

ANNUAL REPORT

For the year 2015 – 16

AVON MERCANTILE LIMITED

S Global Knowledge Park,

19A & 19B, Sector-125,

Noida, Uttar Pradesh - 201301

CIN: L17118UP1985PLC026582

Website: www.avonmercantile.in

Email id: avonsecretarial@gmail.com

AVON MERCANTILE LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Vikas Kapoor
(Non-Executive Director)
Mr. Ramesh Chandra Agarwal
(Non-Executive Independent Director)
Mr. Satish Kumar Gupta
(Non-Executive Independent Director)
Mr. Rakesh Kumar Bhatnagar
(Non-Executive Director)
Ms. Gunjan Arora
(Non-Executive Director)

KEY MANAGERIAL PERSONNEL

Mr. Jagdutt Kumar Sharma
(Manager)
Mr. Rajesh Kumar
(Chief Financial Officer)
Ms. Jyoti Manchanda
(Company Secretary & Compliance Officer)

STATUTORY AUDITORS

M/s Gupta Garg & Agrawal,
Chartered Accountants
G-55, Royal Palace, IInd Floor
Laxmi Nagar, Vikas Marg
Delhi – 110092

INTERNAL AUDITOR

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

SECRETARIAL AUDITOR

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

SHARE TRANSFER AGENT

MCS Share Transfer Agent Limited
F-65, 1st Floor, Okhla Industrial Area,
Phase-I, New Delhi - 110 020
Ph:- 011-41406149, Fax:- 011-4170 9881
Email: helpdeskdelhi@mcsregistrars.com
Website: www.mcsregistrars.com

REGISTERED / CORPORATE OFFICE

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

BANKERS

IndusInd Bank Limited
M-56, Greater Kailash II,
New Delhi- 110048

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AVON MERCANTILE LIMITED

Registered Office :

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NOIDA-201301 (U.P.)

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NOTICE

Notice is hereby given that the 31st Annual General Meeting of **AVON MERCANTILE LIMITED** will be held on Friday, 30th September, 2016 at 10:00 A.M. at S Global Knowledge Park, 19A & 19B, Sector-125, Noida – 201301 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2016 and the Profit and Loss Account for the Financial Year ended on that date along with the Directors' Report and Auditors' Report thereon.
2. To consider and appoint a Director in place of Ms. Gunjan Arora (DIN 07134573), who retires by rotation and being eligible, offers herself for re-appointment.
3. To consider and appoint Statutory Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Gupta Garg & Agarwal, Chartered Accountants (Firm Registration No. 505762C) the retiring Auditors, being eligible, offer themselves for re-appointment.

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

Place : Noida
Date : 10th August 2016

**Sd/-
(Jyoti Manchanda)
Company Secretary
& Compliance Officer
M. No. A25152**

NOTES :

1. Brief resume of the Director seeking re-appointment as mandated under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") is annexed as **ANNEXURE – A** hereto and forms part of the Notice.
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 / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. IN CASE A PROXY IS PROPOSED TO BE APPOINTED BY A

MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, THEN SUCH PROXY SHALL NOT ACT AS A PROXY OF ANY OTHER MEMBER. THE INSTRUMENT APPOINTING THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED, NOT LESS THAN 48 (FORTY-EIGHT) HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS APPENDED WITH THE ATTENDANCE SLIP.

3. The members are requested to bring duly filled attendance slip along with their copy of Annual Report at the meeting.
4. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a duly certified copy of the Board Resolution authorizing them to attend and vote on their behalf at the meeting.
5. A route map has been attached with this notice for your convenience to reach at the venue of the Annual General Meeting of the Company.
6. Members are requested to intimate any change in their address directly to the Company's Registrar and Share Transfer Agent, MCS Share Transfer Agent Limited – F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi – 110020.
7. The members are requested to intimate their queries to the Company at its Registered Office Address, at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
8. Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company shall remain closed from 24th September 2016 to 30th September 2016 (both days inclusive).
9. 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.
10. The Copy of the Annual Report is being sent by electronic mode to members who have registered their e-mail ids with the Company. Members whose e-mail id is not registered with the Company will be sent physical copies of the Annual Report at their registered address through permitted mode as specified under Section 20(2) of the Companies Act, 2013 and Rule 35 of the Companies (Incorporation) Rules, 2013. To support the 'Green Initiative' the Members who have not registered their email addresses are requested to register the same with the Company.
11. The Annual Report of the Company for the year ended 31st March 2016 is uploaded on the Company's website www.avonmercantile.in and may be accessed by the members.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares can submit their PAN to the Company / MCS Share Transfer Agent Limited.
13. Statutory Registers and documents referred to in the Notice and Explanatory Statement as required to be maintained under the provisions of the Companies Act, 2013, are open for inspection at the registered office of the Company on all working days (Monday to Friday) between 11.00 A.M. and 1.00 P.M. upto the date of Annual General Meeting and will also be available for inspection at the venue of the meeting.

14. VOTING THROUGH ELECTRONIC MEANS

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility to the members to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the

- votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
 - III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
 - IV. The process and manner for remote e-voting are as under:

A. In case of Members receiving e-mail from NSDL (For those members whose e-mail addresses are registered with Company/Depositories):

- a) Open e-mail and open PDF file viz “Avon-remote e-Voting.pdf” with your Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password and you will be asked to change this password when you log-in for the first time.
- b) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
- c) Click on Shareholder-Login.
- d) Put user ID and password as initial password noted in step (a) above. Click Login.
- e) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- f) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- g) Select “EVEN” of “AVON Limited”.
- h) Now you are ready for remote e-voting as Cast Vote page opens.
- i) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- j) Upon confirmation, the message “Vote cast successfully” will be displayed.
- k) Once you have voted on the resolution, you will not be allowed to modify your vote.
- l) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to cavarunsinghal@gmail.com with a copy marked to evoting@nsdl.com.

B. In case of Members receiving Physical copy of Notice of Annual General Meeting (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy)

- i. Initial password is provided in the box overleaf.
- ii. Please follow all steps from Sl. No. (b) to Sl. No. (l) above at 14 (IV) (A), to cast vote.
- a) If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- b) However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- c) The e-voting period commences on Tuesday, 27th September, 2016 (9.00 am) and will end on Thursday, 29th September 2016 (5.00 pm). During this period members of the Company, holding shares as on the cut-off date, being 23rd September 2016, may cast their vote electronically in the manner and process as set out above. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on the resolution is cast by the member, the member shall not be allowed to change it subsequently.
- d) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

- e) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- f) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd September, 2016.
- g) Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd September, 2016, they may also obtain the login ID and password by sending a request at evoting@nsdl.com or RTA, MCS Share Transfer Agent Limited.
- h) A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- i) A person, whose name is recorded in the register of members, as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM through ballot paper.
- j) Mr. Varun Singhal, Practicing Chartered Accountant (M.No.- 520560) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- k) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- l) The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- m) The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company <http://www.avonmercantile.in/> and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and the Calcutta Stock Exchange Limited.

ANNEXURE-A

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

| | |
|---|---|
| Name of Director | Ms. Gunjan Arora |
| Date of Birth | 6 th September 1988 |
| Date of Appointment as Director | 25 th March 2015 |
| Qualification | Post-Graduation diploma in banking operations and M.Com |
| Expertise in specific functional areas | Specializes in Finance and has over 6 years of experience in various fields covering Business Advisory, Direct and Indirect Taxation etc and is on the Board of several Indian Companies. |
| List of Listed Companies in which directorship held | IO System Limited |
| List of Listed Companies in which the membership of Committees of the Board held | Nil |
| Number of Shares held in the Company | Nil |

AVON MERCANTILE LIMITED

DIRECTORS' REPORT

To,
The Members
Avon Mercantile Limited

The Board of Directors of your Company have pleasure in placing before the Members the 31st Annual Report together with the Audited Statement of Accounts of the company for the year ended on 31st March 2016.

FINANCIAL HIGHLIGHTS

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

Rs. (in Lakhs)

| PARTICULARS | 2015-16 | 2014-15 |
|--|---------|---------|
| Total Income | 269.17 | 109.71 |
| Less : Total Expenses | 245.96 | 61.19 |
| Profit / (Loss) before exceptional and extraordinary items and tax | 23.21 | 48.52 |
| Less: Prior Period Expenses | 0.06 | 0.35 |
| Less : Tax for current year | 10.14 | 15.30 |
| Less: Income Tax paid for earlier years | - | 0.69 |
| Profit After Tax | 13.01 | 32.18 |

During the year under review the total revenue of the Company was Rs. 269.17 Lakh consisting of revenue from operations for Rs. 268.31 Lakh and other Income for Rs. 0.86 Lakh as against the total revenue of the Company was Rs. 109.71 Lakh consisting of revenue from operations for Rs. 109.70 Lakh and other Income for Rs. 0.009 Lakh during the previous financial year 2014-15. The profit for the year under review is Rs. 13.01 as compared to profit of Rs. 32.18 Lakh during the previous financial year.

STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

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

DIVIDEND

For the purpose of business growth and expansion, the Board of Directors of the Company have not recommended any dividend for the Financial Year ending 31st March 2016.

TRANSFER TO RESERVES

During the year under review, the Company has transferred Rs. 2.60 Lakhs to the Reserves Fund from the profits of the Company in accordance with the provisions of Section 45-IC of the Reserve Bank of India Act, 1934.

CHANGES IN SHARE CAPITAL

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

EXTRACT OF ANNUAL RETURN

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

NUMBER OF BOARD MEETINGS

During the year under review, four meetings of the Board were held on 30/05/2015, 14/08/2015, 09/11/2015 and 10/02/2016 respectively.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

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

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

SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

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

INTER-SE TRANSFER OF PROMOTERS' SHAREHOLDING

During the year under review, there was no change in the shareholding of Promoter Group.

However on 27th June 2016, there was inter-se transfer of shares between Promoter Group whereby Smart Entertainment Private Limited acquired 732,250 equity shares representing 9.79% of the total paid-up share capital of the Company from Positive Investment Pvt Ltd and Protective Investment Pvt Ltd.

The shares were transmitted in favour of Smart Entertainment Pvt Ltd pursuant to order dated 25th May 2016 passed by Hon'ble High Court of Judicature at Allahabad, Uttar Pradesh, approving the merger of Positive Investment Pvt Ltd and Protective Investment Pvt Ltd with Smart Entertainment Pvt Ltd.

Consequent to the inter-se transfer among the Promoter Group, the Promoter's Shareholding as on 31st March 2016 and 27th June 2016 was as follows:

| Name of Promoter | No. of shares held as on 31 st March 2016 | % held as on 31 st March 2016 | No of shares acquired / (disposed) pursuant to merger | % acquired / (disposed) pursuant to merger | No. of shares held as on 27 th June 2016 | % held as on 27 th June 2016 |
|-----------------------------|--|--|---|--|---|---|
| Smart Entertainment Pvt Ltd | 7,38,500 | 9.88 | 7,32,250 | 9.79 | 14,70,750 | 19.67 |
| Positive Investment Pvt Ltd | 3,67,500 | 4.91 | (3,67,500) | (4.91) | NIL | NIL |

| | | | | | | |
|-------------------------------|-----------|-------|------------|--------|-----------|-------|
| Protective Investment Pvt Ltd | 3,64,750 | 4.88 | (3,64,750) | (4.88) | NIL | NIL |
| Oasis Cineplex Pvt Ltd | 4,89,250 | 6.54 | NIL | NIL | 4,89,250 | 6.54 |
| Total | 19,60,000 | 26.21 | - | - | 19,60,000 | 26.21 |

Note: Positive Investment Pvt Ltd and Protective Investment Pvt Ltd ceased to exist as on 27th June 2016 pursuant to order dated 25th May 2016 passed by Hon'ble High Court of Judicature at Allahabad, Uttar Pradesh, approving the merger of Positive Investment Pvt Ltd and Protective Investment Pvt Ltd with Smart Entertainment Pvt Ltd.

RISK MANAGEMENT POLICY

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

i) RE-APPOINTMENT OF RETIRING DIRECTOR

Ms. Gunjan Arora (DIN: 07134573) is liable to retire by rotation and, being eligible, offers herself for re-appointment. The Directors recommend Ms. Gunjan Arora for re-appointment.

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

ii) INDEPENDENT DIRECTORS

The members in the Annual General Meeting of the Company held on 30th September 2014 had approved the appointments of Mr. Ramesh Chandra Agarwal (DIN: 00037477) and Mr. Satish Kumar Gupta (DIN: 00030841) as Independent Directors to hold office for 5 consecutive years w.e.f. 30th September 2014, who are not liable to retire by rotation.

Pursuant to Section 134(3)(d) read with Section 149(7) of the Companies Act, 2013, both the Independent Directors have given declarations for the Financial Year 2016-17 that they meet the criteria of independence as laid down under Section 149(6) the Act and Regulation 16(1)(b) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

| S.No | Name of Director / Key Managerial Person | Designation | Date of Appointment | Date of Resignation |
|------|--|--|---------------------|---------------------|
| 1. | Mr. Santosh Kumar Gupta | Company Secretary & Compliance Officer | 01/12/2014 | 30/04/2015 |
| 2. | Mr. Pranjul Gupta* | Company Secretary & Compliance Officer | 13/07/2015 | - |
| 3. | Mr. Rajesh Kumar | Chief Financial Officer | 01/09/2015 | - |

*Mr. Pranjul Gupta resigned as Company Secretary & Compliance Officer of the Company w.e.f. close of business hours of 29th April 2016 and the Board appointed Ms. Jyoti Manchanda as Company Secretary & Compliance Officer w.e.f. 30th April 2016.

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

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

ADEQUACY OF INTERNAL FINANCIAL CONTROL

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

The Board had appointed M/s RBAS & Associates, Chartered Accountants, as Internal Auditor of the Company for the Financial Year 2015-16. The Internal Audit Report along with observations and recommendations contained therein was placed before the Audit Committee in its meeting held on 25-5-2016 and was taken note of.

DEPOSITS

During the year under review, your Company has not accepted any deposits from the public and as such no amount of principal or interest thereon was outstanding as on 31st March 2016.

PARTICULARS OF EMPLOYEES

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

During the year under review, there was no case filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

AUDITORS AND AUDITORS' REPORT

M/s Gupta Garg & Agrawal, Chartered Accountants (Firm Regn No. 004330C), the Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The Company has received the requisite certificate under Section 139(1) of the Act from M/s Gupta Garg & Agrawal, Chartered Accountants regarding their eligibility for re-

appointment as Auditors of the Company. The Board recommends their re-appointment from the conclusion of the ensuing Annual General Meeting until the conclusion of next Annual General Meeting.

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

There was no fraud reported by Auditors under Section 143(12) of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts for the Financial Year 2015-16, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2016 and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013, read with Rule 9 of the Companies (Appointment and Remuneration) Rules, 2014, the Board had appointed M/s K Rakesh & Co., Company Secretaries in Practice (C.P No 14700) to undertake the Secretarial Audit of the Company for the financial year 2015-16 and the report is annexed as **ANNEXURE-V** to this report.

AUDIT COMMITTEE

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

There are no instances of the Board not accepting the recommendations of the Audit Committee during the Financial Year 2015-16.

NOMINATION AND REMUNERATION COMMITTEE

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

BOARD EVALUATION

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

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

CORPORATE GOVERNANCE & COMPLIANCE CERTIFICATE

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

Further the Company has received a certificate from M/s K Rakesh & Co, Company Secretaries in Practice (C.P. No. 14700) regarding compliance with Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement for the period from 1st April, 2015 to 30th November, 2015 and as stipulated in Part C of Schedule V of the Listing Regulations for the period from 1st December, 2015 to 31st March. The certificate confirming compliance of the conditions of Corporate Governance is annexed as **ANNEXURE – VI(b)** and form integral part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

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

LISTING AT STOCK EXCHANGE(s)

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

ACKNOWLEDGEMENT

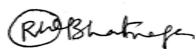
Your Directors wish to place on record their sincere thanks and appreciation for the co-operation and help provided by State Government and the Bankers to the Company.

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

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

Place : Noida

Date : 10th August 2016



(Rakesh Kumar Bhatnagar)

Director

DIN: 02922258



(Vikas Kapoor)

Director

DIN: 03020854

Annexure- I**Form No. MGT-9****EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2016**

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

1. REGISTRATION AND OTHER DETAILS:

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

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sr. No. | Name and Description of main products/ services | NIC Code of the Product/service | % to total turnover of the company |
|---------|---|---------------------------------|------------------------------------|
| 1 | Financial Services | 99711 | 99.68% |

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

i. *Category-wise Share Holding*

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|-----------|-----------|-------------------|---|-----------|-----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | 0 | 70 | 70 | 0 | 0 | 70 | 70 | 0 | 0 |
| b) Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) State Govt.(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Bodies Corp | 0 | 19,60,000 | 19,60,000 | 26.21 | 0 | 19,60,000 | 19,60,000 | 26.21 | 0 |
| e) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Any Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total(A)(1):- | 0 | 19,60,000 | 19,60,000 | 26.21 | 0 | 19,60,000 | 19,60,000 | 26.21 | 0 |
| 2) Foreign | | | | | | | | | |
| a) NRIs-Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other-Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any Other.... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total(A)(2):- | 0 | 19,60,000 | 19,60,000 | 26.21 | 0 | 19,60,000 | 19,60,000 | 26.21 | 0 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g) FIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total(B)(1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Non Institutions | | | | | | | | | |
| a) Bodies Corp. (i) Indian | 0 | 49,81,260 | 49,81,260 | 66.62 | 0 | 49,81,260 | 49,81,260 | 66.62 | 0 |
| (ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 0 | 4,51,060 | 4,51,060 | 6.03 | 0 | 4,51,060 | 4,51,060 | 6.03 | 0 |

| | | | | | | | | | |
|---|----------|------------------|------------------|--------------|----------|------------------|------------------|--------------|----------|
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 0 | 85,000 | 85,000 | 1.14 | 0 | 85,000 | 85,000 | 1.14 | 0 |
| c) Others(Specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total(B)(2) | 0 | 55,17,320 | 55,17,320 | 73.79 | 0 | 55,17,320 | 55,17,320 | 73.79 | 0 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 0 | 55,17,320 | 55,17,320 | 73.79 | 0 | 55,17,320 | 55,17,320 | 73.79 | 0 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 0 | 74,77,390 | 74,77,390 | 100 | 0 | 74,77,390 | 74,77,390 | 100 | 0 |

ii. Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|--------|---------------------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|---|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1. | Smart Entertainment Pvt. Ltd. | 7,38,500 | 9.88 | 0 | 7,38,500 | 9.88 | 0 | 0 |
| 2. | Oasis Cineplex Pvt. Ltd. | 4,89,250 | 6.54 | 0 | 4,89,250 | 6.54 | 0 | 0 |
| 3. | Positive Investment Pvt. Ltd. | 3,67,500 | 4.91 | 0 | 3,67,500 | 4.91 | 0 | 0 |
| 4 | Protective Investment Pvt. Ltd. | 3,64,750 | 4.88 | 0 | 3,64,750 | 4.88 | 0 | 0 |
| 5 | Bir Bahadur Mishra | 10 | 0.00 | 0 | 10 | 0.00 | 0 | 0 |
| 6 | Haridas Nambiar | 10 | 0.00 | 0 | 10 | 0.00 | 0 | 0 |
| 7 | Deepak Chakrawarti | 10 | 0.00 | 0 | 10 | 0.00 | 0 | 0 |
| 8 | Azad Singh | 10 | 0.00 | 0 | 10 | 0.00 | 0 | 0 |
| 9 | L N Maheshwari | 10 | 0.00 | 0 | 10 | 0.00 | 0 | 0 |
| 10 | Sudhir Kumar | 10 | 0.00 | 0 | 10 | 0.00 | 0 | 0 |
| 11 | Ashok Kumar | 10 | 0.00 | 0 | 10 | 0.00 | 0 | 0 |
| | Total | 19,60,070 | 26.21 | 0 | 19,60,070 | 26.21 | 0 | 0 |

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

| Sr. no | PARTICULARS | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | <i>There is no change in Promoters' Shareholding between 01.04.2015 to 31.03.2016</i> | | | |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | | | | |

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

| Sl. No | Particulars of Each of the Top 10 Shareholders | Date | Reason of change | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|------------|------------------------------|---|----------------------------------|---|----------------------------------|
| | | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | LCC Infotech Limited | 01.04.2015 | At the beginning of the year | 494500 | 6.61 | 494500 | 6.61 |
| | | - | Change during the Year | - | - | - | - |
| | | 31.03.2016 | At the End of the year | 494500 | 6.61 | 494500 | 6.61 |
| 2 | Blue Chip India Limited | 01.04.2015 | At the beginning of the year | 292500 | 3.91 | 292500 | 3.91 |
| | | - | Change during the Year | - | - | - | - |
| | | 31.03.2016 | At the End of the year | 292500 | 3.91 | 292500 | 3.91 |
| 3 | Benzer Agencies Limited | 01.04.2015 | At the beginning of the year | 403750 | 5.40 | 403750 | 5.40 |
| | | - | Change during the Year | - | - | - | - |
| | | 31.03.2016 | At the End of the year | 403750 | 5.40 | 403750 | 5.40 |
| 4 | ATN International Limited | 01.04.2015 | At the beginning of the year | 213250 | 2.85 | 213250 | 2.85 |
| | | - | Change during the Year | - | - | - | - |
| | | 31.03.2016 | At the End of the year | 213250 | 2.85 | 213250 | 2.85 |
| 5 | Precision Papers Industries Limited | 01.04.2015 | At the beginning of the year | 87500 | 1.17 | 87500 | 1.17 |
| | | - | Change during the Year | - | - | - | - |
| | | 31.03.2016 | At the End of the year | 87500 | 1.17 | 87500 | 1.17 |
| 6 | Silicon Valley Infotech Limited | 01.04.2015 | At the beginning of the year | 80750 | 1.08 | 80750 | 1.08 |
| | | - | Change during the Year | - | - | - | - |
| | | 31.03.2016 | At the End of the year | 80750 | 1.08 | 80750 | 1.08 |
| 7 | Orbital Contractors & Financiers Pvt Ltd | 01.04.2015 | At the beginning of the year | 70000 | 0.93 | 70000 | 0.93 |
| | | - | Change during the Year | - | - | - | - |
| | | 31.03.2016 | At the End of the year | 70000 | 0.93 | 70000 | 0.93 |
| 8 | Atma Sales Pvt Ltd | 01.04.2015 | At the beginning of the year | 60000 | 0.80 | 60000 | 0.80 |
| | | - | Change during the Year | - | - | - | - |
| | | 31.03.2016 | At the End of the year | 60000 | 0.80 | 60000 | 0.80 |
| 9 | Gainwell Commodities Pvt Ltd | 01.04.2015 | At the beginning of the year | 57500 | 0.77 | 57500 | 0.77 |
| | | - | Change during the Year | - | - | - | - |
| | | 31.03.2016 | At the End of the year | 57500 | 0.77 | 57500 | 0.77 |
| 10 | Apex Enterprises India Ltd | 01.04.2015 | At the beginning of the year | 55000 | 0.73 | 55000 | 0.73 |
| | | - | Change during the Year | - | - | - | - |
| | | 31.03.2016 | At the End of the year | 55000 | 0.73 | 55000 | 0.73 |

v. Shareholding of Directors and Key Managerial Personnel:

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of the Directors and KMP | | | | |
| 1. | Mr. Vikas Kapoor (Director) | NIL | NIL | NIL | NIL |
| 2. | Mr. Ramesh Chandra Agarwal (Independent Director) | NIL | NIL | NIL | NIL |
| 3. | Mr. Satish Kumar Gupta (Independent Director) | NIL | NIL | NIL | NIL |
| 4. | Mr. Rakesh Kumar Bhatnagar (Director) | NIL | NIL | NIL | NIL |
| 5. | Ms. Gunjan Arora (Director) | NIL | NIL | NIL | NIL |
| 6. | Mr. Rajesh Kumar (Chief Financial Officer) | NIL | NIL | NIL | NIL |
| 7. | Mr. Jagdutt Kumar Sharma (Manager) | NIL | NIL | NIL | NIL |
| 8. | Mr. Pranjul Gupta (Company Secretary) | NIL | NIL | NIL | NIL |

5. INDEBTEDNESS

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

| | Secured Loans excluding deposits (in Rs.) | Unsecured Loans (in Rs.) | Deposits (in Rs.) | Total Indebtedness (in Rs.) |
|---|---|--------------------------|-------------------|-----------------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | 2,00,00,000/- | - | 2,00,00,000/- |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 46,849/- | - | 46,849/- |
| Total (i+ii+iii) | - | 20,046,849/- | - | 20,046,849/- |
| Change in Indebtedness during the financial year | | | | |
| - Addition | - | 41,60,00,000/- | - | 41,60,00,000/- |
| - Reduction | - | 34,65,00,000/- | - | 34,65,00,000/- |
| Net Change | - | 6,95,00,000/- | - | 6,95,00,000/- |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | 8,95,00,000/- | - | 8,95,00,000/- |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 11,67,740/- | - | 11,67,740/- |
| Total (i+ii+iii) | | 9,06,67,740/- | | 9,06,67,740/- |

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | Total Amount (in Rs.) |
|---------|---|---|---------------------------------|
| 1. | Gross salary (a)Salary as per provisions contained in section17(1) of the Income-tax Act, 1961 (b)Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c)Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961 | Mr. Jagdutt Kumar Sharma (Manager) | 10,74,540 NIL NIL |
| 2. | Stock Option | | NIL |
| 3. | Sweat Equity | | NIL |
| 4. | Commission - as % of profit - others specify | | NIL NIL |
| 5. | Others - Reimbursement | | 5,44,968 |
| 6. | Total(A) | | 16,19,508 |
| | Ceiling as per the Act | Within the limit prescribed under Schedule V of the Companies Act, 2013 | |

B. Remuneration to other directors:

| Sl. No. | Particulars of Remuneration | Name of Directors | | Total Amount |
|---------|---|----------------------------------|------------------------------|------------------------------|
| | | Mr. Ramesh Chandra Agrawal | Mr. Satish Kumar Gupta | |
| 1. | <u>Independent Directors</u> ·Fee for attending board / committee meetings ·Commission ·Others, please specify | Rs. 30,000 NIL NIL | Rs. 30,000 NIL NIL | Rs. 60,000 NIL NIL |
| | Total(1) | Rs. 30,000 | Rs. 30,000 | Rs. 60,000 |

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

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

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | | |
|---------|---|--------------------------|--------------------------|---------------------|---------------------|--------------|
| | | CEO | Company Secretary | | CFO | Total |
| | | None | Mr. Santosh Kumar Gupta* | Mr. Pranjul Gupta** | Mr. Rajesh Kumar*** | |
| 1. | Gross salary | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | NIL | Rs. 4,25,577 | Rs. 2,26,089 | Rs. 2,47,450 | Rs. 8,99,116 |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | NIL | NIL | NIL | NIL | NIL |
| | (c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961 | NIL | NIL | NIL | NIL | NIL |
| 2. | Stock Option | NIL | NIL | NIL | NIL | NIL |
| 3. | Sweat Equity | NIL | NIL | NIL | NIL | NIL |
| 4. | Commission - as % of profit - others, specify... | NIL | NIL | NIL | NIL | NIL |
| 5. | Others- Reimbursement | NIL | Rs. 15,000 | NIL | Rs. 8,750 | Rs. 23,750 |
| | Total | NIL | Rs. 4,40,577 | Rs. 2,26,089 | Rs. 2,56,200 | Rs. 9,22,866 |

* For the period from 1st April 2015 to 30th April 2015.

** For the period from 13th July 2015 to 31st March 2016

*** For the period from 1st September 2015 to 31st March 2016

7. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

ANNEXURE-II**Form No. AOC-2**

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

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

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

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

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

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

ANNEXURE -III

INFORMATION AS PER SECTION 134(3)(m) OF THE ACT READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2016:

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

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

Not Applicable

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

Not Applicable

(iii) the capital investment on energy conservation equipments:

Not Applicable

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

(i) the efforts made towards technology absorption:

Not Applicable

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

Not Applicable

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

Not Applicable

(iv) the expenditure incurred on Research and Development:

Not Applicable

(C) Foreign Exchange Earnings and Outgo:

(in Rs.)

NIL

ANNEXURE –IV

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

- 1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year ending 31st March, 2016:**

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

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

| Name of Key Managerial Personnel | Designation | Remuneration for F/Y ended 31st March 2016 | Remuneration for F/Y ended 31st March 2015 | % increase in remuneration |
|---|-------------------------|--|--|-----------------------------------|
| Mr. Jagdutt Kumar Sharma* | Manager | Rs. 16,19,508 | Rs. 6,65,414 | 62.26%* |
| Mr. Santosh Kumar Gupta** | Company Secretary | Rs. 4,40,577 | Rs. 8,36,972 | N.A.* |
| Mr. Pranjul Gupta*** | Company Secretary | Rs. 2,26,089 | N.A. | N.A. |
| Mr. Rajesh Kumar**** | Chief Financial Officer | Rs. 2,56,089 | N.A. | N.A. |

**Appointed as Manager w.e.f. 1st August 2014. The remuneration paid during the F.Y. 2014-15 was for the period from 1st August 2014 to 31st March 2015. Therefore the % increase in remuneration has been mentioned proportionally. .*

***Ceased to be Company Secretary w.e.f. 30th April 2015. The remuneration was paid for the month of April 2015 during the F.Y. 2015-16. The remuneration paid during the F.Y. 2014-15 was for the period from 1st December 2014 to 31st March 2015, therefore the figures are not comparable.*

****Remuneration paid for the period from 13th July 2015 to 31st March 2016.*

*****Remuneration paid for the period from 1st September 2015 to 31st March 2016.*

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

Not Applicable since there is no employee except Key Managerial Personnel employed during the financial year 2015-16.

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

During the financial year ending 31st March, 2016, there were 3 (three) employees (i.e. Key Managerial Personnel) on the rolls of the Company.

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

There was an increase of 145.34% in the total revenue earned by the Company during the F.Y. 2015-16 as compared to last F.Y. 2014-15. The percentage increase in remuneration of the Manager during the F.Y. 2015-16 was 62.26%.

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

| | |
|--|-------------|
| Aggregate remuneration of Key Managerial Personnel (KMP) in FY 16 (in Rs.) | 25,42,374 |
| Revenue (in Rs.) | 2,69,17,306 |
| Remuneration of KMPs (as a % of revenue) | 9.45 |
| Profit before Tax (in Rs.) | 23,16,047 |
| Remuneration of KMP (as a % of PBT) | 109.77 |

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

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

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

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

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

| | Mr. Jagdutt Kumar Sharma |
|--|-------------------------------------|
| Remuneration of Key Managerial Personnel (KMP) in FY 16 (in Rs.) | 16,19,508 |
| Revenue (in Rs.) | 2,69,17,306 |
| Remuneration of KMPs (as a % of revenue) | 6.02 |
| Profit before Tax (in Rs.) | 23,16,047 |
| Remuneration of KMP (as a % of PBT) | 69.92 |

The remuneration of other KMP's are not comparable since the remuneration was paid for part of the year.

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

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

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

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

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

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

K RAKESH & CO.
Company Secretaries

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

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016

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

To,

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Avon Mercantile Limited 'the Company' for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and Companies Act, 1956 and the rules made thereunder as applicable;

- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Reserve Bank of India Act, 1934;
- (v) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. **(Not applicable as the Company did not issue any security during the financial year under review);**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014. **(Not applicable as the Company has not granted any option to its employees during the financial year under review);**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. **(Not applicable as the Company has not issued any debt security during the financial year under review);**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client. **(Not applicable as the Company is not registered as Registrar to an issue and share transfer agent during the financial year under review);**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. **(Not Applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review);**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **(Not applicable as the Company has not bought back any of its securities during the financial year under review);**
- (vii) The Company has identified the following laws as specially applicable to the Company;

- i. The Indian Contract Act, 1872;
- ii. The Indian Stamp Act, 1999;
- iii. Negotiable Instrument Act, 1881;
- iv. The Payment of Bonus Act, 1965;

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

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

During the Audit Period under review and as per the representation and clarification provided by the management, I confirm that the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreement etc. mentioned hereinabove

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

I further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors as per the provisions of Companies Act, 2013 and the Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There was no change in the composition of the Board of Directors during the period under review;
- Adequate notice of at least seven days was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

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

For K RAKESH & CO.

Company Secretaries

Sd/-

(RAKESH KUMAR)

ACS No.: 32443

C. P. No. : 14700

Date: 8th August, 2016

Place: Noida

This Report is to be read with my letter of even date which is annexed as **Annexure-A** and forms an integral part of this Report.

Annexure – ‘A’

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

My Secretarial Report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company, my responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For K RAKESH & CO.
Company Secretaries

Sd/-
(RAKESH KUMAR)
ACS No.: 32443
C. P. No. : 14700
Date: 8th August, 2016
Place: Noida

CORPORATE GOVERNANCE REPORT

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015") the Company has executed fresh Listing Agreements with the Stock Exchanges namely BSE Limited ("BSE") and Calcutta Stock Exchange Limited ("CSE") on 21st December 2015.

In compliance with the Corporate Governance requirements as stipulated in Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company submits the report on the matters mentioned in the said Regulations on Corporate Governance and due compliance report on specific areas wherever applicable for the Financial Year ended 31st March, 2016.

1. COMPANY'S PHILOSOPHY

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

2. BOARD OF DIRECTORS

I. Composition of Board

As on 31st March, 2016, the Board consisted of Mr. Vikas Kapoor, Ms. Gunjan Arora, Mr. Ramesh Chandra Agarwal, Mr. Satish Kumar Gupta and Mr. Rakesh Kumar Bhatnagar. The Board has a balanced mix of non-executive directors including Woman Director and Independent Directors. 1/3rd of the Board Members are Independent Directors.

The Non-Executive Directors do not have any material pecuniary relationship or transaction with the Company during the year 2015-2016.

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

II. Board Meetings, other Directorship and Attendance of Directors

A total of (4) four Board Meetings were held during the year i.e on 30/05/2015, 14/08/2015, 09/11/2015 and 10/02/2016 respectively.

The gap between any two Meetings never exceeded 120 days.

None of the Directors of the Company is a member of more than ten Committees or a Chairman of more than 5 Committees across all the companies in which he / she is a Director. Necessary disclosures regarding Committee positions in other public companies as at 31st March, 2016 have been made by Directors.

The composition of the Board, attendance of Directors at Board meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other public companies as on 31st March 2016 are given herein below.

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

| Name of Directors | Category | No. of Position held in other Public Limited Companies | | | Attendance at Board Meetings held during the year from 1 st April 2015 to 31 st March 2016 | Attendance at last AGM |
|----------------------------|------------------------------------|--|------------|--------------|--|------------------------|
| | | Board | Committee | | | |
| | | | Membership | Chairmanship | | |
| Mr. Vikas Kapoor | Non-Executive | 3 | 0 | 0 | 4 | Yes |
| Mrs. Gunjan Arora | Non-Executive | 3 | 0 | 0 | 4 | Yes |
| Mr. Rakesh Kumar Bhatnagar | Non-Executive | 2 | 0 | 0 | 4 | Yes |
| Mr. Ramesh Chandra Agarwal | Independent Non-Executive Director | 4 | 5 | 1 | 4 | Yes |
| Mr. Satish Kumar Gupta | Independent Non-Executive Director | 3 | 2 | 4 | 4 | Yes |

III. Meeting of Independent Directors

The Independent Directors of the Company had met during the year on 9th November, 2015 without the attendance of Non-Independent Directors and members of Management to review:

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

3. DIRECTORS REMUNERATION

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

I. Executive Directors

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

II. Non-Executive Directors / Independent Directors

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

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

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

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

4. DIRECTORS SEEKING RE-APPOINTMENT

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

5. COMMITTEE (S) OF THE BOARD

I. Audit Committee

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

The functions and scope of the Audit Committee includes review of Company's financial reporting, internal controls, related party transactions, utilization of IPO proceeds, if any, insider trading, disclosure in financial statements, management discussion and analysis, risk mitigation mechanism, appointment of statutory

auditor and internal auditor and all other aspects as specified by Regulation 18 of SEBI (LODR) Regulations, 2015.

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

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

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

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

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

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

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

Composition and Meetings of the Audit Committee:

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

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

The Audit Committee met four times during the year i.e. on 30/05/2015, 14/08/2015, 09/11/2015 and 10/02/2016 respectively.

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

| Name of Director | Chairman/Member | Category | Attendance at the Meetings held during the year from 1 st April 2015 to 31 st March 2016 |
|----------------------------|-----------------|------------------------------------|--|
| Mr. Ramesh Chandra Agarwal | Chairman | Non-Executive Independent Director | 4 |
| Mr. Satish Kumar Gupta | Member | Non-Executive Independent Director | 4 |
| Mr. Rakesh Kumar Bhatnagar | Member | Non-Executive Director | 4 |

Mr. Ramesh Chandra Agrawal, Chairman of Audit Committee, was present at the last Annual General Meeting of the Company which was held on 30th September, 2015.

II. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- All other aspects as specified under the SEBI (LODR) Regulations, 2015.

Appointment criteria

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

- The committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director, KMP or senior management level and recommend to the Board his/ her appointment.
- A person to be appointed as director, KMP or in senior management should possess adequate qualification, expertise and experience for the position he/she is considered for appointment to. The committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

3. A person, to be appointed as director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth, and complementary skills in relation to the other Board members.
4. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a director in any company, with the permission of the Board of the Company.

Remuneration Policy:

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

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

Evaluation Criteria of the Board by the Committee:

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

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

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

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

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

Composition of the Nomination and Remuneration Committee:

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

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

The Nomination and Remuneration Committee met two times during the year i.e. on 30th May 2015 and 14th August 2015.

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

| Name of Director | Chairman/Member | Category | Attendance at the Meetings held during the year from 1st April 2015 to 31st March 2016 |
|----------------------------|------------------------|------------------------------------|---|
| Mr. Satish Kumar Gupta | Chairman | Non-Executive Independent Director | 2 |
| Mr. Ramesh Chandra Agarwal | Member | Non-Executive Independent Director | 2 |
| Mr. Rakesh Kumar Bhatnagar | Member | Non-Executive Director | 2 |

Mr. Satish Kumar Gupta, Chairman of Nomination and Remuneration Committee, was present at the last Annual General Meeting of the Company which was held on 30th September, 2015.

III. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee is responsible for:

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

Composition of the Stakeholders Relationship Committee:

During the year under review, the composition of the Stakeholders' Relationship Committee was as follows:

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

The Stakeholders Relationship Committee met once during the year i.e. on 10th February 2016.

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

| Name of Director | Chairman/Member | Category | Attendance at the Meetings held during the year from 1 st April 2015 to 31 st March 2016 |
|----------------------------|-----------------|------------------------------------|--|
| Mr. Vikas Kapoor | Chairman | Non-Executive Director | 1 |
| Mr. Satish Kumar Gupta | Member | Non-Executive Independent Director | 1 |
| Mr. Ramesh Chandra Agarwal | Member | Non-Executive Independent Director | 1 |

The details of the investors' compliant / grievance received by the Company during the Financial Year 2015-16 are mentioned below:

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

No complaint was received from the shareholders during the year ended 31st March 2016.

Mr. Vikas Kapoor, Chairman of Stakeholders' Relationship Committee, was present at the last Annual General Meeting of the Company which was held on 30th September, 2015.

6. GENERAL BODY MEETINGS

I. General Meeting

(a) Annual General Meeting:

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

| Period / Year | Location | Date | Time |
|---------------|--|----------------------------------|-----------|
| 2015 | S Global Knowledge Park, 19A & 19B, Sector-125, Noida, UP - 201301 | 30 th September, 2015 | 10.00 A.M |
| 2014 | S Global Knowledge Park, 19A & 19B, Sector-125, Noida, UP - 201301 | 30 th September, 2014 | 09.00 A.M |
| 2013 | E-53, sector-3, Noida, UP – 201301 | 30 th September, 2013 | 11.00 A.M |

(b) Extraordinary General Meeting

No Extraordinary General Meeting of the Members was held during the year 2015-16.

II. Postal Ballot: No Postal Ballot was conducted during the year 2015-16.

III. Special Resolutions

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

| Date of AGM | Whether any Special Resolution was passed | Particulars |
|----------------------------------|---|---|
| 30 th September, 2015 | No | No Special resolution has been passed |
| 30 th September, 2014 | Yes | Appointment of Mr. Jagdutt Kumar Sharma as Manager of the Company |
| 30 th September, 2013 | No | No Special resolution has been passed |

7. SUBSIDIARY

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

8. CEO / CFO CERTIFICATION

As required by Regulation 17 of SEBI (LODR) Regulations, 2015, the certification on the Financial statements and the cash flow Statements for the year ended 31st March, 2016, by the Manager (in absence of CEO) and CFO is enclosed as **ANNEXURE – VI(a)(i)** at the end of this Report.

9. CODE OF CONDUCT

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

10. DISCLOSURES

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

There are no transactions with any of the related parties.

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

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

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

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

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

- d) **Compliance of Mandatory Requirement**

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement as presently applicable during the year under review. Details of non-mandatory provisions to the extent complied with have been disclosed in this report.

11. MEANS OF COMMUNICATION

The Company publishes its quarterly un-audited (Provisional) financial results and Audited financial results in English newspaper named 'The Pioneer' and Hindi newspaper named 'Hari Bhoomi'.

12. GENERAL SHAREHOLDER INFORMATION

- (a) **Registered Office** : S Global Knowledge Park, 19A & 19B,
Sector-125, Noida, Uttar Pradesh - 201301
- (b) **Annual General Meeting**
- | | | |
|-------|---|--|
| Date | : | 30 th September, 2015 |
| Time | : | 10.00 A M |
| Venue | : | S Global Knowledge Park, 19A & 19B, Sector-125, Noida, Uttar Pradesh - 201301 |
- (c) **Financial Year ending** : 31st March every year
- (d) **Date of Book Closure** : 24th September, 2016 to 30th September, 2016
(Both days inclusive)
- (e) **Stock Exchanges at which Shares of the Company are listed** : (1) Bombay Stock Exchange Ltd
(2) The Calcutta Stock Exchange Ltd
- (f) **Stock Market Data**

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

The listing fee due for the year 2015-16 was duly paid to both the stock exchanges.

(g) Registrar and Transfer Agent:

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

(h) Share Transfer System

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

(i) Distribution of Shareholding as on 31st March 2016

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

(j) Dematerialisation of Shares and Liquidity

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

**(k) Outstanding GDRs/ADRs/
Warrants or Convertible
Instruments, conversion
Date and likely impact
on Equity** : Not Applicable

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

The above report was placed before the Board at its Meeting held on 10th August, 2016 and the same was approved.

ANNEXURE – VI(a)(i)

CERTIFICATION BY MANAGER AND CFO OF AVON MERCANTILE LIMITED AS ON 31ST MARCH, 2016 (IN TERMS OF REGULATION 17 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)

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

- A. We have reviewed Balance Sheet as at 31st March 2016 and the Profit and Loss Account and all its Schedules and Notes to the Accounts as well as Cash Flow Statement for the year ended on 31st March 2016 and that to the best of their knowledge and belief:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee
- 1) significant changes in internal control over financial reporting during the year;
 - 2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial.
- E. We further declare that all Board members have affirmed compliances with the code of conduct for the year under review.

FOR AVON MERCANTILE LIMITED

Sd/-
Jagdutt Kumar Sharma
Manager

Sd/-
Rajesh Kumar
Chief Financial Officer

Place: Noida

Date: 10th August, 2016

DECLARATION OF CODE OF CONDUCT

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

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

It is further confirmed that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the code of conduct of the Company for the year ended 31st March 2016.

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

**Place : Noida
Date : 10th August 2016**

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

**Sd/-
(Vikas Kapoor)
Director
DIN: 03020854**

ANNEXURE – VI(b)

CORPORATE GOVERNANCE CERTIFICATE

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

- 1) We have examined the compliance of conditions of Corporate Governance by **Avon Mercantile Limited** (“the Company”), for the year ended on 31st March, 2016, as stipulated in Clause 49 of the Listing Agreement for the period from 1st April, 2015 to 30th November, 2015 and as stipulated in Part C of Schedule V of the Listing Regulations for the period from 1st December, 2015 to 31st March, 2016.
- 2) The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- 3) In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement for the period from 1st April, 2015 to 30th November, 2015 and as stipulated in Part C of Schedule V of the Listing Regulations for the period from 1st December, 2015 to 31st March, 2016.
- 4) We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**Date: 10th August 2016
Place: New Delhi**

**For K Rakesh & Co.
Company Secretaries
Sd/-
(Rakesh Kumar)
C.P. No. 14700**

Annexure - VII

MANAGEMENT DISCUSSION ANALYSIS REPORT

Industry Structure and Developments: -

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

Outlook/Projections for 2016-17:

The company hopes to increase its income in near future.

Internal Control systems and their adequacy:

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

Financials:

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

Cautionary Statement

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

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

**Place : Noida
Date : 10th August 2016**

**Sd/-
(Vikas Kapoor)
DIRECTOR
DIN: 03020854**

Non-Banking Financial Companies Auditor's Report (Reserve Bank)
Directions, 2008

To,

**The Board of Directors,
Avon Mercantile Limited**

As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008, issued by Reserve Bank of India (RBI) vide Notification No. DNBS.201/DG (VL)-2008 dated 18th September, 2008, based on our audit for the financial year 2015-16, we give hereunder a statement on the matters specified in paragraph 3 (A) & (C) of the aforesaid directions:-

1. The Company is engaged in the business of Non-Banking Financial Institution and has obtained a Certificate of Registration from the RBI as Non-Banking Financial Company without accepting public deposit vide fresh Certificate No. 13-12.00443 dated 11.09.2007 in lieu of Registration No. 05.00319 dated 21.02.1998.
2. That Company is entitled to continue to hold the Certificate of Registration in terms of its Asset/Income Pattern as on 31st March, 2016.
3. The Company has not accepted any deposit from public since beginning of the financial year 2015-16. It has passed a fresh Board Resolution dated 28th April, 2015 for non-acceptance of any public deposits during the financial year 2015-16.
4. The Company has not accepted any public deposits during the financial year 2015-16.
5. During the year under report, the Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

For **GUPTA GARG & AGRAWAL**
Chartered Accountants
FRN 505762C

(B. B. GUPTA)
PARTNER
M. No.: 012399

Place: Delhi
Date: 25.05.2016

INDEPENDENT AUDITORS' REPORT

To,
The Members of Avon Mercantile Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Avon Mercantile Limited ('the Company'), which comprise the balance sheet as at 31st March 2016, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, its profits and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

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 and the cash flow statement 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 Rule 7 of the Companies (Accounts) Rules, 2014;

(e) on the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequate internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) the company does not have any pending litigations which would impact its financial position.

ii) the company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

**For GUPTA GARG & AGRAWAL
CHARTERED ACCOUNTANTS
FRN 505762C**

**(B.B.GUPTA)
PARTNER
M. No. 012399**

Place: Delhi
Date : 25.05.2016

RE: Avon Mercantile Limited

ANNEXURE "1" REFERRED TO IN PARAGRAPH OF OUR REPORT OF EVEN DATE

The comments are in serialim of the order

- (i) (a) The Company is maintaining proper records of its Fixed Assets showing full particulars including quantitative details and situation thereof.
 - (b) As per the information given by the management, the physical verification of fixed assets was carried out at the end of the financial year. No discrepancy on such verification noticed by the management and reported to us.
 - (c) As per books of accounts verified by us and according to the information and explanations given by the management the company does not have immovable properties and as such the sub clause is not applicable.
- (ii) The company does not have any inventory; as such the clause is not applicable.
- (iii) As per the information and explanations given to us and certified by the management and verified from the books of account, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained in pursuance of Section 189 of the Companies Act, 2013, as such there are no comments on sub clauses a), b) and c).
- (iv) In our opinion and according to the information and explanations given to us, the provisions of Section 185 and 186 of the Companies Act 2013 have been complied.
- (v) The Company has not accepted any deposits from the public and as such the clause is not applicable.
- (vi) To the best of our knowledge and as per information and explanations given to us by the management, the central government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013.
- (vii)(a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance fund, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were outstanding at the period end, for a period of more than six months from the date they became payable.

 - (b) According to information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company does not have any term loan from Bank, Institutions or Debenture holders, and as such clause is not applicable.
- (ix) As per the information and explanations given to us by the management, the company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence; there are no comments in this regard.
- (x) To the best of our knowledge and according to the information and explanations given to us no fraud by the company and no material fraud on the company has been noticed and reported during the year.

- (xi) As per the information and explanations given to us by the management, the company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- (xii) The clause is not applicable as the company is not a 'Nidhi Company'.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us by the management, the transactions entered with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable Accounting Standards.
- (xiv) As per the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and as such there are no comments in this regard.
- (xv) As per the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The company is registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For GUPTA GARG & AGRAWAL
CHARTERED ACCOUNTANTS
FRN 505762C**

**(B.B. GUPTA)
PARTNER
M. No. 012399**

Place: Delhi
Date: 25.05.2016

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF AVON MERCANTILE LIMITED

Report on the Internal Financial Controls under Clause (f) 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 Avon Mercantile Limited ("the Company") as of March 31, 2016 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the

Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 GUPTA GARG & AGRAWAL
CHARTERED ACCOUNTANTS
FRN 505762C**

**(B.B. GUPTA)
PARTNER
M. No. 012399**

Place: Delhi
Date: 25.05.2016