55,17,320</b> | <b>73.79</b> | <b>0</b> |
| <b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>                               | <b>0</b> | <b>55,17,320</b> | <b>55,17,320</b> | <b>73.79</b> | <b>0</b> | <b>55,17,320</b> | <b>55,17,320</b> | <b>73.79</b> | <b>0</b> |
| C. Shares held by Custodian for GDRs & ADRs                                       | 0        | 0                | 0                | 0            | 0        | 0                | 0                | 0            | 0        |
| <b>Grand Total (A+B+C)</b>  | <b>0</b> | <b>74,77,390</b> | <b>74,77,390</b> | <b>73.79</b> | <b>0</b> | <b>74,77,390</b> | <b>74,77,390</b> | <b>73.79</b> | <b>0</b> |

ii. Shareholding of Promoters

| Sr. No | Shareholder's Name            | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in shareholding during the year |
|--------|-------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
|        |                               | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |  |
| 1      | Smart Entertainment Pvt. Ltd. | 7,38,500                                  | 9.88                             | 0  | 14,70,750                           | 19.67                            | 0  | 0  |
| 2      | Oasis Cineplex Pvt. Ltd.      | 4,89,250                                  | 6.54                             | 0  | 4,89,250                            | 6.54                             | 0  | 0  |
| 3      | Bir Bahadur Mishra            | 10  | 0.00                             | 0  | 10                                  | 0.00                             | 0  | 0  |
| 4      | Haridas Nambiar               | 10  | 0.00                             | 0  | 10                                  | 0.00                             | 0  | 0  |
| 5      | Deepak Chakrawarti            | 10  | 0.00                             | 0  | 10                                  | 0.00                             | 0  | 0  |
| 6      | Azad Singh                    | 10  | 0.00                             | 0  | 10                                  | 0.00                             | 0  | 0  |
| 7      | L N Maheshwari                | 10  | 0.00                             | 0  | 10                                  | 0.00                             | 0  | 0  |
| 8      | Sudhir Kumar                  | 10  | 0.00                             | 0  | 10                                  | 0.00                             | 0  | 0  |
| 9      | Ashok Kumar                   | 10  | 0.00                             | 0  | 10                                  | 0.00                             | 0  | 0  |
|        | <b>Total</b>                  | <b>19,60,070</b>                          | <b>26.21</b>                     | <b>0</b>   | <b>19,60,070</b>                    | <b>26.21</b>                     | <b>0</b>   | <b>0</b>                                 |

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

| Sr. no | PARTICULARS                   | Shareholding  |                                  | Cumulative Shareholding |                      |
|--------|-------------------------------|---------------|----------------------------------|-------------------------|----------------------|
|        |                               | No. of shares | % of total shares of the company | No. of shares           | % of total shares of |
| 1      | Smart Entertainment Pvt. Ltd. |               |                                  |                         |                      |
|        | At the beginning of the year  | 14,70,750     | 19.67                            | 14,70,750               | 19.67                |
|        | At the end of the year        | 14,70,750     | 19.67                            | 14,70,750               | 19.67                |
| 2      | Oasis Cineplex Pvt. Ltd.      |               |                                  |                         |                      |
|        | At the beginning of the year  | 4,89,250      | 6.54                             | 4,89,250                | 6.54                 |
|        | At the end of the year        | 4,89,250      | 6.54                             | 4,89,250                | 6.54                 |

|   |                              |    |      |    |      |
|---|------------------------------|----|------|----|------|
| 3 | Bir Bahadur Mishra           |    |      |    |      |
|   | At the beginning of the year | 10 | 0.00 | 10 | 0.00 |
| 4 | Haridas Nambiar              |    |      |    |      |
|   | At the beginning of the year | 10 | 0.00 | 10 | 0.00 |
| 5 | Deepak Chakrawarti           |    |      |    |      |
|   | At the beginning of the year | 10 | 0.00 | 10 | 0.00 |
| 6 | Azad Singh                   |    |      |    |      |
|   | At the beginning of the year | 10 | 0.00 | 10 | 0.00 |
| 7 | L N Maheshwari               |    |      |    |      |
|   | At the beginning of the year | 10 | 0.00 | 10 | 0.00 |
| 8 | Sudhir Kumar                 |    |      |    |      |
|   | At the beginning of the year | 10 | 0.00 | 10 | 0.00 |
| 9 | Ashok Kumar                  |    |      |    |      |
|   | At the beginning of the year | 10 | 0.00 | 10 | 0.00 |

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

| Sl. No. | Particulars of Each of the Top 10 Shareholders | Date       | Reason of change             | Shareholding  |                                  | Cumulative Shareholding |                                  |
|---------|--|------------|------------------------------|---------------|----------------------------------|-------------------------|----------------------------------|
|         |  |            |                              | No. of shares | % of total shares of the company | No. of shares           | % of total shares of the company |
| 1       | LCC Infotech Limited                           | 01.04.2017 | At the beginning of the year | 494500        | 6.61                             | 494500                  | 6.61                             |
|         |  | -          | Change during the Year       | -             | -                                | -                       | -                                |
|         |  | 31.03.2018 | At the End of the year       | 494500        | 6.61                             | 494500                  | 6.61                             |
| 2       | Blue Chip India Limited                        | 01.04.2017 | At the beginning of the year | 292500        | 3.91                             | 292500                  | 3.91                             |
|         |  | -          | Change during the Year       | -             | -                                | -                       | -                                |
|         |  | 31.03.2018 | At the End of the year       | 292500        | 3.91                             | 292500                  | 3.91                             |
| 3       | Benzer Agencies Limited                        | 01.04.2017 | At the beginning of the year | 403750        | 5.40                             | 403750                  | 5.40                             |
|         |  | -          | Change during the Year       | -             | -                                | -                       | -                                |
|         |  | 31.03.2018 | At the End of the year       | 403750        | 5.40                             | 403750                  | 5.40                             |
| 4       | ATN International Limited                      | 01.04.2017 | At the beginning of the year | 213250        | 2.85                             | 213250                  | 2.85                             |
|         |  | -          | Change during the Year       | -             | -                                | -                       | -                                |
|         |  | 31.03.2018 | At the End of the year       | 213250        | 2.85                             | 213250                  | 2.85                             |
| 5       | Precision Papers Industries Limited            | 01.04.2017 | At the beginning of the year | 87500         | 1.17                             | 87500                   | 1.17                             |
|         |  | -          | Change during the Year       | -             | -                                | -                       | -                                |
|         |  | 31.03.2018 | At the End of the year       | 87500         | 1.17                             | 87500                   | 1.17                             |
| 6       | Silicon Valley Infotech Limited                | 01.04.2017 | At the beginning of the year | 80750         | 1.08                             | 80750                   | 1.08                             |
|         |  | -          | Change during the Year       | -             | -                                | -                       | -                                |
|         |  | 31.03.2018 | At the End of the year       | 80750         | 1.08                             | 80750                   | 1.08                             |
| 7       | Orbital Contractors & Financiers Pvt Ltd       | 01.04.2017 | At the beginning of the year | 70000         | 0.93                             | 70000                   | 0.93                             |
|         |  | -          | Change during the Year       | -             | -                                | -                       | -                                |
|         |  | 31.03.2018 | At the End of the year       | 70000         | 0.93                             | 70000                   | 0.93                             |
| 8       | Atma Sales Pvt Ltd                             | 01.04.2017 | At the beginning of the year | 60000         | 0.80                             | 60000                   | 0.80                             |
|         |  | -          | Change during the Year       | -             | -                                | -                       | -                                |
|         |  | 31.03.2018 | At the End of the year       | 60000         | 0.80                             | 60000                   | 0.80                             |
| 9       | Gainwell Commodities Pvt Ltd                   | 01.04.2017 | At the beginning of the year | 57500         | 0.77                             | 57500                   | 0.77                             |
|         |  | -          | Change during the Year       | -             | -                                | -                       | -                                |



|    |                            |            |                              |       |      |       |      |
|----|----------------------------|------------|------------------------------|-------|------|-------|------|
|    |                            | 31.03.2018 | At the End of the year       | 57500 | 0.77 | 57500 | 0.77 |
| 10 | Apex Enterprises India Ltd | 01.04.2017 | At the beginning of the year | 55000 | 0.73 | 55000 | 0.73 |
|    |                            | -          | Change during the Year       | -     | -    | -     | -    |
|    |                            | 31.03.2018 | At the End of the year       | 55000 | 0.73 | 55000 | 0.73 |

v. Shareholding of Directors and Key Managerial Personnel:

| Sr. No | For each of the Directors and KMP                               | Shareholding  |                                  | Cumulative Shareholding |                                  |
|--------|---|---------------|----------------------------------|-------------------------|----------------------------------|
|        |   | No. of shares | % of total shares of the company | No. of shares           | % of total shares of the company |
| 1.     | Mr. Vikas Kapoor (Director)<br>(Upto 30.11.2017)                | NIL           | NIL                              | NIL                     | NIL                              |
| 2.     | Mr. Ramesh Chandra Agarwal (Independent Director)               | NIL           | NIL                              | NIL                     | NIL                              |
| 3.     | Mr. Satish Kumar Gupta (Independent Director)                   | NIL           | NIL                              | NIL                     | NIL                              |
| 4.     | Mr. Rakesh Kumar Bhatnagar (Director)                           | NIL           | NIL                              | NIL                     | NIL                              |
| 5.     | Ms. Gunjan Arora (Director)<br>(Upto 30.11.2017)                | NIL           | NIL                              | NIL                     | NIL                              |
| 6.     | Ms. Rashi Adlakha (Director)<br>(w.e.f. 08.02.2018)             |               |                                  |                         |                                  |
| 7.     | Mr. Rajesh Kumar (Chief Financial Officer)<br>(Upto 30.11.2017) | NIL           | NIL                              | NIL                     | NIL                              |
| 8.     | Mr. Jagdutt Kumar Sharma (Manager)                              | NIL           | NIL                              | NIL                     | NIL                              |
| 9.     | Ms. Jyoti Manchanda (Company Secretary)<br>(Upto 30.11.2017)    | NIL           | NIL                              | NIL                     | NIL                              |

5. INDEBTEDNESS

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

| Particulars   | Secured Loans excluding deposits (in Rs.) | Unsecured Loans (in Rs.) | Deposits (in Rs.) | Total Indebtedness (in Rs.) |
|---|---|--------------------------|-------------------|-----------------------------|
| Indebtedness at the beginning of the financial year |   |                          |                   |                             |
| i) Principal Amount                                 | -   | 361,500,000              | -                 | 361,500,000                 |
| ii) Interest due but not paid                       | -   | 1,488,872                | -                 | 1,488,872                   |
| iii) Interest accrued but not due                   | -   | -                        | -                 | -                           |
| Total (i+ii+iii)                                    | -   | 362,988,872              | -                 | 362,988,872                 |
| Change in Indebtedness during the financial year    |   |                          |                   |                             |
| - Addition  | -   | 235,512,000              | -                 | 235,512,000                 |
| - Reduction   | -   | 101,600,000              | -                 | 101,600,000                 |
| Net change  | -   | 133,912,000              | -                 | 133,912,000                 |
| Indebtedness at the beginning of the financial year |   |                          |                   |                             |

|                                   |   |             |   |             |
|-----------------------------------|---|-------------|---|-------------|
| i) Principal Amount               | - | 495,412,000 | - | 495,412,000 |
| ii) Interest due but not paid     | - | 37,652,371  | - | 37,652,371  |
| iii) Interest accrued but not due | - |             | - | -           |
| Total (i+ii+iii)                  | - | 533,064,371 | - | 533,064,371 |

## 6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

| Sl. No. | Particulars of Remuneration   | Name of MD/WTD/ Manager   | Total Amount (in Rs.) |
|---------|---|---|-----------------------|
| 1.      | Gross salary  | Mr. Jagdutt Kumar Sharma<br>(Manager)                                   |                       |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 |   | 14,61,220             |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      |   | NIL                   |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961       |   | NIL                   |
| 2.      | Stock Option  |   | NIL                   |
| 3.      | Sweat Equity  |   | NIL                   |
| 4.      | Commission<br>- as % of profit<br>- others specify                                  | NIL NIL   |                       |
| 5.      | Others – Reimbursement  | 5,92,980  |                       |
| 6.      | Total(A)  | 20,54,200   |                       |
|         | Ceiling as per the Act  | Within the limit prescribed under Schedule V of the Companies Act, 2013 |                       |

### B. Remuneration to other directors:

| Sl. No. | Particulars of Remuneration | Name of Directors             |                           | Total Amount |
|---------|-----------------------------|-------------------------------|---------------------------|--------------|
|         |                             | Mr. Ramesh<br>Chandra Agrawal | Mr. Satish Kumar<br>Gupta |              |

|    |   |   |                          |                          |
|----|---|---|--------------------------|--------------------------|
| 1. | <u>Independent Directors</u><br>-Fee for attending board / committee meetings<br>-Commission<br>-Others, please specify         | Rs. 30,000<br>NIL<br>NIL  | Rs. 30,000<br>NIL<br>NIL | Rs. 60,000<br>NIL<br>NIL |
|    | Total(1)  | Rs. 30,000  | Rs. 30,000               | Rs. 60,000               |
| 2. | <u>Other Non-Executive Directors</u><br>-Fee for attending board / committee meetings<br>-Commission<br>-Others, please specify | NIL<br>NIL<br>NIL   | NIL<br>NIL<br>NIL        | NIL<br>NIL<br>NIL        |
|    | Total(2)  | NIL   | NIL                      | NIL                      |
|    | Total(B)=(1+2)  | Rs. 30,000  | Rs. 30,000               | Rs. 60,000               |
|    | Total Managerial Remuneration   | Rs. 30,000  | Rs. 30,000               | Rs. 60,000               |
|    | Overall Ceiling as per the Act  | Within the limit prescribed under Section 197(4) read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 |                          |                          |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

| Sl. no. | Particulars of Remuneration   | Key Managerial Personnel |                      |                   |               |
|---------|---|--------------------------|----------------------|-------------------|---------------|
|         |   | CEO                      | Company Secretary    | CFO               | Total         |
|         |   | None                     | Ms. Jyoti Manchanda* | Mr. Rajesh Kumar* |               |
| 1.      | Gross salary  |                          |                      |                   |               |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | NIL                      | Rs. 5,31,067         | Rs. 4,51,063      | Rs. 982,130   |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | NIL                      | NIL                  | NIL               | NIL           |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961       | NIL                      | NIL                  | NIL               | NIL           |
| 2.      | Stock Option  | NIL                      | NIL                  | NIL               | NIL           |
| 3.      | Sweat Equity  | NIL                      | NIL                  | NIL               | NIL           |
| 4.      | Commission<br>- as % of profit<br>- others, specify...                              | NIL                      | NIL                  | NIL               | NIL           |
| 5.      | Others- Reimbursement   | NIL                      | 237,504              | Rs. 10,000        | Rs. 247,504   |
|         | Total   | NIL                      | Rs.7,68,571          | Rs. 4,61,063      | Rs. 12,29,634 |

\* For the period from 1<sup>st</sup> April 2017 to 30<sup>th</sup> November 2017.

7. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type                                | Section of the companies Act | Brief description | Details of Penalty/ Punishment / Compounding fees imposed | Authority [RD/NCLT/ Court] | Appeal made, If any (give details) |
|-------------------------------------|------------------------------|-------------------|---|----------------------------|------------------------------------|
| <b>A. Company</b>                   |                              |                   |   |                            |                                    |
| Penalty                             |                              |                   | NIL   |                            |                                    |
| Punishment                          |                              |                   | NIL   |                            |                                    |
| Compounding                         |                              |                   | NIL   |                            |                                    |
| <b>B. Directors</b>                 |                              |                   |   |                            |                                    |
| Penalty                             |                              |                   | NIL   |                            |                                    |
| Punishment                          |                              |                   | NIL   |                            |                                    |
| Compounding                         |                              |                   | NIL   |                            |                                    |
| <b>C. Other Officers In Default</b> |                              |                   |   |                            |                                    |
| Penalty                             |                              |                   | NIL   |                            |                                    |
| Punishment                          |                              |                   | NIL   |                            |                                    |
| Compounding                         |                              |                   | NIL   |                            |                                    |

ANNEXURE-II

Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at Arm's length basis.- None

| SL. No. | Particulars   | Details        |
|---------|---|----------------|
| 1       | Name (s) of the related party & nature of relationship  | Not Applicable |
| 2       | Nature of contracts/arrangements/transaction  |                |
| 3       | Duration of the contracts/arrangements/transaction  |                |
| 4       | Salient terms of the contracts or arrangements or transaction including the value, if any                         |                |
| 5       | Justification for entering into such contracts or arrangements or transactions'                                   |                |
| 6       | Date of approval by the Board   |                |
| 7       | Amount paid as advances, if any   |                |
| 8       | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 |                |

2. Details of contracts or arrangements or transactions at Arm's length basis. - None

| SL. No. | Particulars   | Details        |
|---------|---|----------------|
| 1       | Name (s) of the related party & nature of relationship                                    | Not Applicable |
| 2       | Nature of contracts/arrangements/transaction  |                |
| 3       | Duration of the contracts/arrangements/transaction  |                |
| 4       | Salient terms of the contracts or arrangements or transaction including the value, if any |                |
| 5       | Date of approval by the Board   |                |
| 6       | Amount paid as advances, if any   |                |

ANNEXURE-III

INFORMATION AS PER SECTION 134(3)(m) OF THE ACT READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018:

(A) Conservation of Energy: Since the Company is not engaged in manufacturing activity, this clause is not applicable.

(i) the Steps taken or impact on conservation of energy:

Not Applicable

(ii) the Steps taken by the company for utilizing alternate sources of energy:

Not Applicable

(iii) the capital investment on energy conservation equipments:

Not Applicable

(B) Technology Absorption: Since the Company is not engaged in manufacturing activity, this clause is not applicable.

(i) the efforts made towards technology absorption:

Not Applicable

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution:

Not Applicable

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

Not Applicable

(iv) the expenditure incurred on Research and Development:

Not Applicable

(C) Foreign Exchange Earnings and Outgo:

(in Rs.)

NIL

## ANNEXURE –IV

### Information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year ending 31<sup>st</sup> March, 2018:

Not Applicable as none of the Directors of the Company has received any remuneration from the Company except for sitting fees by the Independent Directors

2. Percentage increase in remuneration of each director, Chief Financial officer, Chief Executive officer, company secretary or manager, if any in the financial year:

| Name of Key Managerial Personnel | Designation             | Remuneration for F/Y ended 31 <sup>st</sup> March 2018 | Remuneration for F/Y ended 31 <sup>st</sup> March 2017 | % increase in remuneration |
|----------------------------------|-------------------------|--|--|----------------------------|
| Mr. Jagdutt Kumar Sharma         | Manager                 | 20,54,200  | 18,96,900  | 7.66%                      |
| Mr. Pranjul Gupta*               | Company Secretary       | -  | 49,744   | NA                         |
| Mr. Rajesh Kumar**               | Chief Financial Officer | 4,61,063   | 4,74,336   | 31.41%                     |
| Ms. Jyoti Manchanda***           | Company Secretary       | 768,571  | 10,96,093  | 3.71%                      |

\*Remuneration paid for the period from 1<sup>st</sup> April 2016 to 29<sup>th</sup> April 2016.

\*\* Resigned as CFO w.e.f.30<sup>th</sup> November 2017. The remuneration paid during the F.Y. 2017-18 was for the period from 1<sup>st</sup> April 2017 to 30<sup>th</sup> November 2017. Therefore the % increase in remuneration has been mentioned proportionally.

\*\*\* Remuneration paid during the financial year 2016-17 for the period from 30<sup>th</sup> April 2016 to 31<sup>st</sup> March 2017 due to appointment on 30<sup>th</sup> April, 2016. Resigned as CS w.e.f. 30<sup>th</sup> November, 2017. The remuneration paid during the F. Y. 2017-18 was for the period from 1<sup>st</sup> April, 2017 till 30<sup>th</sup> November, 2017. Therefore the% increase in remuneration has been mentioned proportionally.

3. Percentage increase in median remuneration of employees in the financial year

Not Applicable since there is no employee except Key Managerial Personnel employed during the financial year 2017-18.

4. The number of permanent employees on the rolls of the company

During the financial year ending 31<sup>st</sup> March, 2018, there was 1 (one) employee (i.e. Key Managerial Personnel) on the role of the Company.

5. The explanation on the relationship between average increase in remuneration and company performance

There was an increase of 32.47% in the total revenue earned by the Company during the F.Y 2017-18 as compared to last F.Y. 2016-17. The percentage increase in remuneration of the Manager and Chief Financial Officer during the F.Y. 2016-17 was 7.66% and 31.40% respectively (i.e. an average increase of 19.53%).

6. Comparison of the remuneration of the key managerial personnel against the performance of the Company:

|   |             |
|---|-------------|
| Aggregate remuneration of Key Managerial Personnel (KMP) in FY 2017-18 (in Rs.) | 32,83,834   |
| Revenue (in Rs.)  | 5,71,93,536 |
| Remuneration of KMPs (as a % of revenue)  | 5.74%       |
| Profit before Tax (in Rs.)  | 36,34,525   |
| Remuneration of KMP (as a % of PBT)   | 90.35       |

7. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Not Applicable as the Company's shares are not frequently traded.

8. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison to percentile increase in remuneration of managerial personnel:

Not Applicable as Company does not have any employee except Key Managerial Personnel.

9. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:

|   | Mr. Jagdutt Kumar Sharma (Manager) | Mr. Rajesh Kumar (CFO) | Ms. Jyoti Manchanda (Company Secretary) |
|---|------------------------------------|------------------------|---|
| Remuneration of Key Managerial Personnel (KMP) in FY 2017-18 (in Rs.) | 20,54,200                          | 4,61,063               | 7,68,571                                |
| Revenue (in Rs.)  | 5,71,93,536                        | 5,71,93,536            | 5,71,93,536                             |
| Remuneration of KMPs (as a % of revenue)                              | 3.59                               | 0.81                   | 1.34                                    |
| Profit before Tax (in Rs.)  | 36,34,525                          | 36,34,525              | 36,34,525                               |
| Remuneration of KMP (as a % of PBT)                                   | 56.52                              | 12.68                  | 21.14                                   |

10. Key parameters of variable component of remuneration availed by directors:

Not Applicable as no remuneration was paid to any of the Director (except for sitting fees to Independent Directors).

11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

Not Applicable as no remuneration was paid to any of the Director (except for sitting fees to Independent Directors).

12. Affirmation that the remuneration is as per the remuneration policy of the Company:

It is hereby affirmed that remuneration was recommended by Nomination and remuneration committee based on the Policy of Remuneration committee.



***K RAKESH & CO.***  
*Company Secretaries*



C-532, Aman Vihar,  
Near Rohini Sector-20,  
Kirari, Delhi-110086  
Phone: 9560522530, 8377954952  
[krakeshandcompany@gmail.com](mailto:krakeshandcompany@gmail.com)

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> 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,**

**Avon Mercantile Limited,**

S Global Knowledge Park,  
19A & 19B, Sector-125, Noida,  
Gautam Buddha Nagar-201301(UP).

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Avon Mercantile Limited (**CIN: L17118UP1985PLC026582**) (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Avon Mercantile Limited 'the Company' for the financial year ended

on 31<sup>st</sup> March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder as applicable;
- (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;

All the Rules, Regulations, Guidelines and Circulars applicable to the Non Banking Financial Companies under The RBI Act, 1934;

- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (**Not applicable as the Company did not issue any security during the financial year under review**);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') : -
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. (**Not applicable as the Company did not issue any security during the financial year under review**);
  - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014.

**(Not applicable as the Company has not granted any option to its employees during the financial year under review);**

- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. **(Not applicable as the Company has not issued any debt security during the financial year under review);**
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client. **(Not applicable as the Company is not registered as Registrar to an issue and share transfer agent during the financial year under review);**
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. **(Not Applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review);**
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **(Not applicable as the Company has not bought back any of its securities during the financial year under review);**

The Company has identified the following laws as specially applicable to the Company;

- i. The Indian Contract Act, 1872;
- ii. The Indian Stamp Act, 1899;
- iii. Negotiable Instrument Act, 1881;
- iv. The Payment of Bonus Act, 1965;

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

- i. Secretarial Standards with regard to meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and Calcutta Stock Exchange Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the Audit Period under review and as per the representation and clarification

provided by the management, I confirm that the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreement etc.

During the Audit Period, the Company has accepted the resignation of the following Directors, Chief Financial Officer and Company Secretary & Compliance Officer:

- Resignation of Mr. Vikas Kapoor (DIN: 03020854) as Director w.e.f. 30<sup>th</sup> November, 2017;
- Resignation of Mrs. Gunjan Arora (DIN: 07134573) as Director w.e.f. 30<sup>th</sup> November, 2017;
- Resignation of Mr. Rajesh Kumar (PAN: AICPK6657P) as Chief Financial Officer w.e.f. 30<sup>th</sup> November, 2017;
- Resignation of Mrs. Jyoti Manchand (PAN: AKPPM5835J) as Company Secretary & Compliance Officer w.e.f. 30<sup>th</sup> November, 2017;

During the Audit Period, Ms. Rashi Adlakha (DIN: 07742051), was appointed as Additional Director in the Board w.e.f. 8<sup>th</sup> February, 2018.

During the year under review M/s Goel Garg & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for a period of five year w.e.f. 1<sup>st</sup> April, 2017 till 31<sup>st</sup> March, 2022.

I further report that compliance of applicable financial laws including Direct and Indirect Tax Laws by the Company has not been reviewed in this Audit since the same has been subject to review by the statutory Auditors and other designated professionals.

I 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 as per the provisions of Companies Act, 2013 and the Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Adequate notice of at least seven days was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I 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.

I further report that during audit period, the Company has not incurred any specific event/ action that can have major bearing on the Company's compliance responsibilities in pursuance of the above referred laws, rules, regulations, guidelines etc..

**For K. Rakesh & Company**

Company Secretaries

Sd/-

(RAKESH KUMAR)

ACS: 32443

C. P.: 14700

Date: 20<sup>th</sup> July, 2018

Place: Noida



To,  
The Members,  
Avon Mercantile Limited,  
S Global Knowledge Park,  
19A & 19B, Sector-125, Noida,  
Gautam Buddha Nagar-201301(UP).

My Secretarial Report of even date, for the financial year 2017-2018 is to be read along with this letter.

### **Management's Responsibility**

1. It is the responsibility of the management of the Company to maintenance Secretarial records, devise proper system to ensure compliance with the provision of all applicable laws and regulations and to ensure that the system are adequate and operate effectively.

### **Auditor's Responsibility**

2. My responsibility is to express an opinion on these secretarial records, standard and procedure followed by the Company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.
4. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

### **Disclaimer**

5. 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.

6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

**For K. Rakesh & Co.**

Company Secretaries

Sd/-

(RAKESH KUMAR)

ACS: 32443

C. P.: 14700

Date: 20<sup>th</sup> July, 2018

Place: Noida

## ANNEXURE – VI(a)

### CORPORATE GOVERNANCE REPORT

In compliance with the Corporate Governance requirements as stipulated in Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company submits the report on the matters mentioned in the said Regulations on Corporate Governance and due compliance report on specific areas wherever applicable for the Financial Year ended 31<sup>st</sup> March, 2018.

#### 1. COMPANY'S PHILOSOPHY

The Company continues to believe in conduct of its high standard of integrity, ethical behavior, respect for laws, fair business and strong and effective audit controls in areas of its operations. Your Company in this pursuit lays great emphasis on transparency, accountability and compliance which guides the Company towards fulfilling the high standards of Corporate Governance consistently.

#### 2. BOARD OF DIRECTORS

##### I. Composition of Board

As on 31<sup>st</sup> March, 2018, the Board consisted of Mr. Ramesh Chandra Agarwal, Mr. Satish Kumar Gupta, Mr. Rakesh Kumar Bhatnagar and Ms. Rashi Adlakha. The Board has a balanced mix of non-executive directors including Woman Director and Independent Directors. 1/3<sup>rd</sup> of the Board Members are Independent Directors.

The Non-Executive Directors do not have any material pecuniary relationship or transaction with the Company during the year 2017-2018.

All the Independent Directors possess the requisite qualifications and are experienced in their own fields. Directors other than Independent Directors are liable to retire by rotation.

##### II. Board Meetings, other Directorship and Attendance of Directors

A total of (4) four Board Meetings were held during the year i.e on 25/05/2017, 14/08/2017, 14/11/2017 and 08/02/2018 respectively.

The gap between any two Meetings never exceeded 120 days.

None of the Directors of the Company is a member of more than ten Committees or a Chairman of more than 5 Committees across all the companies in which he / she is a Director. Necessary disclosures regarding Committee positions in other public companies as at 31<sup>st</sup> March, 2018 have been made by Directors.



The composition of the Board, attendance of Directors at Board meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other public companies as on 31<sup>st</sup> March 2018 are given herein below.

Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships/Memberships of Board committees include only Audit and Shareholders/Investors Grievance Committees.

| Name of Directors                              | Category                           | No. of Position held in other Public Limited Companies |            |              | Attendance at Board Meetings held during the year from 1 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2018 | Attendance at last AGM |
|--|------------------------------------|--|------------|--------------|--|------------------------|
|  |                                    | Board  | Committee  |              |  |                        |
|  |                                    |  | Membership | Chairmanship |  |                        |
| Mr. Vikas Kapoor (Resigned on 30.11.2017)      | Non-Executive                      | 0  | 0          | 0            | 3  | Yes                    |
| Mrs. Gunjan Arora (Resigned on 30.11.2017)     | Non-Executive                      | 0  | 0          | 0            | 3  | Yes                    |
| Mr. Rakesh Kumar Bhatnagar                     | Non-Executive                      | 1  | 0          | 0            | 4  | Yes                    |
| Mr. Ramesh Chandra Agarwal                     | Independent Non-Executive Director | 3  | 5          | 1            | 4  | Yes                    |
| Mr. Satish Kumar Gupta                         | Independent Non-Executive Director | 3  | 4          | 2            | 4  | Yes                    |
| Ms. Rashi Adlakhia (appointed w.e.f. 8.2.2018) | Non-Executive                      | 1  | 0          | 1            | 1  | No                     |

### III. Meeting of Independent Directors

The Independent Directors of the Company had met during the year on 8<sup>th</sup> February, 2018 without the attendance of Non-Independent Directors and members of Management to review:

- A) the performance of Non-Independent Directors and the Board as a whole,
- B) the performance of the Chairman of the Company, taking into account the views of Non-Executive Directors, and
- C) the quality, quantity and timeliness of flow of information between the Company Management and the Board.

### 3. DIRECTORS REMUNERATION

Remuneration / Sitting fees paid to Director (s) during the year is given below:

#### I. Executive Directors

There is no executive director on the Board of Directors of the Company.

#### II. Non-Executive Directors/Independent Directors

The Non-Executive Directors are not paid any remuneration including sitting fees for attending the meetings of the Board of Directors and committees thereof.

However the Independent Directors are paid sitting fees for attending the meetings of the Board of Directors and committees thereof.

The Company does not have any material pecuniary relationship or transactions with its Non-Executive Directors. The details of sitting fees paid and shares held by the Non-Executive Directors / Independent Directors are as under:

| Sr. No. | Names of Director          | Sitting fees (in Rs.) | No. of Shares held |
|---------|----------------------------|-----------------------|--------------------|
| 1.      | Mr. Vikas Kapoor           | 0                     | 0                  |
| 2.      | Ms. Gunjan Arora           | 0                     | 0                  |
| 3.      | Mr. Rakesh Kumar Bhatnagar | 0                     | 0                  |
| 4.      | Mr. Ramesh Chandra Agarwal | 30,000                | 0                  |
| 5.      | Mr. Satish Kumar Gupta     | 30,000                | 0                  |
| 6.      | Ms. Rashi Adlakha          | 0                     | 0                  |

### 4. DIRECTORS SEEKING RE-APPOINTMENT

The required information regarding the details of Directors seeking re-appointment is furnished in the Notice for the Annual General Meeting as Annexure - B.

### 5. COMMITTEE (S) OF THE BOARD

#### I. Audit Committee

Audit Committee monitors & provides an effective supervision of the financial reporting process of the Company with a view to ensure accurate and timely disclosures with the highest level of transparency, integrity and quality.

The functions and scope of the Audit Committee includes review of Company's financial reporting, internal controls, related party transactions, utilization of IPO proceeds, if any, insider trading, disclosure in financial statements, management discussion and analysis, risk mitigation mechanism, appointment of statutory auditor and internal auditor and all other aspects as specified by Regulation 18 of SEBI (LODR) Regulations, 2015.

The Audit Committee is empowered, pursuant to its terms of reference, to:

- a. Investigate any activity within its terms of reference and to seek any information it requires from any employee;
- b. Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The Company's Audit Committee carries out all the functions as mentioned under SEBI (LODR) Regulations, 2015.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- a. Management discussion and analysis of financial condition;
- b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- c. Internal audit report relating to internal control weaknesses;
- d. The appointment, removal and terms of remuneration of the internal auditor and statutory auditor;
- e. The uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital etc.), as part of the quarterly declaration of financial results, wherever applicable,.

The Audit Committee is also apprised on information with regard to related party transactions by presenting the following:

- a. A statement in summary form of transactions with related parties in the ordinary course of business;
- b. Details of material individual transactions with related parties which are not in the normal course of business, if any;
- c. Details of material individual transactions with related parties

### Composition and Meetings of the Audit Committee:

During the year under review, the composition of Audit Committee was as follows:

| S.No | Name                       | Designation |
|------|----------------------------|-------------|
| 1.   | Mr. Ramesh Chandra Agarwal | Chairman    |
| 2.   | Mr. Satish Kumar Gupta     | Member      |
| 3.   | Mr. Rakesh Kumar Bhatnagar | Member      |

The Audit Committee met four times during the year i.e. on 25/05/2017, 14/08/2017, 14/11/2017 and 08/02/2018 respectively.

The details as to the attendance at the Meetings held are as follows:

| Name of Director           | Chairman/Member | Category                           | Attendance at the Meetings held during the year from 1 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2018 |
|----------------------------|-----------------|------------------------------------|--|
| Mr. Ramesh Chandra Agarwal | Chairman        | Non-Executive Independent Director | 4  |
| Mr. Satish Kumar Gupta     | Member          | Non-Executive Independent Director | 4  |
| Mr. Rakesh Kumar Bhatnagar | Member          | Non-Executive Director             | 4  |

Mr. Ramesh Chandra Agrawal, Chairman of Audit Committee, was present at the last Annual General Meeting of the Company which was held on 30<sup>th</sup> September, 2017.

### II. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in

senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

- e. All other aspects as specified under the SEBI (LODR) Regulations, 2015.

### **Appointment criteria**

The criteria for the appointment of directors, KMPs and senior management are as follows:

1. The committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director, KMP or senior management level and recommend to the Board his/ her appointment.
2. A person to be appointed as director, KMP or in senior management should possess adequate qualification, expertise and experience for the position he/she is considered for appointment to. The committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. A person, to be appointed as director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth, and complementary skills in relation to the other Board members.
4. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a director in any company, with the permission of the Board of the Company.

### **Remuneration Policy:**

The Committee reviews and recommends the remuneration and performance linked bonuses to Key Managerial Personnel and other employees of the Company and also evaluates their performance based on the overall performance and financial results of the Company and on the assessment of the personal contribution and achievements of the individuals. The remuneration policy is in agreement with the existing industry practice.

Increments to the existing remuneration of Key Managerial Personnel and other employees of the Company are recommended by the committee to the Board.

Evaluation Criteria of the Board by the Committee:

- The Board's functioning was evaluated on various aspects, including degree of fulfillment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board's processes, information and functioning.

The Directors were evaluated on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/support to the management outside Board/ Committee Meetings.

In addition, the Chairman was also evaluated on key aspects of his role, including setting-up the strategic agenda of the Board, encouraging active engagement by all Board members.

- The areas on which the Committees of the Board were assessed included degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.
- In terms of Schedule IV of the Companies Act, 2013, the performance of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated.

The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Board as a whole.

#### **Composition of the Nomination and Remuneration Committee:**

During the year under review, the composition of Nomination and Remuneration Committee was as follows:

| <b>Sr. No.</b> | <b>Name</b>                | <b>Designation</b> |
|----------------|----------------------------|--------------------|
| 1.             | Mr. Satish Kumar Gupta     | Chairman           |
| 2.             | Mr. Ramesh Chandra Agarwal | Member             |
| 3.             | Mr. Rakesh Kumar Bhatnagar | Member             |

The Nomination and Remuneration Committee met once during the year i.e. on 14<sup>th</sup> November 2017.

The details as to the attendance at the Meetings held are as follows:

| Name of Director           | Chairman/<br>Member | Category                           | Attendance at the Meetings held during the year from 1 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2018 |
|----------------------------|---------------------|------------------------------------|--|
| Mr. Satish Kumar Gupta     | Chairman            | Non-Executive Independent Director | 1  |
| Mr. Ramesh Chandra Agarwal | Member              | Non-Executive Independent Director | 1  |

|                            |        |                        |   |
|----------------------------|--------|------------------------|---|
| Mr. Rakesh Kumar Bhatnagar | Member | Non-Executive Director | 1 |
|----------------------------|--------|------------------------|---|

Mr. Satish Kumar Gupta, Chairman of Nomination and Remuneration Committee, was present at the last Annual General Meeting of the Company which was held on 30<sup>th</sup> September, 2017.

### III. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee is responsible for:

- Redressal of Shareholders' grievances in general and relating to non-receipt of dividends, interest, non-receipt of balance sheet, approval of the share transfers, transmissions, transpositions and issue of duplicate share certificates;
- specifically look into the redressal of grievances of shareholders of the Company; and
- such other matters as may, from time to time, be required by any statutory, contractual or other regulatory requirements to be attended by such Committee.
- All other aspects as specified under the SEBI (LODR) Regulations, 2015.

#### Composition of the Stakeholders Relationship Committee:

During the period from 1st April, 2017 till 30th November, 2017, the composition of the Stakeholders' Relationship Committee was as follows:

| Sr. No. | Name                       | Designation |
|---------|----------------------------|-------------|
| 1.      | Mr. Vikas Kapoor           | Chairman    |
| 2.      | Mr. Satish Kumar Gupta     | Member      |
| 3.      | Mr. Ramesh Chandra Agarwal | Member      |

On 8<sup>th</sup> February, 2018, the Board reconstituted the committee in accordance with relevant provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The composition of the reconstituted committee is as follows :-

| Sr. No. | Name                       | Designation |
|---------|----------------------------|-------------|
| 1.      | Ms. Rashi Adlakha          | Chairman    |
| 2.      | Mr. Satish Kumar Gupta     | Member      |
| 3.      | Mr. Ramesh Chandra Agarwal | Member      |

The Stakeholders Relationship Committee met once during the year i.e. on 8<sup>th</sup> February 2018.

The details as to the attendance at the Meetings held are as follows:

| Name of Director           | Chairman/Member | Category                           | Attendance at the Meetings held during the year from 1 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2017 |
|----------------------------|-----------------|------------------------------------|--|
| Ms. Rashi Adlakha          | Chairman        | Non-Executive Director             | 1  |
| Mr. Satish Kumar Gupta     | Member          | Non-Executive Independent Director | 1  |
| Mr. Ramesh Chandra Agarwal | Member          | Non-Executive Independent Director | 1  |

The details of the investors' compliant / grievance received by the Company during the Financial Year 2017-18 are mentioned below:

|  |     |
|--|-----|
| No. of complaints pending at the beginning of the year | NIL |
| No. of complaints received during the year             | NIL |
| No. of complaints resolved during the year             | NIL |
| No. of complaints pending as at the end of the year    | NIL |

No complaint was received from the shareholders during the year ended 31<sup>st</sup> March 2018.

Mr. Vikas Kapoor, Chairman of Stakeholders' Relationship Committee, was present at the last Annual General Meeting of the Company which was held on 30<sup>th</sup> September, 2017.

## 6. GENERAL BODY MEETINGS

### I. General Meeting

#### (a) Annual General Meeting:

The Location, date and time of General Meeting held during the last three years are given below

| Period / Year | Location   | Date                             | Time       |
|---------------|--|----------------------------------|------------|
| 2017          | S Global Knowledge Park, 19A & 19B, Sector-125, Noida, UP - 201301 | 30 <sup>th</sup> September, 2017 | 10.00 A.M. |
| 2016          | S Global Knowledge Park, 19A & 19B, Sector-125, Noida, UP - 201301 | 30 <sup>th</sup> September, 2016 | 10.00 A.M. |



|      |   |                                  |           |
|------|---|----------------------------------|-----------|
| 2015 | S Global Knowledge Park, 19A & 19B,<br>Sector-125, Noida, UP - 201301 | 30 <sup>th</sup> September, 2015 | 10.00 A.M |
|------|---|----------------------------------|-----------|

(b) Extraordinary General Meeting

No Extraordinary General Meeting of the Members was held during the year 2017-18.

II. Postal Ballot: No Postal Ballot was conducted during the year 2017-18.

III. Special Resolutions

The details of Special resolutions passed by the Shareholders during the last three Annual General Meetings are as follows:

| Date of AGM                      | Whether any Special Resolution was passed | Particulars                           |
|----------------------------------|---|---------------------------------------|
| 30 <sup>th</sup> September, 2017 | No  | No Special resolution has been passed |
| 30 <sup>th</sup> September, 2016 | No  | No Special resolution has been passed |
| 30 <sup>th</sup> September, 2015 | No  | No Special resolution has been passed |

6. SUBSIDIARY

During the year under review, the Company has no subsidiary.

7. CEO / CFO CERTIFICATION

As required by Regulation 17 of SEBI (LODR) Regulations, 2015, the certification on the Financial statements and the cash flow Statements for the year ended 31<sup>st</sup> March, 2018, by the Manager (in absence of CEO) is enclosed as ANNEXURE – VI(a)(i) at the end of this Report.

8. CODE OF CONDUCT

The Company has adopted a Code of Conduct for all Board Members of the Company. All Board Members have affirmed compliance with the Code of Conduct as applicable to them. A declaration to this effect is enclosed as ANNEXURE – VI(a)(ii) at the end of this report.

9. DISCLOSURES

- a) **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large.**

There are no transactions with any of the related parties.

**b) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.**

No penalties, strictures were imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.

**c) Vigil Mechanism/Whistle Blower Policy**

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, read with Rule 7 of the Companies (Meetings of Board and its powers), Rules 2014 and Regulation 22 of the SEBI (LODR) Regulations, 2015, the Company has established a Vigil Mechanism to report genuine concerns about actual or suspected frauds, unethical behavior etc. and the same has been posted on the official website of the Company.

Further it is affirmed that no personnel has been denied access to the audit committee.

**d) Compliance of Mandatory Requirement**

The Company has complied with the mandatory requirements of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 as presently applicable during the year under review. Details of non-mandatory provisions to the extent complied with have been disclosed in this report.

**10. MEANS OF COMMUNICATION**

The Company publishes its quarterly un-audited (Provisional) financial results and Audited financial results in English newspaper named 'Financial Express' and Hindi newspaper named 'Jansatta'.

**11. GENERAL SHAREHOLDER INFORMATION**

(a) **Registered Office** : S Global Knowledge Park, 19A & 19B,  
Sector-125, Noida, Uttar Pradesh - 201301

**(b) Annual General Meeting**

**Date** : 29<sup>th</sup> September, 2018  
**Time** : 10.00 AM  
**Venue** : S Global Knowledge Park, 19A & 19B,  
Sector-125, Noida, Uttar Pradesh - 201301

- (c) **Financial Year ending** : 31<sup>st</sup> March every year
- (d) **Date of Book Closure** : 23<sup>rd</sup> September, 2018 to 29<sup>th</sup> September, 2018  
(Both days inclusive)
- (e) **Stock Exchanges at which Shares of the Company are listed** : (1) Bombay Stock Exchange Ltd  
(2) The Calcutta Stock Exchange Association Ltd

**(f) Stock Market Data**

There has been no trading in the shares of the Company during the Financial Year under review.

The listing fee due for the year 2017-18 was duly paid to both the stock exchanges.

**(g) Registrar and Transfer Agent:**

MCS Share Transfer Agent Limited  
F-65, 1st Floor, Okhla Industrial Area,  
Phase-I, New Delhi -1100 20  
Ph:- 011-41406149  
Fax:- 011-4170 9881  
Email:helpdeskdelhi@mcsregistrars.com  
Website:www.mcsregistrars.com

**(h) Share Transfer System**

The Company transfers the Shares in physical form and dispatch the same within 15 days from the date of their receipt, subject to the documents being valid and complete in all respects. The Stakeholders Relationship Committee looks into the issues relating to Investors Grievances.

**(i) Distribution of Shareholding as on 31<sup>st</sup> March 2018**

|  |   |        |
|--|---|--------|
| a. Promoter & promoter group                                   | - | 26.21% |
| b. Financial Institutions, Banks, State and Central Government | - | NIL    |
| c. Foreign Institutional Investors                             | - | NIL    |
| d. Public & Others   | - | 73.79% |

**(j) Dematerialisation of Shares and Liquidity**

The ISIN Number for the Company's Shares is INE471D01019. The members are being provided the facility to get their shares dematerialized and further trading in equity shares of the Company on the stock exchanges is permitted in demat and physical form.

- (k) **Outstanding GDRs/ADRs/** : Not Applicable

**Warrants or Convertible  
Instruments, conversion  
Date and likely impact  
on Equity**

- (I) Address for Investor  
Correspondence & for  
any query on Annual  
Report** : Company Secretary & Compliance officer  
Avon Mercantile Limited,  
S Global Knowledge Park, 19A & 19B  
Sector-125, Noida, Uttar Pradesh - 201301

The above report was placed before the Board at its Meeting held on 14<sup>th</sup> August, 2017 and the same was approved.

ANNEXURE – VI(a)(i)

CERTIFICATION BY MANAGER OF AVON MERCANTILE LIMITED AS ON 31<sup>ST</sup> MARCH, 2018 (IN TERMS OF REGULATION 17 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)

We, Mr. Jagdutt Kumar Sharma, Manager heading the finance function and discharging that function, to the best of our knowledge and belief, certify to the Board that:

- A. We have reviewed Balance Sheet as at 31<sup>st</sup> March 2018 and the Profit and Loss Account and all its Schedules and Notes to the Accounts as well as Cash Flow Statement for the year ended on 31<sup>st</sup> March 2018 and that to the best of their knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee
1. significant changes in internal control over financial reporting during the year;
  2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  3. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial.
- E. We further declare that all Board members have affirmed compliances with the code of conduct for the year under review.

**FOR AVON MERCANTILE LIMITED**

**Sd/-  
Jagdutt Kumar Sharma  
Manager**

**Place: Noida**

**Date: 14<sup>th</sup> August, 2018**

**ANNEXURE – VI(a)(ii)**

**DECLARATION OF CODE OF CONDUCT**

**To,  
The Members of  
Avon Mercantile Limited**

This is to inform that the Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The code of conduct has also been posted on the website of the Company.

It is further confirmed that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the code of conduct of the Company for the year ended 31<sup>st</sup> March 2018.

**By Order of the Board  
For AVON MERCANTILE LIMITED**

**Place : Noida  
Date : 14<sup>th</sup> August, 2018**

**Sd/-  
(Rakesh Kumar Bhatnagar)  
Director  
DIN No. : 02922258**

**Sd/-  
(Rashi Adlakha)  
Director  
DIN No. : 07742051**



CORPORATE GOVERNANCE CERTIFICATE

{Under Regulation 34(3) and Schedule V (E) of the  
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015}

To,  
The Members,  
Avon Mercantile Limited

- 1) I have examined the compliance of conditions of Corporate Governance by Avon Mercantile Limited ("the Company"), for the financial year ended on 31<sup>st</sup> March, 2018, as stipulated in Part C of Schedule V of the Listing Regulations.
- 2) The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination has been limited to review of 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.
- 3) In my opinion and to the best of my information and according to my examination of the relevant records and the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Part C of Schedule V of the Listing Regulations for the financial year ended 31<sup>st</sup> March 2018.
- 4) I 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.

Date: 14<sup>th</sup> August 2018  
Place: Noida

For **K. Rakesh & Co.**  
Company Secretaries

Sd/-  
(Rakesh Kumar)  
C.P. No. 14700

## **Annexure - VII**

### **MANAGEMENT DISCUSSION ANALYSIS REPORT**

#### **Industry Structure and Developments: -**

The funds of Avon Mercantile Ltd are deployed in loans, investments and bank fixed deposits.

#### **Outlook/Projections for 2018-19:**

The Company hopes to increase its income in near future.

#### **Internal Control systems and their adequacy:**

During the year under review, Company has an internal control system in place and was periodically reviewed for effectiveness.

#### **Financials:**

Financial performance has been given separately in the Directors' Report.

#### **Cautionary Statement**

Statements in the 'Management Discussion and Analysis Report describing the Company's Objectives, projections, estimates, expectations or predictions may be forward-looking statement within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed in the statement. Important factors that could make a difference to the Company's operations include, among others, the performance of the other Companies in which Company has made investments and the interest rates, changes in the Government regulations, tax laws and other statutes and incidental factors.

**By Order of the Board  
For Avon Mercantile Limited**

**Place : Noida  
Date : 14<sup>th</sup> August 2018**

**Sd/-  
(Rakesh Kumar Bhatnagar)  
Director  
DIN: 02922258**



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF AVON MERCANTILE LIMITED****Report on the Financial Statements**

We have audited the accompanying financial statements of **AVON MERCANTILE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss and the Cash Flows Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards prescribed under section 133 of the Act, as applicable 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial

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

### **Opinion**

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

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

1. As required by Section 143 (3) of the Act, we report that:
  - (i) 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.
  - (ii) 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.
  - (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (iv) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable.
  - (v) On the basis of the written representations received from the directors 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.
  - (vi) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**".
  - (vii) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The company does not have any pending litigations which would impact its financial position;
  - (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.
3. As required by Non- Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ("Directions"), we give in "**Annexure C**" a separate report on the matters specified in the said Directions.

**For Goel Garg & Co.**  
Chartered Accountants  
Firm's Registration Number 000397N

Sd/-

Ashok Kumar Agarwal  
Partner  
Membership No. 084600  
Place of Signature: Delhi  
Date: 30<sup>th</sup> May, 2018

## **Annexure A to the Auditors' Report**

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

We have audited the internal financial controls with reference to financial statements of **AVON MERCANTILE LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

#### **Meaning of Internal Financial Controls With reference to financial statements**

A company's internal financial control with reference to financial statements 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 with reference to financial statements includes those policies and procedures that (1) pertain to the 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 effect on the financial statements.

**Limitations of Internal Financial Controls With reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Goel Garg & Co.**

Chartered Accountants

Firm's Registration Number 000397N

Sd/-

Ashok Kumar Agarwal

Partner

Membership No. 084600

Place of Signature: Delhi

Date: 30<sup>th</sup> May, 2018

## **Annexure B to the Auditors' Report**

**The Annexure referred to in Independent Auditors' Report to the members of AVON MERCANTILE LIMITED ("The Company") on the financial statements for the year ended 31st March 2018, we report that:**

- (i) In respect of the Company's Property, Plant and Equipment:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - (b) The Company has a program of verification to cover all the items of Property, Plant and Equipment in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) As per books of accounts verified by us and according to the information and explanations given by the management the company does not have immovable properties and as such the sub clause is not applicable.
- (ii) The company is not carrying on any manufacturing or trading activity. Therefore clause 3(ii) of the Order is not applicable to the company.
- (iii) As per the information and explanations given to us and certified by the management and verified from the books of account, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained in pursuance of Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to grant of loans, making investments and providing guarantees and securities, as applicable. The company being a non banking financial company, nothing contain in section 186, except sub section (1), shall apply.
- (v) The Company does not have any deposits as at March 31, 2018 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- (vi) To the best of our knowledge and as per information and explanations given to us by the management, the central government has not prescribed maintenance of cost records 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 is regular in depositing undisputed statutory dues, including Income Tax, Service Tax, Goods and Service Tax and other material statutory dues applicable to it with the appropriate authorities. We are informed that the provisions of Provident Fund, Employees' State Insurance, Sales Tax, Value Added Tax, Customs Duty, Excise Duty and Cess are not applicable to the company.
  - (b) According to information and explanations given to us, there are no dues of income tax, Service Tax and Goods and Service Tax which have not been

deposited with the appropriate authorities on account of any dispute.

- (viii) The Company does not have any term loan from Bank, Institutions or Debenture holders. Therefore clause 3(viii) of the Order is not applicable to the company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Further based on our audit procedures and according to the information and explanations given to us, we are of the opinion that money raised by the company by way of term loan has been applied for the purpose for which it was raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no 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 Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (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 paid convertible debentures and hence reporting under clause 3 (xiv) of the Order 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 persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The company is registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Goel Garg & Co.**

Chartered Accountants

Firm's Registration Number 000397N

Sd/-

Ashok Kumar Agarwal

Partner

Membership No. 084600

Place of Signature: Delhi

Date: 30<sup>th</sup> May, 2018

**Annexure C to the Auditor's Report**

- a. The company is engaged in the business of Non-Banking Financial institution. The company being a Non-Banking Finance Company has obtained a certificate of registration from the Reserve Bank of India to carry on such business. Further, the company is entitled to continue to hold such certificate of registration in terms of its asset & income pattern as on 31<sup>st</sup> March, 2018.
- b. The board of Directors of the Company has passed a resolution for the non-acceptance of any public deposits.
- c. The company has not accepted any public deposits during the year ended 31st March, 2018.
- d. The company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts as applicable to it in terms of Non- Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions,2007 amended upto date.

**For Goel Garg & Co.**

Chartered Accountants

Firm's Registration Number 000397N

Sd/-

Ashok Kumar Agarwal

Partner

Membership No. 084600

Place of Signature: Delhi

Date: 30<sup>th</sup> May, 2018



**AVON MERCANTILE LIMITED**  
 Regd. Address: S Global Knowledge Park, 19A & 19B, SECTOR-125, Noida  
 CIN: L17118UP1985PLC026582  
 Balance Sheet as at March 31, 2018

| Particulars                                | Notes | Amount as at<br>31-03-2018<br>Rs. | Amount as at<br>31-03-2017<br>Rs. |
|--|-------|-----------------------------------|-----------------------------------|
| <b>EQUITY AND LIABILITIES</b>              |       |                                   |                                   |
| <b>Shareholders' funds</b>                 |       |                                   |                                   |
| (a) Share capital                          | 2     | 7,47,73,900                       | 7,47,73,900                       |
| (b) Reserves and surplus                   | 3     | 5,14,34,487                       | 4,86,24,991                       |
|  |       | <b>12,62,08,387</b>               | <b>12,33,98,891</b>               |
| <b>Non-current liabilities</b>             |       |                                   |                                   |
| (a) Long term Borrowings                   | 4     | 2,50,00,000                       | -                                 |
| (b) Long-term provisions                   | 5     | 1,35,047                          | -                                 |
|  |       | <b>2,51,35,047</b>                | <b>-</b>                          |
| <b>Current liabilities</b>                 |       |                                   |                                   |
| (a) Short-term borrowings                  | 6     | 47,04,12,000                      | 36,15,00,000                      |
| (b) Other current liabilities              | 7     | 4,25,07,551                       | 48,48,145                         |
| (c) Short-term provisions                  | 8     | 35,40,103                         | 37,36,997                         |
|  |       | <b>51,64,59,654</b>               | <b>37,00,85,142</b>               |
| <b>TOTAL</b>                               |       | <b>66,78,03,088</b>               | <b>49,34,84,033</b>               |
| <b>ASSETS</b>                              |       |                                   |                                   |
| <b>Non-current assets</b>                  |       |                                   |                                   |
| (a) Property, Plant & Equipment            |       |                                   |                                   |
| Tangible assets                            | 9     | 74,269                            | 91,014                            |
| (b) Non-current investments                | 10    | -                                 | -                                 |
| (c) Long-term loans and advances           | 11    | 15,86,00,000                      | 18,98,00,000                      |
|  |       | <b>15,86,74,269</b>               | <b>18,98,91,014</b>               |
| <b>Current assets</b>                      |       |                                   |                                   |
| (a) Cash and cash equivalents              | 12    | 1,48,58,005                       | 40,82,713                         |
| (b) Short-term loans and advances          | 13    | 43,14,80,185                      | 28,03,42,413                      |
| (c) Other current assets                   | 14    | 6,27,90,629                       | 1,91,67,893                       |
|  |       | <b>50,91,28,819</b>               | <b>30,35,93,019</b>               |
| <b>TOTAL</b>                               |       | <b>66,78,03,088</b>               | <b>49,34,84,033</b>               |
| Summary of significant accounting policies | 1     |                                   |                                   |

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

**For Goel Garg & Co.**  
**Chartered Accountants**  
 FRN: 000397N

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

**Sd/-**  
**(Ashok Kumar Agarwal)**  
 Partner  
 M. No.084600

**Sd/-**  
**(Rakesh Kumar Bhatnagar)**  
 Director  
 DIN: 02922258

**Sd/-**  
**(Rashi Adlakha)**  
 Director  
 DIN: 07742051

Place : Delhi  
 Date : 30.05.2018

**Sd/-**  
**(Pranjul Gupta)**  
 Company Secretary  
 M. No.: A35912

**AVON MERCANTILE LIMITED**

Regd. Address: S Global Knowledge Park, 19A & 19B, SECTOR-125, Noida

CIN: L17118UP1985PLC026582

Statement of Profit & Loss for the year ended March 31, 2018

| Particulars  | Notes | Amount for the<br>year ended<br>31-03-2018<br>Rs. | Amount for the<br>year ended<br>31-03-2017<br>Rs. |
|--|-------|---|---|
| <b>Income</b>  |       |   |   |
| Revenue from operations  | 15    | 5,70,41,369                                       | 3,64,17,063                                       |
| Other income   | 16    | 1,52,167  | 22,03,190   |
| <b>Total</b>   |       | <b><u>5,71,93,536</u></b>                         | <b><u>3,86,20,253</u></b>                         |
| <b>Expenses</b>  |       |   |   |
| Employee benefits expense  | 17    | 1,10,15,279                                       | 1,17,10,234                                       |
| Finance costs  | 18    | 4,01,81,666                                       | 2,14,55,763                                       |
| Depreciation and amortization expense  | 9     | 42,346  | 27,311  |
| Other expenses   | 19    | 23,19,720   | 28,45,925   |
| <b>Total</b>   |       | <b><u>5,35,59,011</u></b>                         | <b><u>3,60,39,233</u></b>                         |
| <b>Profit/(Loss) before exceptional and extraordinary items and tax</b>                  |       | <b>36,34,525</b>                                  | <b>25,81,020</b>                                  |
| <b>Exceptional items</b>   |       |   |   |
| Prior period expenses  |       | -   | -   |
| <b>Profit/(Loss) before extraordinary items and tax</b>                                  |       | <b>36,34,525</b>                                  | <b>25,81,020</b>                                  |
| Extraordinary items  |       | -   | -   |
| <b>Profit / (Loss) before tax</b>  |       | <b>36,34,525</b>                                  | <b>25,81,020</b>                                  |
| <b>Tax Expenses :</b>  |       |   |   |
| (i) Current Tax  |       | (8,25,029)  | -   |
| (ii) Current Tax ( Mat)  |       | -   | (6,26,000)  |
| (ii) Income tax paid for earlier years   |       | -   | (1,75,880)  |
| <b>Profit / (Loss) for the year</b>  |       | <b><u>28,09,496</u></b>                           | <b><u>17,79,140</u></b>                           |
| <b>Earnings per equity share [nominal value of share Rs. 10 (31 March 2017: Rs. 10)]</b> | 20    |   |   |
| 1) Basic   |       | 0.38  | 0.24  |
| 2) Diluted   |       | 0.38  | 0.24  |

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

**For Goel Garg & Co.**  
Chartered Accountants  
FRN: 000397N

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

**Sd/-**  
**(Ashok Kumar Agarwal)**  
Partner  
M. No.084600

**Sd/-**  
**(Rakesh Kumar Bhatnagar)**  
Director  
DIN: 02922258

**Sd/-**  
**(Rashi Adlakha)**  
Director  
DIN: 07742051

Place : Delhi  
Date : 30.05.2018

**Sd/-**  
**(Pranjul Gupta)**  
Company Secretary  
M. No.: A35912

**AVON MERCANTILE LIMITED**  
**Regd. Address: S GLOBAL KNOWLEDGE PARK 19A & 19B, SECTOR-125,NOIDA**  
**CIN:L17118UP1985PLC026582**  
**Cash Flow Statement for the year ended March 31, 2018**

| Particulars   | 31-Mar-18<br>Rs.         | 31-Mar-17<br>Rs.      |
|---|--------------------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                   |                          |                       |
| Profit before tax   | 36,34,525                | 25,81,020             |
| <b>Non-cash adjustment to reconcile profit before tax to net cash flows :</b> |                          |                       |
| Depreciation/ amortization  | 42,346                   | 27,311                |
| Profit on sale of shares  | -                        | (22,03,190)           |
| <b>Operating profit before working capital changes</b>                        | <b>36,76,871</b>         | <b>4,05,141</b>       |
| Movements in working capital :  |                          |                       |
| Increase / (decrease) in short-term provisions                                | (1,96,894)               | (32,43,364)           |
| Increase / (decrease) in short-term borrowings                                | 10,89,12,000             | 27,20,00,000          |
| Increase/ (decrease) in other current liabilities                             | 3,76,59,406              | 25,16,278             |
| Increase/ (decrease) in other long-term Provisions                            | 1,35,047                 | -                     |
| Decrease / (increase) in short-term loans and advances                        | (15,11,37,772)           | (14,91,18,690)        |
| Decrease / (increase) in other current assets                                 | (4,36,22,736)            | (28,12,203)           |
| <b>Cash generated from / (used in) operations</b>                             | <b>(4,45,74,078)</b>     | <b>11,97,47,162</b>   |
| Direct taxes paid (net of refunds)  | (8,25,029)               | (8,01,880)            |
| <b>Net cash flow from/ (used in) operating activities</b>                     | <b>A (4,53,99,107)</b>   | <b>11,89,45,282</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                   |                          |                       |
| Purchase of PPE, including CWIP and capital advances                          | (25,600)                 | (1,10,347)            |
| Proceeds of non-current investments   | -                        | 47,30,000             |
| <b>Net cash flow from/ (used in) investing activities</b>                     | <b>B (25,600)</b>        | <b>46,19,653</b>      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                   |                          |                       |
| Proceeds/(Repayment) of long term Borrowings                                  | 2,50,00,000              | -                     |
| Decrease/ (Increase) in long term loans & advances                            | 3,12,00,000              | (11,98,00,000)        |
| <b>Net cash flow from/ (used in) in financing activities</b>                  | <b>C 5,62,00,000</b>     | <b>(11,98,00,000)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                   | <b>A+B+C 1,07,75,292</b> | <b>37,64,935</b>      |
| Cash and cash equivalents at the beginning of the year                        | 40,82,713                | 3,17,778              |
| <b>Cash and cash equivalents at the end of the year</b>                       | <b>1,48,58,005</b>       | <b>40,82,713</b>      |
| <b>Components of cash and cash equivalents</b>                                |                          |                       |
| With banks- on current account  | 1,48,58,005              | 40,82,713             |
| <b>Total cash and cash equivalents (Note 12)</b>                              | <b>1,48,58,005</b>       | <b>40,82,713</b>      |

**Notes :**

- The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements notified by Companies (Accounts) Rules, 2014.
- Negative figures have been shown in brackets.

Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

**For Goel Garg & Co.**  
**Chartered Accountants**  
**FRN: 000397N**

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

**Sd/-**  
**(Ashok Kumar Agarwal)**  
 Partner  
 M. No.084600

**Sd/-**  
**(Rakesh Kumar Bhatnagar)**  
 Director  
 DIN: 02922258

**Sd/-**  
**(Rashi Adlakha)**  
 Director  
 DIN: 07742051

**Sd/-**

**(Pranjul Gupta)**  
 Company Secretary  
 M. No.: A35912

Place : Delhi  
 Date : 30.05.2018

**AVON MERCANTILE LIMITED**

Regd. Address: S GLOBAL KNOWLEDGE PARK 19A & 19B, SECTOR-125,NOIDA

CIN:L17118UP1985PLC026582

**Note to financial statements for the year ended March 31, 2018**

**1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**i) Basis of Accounting**

The financial statements are prepared under the historical cost convention on the concept of a going concern, in accordance with the Generally Accepted Accounting Principles and mandatory Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and as per the provisions and presentational requirements of the Companies Act, 2013.

**ii) Changes in Accounting policies**

The accounting policies adopted are consistent with those of previous financial year. The management assures that there has been no change in accounting policies as compared to that of previous year which would have any significant effect on these financials.

**iii) Recognition of Income**

Income is recognised and accounted for on accrual basis unless otherwise stated.

**iv) Use of estimates**

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 the disclosure of contingent assets and liabilities on the date of the financial statements and the results of operations during the reporting year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

**v) Investments**

Long-term investments are valued at cost being the purchase price plus direct costs. Provision is made for permanent diminution, if any, in the value of the investments.

**vi) Taxes on Income**

Current tax is determined and provided for on the amount of taxable income at the applicable rates for the relevant financial year. Deferred Tax Assets and Liabilities (DTA/ DTL) are recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods. The DTA is recognised only to the extent that there is reasonable certainty of sufficient future profits against which such DTA can be realised.

**vii) Contingent Liability**

The contingent liabilities, if any, are disclosed in the Notes to Accounts. Provision is made in the accounts, if it becomes probable that there will be outflow of resources for settling the obligation.

**viii) Events occurring after the balance sheet date**

Adjustments to assets and liabilities are made for events occurring after the balance sheet date to provide additional information materially affecting the determination of the amounts of assets or liabilities relating to conditions existing at the balance sheet date.

**ix) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year/ period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year/ period.

**x) Tangible Assets & Depreciation**

Tangible assets are measured on the basis of cost model. According to cost model, tangible assets should be carried at its cost less any accumulated depreciation and any impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset.

**xi) Depreciation**

Depreciation on property, plant & equipment was provided on the basis of useful lives prescribed under Schedule II of the Companies Act, 2013.

Depreciation on addition to assets is calculated pro-rata from the date of such addition to the end of the year. The company assumes residual value to be Nil and assets costing Rs. 5000/- or less are fully depreciated in the year of purchase.

**xii) Reserve Fund**

Company is required to create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared as per section 45IC of the Reserve Bank of India Act, 1934.

**XIII) Retirement Benefits**

Gratuity and Leave Encashment are valued at cost to Company basis without considering any discounting and salary increase and provided on the basis of actual valuation

**AVON MERCANTILE LIMITED**  
 Regd. Address: S GLOBAL KNOWLEDGE PARK 19A & 19B, SECTOR-125,NOIDA  
 CIN:L17118UP1985PLC026582  
 Notes to Financial Statements as at March 31, 2018

**2. Share Capital**

| Particulars   | Amount as at<br>31-03-2018<br>Rs. | Amount as at<br>31-03-2017<br>Rs. |
|---|-----------------------------------|-----------------------------------|
| <b>Authorized shares</b>  |                                   |                                   |
| 75,00,000 (75,00,000) Equity Shares of Rs. 10/- each            | 7,50,00,000                       | 7,50,00,000                       |
| <b>Issued, subscribed and fully paid-up shares</b>              |                                   |                                   |
| 74,77,390 (74,77,390) Equity Shares of Rs. 10/- each            | 7,47,73,900                       | 7,47,73,900                       |
| <b>Total issued, subscribed and fully paid-up share capital</b> | <b><u>7,47,73,900</u></b>         | <b><u>7,47,73,900</u></b>         |

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

**Equity shares**

| Particulars                          | As at 31-03-2018        |                           | As at 31-03-2017        |                           |
|--------------------------------------|-------------------------|---------------------------|-------------------------|---------------------------|
|                                      | No. of<br>Shares        | Amount<br>Rs.             | No. of Shares           | Amount<br>Rs.             |
| At the beginning of the year         | 74,77,390               | 7,47,73,900               | 74,77,390               | 7,47,73,900               |
| Issued during the year – Bonus issue | -                       | -                         | -                       | -                         |
| Issued during the year – ESOP        | -                       | -                         | -                       | -                         |
| Outstanding at the end of the year   | <b><u>74,77,390</u></b> | <b><u>7,47,73,900</u></b> | <b><u>74,77,390</u></b> | <b><u>7,47,73,900</u></b> |

**(b) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates**

Out of equity shares issued by the company, shares held by its holding company are stated below:

Nil

**(c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

Nil

**(d) Details of shareholders holding more than 5% shares in the company**

| Name of the shareholder   | As at 31-03-2018 |                           | As at 31-03-2017 |                           |
|---|------------------|---------------------------|------------------|---------------------------|
|   | No. of<br>shares | % holding<br>in the class | No. of<br>shares | % holding<br>in the class |
| Smart Entertainment Private Limited (Formerly known as Smart Entertainment Limited) | 14,70,750        | 19.67%                    | 14,70,750        | 19.67%                    |
| Oasis Cineplex Private Limited  | 4,89,250         | 6.54%                     | 4,89,250         | 6.54%                     |
| LCC Infotech Ltd  | 4,94,500         | 6.61%                     | 4,94,500         | 6.61%                     |

(e) The above information (from (a) to (d)) is as per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest. The above shareholding represents both legal and beneficial ownerships of shares.

**AVON MERCANTILE LIMITED**  
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**Notes to Financial Statements as at March 31, 2018**

| Particulars  | Amount as at<br>31-03-2018<br>Rs. | Amount as at<br>31-03-2017<br>Rs. |
|--|-----------------------------------|-----------------------------------|
| <b>3. Reserves and Surplus</b>   |                                   |                                   |
| <b>Reserves Fund U/S 45IC of The RBI Act</b>   |                                   |                                   |
| Balance at the beginning of the year   | 6,16,214                          | 2,60,386                          |
| ADD : Addition during the year   | <u>5,61,899</u>                   | <u>3,55,828</u>                   |
| <b>Closing Balance</b>   | <b><u>11,78,113</u></b>           | <b><u>6,16,214</u></b>            |
| <b>Surplus/ (deficit) in the statement of profit and loss</b>  |                                   |                                   |
| Balance as per last financial statements   | (1,23,43,310)                     | (1,37,66,622)                     |
| Profit/(Loss) for the year   | 28,09,496                         | 17,79,140                         |
| <b>Less : Appropiation</b>   |                                   |                                   |
| Transfer to NBFC Reserve Fund u/s 45IC of RBI Act  | <u>(5,61,899)</u>                 | <u>(3,55,828)</u>                 |
| <b>Net surplus/(deficit) in the statement of profit and loss</b>   | <b><u>(1,00,95,713)</u></b>       | <b><u>(1,23,43,310)</u></b>       |
| Special Reserve  | 60,762                            | 60,762                            |
| Amalgamation Reserve   | 6,02,91,325                       | 6,02,91,325                       |
| <b>Total Reserves and Surplus</b>  | <b><u>5,14,34,487</u></b>         | <b><u>4,86,24,991</u></b>         |
| <b>4. Long term borrowings</b>   |                                   |                                   |
| <b>Unsecured - Term Loan</b>   |                                   |                                   |
| Saket City Residences Private Limited*   | <u>2,50,00,000</u>                | -                                 |
|  | <b><u>2,50,00,000</u></b>         | <b><u>-</u></b>                   |
| * Loan is repayable on 7th December 2020 and bearing interest @ 10% p.a.   |                                   |                                   |
| <b>5. Long term provisions</b>   |                                   |                                   |
| Provision for leave encashment   | 80,802                            | -                                 |
| Provision for Gratuity   | <u>54,245</u>                     | -                                 |
|  | <b><u>1,35,047</u></b>            | <b><u>-</u></b>                   |
| <b>6. Short-term borrowings</b>  |                                   |                                   |
| <b>Unsecured</b>   |                                   |                                   |
| Smart Entertainment Pvt. Ltd. (formerly known as Smart Entertainment Ltd.)   | 39,46,12,000                      | 26,52,00,000                      |
| Smart Global Corporate Holding Pvt Ltd. (Smartvalue Ventures Pvt. Ltd. merged with Smart Global Corporate Holding Pvt Ltd) | 7,58,00,000                       | 9,63,00,000                       |
|  | <b><u>47,04,12,000</u></b>        | <b><u>36,15,00,000</u></b>        |
| <b>7. Other current liabilities</b>  |                                   |                                   |
| Audit Fee Payable  | 64,650                            | 98,425                            |
| TDS Payable  | 41,50,538                         | 22,43,186                         |
| Expenses Payable & Others (including stale cheques)  | 4,82,753                          | 79,599                            |
| Salary & Wages Payable   | 1,34,157                          | 1,44,011                          |
| Bonus Payable  | 23,082                            | 7,94,052                          |
| Interest Payable   | 3,76,52,371                       | 14,88,872                         |
|  | <b><u>4,25,07,551</u></b>         | <b><u>48,48,145</u></b>           |
| <b>8. Short term provisions</b>  |                                   |                                   |
| Provision for income tax   | 14,51,529                         | 16,40,617                         |
| Provision for leave encashment   | 2,92,330                          | 5,19,828                          |
| Provision for Gratuity   | 1,87,621                          | 3,70,187                          |
| Provision for standard asset   | 16,08,623                         | 12,06,365                         |
|  | <b><u>35,40,103</u></b>           | <b><u>37,36,997</u></b>           |

### 10. Non-current Investments

**Long Term Investment in Unquoted Equity Shares of Rs. 10/- each Fully Paid Up**

27,60,000 (27,60,000) Modikem Private Limited (formerly known as Modikem Limited)

|  |                    |                    |
|--|--------------------|--------------------|
|  | 2,78,08,000        | 2,78,08,000        |
|  | <b>2,78,08,000</b> | <b>2,78,08,000</b> |

Less : Provision for Diminution in the value of Investment

|  |             |             |
|--|-------------|-------------|
|  | 2,78,08,000 | 2,78,08,000 |
|  | <b>-</b>    | <b>-</b>    |

**Total**

|  |          |          |
|--|----------|----------|
|  | <b>-</b> | <b>-</b> |
|--|----------|----------|

Aggregate amount of quoted investments at Cost

|  |     |     |
|--|-----|-----|
|  | Nil | Nil |
|--|-----|-----|

Aggregate amount of unquoted investments at Cost

|  |             |             |
|--|-------------|-------------|
|  | 2,78,08,000 | 2,78,08,000 |
|--|-------------|-------------|

Aggregate amount of unquoted investments at Market Value

|  |   |   |
|--|---|---|
|  | 0 | 0 |
|--|---|---|

Aggregate Provision for Diminution in Value of Investments

|  |             |             |
|--|-------------|-------------|
|  | 2,78,08,000 | 2,78,08,000 |
|--|-------------|-------------|

\* In the absence of market quotation, cost of investments have been considered as market price.

Previous year figures have been shown in brackets.

| Particulars | Amount as at<br>31-03-2018<br>Rs. | Amount as at<br>31-03-2017<br>Rs. |
|-------------|-----------------------------------|-----------------------------------|
|-------------|-----------------------------------|-----------------------------------|

### 11. Long term loans and advances

**Unsecured and considered good**

Loans and advances to others (Refer Note No. 26)

|  |                     |                     |
|--|---------------------|---------------------|
|  | 15,86,00,000        | 18,98,00,000        |
|  | <b>15,86,00,000</b> | <b>18,98,00,000</b> |

### 12. Cash and cash equivalents

Balances with banks:

Current Accounts

- IndusInd Bank

|  |             |           |
|--|-------------|-----------|
|  | 1,48,23,231 | 40,47,002 |
|--|-------------|-----------|

- State Bank Of Patiala

|  |        |        |
|--|--------|--------|
|  | 34,774 | 35,711 |
|--|--------|--------|

|  |                    |                  |
|--|--------------------|------------------|
|  | <b>1,48,58,005</b> | <b>40,82,713</b> |
|  | <b>1,48,58,005</b> | <b>40,82,713</b> |

### 13. Short term loans and advances

**Unsecured and considered good**

Loans and advances to others (Refer Note No. 26)

|  |              |              |
|--|--------------|--------------|
|  | 43,13,80,000 | 28,02,90,000 |
|--|--------------|--------------|

Loans to employees

|  |        |        |
|--|--------|--------|
|  | 59,495 | 14,756 |
|--|--------|--------|

Prepaid expenses

|  |        |        |
|--|--------|--------|
|  | 40,690 | 37,657 |
|--|--------|--------|

|  |                     |                     |
|--|---------------------|---------------------|
|  | <b>43,14,80,185</b> | <b>28,03,42,413</b> |
|  | <b>43,14,80,185</b> | <b>28,03,42,413</b> |

### 14. Other current assets

Interest due but not received

|  |             |             |
|--|-------------|-------------|
|  | 5,34,09,568 | 1,24,41,172 |
|--|-------------|-------------|

TDS recoverable

|  |           |           |
|--|-----------|-----------|
|  | 93,59,491 | 67,26,721 |
|--|-----------|-----------|

Employee Imprest

|  |        |   |
|--|--------|---|
|  | 21,570 | - |
|--|--------|---|

|  |                    |                    |
|--|--------------------|--------------------|
|  | <b>6,27,90,629</b> | <b>1,91,67,893</b> |
|  | <b>6,27,90,629</b> | <b>1,91,67,893</b> |

### Contingent liabilities and commitments

**(1) Contingent Liabilities**

a) Claims against the company not acknowledged as debts

|  |     |     |
|--|-----|-----|
|  | NIL | NIL |
|--|-----|-----|

b) Guarantees

|  |     |     |
|--|-----|-----|
|  | NIL | NIL |
|--|-----|-----|

c) other money for which company is contingently liable

- amount payable against TDS default

|  |        |        |
|--|--------|--------|
|  | 49,050 | 48,558 |
|--|--------|--------|

**(2) Commitments**

a) Estimated amounts of contracts to be executed on capital account not provided for

|  |     |     |
|--|-----|-----|
|  | NIL | NIL |
|--|-----|-----|

b) Uncalled liability on partly paid shares

|  |     |     |
|--|-----|-----|
|  | NIL | NIL |
|--|-----|-----|

c) Other commitments

|  |     |     |
|--|-----|-----|
|  | NIL | NIL |
|--|-----|-----|

**AVON MERCANTILE LIMITED**  
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Note to Financial Statements for the year ended March 31, 2018

**9. Property, Plant and Equipment**

| Sr. No | Particulars                 | Gross Block      |                  |                 |              | Depreciation  |                  |                  | Net Block        |                  |               |  |
|--------|-----------------------------|------------------|------------------|-----------------|--------------|---------------|------------------|------------------|------------------|------------------|---------------|--|
|        |                             | As at 01.04.2017 | As at 31.03.2018 | Upto 01.04.2017 | For the year | Adjustments   | As at 31.03.2018 | As at 31.03.2017 | As at 31.03.2018 | As at 31.03.2017 |               |  |
| I      | <b>Tangible Assets</b>      |                  |                  |                 |              |               |                  |                  |                  |                  |               |  |
|        | Office Equipments           | 46,740           | -                | 25,600          | -            | 43,930        | 16,932           | -                | 60,862           | 11,478           | 2,810         |  |
|        | Computer & Printer          | 67,400           | -                | 7,434           | -            | 22,446        | 29,880           |                  | 29,880           | 37,520           | 59,966        |  |
|        | Furniture                   | 29,697           | -                | 1,459           | -            | 2,968         | 4,427            |                  | 4,427            | 25,270           | 28,238        |  |
|        | <b>Total (Current Year)</b> | <b>1,43,837</b>  | <b>-</b>         | <b>25,600</b>   | <b>-</b>     | <b>52,823</b> | <b>42,346</b>    | <b>-</b>         | <b>95,169</b>    | <b>74,269</b>    | <b>91,014</b> |  |
|        | <b>(Previous year)</b>      | <b>33,490</b>    | <b>-</b>         | <b>1,10,347</b> | <b>-</b>     | <b>25,512</b> | <b>27,311</b>    | <b>-</b>         | <b>52,823</b>    | <b>91,014</b>    | <b>7,978</b>  |  |

(Figures in Rs.)

Note to Financial Statements for the year ended March 31, 2017

**9. Property, Plant and Equipment**

| Sr. No | Particulars                 | Gross Block      |                  |                 |              | Depreciation    |                  |                  | Net Block        |                  |              |  |
|--------|-----------------------------|------------------|------------------|-----------------|--------------|-----------------|------------------|------------------|------------------|------------------|--------------|--|
|        |                             | As at 01.04.2016 | As at 31.03.2017 | Upto 01.04.2016 | For the year | Adjustments     | As at 31.03.2017 | As at 31.03.2016 | As at 31.03.2017 | As at 31.03.2016 |              |  |
| I      | <b>Tangible Assets</b>      |                  |                  |                 |              |                 |                  |                  |                  |                  |              |  |
|        | Office Equipments           | 33,490           | -                | 13,250          | -            | 46,740          | 18,418           | -                | 43,930           | 2,810            | 7,978        |  |
|        | Computer & Printer          | -                | -                | 67,400          | -            | 67,400          | 7,434            |                  | 7,434            | 59,966           | -            |  |
|        | Furniture                   | -                | -                | 29,697          | -            | 29,697          | 1,459            |                  | 1,459            | 28,238           |              |  |
|        | <b>Total (Current Year)</b> | <b>33,490</b>    | <b>-</b>         | <b>1,10,347</b> | <b>-</b>     | <b>1,43,837</b> | <b>27,311</b>    | <b>-</b>         | <b>52,823</b>    | <b>91,014</b>    | <b>7,978</b> |  |
|        | <b>(Previous year)</b>      | <b>13,990</b>    | <b>-</b>         | <b>19,500</b>   | <b>-</b>     | <b>33,490</b>   | <b>16,990</b>    | <b>-</b>         | <b>25,512</b>    | <b>7,978</b>     | <b>-</b>     |  |

(Figures in Rs.)



**AVON MERCANTILE LIMITED**

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Notes to Financial Statements for the year ended March 31, 2018

| Particulars   | Amount for the year<br>ended<br>31-03-2018<br>Rs. | Amount for the year<br>ended<br>31-03-2017<br>Rs. |
|---|---|---|
| <b>15. Revenue from operation</b>   |   |   |
| Interest on loan  | 5,70,34,912                                       | 3,64,09,938                                       |
| Interest on Staff Loan  | 6,457   | 7,125   |
|   | <u>5,70,41,369</u>                                | <u>3,64,17,063</u>                                |
| <b>16. Other Income</b>   |   |   |
| Excess provision written back   | 6,514   | -   |
| Profit on Sale of Shares  | -   | 22,03,190   |
| Miscellaneous income  | 1,45,653  | -   |
|   | <u>1,52,167</u>                                   | <u>22,03,190</u>                                  |
| <b>17. Employee benefits expense</b>  |   |   |
| Salaries, wages and bonus   | 1,00,19,204                                       | 1,08,00,604                                       |
| Leave encashment expenses   | 4,73,775  | 4,75,175  |
| Gratuity  | 2,75,848  | 2,20,844  |
| Staff welfare expenses  | 2,46,452  | 2,13,611  |
|   | <u>1,10,15,279</u>                                | <u>1,17,10,234</u>                                |
| <b>18. Finance costs</b>  |   |   |
| Interest on Loan  | 4,01,81,666                                       | 2,14,55,763                                       |
|   | <u>4,01,81,666</u>                                | <u>2,14,55,763</u>                                |
| <b>19. Other expenses</b>   |   |   |
| Rates and Taxes   | 6,000   | 6,000   |
| Legal and professional fees   | 6,36,283  | 7,74,914  |
| Advertisement Charges   | 32,757  | 31,357  |
| Payment to Auditors (Refer details below)   | 73,525  | 89,264  |
| Custodial Charges   | 10,350  | 52,084  |
| Bank Charges  | 2,705   | 2,333   |
| Listing Fees  | 3,07,625  | 2,49,040  |
| Demat Charges   | 10,916  | -   |
| Miscellaneous Exp.  | 1,40,094  | 1,58,498  |
| Telephone & Internet Expenses   | 77,925  | 1,18,174  |
| Running & Maintenance   | 81,242  | 93,241  |
| Travelling & Conveyance   | 3,60,778  | 3,52,201  |
| Printing & Stationery   | 1,06,912  | 1,57,671  |
| Interest on tax   | -   | 8,892   |
| Director's sitting fees   | 70,350  | 68,926  |
| Provision for Standard Asset  | 4,02,258  | 6,83,330  |
|   | <u>23,19,720</u>                                  | <u>28,45,925</u>                                  |
| <b>Payment to auditors:</b>   |   |   |
| Audit fee   | 35,400  | 34,664  |
| Tax audit fee   | 11,800  | 11,550  |
| Limited review  | 26,325  | 25,875  |
| Other services  | -   | 17,175  |
|   | <u>73,525</u>                                     | <u>89,264</u>                                     |
| <b>20. Earnings per share (EPS)</b>   |   |   |
| <b>The following reflects the profit and share data used in the basic and diluted EPS computations:</b> |   |   |
| Profit/ (loss) after tax  | 28,09,496   | 17,79,140   |
| Number of ordinary equity shares  | 74,77,390   | 74,77,390   |
| Weighted average number of ordinary equity shares   | 74,77,390   | 74,77,390   |
| Nominal Value of ordinary shares  | 10  | 10  |
| <b>Basic earning per share</b>  | <u>0.38</u>                                       | <u>0.24</u>                                       |
| <b>Diluted earning per share</b>  | <u>0.38</u>                                       | <u>0.24</u>                                       |

## AVON MERCANTILE LIMITED

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Notes to financial statements for the year ended March 31, 2018

### ADDITIONAL NOTES TO ACCOUNTS

21 The financials for current year ended on March 31, 2018 have been prepared as per the provisions and schedules prescribed under the Companies Act, 2013.

22 The company being listed on stock exchange therefore, has complied with all the notified applicable Accounting Standards.

### 23 Deferred Taxes

As per the guidance note of the Institute of Chartered Accountants of India on Accounting Standard AS - 22 " Taxes on Income", the company as on the date of balance sheet, at the income tax rates applicable on the said date has Deferred Tax Assets (DTA) of Rs.77,25,433/- (Previous year Rs.1,55,076) on Timing differences. The said DTA has not been recognized in the books of account, on account of virtual uncertainty of future long term profits and revival in the values of long term investments respectively.

24 Previous year figures have been regrouped/re-classified wherever considered to make comparable with the current year figures.

25 All schedules annexed to and form integral part of the Balance Sheet and Profit & Loss Account including Annexure-A as required in terms of Paragraph 13 of Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

26 Disclosure required under section 186(4) of the Companies Act, 2013

| Name of Loanee  | Rate of Interest | Due Date  | Secured/ Unsecured | 31-Mar-18    | 31-Mar-17    | Purpose             |
|---|------------------|-----------|--------------------|--------------|--------------|---------------------|
| Spice Connect Private Limited (Formerly Smart Venture Private Limited)                  | 10.00%           | 03-Jan-19 | Unsecured          | 40,00,000    | 30,90,000    | For General Purpose |
| Bougainvillea Multiplex & Entertainment Center Pvt. Ltd.                                | 10.00%           | 12-Jan-19 | Unsecured          | 6,25,00,000  | 6,53,00,000  | For General Purpose |
| Bougainvillea Multiplex & Entertainment Center Pvt. Ltd.                                | 10.00%           | 15-Feb-20 | Unsecured          | 3,49,00,000  |              | For General Purpose |
| Wall Street Finance Ltd.  | 12.00%           | 10-Dec-17 | Unsecured          | -            | 3,35,00,000  | For General Purpose |
| Saket Mediciti Pvt. Ltd. (Formerly Saket City Medical Assisted Living Centre Pvt. Ltd.) | 10.50%           | 21-Mar-19 | Unsecured          | 10,00,00,000 |              | For General Purpose |
| Saket Mediciti Pvt. Ltd. (Formerly Saket City Medical Assisted Living Centre Pvt. Ltd.) | 10.50%           | 14-Mar-20 | Unsecured          | 28,00,000    | 10,28,00,000 | For General Purpose |
| Saket City Medical Office Building Pvt. Ltd.  | 10.50%           | 21-Mar-19 | Unsecured          | -            | 74,00,000    | For General Purpose |
| Saket City Rehabilitation Centre Pvt. Ltd.  | 10.50%           | 14-Mar-20 | Unsecured          | 6,42,00,000  | 16,00,000    | For General Purpose |
| Plus Pac Holdings Private Limited   | 11.50%           | 16-Jan-19 | Unsecured          | 19,85,00,000 | 19,85,00,000 | For General Purpose |
| Smart Dreams Pvt. Ltd   | 10.00%           | 31-Mar-18 | Unsecured          | 4,18,80,000  | 3,32,00,000  | For General Purpose |
| Modiciti Cinemas Pvt. Ltd   | 10.00%           | 12-May-19 | Unsecured          | 10,00,000    | 10,00,000    | For General Purpose |
| Mudaliar & Sons Hotels Pvt. Ltd   | 10.00%           | 04-Jun-19 | Unsecured          | 5,57,00,000  | 1,17,00,000  | For General Purpose |
| Cutting Edge ventures Pvt. Ltd.   | 11.00%           | 25-Sep-18 | Unsecured          | 1,20,00,000  | 1,20,00,000  | For General Purpose |
| Smart Vishwas Society   | 10.00%           | 05-Feb-19 | Unsecured          | 1,25,00,000  | -            | For General Purpose |
| Ved Prakash Shama   | 10.00%           | 30-Jun-17 | Unsecured          | 7,086        | 7,086        | For General Purpose |
| Sunil Singh Pundir  | 10.00%           | 31-Jan-19 | Unsecured          | 40,000       | 7,648        | For General Purpose |
| Ram Rup Kamath  | 10.00%           | 30-Apr-18 | Unsecured          | 2,076        | 22           | For General Purpose |
| Mahesh Kumar Shama  | 10.00%           | 31-May-18 | Unsecured          | 10,336       | -            | For General Purpose |

27 Company calculates provision for leave encashment by dividing the basic salary by 22 days and multiplying the resulted amount with balance leave pending as on balance sheet date.

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**Notes to financial statements for the year ended March 31, 2018**

**28 Details of Key Managerial Personnel Remuneration**

| <b>Name: Mr. Jagdutt Kumar Sharma (Manager)</b>   | <b>2017-18</b>          | <b>2016-17</b>          |
|---|-------------------------|-------------------------|
| Salary / Allowances   | 14,61,220               | 14,11,500               |
| Car Lease Rent paid   | 1,46,200                | 1,20,000                |
| Medical reimbursement   | 15,000                  | 15,000                  |
| Other reimbursement   | 4,31,780                | 4,38,000                |
|   | <u><b>20,54,200</b></u> | <u><b>19,84,500</b></u> |
| <br>  |                         |                         |
| <b>Name: Mrs. Jyoti Manchanda (Company Secretary upto 30.11.2017)</b>                                 | <b>2017-18</b>          | <b>2016-17</b>          |
| Salary / Allowances   | 5,31,067                | 10,96,093               |
| Car Lease Rent paid   | 22,000                  | -                       |
| Medical reimbursement   | 9,994                   | 13,792                  |
| Other reimbursement   | 2,05,510                | 1,574                   |
|   | <u><b>7,68,571</b></u>  | <u><b>11,11,459</b></u> |
| <br>  |                         |                         |
| <b>Name: Mr. Rajesh Kumar (CFO upto 30.11.2017)</b>   | <b>2017-18</b>          | <b>2016-17</b>          |
| Salary / Allowances   | 4,51,063                | 4,59,336                |
| Medical reimbursement   | 10,000                  | 15,000                  |
|   | <u><b>4,61,063</b></u>  | <u><b>4,74,336</b></u>  |
| <br>  |                         |                         |
| <b>Name: Mr. Pranjul Gupta (Company Secretary upto 29.04.2016 and re-appointed w.e.f. 13/04/2018)</b> | <b>2017-18</b>          | <b>2016-17</b>          |
| Salary / Allowances   | -                       | 60,561                  |
|   | <u><b>-</b></u>         | <u><b>60,561</b></u>    |

**29 Information required to be given by way of note regarding foreign currency income/outgo**

Nil

**30 (a) Related Party Disclosures :**

|                                  |     |
|----------------------------------|-----|
| <b>Holding Company</b>           | Nil |
| <b>Subsidiary Company</b>        | Nil |
| <b>Fellow Subsidiary Company</b> | Nil |
| <b>Associate company</b>         | Nil |

**Key Management Personnel**

Mr. Jagdutt Kumar Sharma (Manager)  
Mr. Rajesh Kumar- (CFO upto 30.11.2017)  
Mrs. Jyoti Manchanda ( Company Secretary upto 30.11.2017)  
Mr. Pranjul Gupta (Company Secretary w.e.f. 13/04/2018)

**(b) Related Party Transactions**

Attached as per annexure 1

As per our attached report of even date

For Goel Garg & Co.  
Chartered Accountants  
FRN: 000397N

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

**Sd/-**

**(Ashok Kumar Agarwal)**  
Partner  
M. No.084600

Place : Delhi  
Date : 30.5.2018

**Sd/-**

**(Rakesh Kumar Bhatnagar)**  
Director  
DIN: 02922258

**Sd/-**

**(Pranjul Gupta)**  
**Company Secretary**  
**M. No. : A35912**

**Sd/-**

**(Rashi Adlakha)**  
Director  
DIN: 07742051

**AVON MERCANTILE LIMITED**

CIN:L17118UP1985PLC026582

Regd. Off.: S Global Knowledge Park, 19A & 19B, Sector-125, Noida, Uttar Pradesh-201301

**ATTENDANCE SLIP**

(TO BE SIGNED AND HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

I/we hereby record my/our presence at the 33<sup>rd</sup> ANNUAL GENERAL MEETING of AVON MERCANTILE LIMITED held on Saturday, the 29<sup>th</sup> day of September, 2018 at 10:00 A.M. at S Global Knowledge Park, 19A & 19B, Sector-125, Noida, Uttar Pradesh-201301.

Name of the member(s)..... (In Block Letters)

Folio No. \_\_\_\_\_

No. of Shares\_\_\_\_\_

Name of Proxy (in Block letters)

(To be filled in, if the Proxy attends instead of the Member)\_\_\_\_\_

Member's/Proxy's Signature

**Notes:**

- a) If you are attending the meeting in person or by proxy, please bring the copy of the Annual Report at the time of meeting.
- b) No Gifts/ Gift Coupons will be distributed at the Meeting.

**AVON MERCANTILE LIMITED**  
CIN: L17118UP1985PLC026582

Reqd. Off.: S Global Knowledge Park, 19A & 19B, Sector-125, Noida, Uttar Pradesh-201301

**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]

|                         |  |
|-------------------------|--|
| Name of the Member(s) : |  |
| Registered Address :    |  |
| E-mail ID :             |  |
| Folio No.               |  |

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

Name .....Address.....  
E-mail ID ..... Signature .....

Name ..... Address .....

E-mail ID ..... Signature .....

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 33<sup>rd</sup> Annual General Meeting of the Company, to be held on Saturday, the 29<sup>th</sup> day of September 2018 at 10.00 A.M at S Global Knowledge Park, 19A & 19B, Sector-125, Noida, Uttar Pradesh - 201301 and any adjournment thereof in respect of such resolutions as are indicated below:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2018 and the Profit and Loss Account together with Cash Flow Statement for the Financial Year ended on that date along with the Directors' Report and Auditors' Report thereon.
2. To consider and appoint a Director in place of Mr. Rakesh Kumar Bhatnagar (DIN 02922258), who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:**

3. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161(1), 184 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder, Ms. Rashi Adlakha (DIN: 07742051), who was appointed as an Additional Director of the Company w.e.f. 8<sup>th</sup> February, 2018 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of the Director of the Company, be and is hereby elected and appointed as a Non-Executive Director, whose period of office shall be liable to determination by retirement of directors by rotation."

Signed this.....day of .....2018.

Signature of the Shareholder.....

Signature of the Proxy holder(s).....



Notes: This form of Proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

Route Map for the venue of the 33<sup>rd</sup> Annual General Meeting of Avon Mercantile Limited to be held on 29<sup>th</sup> September 2018 at S Global Knowledge Park, 19A & 19B, Sector-125, Noida, Uttar Pradesh – 201301 at 10.00 A. M.

