

VARUN MERCANTILE LIMITED

Corporate Identity Number: L51909MH1985PLC321068

Website: www.vml.org.in

Regd. Office: 147, 14th Floor, Atlanta, Nariman Point, Mumbai 400 021.

Tel.: 22800131, Fax 22800130.

BSE Scrip code: 512511

September 4, 2019

To,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

Dear Sirs,

Sub: **Annual Report 2018-19**

We attach herewith Annual Report of the Company for the year 2018-19 pursuant to Regulation 34 of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Request you to take the same on record.

Thanking you,

Yours faithfully,

For Varun Mercantile Limited

F.S.Shah
Forum Sheth
Company Secretary

Varun Mercantile Limited

**Annual Report
2018-19**

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Folio No. / DP ID / Client ID:

Name:

Address:

Joint-holder(s):

Number of equity share(s) held:

Dear Member,

Please find enclosed below mentioned documents for your reference.

1. Annual Report
2. Notice & E voting instructions.

Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Varun Mercantile Limited ("the Company") is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed at the Thirty-Fourth Annual General Meeting ("Meeting") of the Company, scheduled to be held on Monday, September 30, 2019 at 10:30 a.m., by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ("remote e-voting").

The Company has engaged the services of Karvy Fintech Private Limited ("Karvy") as the Agency to provide e-voting facility. The remote e-voting particulars are set out below:

EVEN (E-Voting Event Number)	User ID	Password

The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting: From 09:00 a.m. (IST) on Thursday, September 26, 2019

End of remote e-voting : Upto 05:00 p.m. (IST) on Sunday, September 29, 2019

The remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be disabled by Karvy upon expiry of aforesaid period.

The cut-off date for the purpose of remote e-voting and voting at the Meeting is September 25, 2019. Please read the e-voting instructions and information relating to e-voting printed overleaf carefully before exercising the vote.

This communication forms an integral part of the Notice dated September 4, 2019 convening the Meeting. The Annual Report 2018-19 of the Company inter alia comprising the said Notice and this communication are provided herewith and also made available on the website of the Company: www.vml.org.in.

Yours faithfully,

For Varun Mercantile Limited

F.S. Shah

Forum Sheth
Company Secretary

Mumbai
September 4, 2019

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Information and instructions relating to e-voting are as under:

- (i) The facility for voting through electronic voting system ('Insta Poll') will be made available at the Meeting and the members attending the Meeting who have not cast their vote(s) by remote e-voting will be able to vote at the Meeting through 'Insta Poll'.
- (ii) The members who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again.
- (iii) A member can opt for only single mode of voting, i.e. through remote e-voting or voting at the Meeting. If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as "INVALID"
- (iv) The Company has engaged the services of Karvy as the Agency to provide e-voting facility.
- (v) The Board of Directors of the Company has appointed Shri Devesh C. Vasavada, a Practicing Chartered Accountant, Mumbai as Scrutinizer to scrutinize the remote e-voting and Insta Poll process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the said purpose.
- (vi) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. September 25, 2019.
- (vii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting / Insta Poll. A person who is not a member as on the cut-off date, should treat this Notice for information purpose only.
- (viii) Any person who becomes a member of the Company after despatch of the Notice of the Meeting and holding shares as on the cut-off date may obtain the User ID and password from Karvy in the manner as mentioned below:
 - a) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : **MYEPWD** <space> E-Voting Event Number + Folio No. or DP ID Client ID to 9212993399

Example for NSDL:

MYEPWD <SPACE> IN12345612345678

Example for CDSL:

MYEPWD <SPACE> 1402345612345678

Example for Physical:

MYEPWD <SPACE> XXXX1234567890

- b) If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of [https:// evoting.karvy.com](https://evoting.karvy.com), the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- c) Member may call Karvy's toll free number 1-800-3454-001 (from 09:00 a.m. to 06:00 p.m.).
- d) Member may send an e-mail request to evoting.varun@karvy.com.

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- e) If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote(s) through remote e-voting.
- The Company has opted to provide the same electronic voting system at the Meeting, as used during remote e-voting and the said facility shall be operational till all the resolutions proposed in the Notice are considered and voted upon at the Meeting and may be used for voting only by the members holding shares as on the cut-off date who are attending the Meeting and who have not already cast their vote through remote e-voting.
- (ix) The Scrutinizer will, after the conclusion of e-voting at the Meeting, scrutinize the votes cast at the Meeting (Insta Poll) and votes cast through remote e-voting, make a consolidated Scrutinizer's Report and submit the same to the Chairman. The results declared along with the consolidated Scrutinizer's Report will be placed on the website of the Company: www.vml.org.in and on the website of Karvy at: <https://evoting.karvy.com>. The results will simultaneously be communicated to the Stock Exchange.
- (x) Subject to receipt of requisite number of votes, the Resolutions proposed in the Notice shall be deemed to be passed on the date of the Meeting, i.e., Monday, September 30, 2019.
- (xi) **Information and instructions relating to remote e-voting:**
- 1.A. **In case a member receives an email from Karvy** [for members whose e-mail addresses are registered with the Company / Depository Participant(s)]:
- (a) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- (b) Enter the login credentials (i.e. User ID and password) which are printed and available in the communication with respect to voting by electronic means enclosed with this Notice.
- The E-Voting Event Number+Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1800-3454-001 for your existing password.
- (c) After entering these details appropriately, click on "LOGIN".
- (d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (09) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
- (e) You need to login again with the new credentials.
- (f) On successful login, the system will prompt you to select the E-Voting Event Number for Varun Mercantile Limited.

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- (g) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR or AGAINST" or alternatively, you may partially enter any number under "FOR" / "AGAINST" but the total number under "FOR / AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
 - (h) Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
 - (i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
 - (j) You may then cast your vote by selecting an appropriate option and click on "SUBMIT".
 - (k) A confirmation box will be displayed. Click "OK" to confirm, else "CANCEL" to modify.
 - (l) Once you **confirm, you will not be allowed to modify your vote.**
 - (m) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e-mail id: varun.scrutinizer@karvy.com with a copy marked to evoting@karvy.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."
- 1.B. In case a member receives physical copy of the Notice by Post** [for members whose e-mail addresses are not registered with the Company / Depository Participant(s)]:
- (i) User ID and password – Password is provided in the communication with respect to voting by electronic means enclosed with the Notice.
 - (ii) Please follow all steps from Sr. No. (a) to (m) as mentioned in (A) above, to cast your vote.
- (xii) Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.
 - (xiii) In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website [https:// evoting.karvy.com](https://evoting.karvy.com).
 - (xiv) The members are requested to note the following contact details for addressing e-voting grievances:
 - Shri S. P. Venugopal, General Manager
 - Karvy Fintech Private Limited,
 - Karvy Selenium Tower B,
 - Plot 31-32, Gachibowli, Financial District,
 - Nanakramguda, Hyderabad 500 032.
 - Phone No.: +91 40 6716 1700
 - Toll-free No.: 1-800-3454-001
 - E-mail: evoting.varun@karvy.com

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF VARUN MERCANTILE LIMITED WILL BE HELD ON MONDAY, THE 30TH DAY OF SEPTEMBER, 2019 AT 10:30 A.M. AT THE REGISTERED OFFICE OF THE COMPANY AT 147, 14TH FLOOR, ATLANTA, NARIMAN POINT, MUMBAI-400021 TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business:

1. To consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon and in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

Special Business:

2. To appoint Shri Ambalal T. Jain as Director and in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Ambalal T. Jain (DIN: 01073113), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

3. To appoint Shri Girish B. Shah as Director and in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Girish B. Shah (DIN: 00244626), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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4. To appoint Shri Mehul R. Shah as an Independent Director and in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Mehul R. Shah (DIN: 00094503), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director, not liable to retire by rotation and to hold office for a term upto December 2, 2023;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. To re-appoint Ms. Lopamudra Dixit as an Independent Director and in this regard, pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. Lopamudra Dixit (DIN: 02299572), who was appointed as an Independent Director and who holds office as an Independent Director up to March 30, 2020 and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, being eligible, be and is hereby re-appointed as an Independent Director, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years, i.e., upto March 29, 2025;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

F.S. Shah

Forum Sheth
Company Secretary

Place: Mumbai

Dated: September 4, 2019

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Notes:

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act"), relating to the Special Business to be transacted at the Annual General Meeting ("Meeting") is annexed hereto.
2. 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 and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.

A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The proxy holder shall prove his identity at the time of attending the Meeting.

3. Attendance slip, proxy form and the route map of the venue of the Meeting are annexed hereto. The prominent landmark for the venue is Vidhan Bhavan.
4. Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the Meeting.
5. The Company is providing facility for voting by electronic means (e-voting) through an electronic voting system which will include remote e-voting and the business set out in the Notice will be transacted through such voting. Information and instructions including details of user id and password relating to e-voting are sent herewith in the e-voting communication. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again. Members who have cast their vote(s) by using remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting.
6. In terms of the provisions of Section 152 of the Act, the Company has no Director, who is liable to retire by rotation at the Meeting since the Company has two Independent Directors and two Additional Directors. As the Independent Directors are not liable to retire by rotation and the Additional Directors are being appointed as Directors in the Meeting, the Company has no Director who is liable to retire by rotation at the Meeting of this year.

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7. None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under Item No. 1 of the Notice.
8. Details of Director(s) seeking appointment / re-appointment at the ensuing Meeting are provided in the "Annexure" to the Notice.
9. Members / Proxies / Authorised Representatives are requested to bring to the Meeting necessary details of their shareholding, attendance slip(s) and copy(ies) of Annual Report.
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 at the Meeting.
11. Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office of the Company on all working days (except Saturdays, Sundays and Public Holidays) during business hours up to the date of the Meeting. The aforesaid documents will also be available for inspection by members at the Meeting.
12. The Company's Registrars & Transfer Agents is Karvy Fintech Private Limited ("Karvy") having its office at Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032.
13. **Securities and Exchange Board of India ("SEBI") has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. April 1, 2019. Accordingly, the Company/Karvy has stopped accepting any fresh lodgment of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of dematerialisation.**
14. Members holding shares in physical mode are:
 - a) required to submit their Permanent Account Number (PAN) and bank account details to the Company / Karvy, if not registered with the Company, as mandated by SEBI.
 - b) **requested to register / update their e-mail address with the Company / Karvy for receiving all communications from the Company electronically.**
15. Members holding shares in electronic mode are:
 - a) requested to submit their PAN and bank account details to their respective Depository Participants ("DPs") with whom they are maintaining their demat accounts.
 - b) **requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.**

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16. The Register of Members and Transfer Books of the Company will be closed from September 20, 2019 to September 24, 2019 (both days inclusive).

By Order of the Board of Directors

F.S.Shah

Forum Sheth
Company Secretary

Place: Mumbai

Dated: September 4, 2019

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Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act")

The following Statement sets out all material facts relating to the Special Business mentioned in the Notice:

Item No. 2

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Shri Ambalal T. Jain (DIN: 01073113) as an Additional Director of the Company w.e.f. December 3, 2018.

In terms of the provisions of Section 161(1) of the Act, Shri Ambalal T. Jain would hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Shri Ambalal T. Jain for the office of Director of the Company.

Shri Ambalal T. Jain is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a director.

Details of Shri Ambalal T. Jain are provided in the "Annexure" to the Notice, pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Shri Ambalal T. Jain is interested in the resolution set out at Item No. 2 of the Notice. The relatives of Shri Ambalal T. Jain may be deemed to be interested in the resolution set out at Item No. 2 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board commends the Ordinary Resolution set out at Item No. 2 of the Notice for approval by the members.

Item No. 3

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Shri Girish B. Shah (DIN: 00244626) as an Additional Director of the Company w.e.f. January 4, 2019.

In terms of the provisions of Section 161(1) of the Act, Shri Girish B. Shah would hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Shri Girish B. Shah for the office of Director of the Company.

Shri Girish B. Shah is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a director.

Details of Shri Girish B. Shah are provided in the "Annexure" to the Notice, pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure

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Requirements) Regulations, 2015 ("Listing Regulations") and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Shri Girish B. Shah is interested in the resolution set out at Item No. 3 of the Notice. The relatives of Shri Girish B. Shah may be deemed to be interested in the resolution set out at Item No. 3 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board commends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the members.

Item No. 4

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Shri Mehul R. Shah (DIN: 00094503) as an Additional Director, to hold office as an Independent Director of the Company for a term of 5 (five) consecutive years with effect from December 3, 2018.

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of Independent Directors requires approval of the members.

Shri Mehul R. Shah is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has also received declaration from Shri Mehul R. Shah that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Shri Mehul R. Shah fulfils the condition for appointment as an Independent Director as specified in the Act and the Listing Regulations. Shri Mehul R. Shah is independent of the management and possesses appropriate skills, experience and knowledge.

Details of Shri Mehul R. Shah are provided in the "Annexure" to the Notice, pursuant to the provisions of (i) Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the institute of Company Secretaries of India.

Copy of the letter of appointment of Shri Mehul R. Shah setting out terms and conditions of appointment is available for inspection by the members at the Registered Office of the Company.

Shri Mehul R. Shah is interested in the resolution set out at Item No. 4 of the Notice with regard to his appointment. Relatives of Shri Mehul R. Shah may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

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Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Act and Listing Regulations.

The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

Item No. 5

At the Annual General Meeting held on September 30, 2015 the members of the Company had appointed Ms. Lopamudra Dixit (DIN: 02299572) as an Independent Director of the Company, to hold office up to March 30, 2020 ("first term").

The Nomination and Remuneration Committee (the 'NRC Committee') of the Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Ms. Lopamudra Dixit as an Independent Director, for a second term of 5 (five) consecutive years, on the Board of the Company. The Board, based on the performance evaluation and as per the recommendation of the NRC Committee, considers that, given her background and experience and contributions made by her during her tenure, the continued association of Ms. Lopamudra Dixit would be beneficial to the Company and it is desirable to continue to avail her services as an Independent Director. Accordingly, it is proposed to re-appoint Ms. Lopamudra Dixit as an Independent Director of the Company, not liable to retire by rotation, for a second term of 5 (five) consecutive years on the Board of the Company.

Ms. Lopamudra Dixit is not disqualified from being appointed as a Director in terms of Section 164 of the Act, and has given her consent to act as a Director. The Company has also received declaration from Ms. Lopamudra Dixit that she meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Ms. Lopamudra Dixit fulfils the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations. Ms. Lopamudra Dixit is independent of the management.

Details of Ms. Lopamudra Dixit are provided in the "Annexure" to the Notice, pursuant to the provisions of (i) Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Copy of draft letter of appointment of Ms. Lopamudra Dixit setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

Ms. Lopamudra Dixit is interested in the resolution set out at Item No. 5 of the Notice with regard to her re-appointment. Relatives of Ms. Lopamudra Dixit may be deemed to be interested in the resolution set out at Item No. 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

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Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

The Board commends the Special Resolution set out at Item No. 5 of the Notice for approval by the members.

By Order of the Board of Directors

F.S.Shah

Forum Sheth
Company Secretary

Place: Mumbai

Dated: September 4, 2019

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Annexure to the Notice dated September 4, 2019

Details of Directors seeking appointment / re-appointment at the Meeting

Shri Ambalal T. Jain

Sr. No.	Particulars	Details
1	Age	71 years
2	Qualification	FCA
3	Experience	More than 40 years of rich and varied experience in the field of Accounting, Taxation, Legal and Management.
4	Terms & conditions of Appointment	The Company proposes to appoint him as the Director of the Company, liable to retire by rotation.
5	Remuneration last drawn	NIL
6	Remuneration proposed to be paid	NIL
7	Date of first appointment on the Board	Appointed as an Additional Director w.e.f. 03/12/2018.
8	Shareholding in Company as on March 31, 2019	NIL
9	Relationship with other Directors / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel.
10	Number of meetings of the Board attended during the financial year (2018-19)	4 (appointed w.e.f. December 3, 2018)
11	Directorships of other Boards as on 31 st March, 2019	<ul style="list-style-type: none">• G R N Finsec Private Limited• Gurjar Gems Private Limited• Newgen Brands Private Limited
12	Membership / Chairmanship of Committees of other Boards as on 31 st March, 2019	NIL

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Shri Girish B. Shah

Sr. No.	Particulars	Details
1	Age	58 years
2	Qualification	B.Com
3	Experience	More than 35 years of rich and varied experience in the field of Accounting and Direct Taxes.
4	Terms & conditions of Appointment	The Company proposes to appoint him as the Director of the Company, liable to retire by rotation.
5	Remuneration last drawn	NIL
6	Remuneration proposed to be paid	NIL
7	Date of first appointment on the Board	Appointed as an Additional Director w.e.f. 04/01/2019.
8	Shareholding in Company as on March 31, 2019	NIL
9	Relationship with other Directors / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel.
10	Number of meetings of the Board attended during the financial year (2018-19)	3 (appointed w.e.f. January 4, 2019)
11	Directorships of other Boards as on 31 st March, 2019	<ul style="list-style-type: none">• Sarisha Commercials Private Limited• Opera Trading Private Limited• Saki Agencies Private Limited• Sreepada Trading Company Private Limited.• Biren Commercials Private Limited• Anwita Commercials Private Limited• Elina Realty Private Limited• Ratnakalash Enterprises Private Limited• Reliance Warehousing Private Limited• Reliance Access Developers Private Limited• Reliance Fresh Private Limited• Royaltech Commercials Private Limited• Symphony Impex (India) Private Limited
12	Membership / Chairmanship of Committees of other Boards as on 31 st March, 2019	NIL

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Shri Mehul R. Shah

Sr. No.	Particulars	Details
1	Age	54 years
2	Qualification	ACA
3	Experience	More than 32 years of rich and varied experience in the field of Accounting and Direct Taxes.
4	Terms & conditions of Appointment	The Company proposes to appoint him as an Independent Director of the Company.
5	Remuneration last drawn	NIL
6	Remuneration proposed to be paid	NIL
7	Date of first appointment on the Board	Appointed as an Additional Director w.e.f. 03/12/2018.
8	Shareholding in Company as on March 31, 2019	NIL
9	Relationship with other Directors / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel.
10	Number of meetings of the Board attended during the financial year (2018-19)	4 (appointed w.e.f. December 3, 2018)
11	Directorships of other Boards as on 31 st March, 2019	NIL
12	Membership / Chairmanship of Committees of other Boards as on 31 st March, 2019	NIL

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Ms. Lopamudra Dixit

Sr. No.	Particulars	Details
1	Age	60 years
2	Qualification	Masters in Finance and a member of ICMAI.
3	Experience	More than 37 years of experience in the field of Banking and Finance.
4	Terms & conditions of Appointment	The Company proposes to re-appoint her as an Independent Director of the Company.
5	Remuneration last drawn	NIL
6	Remuneration proposed to be paid	NIL
7	Date of first appointment on the Board	Appointed as an Additional Director w.e.f. 31/03/2015.
8	Shareholding in Company as on March 31, 2019	NIL
9	Relationship with other Directors / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel
10	Number of meetings of the Board attended during the financial year (2018-19)	11
11	Directorships of other Boards as on 31 st March, 2019	<ul style="list-style-type: none">• Twin Roses Trades & Agencies Limited
12	Membership / Chairmanship of Committees of other Boards as on 31 st March, 2019	Twin Roses Trades & Agencies Limited <ul style="list-style-type: none">• Audit Committee-Member• Nomination and Remuneration Committee-Chairperson

By Order of the Board of Directors

F.S.Shah

Forum Sheth
Company Secretary

Place: Mumbai

Dated: September 4, 2019

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ROUTE MAP OF THE ANNUAL GENERAL MEETING VENUE



ATTENDANCE SLIP

Varun Mercantile Limited

CIN: L51909MH1985PLC321068

Registered Office: 147, 14th Floor, Allanta, Nariman Point, Mumbai-400021.

Tel: +91 22 22800131; Fax: +91 22 22800130; Website: www.vml.org.in

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL
Joint shareholders may obtain additional slip at the venue of the Meeting.

DP Id*	
--------	--

Folio No.	
-----------	--

Client Id*	
------------	--

No. of Shares	
---------------	--

NAME AND ADDRESS OF THE SHAREHOLDER:

I hereby record my presence at the **THIRTY-FOURTH ANNUAL GENERAL MEETING** of the members of the Company held on Monday, September 30, 2019 at 10:30 a.m. at the Registered Office of the Company at 147, 14th Floor, Atlanta, Nariman Point, Mumbai-400021.

Signature of Shareholder / Proxy

*Applicable for investors holding shares in electronic form.

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

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Name of the member(s):		e-mail Id:
Registered address:		Folio No./*Client Id:
		*DP Id:

I/We, being the member(s) of _____ shares of Varun Mercantile Limited, hereby appoint:

- 1) _____ of _____ having e-mail id _____ or failing him
- 2) _____ of _____ having e-mail id _____ or failing him
- 3) _____ of _____ having e-mail id _____

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Thirty-Fourth Annual General Meeting** of the members of the Company to be held on Monday, September 30, 2019 at 10:30 a.m. at the Registered Office of the Company at 147, 14th Floor, Atlanta, Nariman Point, Mumbai-400021 and at any adjournment thereof in respect of such resolutions as are indicated below:

** I/We wish my above proxy to vote in the manner as indicated in the box below:

Resolutions	For	Against
1. Consider and adopt Audited Financial Statement for the financial year ended March 31, 2019 and the Reports of the Board of Directors and Auditors thereon		
2. Appointment of Shri Ambalal T. Jain as a Director liable to retire by rotation		
3. Appointment of Shri Girish B. Shah as a Director liable to retire by rotation		
4. Appointment of Shri Mehul R. Shah as an Independent Director		
5. Re-appointment of Ms. Lopamudra Dixit as an Independent Director		

*Applicable for investors holding shares in electronic form.

Signed this _____ day of _____ 2019

Signature of shareholder

Affix a
Revenue
Stamp

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Notes:

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than forty-eight hours before the commencement of the Meeting.
- (2) A Proxy need not be a member of the Company and shall prove his identity at the time of attending the Meeting.
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- ** (4) This is only optional. Please put a '✓' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote (on poll) at the Meeting in the manner he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the Meeting in person if he / she so wishes. When a Member appoints a proxy and both the Member and proxy attend the Meeting, the proxy will stand automatically revoked.
- (6) In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.
- (7) This form of proxy shall be signed by the appointer or his attorney duly authorizing in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it.
- (8) This form of Proxy will be valid only if it is duly complete in all respects, properly stamped and submitted as per the applicable law. Incomplete form or form which remains unstamped or inadequately stamped or form upon which the stamps have not been cancelled will be treated as invalid.
- (9) Undated proxy form will not be considered valid.
- (10) If Company receives multiple proxies for the same holdings of a member, the proxy which is dated last will be considered valid; if they are not dated or bear the same date without specific mention of time, all such multiple proxies will be treated as invalid.

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DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Thirty-Fourth Annual Report and the Company's audited financial statements for the financial year ended March 31, 2019.

Financial Results:

The Company's financial performance, for the year ended March 31, 2019 is summarized below:

Particulars	Current Year (Rs.) (2018-19)	Previous Year (Rs.) (2017-18)
Income	35,29,481	31,67,639
Less: Expenses	18,69,820	17,39,274
Profit / (Loss) before Tax	16,59,661	14,28,365
Less: Tax Adjustments	8,76,690	7,99,945
Profit / (Loss) After Tax	7,82,971	6,28,420

Working and State of Company's Affairs:

During the year under review, your Company earned a net profit of Rs.7,82,971/- after incurring necessary expenditure and providing for tax. Your Directors continue their efforts to improve the working of the Company.

There has been no change in the nature of business of the company.

Material changes and commitments affecting the financial position of the company which have occurred between the end of the year and the date of the Report:

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report.

Reserves:

In order to conserve the resources, there is no transfer of profits to reserves during the year.

Dividend:

Your Directors have not recommended any dividend on Equity Shares for the year under review.

Management's Discussion and Analysis Report:

Management's Discussion and Analysis Report for the year under review, as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), is as under.

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Industry Structure, Developments, Opportunities and Outlook:

With the Government undertaking structural reforms and measures to improve productivity, increased thrust on development of physical infrastructure coupled with lower interest rates and its "Make in India" initiative by creating a conducive business environment, it is expected that this will spur activity in the trading sector.

The Company will continue to keep its focus in the trading of general commodities.

Segment-wise or product-wise performance:

The Company is involved only in trading of general commodities and does not have segments.

Challenges, Risks and Concerns:

Some of the challenges that hinder progress of the general commodities sector are easy access to finance, availability of materials and delays in logistics leading to cost and time overruns. However, the Government has undertaken some key reforms that include stronger co-operation between the private and public sectors, enforcing of a unified legal framework, creation of better dispute resolution mechanisms and removing bottlenecks. As a part of the overall risk management strategy, the Company consistently insures its assets and generally follows a conservative financial profile by following prudent business practices.

Internal Controls:

The Company has robust internal control systems and procedures commensurate with its nature of business which meets the following objectives:

- providing assurance regarding the effectiveness and efficiency of operations;
- efficient use and safeguarding of resources;
- compliance with policies, procedures and applicable laws and regulations; and
- transactions being accurately recorded and promptly reported.

The Company continues to have periodical audits conducted of all its functions and activities to ensure that systems and processes are followed across all areas.

The Audit Committee of Directors of the Company regularly reviews the adequacy of internal control systems through such audits. The Internal Auditor reports directly to the Audit Committee.

Internal Financial Controls:

Internal Financial Controls are an integrated part of the risk management process, addressing financial and financial reporting risks. The Company has in place adequate internal financial controls with reference to financial statements.

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Assurance on the effectiveness of internal financial controls is obtained through management reviews, control self-assessment as well as testing of the internal financial control systems by the Statutory Auditors and Internal Auditors during the course of their audits.

The Company believes that these systems provide reasonable assurance that Company's internal financial controls are designed effectively and are operating as intended.

Risk Management:

The Company has in place a Risk Management Policy which provides for a risk management framework to identify and assess risks such as operational, financial, regulatory and other risks.

The Policy provides for a robust risk management framework to identify and assess risks such as safety, health and environment, operational, strategic, financial, security, property, regulatory, reputational and other risks and put in place an adequate risk management infrastructure capable of addressing these risks.

There is an adequate risk management infrastructure in place capable of addressing these risks.

Financial Performance and Operational Performance:

Employee benefit expenses and tax expenses of the Company have increased in comparison to the previous year. Due to increase in other Income of the Company, the profit after tax of the Company has increased in comparison to previous year.

During the year, the Board of Directors explored various avenues to increase its general trading activities and its operations.

Human Resource Development:

The Company does not have any employees on the pay roll of the Company.

Disclosure of Accounting Treatment:

In the preparation of financial statements, no treatment different from that prescribed in an Accounting Standard has been followed.

Significant changes in key financial ratios, along with detailed explanations:

There have been no significant changes (more than 25%) in the key financial ratios as indicated below:

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Particulars	Current Year (2018-19)	Previous Year (2017-18)	% Change
Debtors Turnover (Days)	-	-	-
Inventory Turnover (Days)	-	-	-
Interest Coverage Ratio	-	-	-
Current Ratio	102.13	100.64	1.48
Debt Equity Ratio (Gross)	-	-	-
Debt Equity Ratio (Net)	-	-	-
Operating Profit Margin (%)	-	-	-
Net Profit Margin (%)	-	-	-
Return on Net Worth (%)	1.58	1.29	22.62

Subsidiary, Associate and Joint Ventures:

The Company has no Subsidiary, Associate and Joint Venture companies.

Report on the highlights of performance of Subsidiary, Associates and Joint Venture Companies and their contribution to overall performance of the Company:

The Company has no Subsidiary, Associate and Joint Venture Companies and therefore report on the highlights of performance of such companies and their contribution to overall performance of the Company is not given.

Policy for determination of material subsidiaries:

The Company has formulated a policy for determining material subsidiaries.

Secretarial Standards:

The Directors state that applicable Secretarial Standards i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

Directors' Responsibility Statement:

Your Directors state that:

- in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013 ("the Act"), have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the

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assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Corporate Governance:

As per Regulation 15 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the listed companies having paid up equity share capital and net worth on the last day of the previous financial year not exceeding rupees ten crores and rupees twenty five crores respectively, are exempted to comply with provisions relating to Corporate Governance.

Since, the paid up equity share capital and net worth of the Company as on the last day of the financial year i.e. March 31, 2019 does not exceed rupees ten crores and rupees twenty five crores respectively, the Company is exempted from compliance of provisions relating to Corporate Governance.

Contracts and arrangements with Related Parties:

Your Directors draw attention of the members to Note No. 19 to the financial statement which sets out related party disclosures pursuant to Ind AS 24. The transactions disclosed therein are in the ordinary course of business and are at an arm's length basis. There are no related party transactions with any person or entity belonging to promoter/ promoter group during the year under review. Hence, they are not required to be reported in Form No. AOC-2 in terms of section 134(3) (h) read with Section 188 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Corporate Social Responsibility:

The provisions of Section 135 of the Act are not applicable to Company and hence no committee is constituted and the Company has not spend any amount on Corporate Social Responsibility.

Directors and Key Managerial Personnel:

In terms of Section 152 of the Act, the Company has no Director, who is liable to retire by rotation at the ensuing Annual General Meeting since the Company has two Independent Directors and two Additional Directors. As the Independent Directors are not liable to retire by rotation and the Additional Directors are being appointed as Director in the Annual General Meeting, the Company has no Director who is liable to retire by rotation at the ensuing Annual General Meeting.

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During the year under review, Shri Anup R. Shah, Chief Financial Officer, resigned w.e.f. April 18, 2018 and Shri Paresh J. Darji was appointed by the Board of Directors in his place w.e.f. April 18, 2018.

During the year under review, Shri Rajeev G. Mittal (DIN: 01690677) was appointed as an Additional Director w.e.f. May 29, 2018 who held office upto the Annual General Meeting held on September 28, 2018. The members appointed him as a Director liable to retire by rotation at the Annual General Meeting held on September 28, 2018. During the year under review, Shri Lalit Kumar Shroff resigned as a Director of the Company w.e.f. May 29, 2018. The Board places on record its deep appreciation for the valuable contribution made by him during his tenure as Director of the Company.

During the year under review, Shri Mukesh H. Shah resigned as an Independent Director of the Company w.e.f. December 3, 2018 and Shri Rajeev G. Mittal resigned as a Director of the Company w.e.f. January 4, 2019. The Board places on record its deep appreciation for the valuable contribution made by them during their tenure as Director of the Company.

During the year under review, Shri Mehul R. Shah was appointed as an Additional Director designated as Independent Director of the Company w.e.f. December 3, 2018, Shri Ambalal T. Jain was appointed as an Additional Director of the Company w.e.f. December 3, 2018 and Shri Girish B. Shah was appointed as an Additional Director of the Company w.e.f. January 4, 2019 who shall hold office only upto the date of the ensuing Annual General Meeting. The Board commends the appointment of Shri Mehul R. Shah as Independent Director and appointment of Shri Ambalal T. Jain and Shri Girish B. Shah as Directors of the Company liable to retire by rotation, by the members.

The term of office of Ms. Lopamudra Dixit as an Independent Director, will expire on March 30, 2020. The Board of Directors, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee has recommended re-appointment of Ms. Lopamudra Dixit, as an Independent Director of the Company for a second term of 5 (five) consecutive years on the expiry of her current term of office. The Board considers that, given her background, experience and contributions made by her during her tenure, the continued association of Ms. Lopamudra Dixit would be beneficial to the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under the Act and the Listing Regulations.

The Company has in place a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the non-executive directors and executive directors.

On the basis of the Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, feedback was obtained from all the Directors by way of a structured questionnaire for the annual evaluation of the Board, its Committees and the individual directors covering, inter-alia, various aspects of their performance including composition and skills, board dynamics, understanding of Company's operations, contribution at meetings and inter-personal skills. The responses received were evaluated by the Board.

The following policies of the Company are annexed herewith marked as **Annexure 'IA'** and **Annexure 'IB'**:

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- a) Policy for selection of Directors and determining Directors' independence; and
- b) Remuneration Policy for Directors, Key Managerial Personnel and other employees

Auditors and Auditors' Report:

Statutory Auditors

M/s. Priti V. Mehta & Company, Chartered Accountants, were appointed as Auditors of the Company for a term of 5 (five) consecutive years, at the Annual General Meeting held on September 28, 2018. The Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company.

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

Maintenance of Cost Records:

The provisions of Section 148 of the Act relating to maintenance of cost records as specified by the Central Government are not applicable to the Company.

Secretarial Auditor:

The Board has appointed Ms. Rakhi Jethlia, a Practising Company Secretary, to conduct Secretarial Audit for the financial year 2018-19. The Secretarial Audit Report for the financial year ended March 31, 2019 is annexed herewith and marked as **Annexure 'II'** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Disclosures:

Audit Committee:

As on the end of the financial year, the Audit Committee comprised of Shri Mehul R. Shah (Chairman), Ms. Lopamudra Dixit, as Independent Directors and Shri Girish B. Shah, Director.

Six meetings of the Committee were held during the year on April 18, 2018, May 29, 2018, August 9, 2018, September 3, 2018, November 13, 2018 and January 31, 2019.

Attendance of each Member at the Audit Committee meetings held during the year:

Name of the Committee Member	No. of meetings attended
Mukesh H. Shah @	5
Lopamudra Dixit	6
Lalit K. Shroff #	2
Rajeev G. Mittal \$	3
Mehul R. Shah &	1
Girish B. Shah *	1

@ Ceased to be a Member, w.e.f. December 3, 2018. 5 meetings were held during his tenure.

Ceased to be a Member, w.e.f. May 29, 2018. 2 meetings were held during his tenure.

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\$ Appointed as a Member w.e.f. May 29, 2018 and ceased to be a Member, w.e.f. January 4, 2019. 3 meetings were held during his tenure.

& Appointed as Member w.e.f. December 3, 2018. 1 meeting was held during his tenure.

* Appointed as Member w.e.f. January 4, 2019. 1 meeting was held during his tenure.

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

Nomination and Remuneration Committee:

As on the end of the financial year, the Nomination and Remuneration Committee comprised of Ms. Lopamudra Dixit (Chairperson), Shri Mehul R. Shah as Independent Directors and Shri Girish B. Shah, Director.

Four meetings of the Nomination and Remuneration Committee were held on April 18, 2018, May 29, 2018, December 3, 2018 and January 4, 2019.

Attendance of each Member at the Nomination and Remuneration Committee meetings held during the year:

Name of the Committee Member	No. of meetings attended
Mukesh H. Shah @	3
Lopamudra Dixit	4
Lalit K. Shroff #	2
Rajeev G. Mittal \$	2
Mehul R. Shah &	1
Girish B. Shah *	0

@ Ceased to be a Member, w.e.f. December 3, 2018. 3 meetings were held during his tenure.

Ceased to be a Member, w.e.f. May 29, 2018. 2 meetings were held during his tenure.

\$ Appointed as a Member w.e.f. May 29, 2018 and ceased to be a Member, w.e.f. January 4, 2019. 2 meetings were held during his tenure.

& Appointed as Member w.e.f. December 3, 2018. 1 meeting was held during his tenure.

* Appointed as Member w.e.f. January 4, 2019. 0 meetings were held during his tenure.

All the recommendations made by the Nomination and Remuneration Committee were accepted by the Board.

Meetings of the Board:

Eleven Board meetings were held during the year.

The details of Board meetings held are given below:

VARUN MERCANTILE LIMITED

Corporate Identity Number: L51909MH1985PLC321068

Website: www.vml.org.in

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Date	Board Strength	No. of Directors Present
April 18, 2018	3	3
May 8, 2018	3	3
May 29, 2018	4	4
August 9, 2018	3	3
September 3, 2018	3	3
October 3, 2018	3	3
November 13, 2018	3	3
December 3, 2018	5	5
January 4, 2019	5	5
January 31, 2019	4	4
February 6, 2019	4	4

Attendance of Directors at Board meetings, Extraordinary General Meeting (EGM) and last Annual General Meeting (AGM) and number of other Directorship(s) of each Director in various companies:

Name of the Director	Attendance at meetings during 2018-19			No. of Other Directorship(s) as on March 31, 2019
	Board Meetings	EGM (18/05/2018)	Last AGM (28/09/2018)	
Shri Mukesh H. Shah @	8	Yes	Yes	NA
Ms. Lopamudra Dixit	11	Yes	Yes	1
Shri Lalit K. Shroff #	3	No	NA	NA
Shri Rajeev G. Mittal \$	7	Yes	Yes	NA
Shri Mehul R. Shah &	4	NA	NA	0
Shri Ambalal T. Jain ^	4	NA	NA	3
Shri Girish B. Shah *	3	NA	NA	13

@ Ceased to be a Director, w.e.f. December 3, 2018. 8 meetings were held during his tenure.

Ceased to be a Director, w.e.f. May 29, 2018. 3 meetings were held during his tenure.

\$ Appointed as a Director w.e.f. May 29, 2018 and ceased to be a Director, w.e.f. January 4, 2019. 7 meetings were held during his tenure.

& Appointed as Director w.e.f. December 3, 2018. 4 meetings were held during his tenure.

^ Appointed as Director w.e.f. December 3, 2018. 4 meetings were held during his tenure.

* Appointed as Director w.e.f. January 4, 2019. 3 meetings were held during his tenure.

Vigil Mechanism:

The Company has established a robust Vigil Mechanism and a Whistle-blower policy, in accordance with provisions of the Act and Listing Regulations, for Directors and employees to report genuine concerns or grievances including unethical behaviour, fraud or violation of the Company's Code of Conduct. The authority for the implementation of the policy rests with the Board of Directors. The Vigil Mechanism and Whistle-blower policy may be accessed on the Company's website at www.vml.org.in.

VARUN MERCANTILE LIMITED

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Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act") and Rules made thereunder, the Company has formed Internal Complaints Committee to address complaints pertaining to sexual harassment in accordance with POSH Act. There were no cases/ complaints filed during the year, under the POSH Act.

Particulars of Loans given, Investments made, Guarantees given and Securities provided

There are no loans given, investments made, guarantees given or securities provided in terms of Section 186 of the Act, during the year under review.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

A. Conservation of Energy:

- i) Energy conservation measures taken: Not Applicable.
- ii) Steps taken by the Company for utilising alternate sources of energy: Not Applicable.
- iii) Capital investment on energy conservation equipment's: Not Applicable.

B. Technology Absorption:

- i) Major efforts made towards technology absorption: Not Applicable
- ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable
- iii) Information regarding imported technology (Imported during the last three years): Not Applicable
- iv) Expenditure incurred on research and development: Nil

C. Foreign Exchange Earnings and Outgo:

- i) Foreign exchange earned in terms of actual inflows- Nil
- ii) Foreign exchange outgo in terms of actual outflows- Nil

Extract of Annual Return:

Extract of Annual Return of the Company is annexed herewith as **Annexure 'III'** to this Report. As required under Section 134(3)(a) of the Act, the Annual Return is put up on the Company's website and can be accessed at www.vml.org.in.

VARUN MERCANTILE LIMITED

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Particulars of Employees and related disclosures:

The Company has not paid any remuneration attracting the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amendments thereof. Hence, no information is required to be appended to this report in this regard.

Further the disclosure in the Board Report under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is as per **Annexure 'IV'** and forms part of this Report.

Net worth:

The net worth of the Company as on March 31, 2019 was Rs. 4,94,57,268/- (Rs. 4,86,74,297/- as on March 31, 2018).

General:

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to the employees of the Company under any scheme.
4. The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
5. The Company has no holding company or subsidiary company, hence the provisions of Section 197(14) relating to receipt of remuneration or commission by the Whole time Director from holding company or subsidiary company of the Company are not applicable to the Company.
6. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
7. No fraud has been reported by the Auditors to the Audit Committee or the Board of Directors of the Company.
8. Appointment of a Cost Auditor.
9. There is no Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016.

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Tel.: 22800131, Fax 22800130.

Acknowledgement:

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Government, banks, other business constituents and members during the year under review.

For and on behalf of the Board of Directors


Girish B. Shah
Director
DIN: 00244626


Ambalal T. Jain
Director
DIN: 01073113

Place: Mumbai

Dated: September 4, 2019

Policy for Selection of Directors and determining Directors' independence

1. Introduction:

- 1.1 The Company believes that an enlightened Board consciously creates a culture of leadership to provide a long-term policy approach to improve the quality of governance. Towards this, the Company ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.
- 1.2 The Company recognizes the importance of Independent Directors in achieving the effectiveness of the Board. It aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

2. Scope and purpose:

- 2.1 This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company.

3. Terms and References:

In this Policy, the following terms shall have the following meanings:

- 3.1 "Director" means a director appointed to the Board of the company.
- 3.2 "Nomination and Remuneration Committee" means the committee constituted by the Company's Board in accordance with the provisions of Section 178 of the Companies Act, 2013.
- 3.3 "Independent Director" means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013.

4. Policy:

4.1 Qualifications and criteria

- 4.1.1 The Nomination and Remuneration Committee (NRC) and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's operations.
- 4.1.2 In evaluating the suitability of individual Board members, the NRC may take into account factors, such as:
 - General understanding of the Company's business dynamics, business and social perspective;
 - Educational and professional background;
 - Standing in the profession;

- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

4.1.3 The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number;
- Shall not be disqualified under the Companies Act, 2013;
- Shall give his written consent to act as a Director;
- Shall endeavor to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings;
- Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, Equity Listing Regulations and other relevant laws.

4.1.4 The NRC shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

4.2 Criteria of Independence

4.2.1 The NRC shall assess the independence of Directors at the time of appointment / re appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

4.2.2 The criteria of independence, as laid down in Companies Act, 2013 is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director

- who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- who is or was not a promoter of the company or its holding, subsidiary or associate company;
 - who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- who, neither himself nor any of his relatives-

- (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of-
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
 - (v) is a material supplier, service provider or customer or a lessor or lessee of the company.
- f. shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.
- g. shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013.
- h. who is not less than 21 years of age.

4.2.3 The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013.

4.3 Other directorships / committee memberships:

4.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The NRC shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

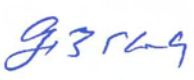
4.3.2 A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be Public Limited Companies.

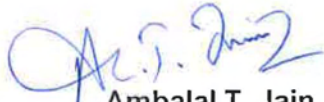
4.3.3 A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 Listed Companies in case he is serving as a Whole-time Director in any Listed Company.

4.3.4 A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds directorships.

For the purpose of considering the above limit of the Committees, Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies, whether listed or not, shall be included and all other companies including Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.

For and on behalf of the Board of Directors


Girish B. Shah
Director


Ambalal T. Jain
Director

Place: Mumbai

Dated: September 4, 2019

Remuneration Policy for Directors, Key Managerial Personnel and other employees

1. Introduction:

This Remuneration Policy (Policy) of Varun Mercantile Limited has been formulated for its directors, key managerial personnel and other employees keeping in view the following objectives:

- 1.1 Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.
- 1.2 Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- 1.3 Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.
- 1.4 The Policy is in compliance with Section 178(3) and Section 178(4) of the Companies Act, 2013.

2. Scope of policy:

The Policy applies to all directors, key managerial personnel and other employees.

3. Terms and References:

In this Policy, the following terms shall have the following meanings:

- 3.1 "Director" means a director appointed to the Board of the Company.
- 3.2 "Key Managerial Personnel" means
 - (i) the Chief Executive Officer or the managing director or the manager;
 - (ii) the Company Secretary;
 - (iii) the whole-time director;
 - (iv) the Chief Financial Officer; and
 - (v) such other officer as may be prescribed under the Companies Act, 2013.
- 3.3 "Nomination and Remuneration Committee" means the committee constituted by Varun Mercantile Limited Board in accordance with the provisions of Section 178 of the Companies Act, 2013.

4. Policy:

4.1 Remuneration to Director and Key Managerial Personnel

- 4.1.1 The Board, on the recommendation of the Nomination and Remuneration Committee (NRC), shall review and approve the remuneration payable to the Directors of the

Company within the overall limits permissible under the Companies Act, 2013.

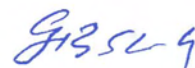
- 4.1.2 The Board, on the recommendation of the NRC Committee, shall also review and approve the remuneration payable to the other Key Managerial Personnel of the Company.
- 4.1.3 The remuneration structure of the Directors and other Key Managerial Personnel shall include the following components:
- a. Total Fixed Cost: This includes base salary, other allowances, perquisites and retirement benefits.
 - b. Variable Cost: This includes incentives / performance bonus linked to Company and individual performance.
 - c. The sum total of the Total Fixed Cost and Variable Cost is called the Cost to Company in the remuneration package.

5. Remuneration to other employees

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

6. Remuneration is annually reviewed for the Key Managerial Personnel and other employees who are eligible for compensation review keeping in view the remuneration objectives.

For and on behalf of the Board of Directors



Girish B. Shah
Director



Ambalal T. Jain
Director

Place: Mumbai

Dated: September 4, 2019

Office:-
294/A, Govindwadi
Room No. 18, Kalbadevi Road
Mumbai- 400002.
Phone: - 022-22077403
7718829692

Annexure 'II'

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Varun Mercantile Limited
147, 14th Floor, Atlanta,
Nariman Point, Mumbai-400021

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Varun Mercantile Limited** (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 authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019, according to the provisions of:



- i. The Companies Act, 2013; the Companies Act, 1956 (the Act) and the rules made thereunder;
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with the client;
 - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. Provisions of the following Regulations and Guidelines prescribed under the SEBI Act were not applicable to the Company during the Audit Period:-
- i. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - ii. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - iii. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - iv. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - v. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
3. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (not applicable to the Company during the Audit Period).



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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India; and
- ii. The Listing Agreement entered into by the Company with the Stock Exchange.

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

I further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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

I further report that during the audit period I have found that the company was generally regular in complying with various statutory compliances.



Rakhi Jethlia

Company Secretary

ACS No.: 28351

CP No.: 13698

Place: Mumbai

Date: September 4, 2019

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019

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

I.	REGISTRATION AND OTHER DETAILS:	
i)	CIN:-	L51909MH1985PLC321068
ii)	Registration Date	12-02-1985
iii)	Name of the Company	Varun Mercantile Limited
iv)	Category / Sub-Category of the Company	Public Company / Limited by Shares
v)	Address of the Registered office and contact details	147, 14th Floor, Atlanta, Nariman Point, Mumbai-400021 Tel: +91 22 22800131 Fax: +91 22 22800130
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Fintech Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Tel: +91 40 6716 1700 Toll Free No: 1800 425 8998 Fax: +91 40 67161680
II.	PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY	
	All the business activities contributing 10% or more of the total turnover of the company shall be stated:-	As per Attachment A
III.	PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES	As per Attachment B
IV.	SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)	
i)	Category-wise Share Holding	As per Attachment C
ii)	Shareholding of Promoters	As per Attachment D
iii)	Change in Promoters' Shareholding	As per Attachment E
iv)	Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	As per Attachment F
v)	Shareholding of Directors and Key Managerial Personnel	As per Attachment G
V.	INDEBTEDNESS	
	Indebtedness of the Company including interest outstanding/accrued but not due for payment	As per Attachment H
VI.	REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL	
A.	Remuneration to Managing Director, Whole-time Directors and/or Manager	As per Attachment I
B.	Remuneration to other directors	As per Attachment J
C.	Remuneration to Key Managerial Personnel other than MD/MANAGER/MTD	As per Attachment K
VII.	PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:	As per Attachment L

Attachment A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr.No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the company
NIL			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES / BODIES CORPORATE

Sr. No.	Name of Company / Bodies Corporate	Address of Company	CIN/GLN	HOLDING / SUBSIDIARY / ASSOCIATE	% of Shares held	Applicable section
NIL						

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

i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2018)				No. of Shares held at the end of the year (As on 31-03-2019)				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A	Promoters									
(1)	Indian									
a)	Individual / HUF	0	0	0	0.00	0	0	0	0.00	0.00
b)	Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c)	State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
e)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f)	Any other...	0	0	0	0.00	0	0	0	0.00	0.00
	Sub - Total (A) (1) :-	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Foreign									
a)	NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b)	Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c)	Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any other...	0	0	0	0.00	0	0	0	0.00	0.00
	Sub - Total (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoter(A) = (A)(1) + (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
B	Public Shareholding									
1	Institutions									
a)	Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c)	Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d)	State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g)	FIs	0	0	0	0.00	0	0	0	0.00	0.00
h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub - Total (B) (1)	0	0	0	0.00	0	0	0	0.00	0.00
2	Non-institutions									
a)	Bodies Corp.									
i)	Indian	0	7 93 600	7 93 600	39.84	0	9 02 100	9 02 100	45.29	5.45
ii)	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b)	Individuals									
i)	Individual shareholders holding nominal share capital up to Rs. 1 lakh	0	16 400	16 400	0.82	0	16 400	16 400	0.82	0.00
ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	0	11 82 000	11 82 000	59.34	0	10 73 500	10 73 500	53.89	-5.45
c)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub - Total (B) (2)	0	19 92 000	19 92 000	100.00	0	19 92 000	19 92 000	100.00	0.00
	Total Public Shareholding (B) = (B)(1) + (B)(2)	0	19 92 000	19 92 000	100.00	0	19 92 000	19 92 000	100.00	0.00
C.	Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total (A+B+C) ¹	0	19 92 000	19 92 000	100.00		19 92 000	19 92 000	100.00	0.00

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

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2018)			Shareholding at the end of the year (As on 31-03-2019)			
		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	% change in share holding during the year
1	Lalit Kumar Shroff	0	0.00	0.00	0	0.00	0.00	0.00
	Total	0	0.00	0.00	0	0.00	0.00	0.00

Attachment E

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

iii) Change in Promoters' Shareholding

Sr. No.		Shareholding at the beginning of the year (As on 01-04-2018)		Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	There is no change in the holding of promoters between 01-04-2018 and 31-03-2019			
	At the End of the year	0	0.00	0	0.00

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

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

Sr. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-18 to 31-03-19)	
		No. of Shares at the beginning (01-04-18) / end of the year (31-03-19)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Sun Wave Commercials Private Limited	97 950	4.92	-	0	-	97 950	4.92
2	Arman Commercials Private Limited	96 600	4.85	-	0	-	96 600	4.85
3	Techfo Venture Capital Private Limited	96 100	4.82	-	0	-	96 100	4.82
4	Sarisha Commercials Private Limited	94 600	4.75	-	0	-	94 600	4.75
5	Rohana Commercials Private Limited	93 600	4.70	-	0	-	93 600	4.70
6	Viddheswar Trading LLP	93 100	4.67	-	0	-	93 100	4.67
7	Titan Farms Private Limited	92 600	4.65	-	0	-	92 600	4.65
8	Vasudhara Mercantile Private Limited	92 100	4.62	-	0	-	92 100	4.62
9	Biren Commercials Private Limited	0	0.00	1-Apr-2018				
				3-Oct-2018	73250	Transfer	73 250	3.67
		73 250	3.67	31-Mar-2019			73 250	3.67
10	Leisure Life Commercials Private Limited	36 950	1.85	-	0	-	36 950	1.85

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

v) Shareholding of Directors and Key Managerial Personnel

Sr.No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-18 to 31-03-19)	
		No. of Shares at the beginning (01-04-18) /end of the year (31-03-19)	% of total shares of the Company				No. of Shares	% of total shares of the Company
A	DIRECTORS:							
1	Lalit K. Shroff	0	0.00	1-Apr-2018	0	Nil Holding /		
	Non-Executive Director (Ceased to be a Director w.e.f. 29/05/2018)	0	0.00	29-May-2018		movement during the year	0	0.00
2	Mukesh H. Shah	0	0.00	1-Apr-2018	0	Nil Holding /		
	Independent Director (Ceased to be a Director w.e.f. 03/12/2018)	0	0.00	3-Dec-2018		movement during the year	0	0.00
3	Lopmudra Dixit	0	0.00	1-Apr-2018	0	Nil Holding /		
	Independent Director	0	0.00	31-Mar-2019		movement during the year	0	0.00
4	Rajeev G. Mittal	0	0.00	29-May-2018	0	Nil Holding /		
	Non-Executive Director (Appointed as a Director w.e.f. 29/05/2018, Ceased to be a Director w.e.f. 04/01/2019)	0	0.00	4-Jan-2019		movement during the year	0	0.00
5	Mehul R. Shah	17750	0.89	3-Dec-2018				
	Independent Director (Appointed as a Director w.e.f. 03/12/2018)			3-Dec-2018	-17750	Transfer	0	0.00
		0	0.00	31-Mar-2019			0	0.00
6	Ambalal T. Jain	0	0.00	3-Dec-2018	0	Nil Holding /		
	Non-Executive Director (Appointed as a Director w.e.f. 03/12/2018)	0	0.00	31-Mar-2019		movement during the year	0	0.00
7	Girish B. Shah	17500	0.88	4-Jan-2019	0			
	Non-Executive Director (Appointed as a Director w.e.f. 04/01/2019)			4-Jan-2019	-17500	Transfer	0	0.00
		0	0.00	31-Mar-2019			0	0.00
B	Key Managerial Personnel (KMP's)							
1	Forum Sheth	0	0.00	1-Apr-2018	0	Nil Holding /		
	Company Secretary	0	0.00	31-Mar-2019		movement during the year	0	0.00
2	Baskar Asirvatham Moduthagam	0	0.00	1-Apr-2018	0	Nil Holding /		
	Manager	0	0.00	31-Mar-2019		movement during the year	0	0.00
3	Anup R. Shah	0	0.00	1-Apr-2018	0	Nil Holding /		
	Chief Financial Officer (Ceased w.e.f. 18/04/2018)	0	0.00	18-Apr-2018		movement during the year	0	0.00
4	Pareesh J. Darji	0	0.00	18-Apr-2018	0	Nil Holding /		
	Chief Financial Officer (Appointed w.e.f. 18/04/2018)	0	0.00	31-Mar-2019		movement during the year	0	0.00

V. INDEBTENDNESS

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

Amount (Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01-04-2018)				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0
Change in Indebtedness during the financial year				
Addition	0	0	0	0
Reduction	0	0	0	0
Net Change	0	0	0	0
Indebtedness at the end of the financial year (31-03-2019)				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0

Attachment I

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Baskar Asirvatham Moduthagam	Total Amount (Rs.)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	-	-
	- others, specify...	-	-
5	Others-payments on secondment	12 11 041	12 11 041
	Total (A)	12 11 041	12 11 041
	Ceiling as per the Act	Rs. 60 Lakhs (as per Schedule V of the Companies Act, 2013)	


Sr. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Lalit Shroff (Ceased w.e.f. 29/05/2018)	Mukesh Shah (Independent Director- Ceased w.e.f. 03/12/2018)	Lopamudra Dixit (Independent Director)	Rajeev G. Mittal (Appointed w.e.f. 29/05/2018 and ceased w.e.f. 04/01/2019)	Mehul R. Shah (Independent Director- Appointed w.e.f. 03/12/2018)	Ambalal T. Jain (Appointed w.e.f. 03/12/2018)	Girish B. Shah (Appointed w.e.f. 04/01/2019)	
1	Independent Directors								
	· Fee for attending board / committee meetings	-	-	-	-	-	-	-	
	· Commission	-	-	-	-	-	-	-	
	· Others, please specify	-	-	-	-	-	-	-	
	Total (1)	-	-	-	-	-	-	-	
2	Other Non-Executive Directors								
	· Fee for attending board / committee meetings	-	-	-	-	-	-	-	
	· Commission	-	-	-	-	-	-	-	
	· Others, please specify	-	-	-	-	-	-	-	
	Total (2)	-	-	-	-	-	-	-	
	Total (B)=(1+2)	-	-	-	-	-	-	-	
	Total Managerial Remuneration	-	-	-	-	-	-	-	
	Overall Ceiling as per the Act				N.A.				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL



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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (Rs.)
		Company Secretary Forum Sheth	CFO Anup Shah (upto 18/04/2018)	CFO Paresh Darji (w.e.f. 18/04/2018)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	-others, specify - Medical	-	-	-	-
5	Others-payments on secondment	60 000	-	58 866	1 18 866
	Interest Concession on loan	-	-	-	-
	Total	60 000	-	58 866	1 18 866

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / punishment / compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors



 Girish B. Shah Ambalal T. Jain
 Director Director

Place: Mumbai

Dated: September 4, 2019

Annexure 'IV'

Details pertaining to remuneration of Directors and employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 as well as the percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager in the financial year 2018-19 is as under:

Sr. No.	Name of Director / KMP	Remuneration of Director / KMP for financial year 2018-19 (in Rs.)	Ratio of the remuneration of each Director to median remuneration of the employees	% increase in remuneration over previous year
	Non-Executive Director			
1.	Lalit K. Shroff (upto 29/05/2018)	Nil	Nil	Nil
2.	Mukesh H. Shah (upto 03/12/2018)	Nil	Nil	Nil
3.	Lopamudra Dixit	Nil	Nil	Nil
4.	Rajeev G. Mittal (w.e.f. 29/05/2018 upto 04/01/2019)	Nil	Nil	Nil
5.	Mehul R. Shah (w.e.f. 03/12/2018)	Nil	Nil	Nil
6.	Ambalal T. Jain (w.e.f. 03/12/2018)	Nil	Nil	Nil
7.	Girish B. Shah (w.e.f. 04/01/2019)	Nil	Nil	Nil
	Company Secretary			
4.	Forum Sheth (on secondment)	#60,000	-	NA
	Chief Financial Officer			
5.	Anup R. Shah (on secondment) upto 18/04/2018	-	-	*
6.	Paresh J. Darji (on secondment) wef 18/04/2018	#58,866	-	**
	Manager			
7.	Baskar Asirvatham Moduthagam (on secondment)	#12,11,041	-	9.91

Paid on secondment and inclusive of Goods and Service Tax.

* Shri Anup R. Shah held office only upto 18/04/2018 (part of the year 2018-19) and hence, percentage increase in remuneration is not reported.

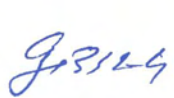
** Shri Paresh J. Darji was appointed w.e.f. 18/04/2018 (during the year 2018-19) and hence, percentage increase in remuneration is not reported.

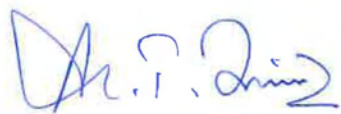
- (ii) Percentage increase in the median remuneration of employees in the financial year 2018-19: This percentage is not provided for, as the Company had no employees during the year under review.
- (iii) Number of permanent employees on the rolls of the Company: The Company does not have permanent employees on the rolls of the Company.
- (iv) Comparison of average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2018-19 and its comparison with the percentile increase in the managerial remuneration:

Average increase in salary of employees (other than managerial personnel)	Nil
Average increase in remuneration of managerial personnel	2.48

- (v) The remuneration paid is as per the Remuneration Policy of the Company.

For and on behalf of the Board of Directors


Girish B. Shah
Director


Ambalal T. Jain
Director

Place: Mumbai

Dated: September 4, 2019

PRITI V. MEHTA
B.COM.(HONS), F.C.A.
Proprietor



PRITI V. MEHTA & COMPANY

CHARTERED ACCOUNTANTS

601/602, SURYA HOUSE,
6TH FLOOR, ROAD NO.7,
SHREE GOLVALKAR GURUJI MARG,
VIDYAVIHAR (EAST), MUMBAI - 400077.

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E : mehtavipulp@gmail.com
mehtapritiv@gmail.com

INDEPENDENT AUDITORS' REPORT

To,

The Members of

Varun Mercantile Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OPINION

We have audited the accompanying Financial Statements of Varun Mercantile Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the Statement of other Comprehensive Income, the cash flow statement and the statement of Changes in Equity for the year then ended, and notes to the financial statement including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Financial Statement give the information required by the Companies Act, 2013, as amended ("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, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Financial Statements in accordance with the Standard on Auditing (SAs) as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirement that are relevant to our audit of the financial statement under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statement for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Statements. The results of our audit procedures, including the procedures performed, provide the basis for our audit opinion on the accompanying Financial Statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Financial Statements and our auditors' report thereon.



Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other Information and, in doing so, consider whether such other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in Place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that



a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order;
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;



(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 on its Ind As financial position in its financial statements.
- ii) The company did not have any long-term contract 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's education and protection fund by the company.

For PRITI V. MEHTA & COMPANY.

Chartered Accountants

Firm Registration. No. 129568W

P. V. Mehta

PRITI V. MEHTA

Proprietor

Membership. No. : 130514

PLACE : MUMBAI

DATED : 28.05.2019



"ANNEXURE "1" to the Independent Auditors' Report on the Financial Statements of Varun mercantile Limited.

(Referred to in Paragraph 1 under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date)

1. **In respect of Fixed Assets :**

The Company does not have any Fixed Assets Accordingly, the Provision of clause (i) of Paragraph 3 of the order are not applicable to Company.

2. Since the Company does not have any inventories during the year accordingly under report, the provisions of clause (ii) of paragraph 3 of the Order are not applicable to the Company.

3. As per information and explanation given to us and on the basis of our examination of the books of account, the Company has not granted any loans to companies, firms, Limited Liability Partnership or others parties, covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) to (c) of the order are not applicable to company.

4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities.

5. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

6. In our opinion and according to the information and explanations given to us, the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government under Section 148 of the Companies Act, 2013 are not applicable to the Company.

7. **In respect of Statutory Dues :**

(a) According to the records of the Company, the Company is by and large regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, Goods & service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues wherever applicable with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect statutory dues were outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations provided to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales Tax, Goods and Service tax, Service tax, Duty of custom, Duty of excise, Value added tax, Cess and Other Statutory Dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

8. According to the records examined by us and on the information and explanations given by the management, the Company was not having any loans or borrowings from financial Institutions, banks, government or by way of debentures during the year. Therefore the provisions of clause viii of the Companies (Audit Report) Order, 2016 are not applicable.

9. Since the Company has not raised any monies by way of debt instruments and terms loans, the provision of Clause (ix) of Paragraph 3 of the order are not applicable to the Company.

Continuation sheet..2...



10. In our opinion and according to the information and explanation given to us, no material fraud by the Company or on the Company by its officer or employees has been noticed or reported during the year.
11. In our opinion and according to the information and explanations given to us, the company had not paid any managerial remuneration during the year covered by audit. Hence reporting under clause 3(xi) of the Order is not applicable for the Company.
12. The company is not a Nidhi Company and hence reporting under clause (xii) of Paragraph 3 of the Order is not applicable.
13. In our opinion and according to the information and explanations given to us, the Company's transaction with its related party are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, and details of related party transactions have been disclosed in the financial statements etc. as required by the accounting standards.
14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, clause 3 (xiv) of the Company's (Auditor's Report) Order, 2016 is not applicable.
15. According to the information and explanations provided by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
16. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934.

For PRITI V. MEHTA & COMPANY.

Chartered Accountants

Firm Registration. No. 129568W

P. V. Mehta
PRITI V. MEHTA

Proprietor

Membership. No. : 130514

PLACE: MUMBAI

DATED: 28.05.2019



ANNEXURE "2" TO THE INDEPENDENT AUDITORS REPORT

Referred to in paragraph 2(f) of our Report of even date to the Members of **VARUN MERCANTILE LIMITED** for the year ended 31st March, 2019.

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

We have audited the internal financial controls over financial reporting of **VARUN MERCANTILE LIMITED** as of **31st March 2019**, 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 Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For PRITI V. MEHTA & COMPANY.

Chartered Accountants

Firm Registration. No. 129568W

P. V. Mehta
PRITI V. MEHTA

Proprietor

Membership. No. : 130514

PLACE: MUMBAI

DATED: 28.05.2019



Varun Mercantile Limited
BALANCE SHEET AS AT 31st MARCH, 2019

		(Amount in ₹)	
	Notes	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
1) Non-current Assets			
a) Financial assets			
Investments	1	-	-
b) Other Non-Current Assets	2	5 36 524	5 36 524
c) Deferred Tax Assets (Net)	3	-	-
Total Non-current assets		5 36 524	5 36 524
2) Current Assets			
a) Financial assets			
i) Cash and cash equivalents	4	4 75 21 007	4 72 95 320
ii) Current Tax Assets (Net)	5	-	-
iii) Other Financial Assets	6	18 88 800	13 85 723
Total Current assets		4 94 09 807	4 86 81 043
Total Assets		4 99 46 331	4 92 17 567
EQUITY AND LIABILITIES			
Equity			
a) Equity Share Capital	7	1 99 20 000	1 99 20 000
b) Other Equity	8	2 95 37 268	2 87 54 297
Total Equity		4 94 57 268	4 86 74 297
Liabilities			
Current Liabilities			
a) Financial Liabilities			
Trade payables Due to:			
Micro and small Enterprises			
Other than Micro and small Enterprises	9	4 78 663	2 87 941
b) Other Current Liabilities	10	3 155	2 31 934
c) Current Tax Liabilities (Net)	11	7 245	23 395
Total Current liabilities		4 89 063	5 43 270
Total Liabilities		4 89 063	5 43 270
Total Equity and Liabilities		4 99 46 331	4 92 17 567
Significant Accounting Policies			
See accompanying Notes to the Financial Statements		1 to 25	

As per our report of even date

For and on behalf of the Board

For PRITI V. MEHTA & COMPANY
Chartered Accountants
Registration No. 129568W

PRITI V. MEHTA
Proprietor
Membership No. 130514
Place: Mumbai
Date : 28.05.2019



Girish B. Shah
Girish B. Shah
Director

F.S. Shah
Forum J. Sheth
Company Secretary

Ambalal T. Jain
Ambalal T. Jain
Director

Paresh J. Darji
Paresh J. Darji
Chief Financial Officer

Varun Mercantile Limited

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH, 2019

(Amount in ₹)

	Notes	2018-19	2017-18
INCOME:			
Other income	12	35 29 481	31 67 639
Total Income		35 29 481	31 67 639
EXPENSES:			
Employee Benefit Expenses	13	13 29 906	13 09 238
Other expense	14	5 39 914	4 30 036
Total Expenses		18 69 820	17 39 274
Profit before tax		16 59 661	14 28 365
Tax Expenses			
- Current tax	15	8 60 000	8 00 000
- Taxes for earlier year		16 690	(55)
Profit for the year		7 82 971	6 28 420
Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total comprehensive income for the year		7 82 971	6 28 420
Earnings per equity share of face value of ₹ 10 each	16		
a) Basic		0.39	0.32
b) Diluted		0.39	0.32
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1 to 25		

As per our Report of even date

For PRITI V. MEHTA & COMPANY

Chartered Accountants

Registration No. 129568W

P. V. Mehta

PRITI V. MEHTA

Proprietor

Membership No. 130514

Place: Mumbai

Date : 28.05.2019



For and on behalf of the Board

Girish B. Shah
Director

Ambalal T. Jain
Director

F.S. Shah
Forum J. Sheth
Company Secretary

Paresh J. Darji
Chief Financial Officer

Varun Mercantile Limited

Statement of Changes of Equity for the year ended 31st March, 2019

A EQUITY SHARE CAPITAL

	As At 1st April, 2017	Change in equity share capital during 2017-18	As At 31st March, 2018	Change in equity share capital during 2018-19	As At 31st March, 2019
Equity shares of ₹ 10/- each, fully paid up	1 99 20 000	-	1 99 20 000	-	1 99 20 000

B: OTHER EQUITY

As on 31st March, 2019

Particulars				Total
	General Reserve	Retained Earnings	Other Comprehensive Income	
Balance at beginning of the reporting period i.e. 1st April, 2018	10 000	2 87 44 297	-	2 87 54 297
Total Comprehensive Income for the year	-	7 82 971	-	7 82 971
Balance at the end of the reporting period i.e. 31st March, 2019	10 000	2 95 27 268	-	2 95 37 268

As on 31st March, 2018

Balance at beginning of the reporting period i.e. 1st April, 2017	10 000	2 81 15 877	-	2 81 25 877
Total Comprehensive Income for the year	-	6 28 420	-	6 28 420
Balance at the end of the reporting period i.e. 31st March, 2018	10 000	2 87 44 297	-	2 87 54 297

As per our report of even date attached

For and on behalf of the Board

For PRITI V. MEHTA & COMPANY

Chartered Accountants

Registration No. 129568W

P.V. Mehta

PRITI V. MEHTA

Proprietor

Membership No. 130514

Place: Mumbai

Date : 28.05.2019



Girish B. Shah

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Director

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Company Secretary

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Ambalal T. Jain
Director

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Paresh J. Darji
Chief Financial Officer

Varun Mercantile Limited

Cash flow Statement for the year ended 31st March,2019

	2018-19	2017-18
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax as per Statement of Profit and Loss	16 59 661	14 28 365
Adjusted for:		
Interest Income	(32 97 547)	(31 67 639)
Operating (Loss) before working capital changes	(16 37 886)	(17 39 274)
Adjusted for:		
Trade and Other Payable	(38 057)	2 74 141
Trade and Other receivables	(5 03 077)	(6 14 878)
Cash (Used In) / Generated from operations	(21 79 020)	(20 80 011)
Taxes paid (Net)	(8 92 840)	(6 12 541)
Net Cash (Used in) Operating Activities	(30 71 860)	(26 92 552)
B CASH FLOW FROM INVESTING ACTIVITIES		
Redemption of Investments		
Interest Income	32 97 547	31 67 639
Net Cash flow from Investing Activities	32 97 547	31 67 639
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash from financial Activities	-	-
Net Increase in Cash and Cash Equivalents	2 25 687	4 75 087
Opening Balance of Cash and Cash Equivalents	4 72 95 320	4 68 20 233
Closing Balance of Cash and Cash Equivalents	4 75 21 007	4 72 95 320

Notes:

- 1 The previous year's figures have been regrouped and reclassified wherever necessary.
- 2 Cash and cash equivalents represent cash and bank balance.

As per our Report of even date

For and on behalf of the Board

For PRITI V. MEHTA & COMPANY

Chartered Accountants
Registration No. 129568W

P. V. Mehta
PRITI V. MEHTA
Proprietor
Membership No. 130514
Place: Mumbai
Date : 28.05.2019



Girish B. Shah
Girish B. Shah
Director

F.S. Shah
Forum J. Sheth
Company Secretary

Ambalal T. Jain
Ambalal T. Jain
Director
Paresh J. Darji
Paresh J. Darji
Chief Financial Officer

A CORPORATE INFORMATION

Varun Mercantile Limited ("the company") is a Limited company incorporated in India having CIN L51909MH1985PLC320168. The register office of the Company is located at 147, 14th Floor, Atlanta, Nariman Point, Mumbai-400 021 .

The Company will Continue to keep its focus in the trading of general commodities.

B SIGNIFICANT ACCOUNTING POLICIES

B.1 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities which have been measured at fair value amount :

Certain financial assets measured at fair value.

The financial statements of the company have been prepared to comply with the Indian Accounting standard ("Ind AS") including the Accounting Standard notified under the relevant provisions of the Companies Act, 2013.

Company's financial statements are presented in Indian Rupees (₹), which is also its functional currency.

B.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Provision, Contingent Liabilities and Contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

(b) Tax Expenses

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity.

Current Tax

Current Tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

(c) Revenue recognition

The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

Interest income from a financial asset is recognised using effective interest rate method.

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

Varun Mercantile Limited
Significant Accounting Policies (Contd.)

(d) Earning Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earning per share, the net profit or loss for the year attributable to equity shareholders and weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(e) Cash and Cash Equivalents:

Cash and Cash equivalents comprise cash and cash deposit with banks. The company considers all highly liquid investments with remaining maturity of the date of purchase a three months or less and that are readily convertible to the known amount or cash to be cash equivalent.

(f) Cash Flow Statement

Cash flows are reported using the indirect -method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cashflows. The cash flows from operating, investing and Financing activities of the company are segregated.

(g) Financial instruments

1. Financial Assets

A. Initial recognition and measurement :

All financial assets and liabilities are initially recognised at fair value as and when acquired. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

B. Subsequent measurement :

a) Financial assets carried at amortised cost (AC)

A financial asset is subsequently measured at cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flow and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

d) Other equity instruments

All equity investments are measured at fair value, with value changes recognised in statement of profit and loss, except for those equity investments for which the company has elected to present the value changes in "Other Comprehensive Income".

2. Financial Liabilities

A. Initial recognition and measurement :

All financial liabilities are recognised at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

B. Subsequent measurement :

Financial liabilities are carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

C CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY :

The preparation of the Company's financial statements requires management to make judgment, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Depreciation and useful lives of property, plant and equipment:

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is adjusted if there are significant changes from previous estimates.

b) Provisions:

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgment to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

c) Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

d) Impairment of non-financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

e) Recognition of Deferred Tax Assets and Liabilities :

Deferred tax assets and liabilities are recognised for deductible temporary differences and unused tax losses for which there is probability of utilisation against the future taxable profit. The Company uses judgement to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profit and business development.

Varun Mercantile Limited
Significant Accounting Policies (Contd.)

D Standards Issued but not Effective

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 - Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2019.

a) Issue of Ind AS 116 - Leases

Ind AS 116 will replace the exiting leasing standard i.e. Ind AS 17 and related interpretations. Ind AS 116 introduces a single lessee accounting model requires lessee to recognise assets and liabilities for all leases with non-cancellable period of more than twelve months except for low value assets. Ind AS 116 substantially carries forward the lessor accounting requirement in Ind AS 17.

b) Amendment to Existing issued Ind AS

E The MCA has also carried out amendments of the following accounting standards :

- I. Ind AS 101 - First time adoption of Indian accounting Standards
- II. Ind AS 103 - Business Combination
- III. Ind AS 109 - Financial Instruments
- IV. Ind AS 111 - Joint Arrangements
- V. Ind AS 12 - Income Taxes
- VI. Ind AS 19 - Employee Benefits
- VII. Ind AS 23 - Borrowing costs.
- VIII. Ind AS 28 - Investments in Associates and Joint Ventures

Application of above standards are not expected to have any significant impact on the Group's financial statements.

	As at 31st March,2019	As at 31st March,2018
1 Non Current Investments	-	-
Total	-	-
2 Other Non Current Assets		
Unsecured, considered good		
Advance Income Tax	5 36 524	5 36 524
(Net of Provision for Taxation)		
Total	5 36 524	5 36 524
3 Deferred Tax Assets (NET)	As at 31st March,2019	As at 31st March,2018
Deferred Tax Liability		
Related to Fixed Assets	-	-
Deferred Tax Assets		
On account of Brought Forward losses	12 75 876	12 63 608
Total	12 75 876	12 63 608
However,deferred tax assets has not been recognized on ground of prudence.		
4 Cash and cash equivalents	As at 31st March,2019	As at 31st March,2018
Cash on hand	-	-
Balance with banks *	4 75 21 007	4 72 95 320
Total	4 75 21 007	4 72 95 320
* Includes fixed deposits of ₹ 4,74,16,992/- (Previous year ₹ 4,72,60,132/-) with maturity of more than 3 months but less than 12 months.		
4.1 Cash and Cash Equivalents includes deposits maintained by the Company with banks, which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal.		
5 Current Tax Assets (Net)	As at 31st March,2019	As at 31st March,2018
Unsecured, considered good		
Advance Income Tax	-	-
(Net of Provision for Taxation)		
Total	-	-
Current Tax Assets (Net)		
At start of the year	-	9 335
Charged for the year- Current tax (Net)	-	-
others	-	-
Tax paid (Net) during the year	-	-
Transferred to Current tax Liabilities	-	(9 335)
At the end of the year	-	-
6 Other Financial Assets	31st March,2019	31st March,2018
Interest accrued on fixed deposits and bonds	18 88 800	13 85 723
Total	18 88 800	13 85 723

7 Share capital

	As at 31st March, 2019	As at 31st March, 2018
Authorised Capital		
30 00 000 (Previous Year: 30 00 000)		
Equity shares of ₹10/- each	3 00 00 000	3 00 00 000
Total	3 00 00 000	3 00 00 000
Issued, Subscribed and Fully Paid up		
19 92 000 (Previous Year: 19 92 000)		
Equity shares of ₹ 10/- each, fully paid up	1 99 20 000	1 99 20 000
Total	1 99 20 000	1 99 20 000

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

Name of the Shareholder	No of Shares	
	31st March, 2019	31st March, 2018
Equity Shares		
Shares outstanding at the beginning of	19 92 000	19 92 000
Outstanding at the end of the year	19 92 000	19 92 000

Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Non of the shareholders holding more than 5% shares in the Company

8 Other Equity

	As at 31st March, 2019	As at 31st March, 2018
General Reserve		
As per Last Balance Sheet	10 000	10 000
Retained Earnings		
As per Last Balance Sheet	2 87 44 297	2 81 15 877
Add: Profit for the year	<u>7 82 971</u>	<u>6 28 420</u>
	2 95 27 268	2 87 44 297
Other Comprehensive Income (OCI)		
As per Last Balance Sheet	-	-
Add: Movement in OCI during the year	<u>-</u>	<u>-</u>
	-	-
Total	<u><u>2 95 37 268</u></u>	<u><u>2 87 54 297</u></u>

9 Trade payables

	As at 31st March, 2019	As at 31st March, 2018
Micro, Small and Medium	-	-
Others	4 78 663	2 87 941
Total	<u><u>4 78 663</u></u>	<u><u>2 87 941</u></u>

9.1 There are no overdue to Micro, Small and Medium Enterprises as at March 31, 2019.

10 Other Current Liabilities

	As at 31st March, 2019	As at 31st March, 2018
Statutory Dues	3 155	-
Others	-	2 31 934
Total	<u><u>3 155</u></u>	<u><u>2 31 934</u></u>

11 Current Tax Liabilities (Net)

	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good		
Provision for Taxation	7 245	23 395
(Net of Advance Income Tax)		
Total	<u><u>7 245</u></u>	<u><u>23 395</u></u>

Current Tax Liabilities (Net)

	As at 31st March, 2019	As at 31st March, 2018
At start of the year	23 395	-
Transferred from Current tax Assets	-	9 335
Charged for the year- Current tax (Net)	8 76 690	7 99 945
others	-	(1 73 344)
Tax paid (Net) during the year	<u>(8 92 840)</u>	<u>(6 12 541)</u>
At the end of the year	<u><u>7 245</u></u>	<u><u>23 395</u></u>

12 Other income

	<u>2018-19</u>	<u>2017-18</u>
Interest Income on		
Bank Fixed Deposits (Net)	32 97 547	31 56 044
Interest on Income Tax Refund	<u>-</u>	<u>11 595</u>
		31 67 639
Credit Balance Written Back	2 31 934	-
Total	<u><u>35 29 481</u></u>	<u><u>31 67 639</u></u>

13 Employee Benefit Expenses

	<u>2018-19</u>	<u>2017-18</u>
Salaries	13 29 906	13 09 238
Total	<u><u>13 29 906</u></u>	<u><u>13 09 238</u></u>

14 Other expense

	<u>2018-19</u>	<u>2017-18</u>
Auditor's Remuneration (Refer Note No.25)	14 160	14 160
Advertisement	75 611	61 628
Dematerialisation Charges	25 567	-
Filing Fees	32 800	5 400
Listing Fees	2 95 000	2 87 500
Legal & Professional Charges	65 500	53 350
Maintenance Charges	17 700	-
Rates and Taxes	2 500	2 500
General Expenses	11 076	5 498
Total	<u><u>5 39 914</u></u>	<u><u>4 30 036</u></u>

15 Taxation

	<u>2018-19</u>	<u>2017-18</u>
Income Tax recognised in statement of Profit and Loss		
Current Tax	8 60 000	8 00 000
Deferred Tax	-	-
Total Income Tax expenses recognised in the current year	<u><u>8 60 000</u></u>	<u><u>8 00 000</u></u>
The income tax expenses for the year can be reconciled to the accounting profit as follows		
Profit Before Tax	16 59 661	14 28 365
Applicable Tax Rate	26.00%	25.75%
Computed Tax Expenses	4 31 512	3 67 804
Tax effects of :		
Exempted Income	-	-
Expenses Disallowed	4 86 153	4 47 863
Other Item	(57 665)	(15 667)
Current Tax Provisions	<u><u>8 60 000</u></u>	<u><u>8 00 000</u></u>
Effective Tax Rate	51.82%	56.01%

16 Earning per share (EPS)

	<u>2017-18</u>	<u>2016-17</u>
Net Profit after Tax as per Statement of Profit and Loss Account attributable to Equity Shareholders	7 82 971	6 28 420
Weighted average number of equity shares used as denominator for calculating Basic EPS	19 92 000	19 92 000
Total Weighted Average Potential Equity Shares	19 92 000	19 92 000
Weighted average number of equity shares used as denominator for calculating Diluted EPS	19 92 000	19 92 000
Basic earning per share	0.39	0.32
Diluted earning per share	0.39	0.32
Face Value per equity share	10	10

- 17 The Previous year figures have been regrouped / reclassified wherever necessary to conform to the current year presentation.
- 18 The Income -Tax assessment of the Company has been completed upto Assessment Year 2016-17. The demand upto the said Assessment year is NIL.
- 19 As per Ind AS 24, the disclosure of transaction with related parties are given below:

i) List of related parties where control exists and whom transactions have been taken place and relationships.

Sr.No.	Name of Related Party	Relationship
1	Shri Mukesh H. Shah	Key Managerial Personnel Upto 03.12.2018
2	Ms. Forum J. Sheth	Key Managerial Personnel
3	Ms. Lopamudra Dixit	Key Managerial Personnel
4	Shri Baskar Asirvatham Moduthagam	Key Managerial Personnel
5	Shri Lalit Kumar Shroff	Key Managerial Personnel Upto 29.05.2018
6	Shri Mehul R. Shah	Key Managerial Personnel w.e.f. 03.12.2018
7	Shri Ambalal T. Jain	Key Managerial Personnel w.e.f. 03.12.2018
8	Shri Girish B. Shah	Key Managerial Personnel w.e.f. 04.01.2019
9	Shri Presh J. Dangi	Key Managerial Personnel w.e.f. 18.04.2018
10	Shri Anup R. Shah	Key Managerial Personnel Upto 18.04.2018
11	Shri Rajeev Mittal	Key Managerial Personnel w.e.f. 29.05.2018 and Upto 04.01.2019

ii) Transactions during the year with related parties :

(Amount in ₹)

Sr.No.	Nature of Transaction	Key Managerial Personnel	Total
1	Salaries Paid	13,29,906	13,29,906
		(13,09,238)	(13,09,238)

20 Segment Reporting :

The Company's operating segment are established on the basis of those components of the company that are evaluated regularly by the Executive Committee (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments') in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting system.

Since the Company is holding investments and that other activities are incidental thereto, in the opinion of the management there are no reportable segment. Therefore information relating to segment reporting has not been furnished.

21 The Board has not been recommended dividend.

22 Financial Instruments

Valuation

All financial instruments are initially recognised and subsequently re-measured at fair value as described below :

- The fair value of investment in Subsidiary and associates in measured at cost
- The fair value of investment in quoted Equity Shares, Bonds, Government Securities, Treasury Bills and Mutual Funds is measured at quoted price or NAV.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Fair Valuation Measurement hierarchy					(Amount in ₹)			
Particulars	As at 31st March, 2019				As at 31st March, 2018			
	Carrying Amount	Level of input used in			Carrying Amount	Level of input used in		
		1	2	3		1	2	3
Financial Assets								
At Amortised Cost								
Cash and Cash Equivalents	4 75 21 007	-	-	-	4 72 95 320	-	-	-
	18 88 800	-	-	-	13 85 723	-	-	-
Other Financial Assets								
At FVTPL Investments								
Financial Liabilities								
At Amortised Cost								
Trade Payable	4 78 663	-	-	-	2 87 941	-	-	-

The financial instruments are categorised into three levels based on the inputs used to arrive at fair value measurements as described below :

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2 : Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : Inputs that have a significant effect on the recorded fair value that are not based on observable market data.

23 Financial Risk Management Objectives and Policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Management Board.

Market Risk

Market Risk is the risk of loss of future earning, fair values or future cash flow that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market Risk is attributable to all market risk sensitive financial instruments including investment and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through its treasury department, which evaluate and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since entire borrowings of the company is interest free, the Company is not exposed to significant interest risk as at the respective reporting dates.

Foreign Currency Risk

The Company is not exposed to significant foreign currency risk as at the respective reporting dates.

Liquidity Risk

Liquidity Risk is defined as the risk that the Company will not be able to settle its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity through rolling forecasts on the basis of expected cash flows.

Credit Risk

Credit risk arises from the possibility that counter party may not be able to settle their obligation as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking in to account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limit are set accordingly.

The company considers the possibility of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

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24 Capital Management

The Company manages its capital to ensure that it will continue as going concern while maximising the return to stakeholders. The company manages its capital structure and adjustment in light of changes in business condition. The overall strategy remains unchanged as compare to last year.

The Gearing ratio at end of the reporting period was as follows

(Amount in ₹)

	As at 31st March, 2019	As at 31st March, 2018
Debt	-	-
Cash and bank balance (Including liquid investments)	4 75 21 007	4 72 95 320
Net debt (A)	<u>(4 75 21 007)</u>	<u>(4 72 95 320)</u>
Total Equity (as per Balance Sheet) (B)	4 94 57 268	4 86 74 297
Net Gearing ratio (A/B)	(0.96)	(0.97)

25 Auditors Remuneration

	As at 31st March, 2019	As at 31st March, 2018
Statutory Audit Fees	11 800	11 800
Certification	<u>2 360</u>	<u>2 360</u>
	14 160	14 160

As per our report of even date

For PRITI V. MEHTA & COMPANY
Chartered Accountants
Registration No. 129568W

P.V. Mehta

PRITI V. MEHTA
Proprietor
Membership No. 130514
Place: Mumbai
Date: 28.05.2019



For and on behalf of the Board

G.B. Shah

Girish B. Shah
Director

F.S. Shah

Forum J. Sheth
Company Secretary

A.T. Jain

Ambalal T. Jain
Director

P. Darji

Paresh J. Darji
Chief Financial Officer