

DIRECTOR'S REPORT

**TO
THE MEMBERS
CHANDRIMA MERCANTILES LIMITED
AHMEDABAD**

Your Directors have pleasure in presenting their Annual Report of the Company together with the Audited Accounts for the financial year ended on 31st March, 2019 for your perusal, consideration and adoption.

STATE OF AFFAIRS OF THE COMPANY:

<u>Particulars</u>	<u>Current Year 2018-19</u>	<u>Previous Year 2017-18</u>
Sales	NIL	64,57,650
other Income	5,63,341	3,00,000
Less: Expenditure	4,62,718	66,92,988
Profit Before Exceptional,	1,00,623	64,662
Extraordinary Items & Taxation	NIL	NIL
Exceptional Items	NIL	NIL
Extra Ordinary Items	NIL	NIL
Profit/(Loss) before Taxation	1,00,623	64,662
Less : Current Tax	NIL	17,980
Less : Deferred Tax Charge/ (Credit)	NIL	NIL
Profit/(Loss) after Tax	1,00,623	46,682
Profit for the period		
Amount carried to Reserve	1,00,623	46,682

Company's Performance:

During the year under review, state of affairs of the company as compared to the previous year. Your company earned a total income of Rs. 5,63,341/- (Previous Year Rs. **67,57,650/-**) and a net profit after tax of Rs. **1,00,623/-** as compared to net profit after tax of **46,682/-** of previous year.

DIVIDEND:

Your directors do not recommend any dividend for the current year.

DIRECTORS:

- Mr. Jinal Y. Modi, who retires by rotation and being eligible offers himself for reappointment.

During the year, the non executive director has no pecuniary relation or transaction with the company.

PARTICULARS OF THE EMPLOYEES:

In terms of provisions of Section 197 read with Rule, 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, none of the employees are receiving remuneration as mentioned in the said section.

The information required pursuant to Section 197 read with Rule, 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is Nil.

STATUTORY AUDITORS:

M/s Gopal C. Shah & Co. Chartered Accountants (Membership No.34967), Statutory Auditors of the Company, hold office until the conclusion of the Annual General Meeting held on 2020 of the Company, subject to ratification by the shareholders annually. As such, shareholders are requested to ratify the appointment of Auditor at the ensuing Annual General Meeting.

AUDITORS' REPORT:

The observations of the Auditors in their Report and Notes Attached to the Accounts to the Accounts are Self-Explanatory and do not require any Further Clarifications.

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

Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 134 (3)(m) of the Companies Act, 2013, read with the Rule, 8 (3) of the Companies (Accounts) Rules, 2014, are given in the "**Annexure-A**" attached hereto and forms part of this Report.

EXTRACT OF ANNUAL GENERAL MEETING:

As provided under Section 92(3) of the Act, the extract of annual return is given in “**Annexure B**” in the prescribed Form MGT-9, which forms part of this report.

SECRETARIAL AUDIT:

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, your Company has engaged the services of M/s A. Santoki & Associates, Company Secretary in Practice, Ahmedabad to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2019.

The Secretarial Audit Report (in Form MR-3) is attached as “**Annexure-C**” to this Report.

EXPLANATION ON QUALIFICATION ADVERSE REMARK MADE IN SECRETARIAL AUDIT REPORT:

Qualification/ Adverse	Explanation
As per Section- 203 of Companies Act, 2013, company has not made appointed CFO.	Management has decided to appoint CFO who shall be whole time KMP in the company in very soon period
As per Section- 203 of Companies Act, 2013, company has not made appointed Company Secretary.	Management has decided to appoint CS who shall be whole time KMP in the company in very soon period
As per Section-138 of Companies Act, 2013 read with Rule 13 of The Companies (Accounts) rules, 2014, company should have made appointment of Internal Auditor for Financial year 2016-17.	Company is in process of search for making appointment of internal Auditor.

BOARD MEETINGS HELD DURING THE YEAR DURING THE YEAR:

During the year 05 meetings of the Board of Directors were held. The details of the meetings are **01.03.2018, 29.05.2018, 13.08.2018, 03.09.2018, 05.11.2018, 11.02.2019.**

DIRECTORS’ RESPONSIBILITY STATEMENT:

1. To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:
2. In the preparation of the Annual financial statements for the year ended March 31, 2019, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
3. For the financial year ended March 31, 2019, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit and Loss of the Company for the year ended March 31, 2019.

1. That proper and sufficient care has been taken 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.
2. The annual financial statements have been prepared on a going concern basis.
3. That proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
4. That proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

CODE OF CONDUCT:

The Board has laid down a Code of Conduct for all Board Members and Senior management of the Company. Board Members and Senior Management Personnel have affirmed Compliance with the Code for the period 2018-19.

The Company has adopted code of practices and procedures for fair disclosures of unpublished price sensitive information and code of conduct as required under Regulation (8)(1) and Regulation (9)(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

LISTING:

The shares of the Company are listed on following Stock Exchanges.

- 1) Bombay Stock Exchange Limited (BSE)
- 2) Calcutta Stock Exchange Limited (CSE)
- 3) Ahmedabad Stock Exchange Limited (ASE)

MANAGEMENT DISCUSSION & ANALYSIS:

Management Discussion and Analysis of the financial position of the company forms part of the Annual Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

During the year ended 31st March, 2019, company has given Loans, Guarantees and/or made any Investments covered under the provisions of Section 186 of the Companies Act, 2013. Details of the said are already mentioned in Auditors Report and Balance Sheet of the Company.

RELATED PARTY TRANSACTIONS:

During the year ended 31st March, 2019, company has not entered in to any Contracts and/or arrangements with related parties covered under section 188 of the Companies Act, 2013.

MATERIAL CHANGES AND COMMITMENTS:

There are no any material changes and commitments made by the company after the close of financial year that affect the financial position of the company.

REMUNERATION POLICY:

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

RISK MANAGEMENT POLICY:

The Board of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The development and implementation of risk management policy has been covered in the management discussion and analysis, which forms part of this report.

POLICY ON PREVENTION OF SEXUAL HARASSMENT:

The Company has formulated and implemented a policy for Prevention of Sexual Harassment of Women at workplace. During the year under review, the Company has not received any complaints under the policy.

CORPORATE SOCIAL RESPONSIBILITY:

Company was not required to formulate policy on Corporate Social Responsibility as the company is not falling with the provisions of Section 135 of Companies Act, 2013.

DECLARATION BY INDEPENDENT DIRECTORS:

The company has received necessary declaration from each independent director under section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015.

BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and SEBI Regulations, the Board has carried out the annual performance evaluation of its own performance, of the Directors individually, as well as the evaluation of the working of its Audit, Nomination & Remuneration and other Committees of the Board. At the meeting of the Board, all the relevant factors that are material for evaluating the performance of individual Directors, the Board and its various Committees, were discussed. A structured questionnaire each, for evaluation of the Board, its various Committees and individual Directors, was prepared and recommended to the Board by the Nomination & Remuneration Committee, for doing the required evaluation, after taking into consideration the input received from the Directors, covering various aspects of the Board's functioning, such as adequacy of the composition of the Board and its Committees, execution and performance of specific duties, obligations and governance, etc. A separate exercise was carried out to evaluate the performance of individual Directors, including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company

and its minority Shareholders, etc. The performance evaluation of the independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and non independent Directors was also carried out by the Independent Directors at their separate meeting. The Directors expressed their satisfaction with the evaluation process.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY:

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and as per the rules of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 the Board of Directors had approved the Policy on Vigil Mechanism/ Whistle Blower and the same was hosted on the website of the Company. This Policy inter-alia provides a direct access to the Chairman of the Audit Committee.

Your Company hereby affirms that no Director/ employee have been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATES:

Company has not any subsidiary company/Joint Ventures/Associates.

FIXED DEPOSITS:

During the year under review, your Company did not accept any deposits within the meaning of provisions of Chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

Significant and Material Orders Passed by the Regulators or Courts or Tribunals impacting the Going Concern status of the Company:

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company.

Acknowledgement:

The directors thank the Company's employees, customers, vendors, investors and academic institutions for their continuous support. The directors also thanks the government of various countries, government of India, the governments of various states in India and concerned government departments / agencies for their co-operation.

The directors appreciate and value the contributions made by every member of the Chandrima Mercantiles Limited.

DATE : 03.09.2019

PLACE: Ahmedabad

FOR AND ON BEHALF OF THE BOARD

Sd/-

**JINAL Y. MODI
(DIN : 07153155)
(CHAIRMAN)**