

DIRECTORS' REPORT

Dear Members,

Your Directors herewith present 34th Annual Report together with the Audited Statements of Accounts for the Financial Year ended on 31st March, 2018.

SUMMARY OF FINANCIAL RESULTS:

During the year under review, the Company has shown notable performance. The extracts of financial results 2017-18 are as under:

(INR in Lakhs)

Particulars	Current Year 2017-18 Rs.	Previous Year 2016-17 Rs.
Total Income	2293.00	2365.00
Financial Expenses	0.25	0.09
Depreciation	-	-
Profit / (Loss) Before Taxation	0.97	1.15
Provision for Income Tax	0.30	0.35
Profit after Taxation	0.67	0.79
Prior Period Adjustment	-	-
Surplus brought forward	13.85	13.05
Other utilization / adjustment in Reserve	0.67	0.79
Balance Carried to Balance Sheet	14.52	13.85

DIVIDEND:

The Management of the Company does not recommend any Dividend.

MANAGEMENT DISCUSSION AND ANALYSIS

As stipulated in Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, the Management Discussion and Analysis Report forms part of this Annual Report as Annexure I.

DEPOSITS AND LONG TERM BORROWINGS:

During the year, Company has not accepted any Deposits or long term borrowings from any person except unsecured Inter Corporate Loans.

PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES:

During the year, Company has not entered in to any related party transactions and hence disclosures in that regard are not required to be made.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(3) of the Companies Act, 2013, in relation to the Financial Statements for FY 2017-18, the Board of Directors states that:

- a) in preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2018 and of the profits for the year ended 31st March, 2018;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to Financial Statements. During the year, such controls were tested and no reportable material weakness was observed.

SUBSIDIARIES AND JOINT VENTURE

Company does not have any subsidiary companies. Company has not made any investment in Joint Venture.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

The Company accords the highest priority to health, environment and safety. The Company does not carry on manufacturing operations. The Company takes at most care for the employees and ensures compliance with the applicable rules and regulation applicable to the Company.

CORPORATE GOVERNANCE

Regulation 17 to 27 of SEBI (LODR) Regulations 2015 does not apply to the Company as the Paid Up Share Capital of the Company is INR 5.00 Crores and Net Worth of the Company is INR 5.14 Crores, both of which are less than minimum prescribed limits for applicability of aforementioned regulations.

CORPORATE SOCIAL RESPONSIBILITY:

The provisions of Companies Act 2013 and rules framed there under with regard to Corporate Social Responsibility do not apply to the Company and hence no disclosure have made in that regard.

DIRECTORS AND KEY MANAGARIAL PERSONNEL:

APPOINTMENT AND RESIGNATION:

During the Year, no changes have taken place in the Board of Directors of the Company.

RE APPOINTMENT OF DIRECTORS:

There are no Directors on the Board whose term expires at this 34th Annual General Meeting and hence the Board does not recommend any Reappointment of Directors.

DIRECTORS RETIRING BY ROTATION:

Mr. Maneklal Shivilal Patel, being Non Executive Director whose term is liable to determination by 'Retirement by Rotation' and being eligible, offers himself for reappointment.

DECLARATION BY INDEPENDENT DIRECTORS:

Pursuant to provisions of section 149(7) of Companies Act 2013, the Company has received declaration from Independent Director for FY 2017-18 confirming that they meet the criteria of independence as prescribed under the Act and SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.

POLICY ON DIRECTORS' APPOINTMENT:

Pursuant to provisions of section 178 read with 134(3)(e) of Companies Act 2013, The Nomination and Remuneration Committee (NRC) has approved the criteria and process for identification / appointment of Directors which are as under:

Criteria for Appointment:

- A) The proposed Director shall meet all statutory requirements and should:
- Not have any direct or indirect conflict with business operations.
 - Be willing to devote time and efforts.
 - Have relevant experience.
 - Have understanding about corporate functionality.
 - Understand real value of stakeholders.

Process for identification of Directors / Appointment of Directors:

- Board Members may suggest any potential person to the Chairman of the Company meeting the above criteria. If the chairman deems fit, recommendation will be made by him to NRC.
- Chairman himself can also recommend a person to NRC.
- NRC shall process and evaluate the proposal and shall submit their recommendation to Board.
- Board shall consider such proposal on merit and decide suitably.

Criteria for Performance Evaluation:

The Board considered and approved criteria for performance evaluation of itself and that of its committees and individual directors as follow:

Criteria for Board Evaluation:

- Focus on strategic decisions.
- Qualitative discussion and processes.

Criteria for Committee Evaluation:

- Fulfillment of allotted responsibilities.
- Effectiveness of recommendation, meetings.

Criteria for Independent and Non Independent Directors' evaluation:

- Contribution through their experience and expertise.
- Focus on Stakeholders' interest.

MANNER OF EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS:

The Evaluation of Board, its Committees and Individual Directors was carried out as per process and criteria laid down by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee.

The obtaining and consolidation of feedback from all Directors in this regards, was coordinated by the Chairman of Independent Directors' meeting for Board and Non-Independent Directors while the process of evaluation of the Independent Directors was coordinated by the Chairman of the Company. Based on this, Chairman of the Company briefed the Board and each of the Individual Directors.

NUMBER OF MEETINGS OF THE BOARD:

The Board meets at regular interval with gap between two meetings not exceeding 120 days. Additional meetings are held as and when necessary. During the year under review, the Board met Seven times respectively on 10.04.2017, 24.05.2017, 14.08.2017, 21.08.2017, 14.12.2018, 14.02.2018, 25.03.2018.

REMUNERATION:**REMUNERATION POLICY:**

The Company has formulated the policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees of the Company which is as under:

A) Components of Remuneration:

- Fixed Pay comprising Basic Salary, Conveyance Allowances / Reimbursement, Company's contribution to Provident Fund, Superannuation Fund, Gratuity, etc.
Variable Pay, which is either in the form of Commission to Whole-time Directors.

B) Annual Appraisal process:

Annual Appraisals are conducted, following which annual increments and promotions in deserving cases are decided once in a year based on:

- o Employees self-assessment
- o Assessment by Immediate Superior and
- o Assessment by Head of Department

Annual Increment leading to an increase in Fixed Pay consists of

- Economic Rise based on All India Consumer Price Index published by the Government of India or Internal Survey wherein inflation on commonly used items is calculated.

Annual Appraisal equally depends on the Profitability of the Company.

Remuneration of Independent Directors:

The Company has formulated a policy for the remuneration of Independent Directors as follows:

- Reimbursement of Expenses incurred by Independent Directors for attending any meeting of the Board and payment of Sitting Fees.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

The Company has not paid any Remuneration to the existing Directors and hence provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1)(i) to (xii), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not required to be disclosed.

AUDITORS:

REPORT OF STATUTORY AUDITORS:

The Statutory Auditors' report for financial year 2017-18 is self explanatory and forms part of this Annual Report and does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITORS:

Pursuant to Section 204 of the Companies Act, 2013 read with Rules thereof, the Board of Directors has appointed Mr. Jagdish Akhni, Practising Company Secretary, as Secretarial Auditors of the Company for FY 2017-18. A Secretarial Audit Report for FY 2017-18 is annexed herewith as **Annexure II**.

Management response for observation made in Secretarial Audit Report:

1. Company is looking for appropriate candidate for the post of Company Secretary and Chief Financial officer.

AUDIT AND RISK MANAGEMENT:

During the year, the Board reviewed the decision taken by it regarding the role of Risk Management being carried out by the Audit Committee and after detailed deliberation it was decided that the Audit Committee of the Board shall continue to play the role of Risk Management Committee and be called as Audit and Risk Management Committee unless otherwise decided by the Board.

COMPOSITION OF AUDIT COMMITTEE:

Name of Director	Category of Directorship
Ms. Kalaben Sharma	Member - Independent Director
Mr. Maneklal Patel	Member - Director
Mr. Naman Shah	Member - Director

VIGIL MECHANISM:

The provisions of Regulation 22 of SEBI (LODR) Regulations 2015 are not applicable to the Company. However Company has established whistle Blower Policy as matter of Good Governance.

RISK MANAGEMENT POLICY:

The provisions of Regulation 21 of SEBI (LODR) Regulations 2015 is not applicable to the Company, hence no Risk Management Committee is formulated. However the Board of Directors has developed and implemented Risk Management Policy for the Company. It has identified and assessed various risks factors, with potential impact on the Company in achieving its strategic objectives or may threaten its existence. The Policy lays down procedures for risk identification, assessment, monitoring, review and reporting. The Policy also lists the roles and responsibilities of Board and Risk Management Committee.

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

During the financial year 2017-18, Company has not undertaken any manufacturing operations. Company has neither earned nor spent anything in foreign currency. Hence no disclosure is required under this head pursuant to Companies (Accounts) Rules 2014.

THE EXTRACTS OF ANNUAL RETURN:

The extract of the Annual Return in Form MGT-9 is annexed as **Annexure III** to this Directors' Report and forms part of Annual Report.

SHARE CAPITAL:

During the year, the company has not issued, allotted any shares or securities.

CHANGE IN NATURE OF BUSINESS:

There were no changes in the nature of business of the Company during the year under review.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENT MADE UNDER SECTION 186 OF THE COMPANIES ACT 2013:

The details of Loans and Advances made by the Company during the FY 2017 18 are disclosed in the relevant notes of Audited Financial Statements for FY 2017 18.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATES AND THE DATE OF THE REPORT:

After close of financial year, following events have occurred;

- The Registered office of the Company has been shifted from the State of Punjab to the State of Gujarat w. e. f. 25th April 2018 on issue of Certificate by Registrar of Companies Gujarat. Accordingly, the registered office Clause of Memorandum of Association of the Company has been altered.

Except above, no other material changes and commitments, affecting the financial position of the Company have occurred.

TRANSFER OF FUNDS TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, the provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid in last seven years so the Company was not required to transfer any amount to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to the provision of Section 125 (e) of the Companies Act, 2013 as there is no amount unclaimed for a period of 7 years from the date it became due for repayment.

DETAILS OF MATERIAL AND SIGNIFICANT ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

There were no significant and material orders issued against the Company by any regulating authority or court or tribunal that could affect the going concern status and Company's operation in future.

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

The Company is committed to provide a safe and conducive work environment to its employees during the year under review. Your Directors further state that during the year under review there were no cases filed pursuant to the Sexual Harassment of Women at Workplace as per (Prevention, Prohibition and Redressal) Act, 2013.

APPRECIATION AND ACKNOWLEDGMENT

The Directors feel pleasure thanking all the stakeholders who have reposed their faith in the management and the company and for their valuable support and cooperation.

Place: Ahmedabad
Date: 06.09.2018

By Order Of The Board
For Creative Merchants Limited
Sd/-
Naman Shah
Director