

**NAVKETAN MERCHANTS LIMITED**  
12, Waterloo Street , Kolkata - 700 069

**Directors:**

Mr. Amit Kumar Mondal  
Mr. Rajendra Agarwal  
Mr. Dilip Das  
Mr. Satyendra Kumar Thakur

**Auditors:**

M/s A Jana & Co.  
17A, Yogipara Bye Lane  
Kolkata- 700 006

**Registered Office:**

12, Waterloo Street,  
2nd Floor  
Kolkata-700 069

**NAVKETAN MERCHANTS LIMITED**  
12, Waterloo Street , Kolkata - 700 069

**NOTICE**

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of the Company will be held at its Registered Office at 12, Waterloo Street, Kolkata-700 069 on the 30th September, 2011 at 12:30 P.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Profit & Loss Account of the Company for the year ended on 31st March 2011 and Balance sheet as at that date, and the Reports of the Directors' and the Auditors' thereon.
2. To appoint a director in place of Amit Kumar Mondal and Dilip Das, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.
4. To declare a final dividend.

Registered Office:  
12 Waterloo Street  
Kolkata-700 069  
Date: 3rd August 2011

For and on behalf of the Board,  
For NAVKETAN MERCHANTS LIMITED

  
Dilip Das  
Director

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**NOTES:**

- a) A member entitled to attend and vote is also entitled to appoint one or more proxies to attend and vote instead of himself and a proxy need not be a member. Proxies in order to be effective, must be received by the company not later than 48 hours before the commencement of the meeting.
  - b) The register of members and transfer books of the Company will be closed from 20th September 2011 to 29th September, 2011 (both days inclusive).
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NAVKETAN MERCHANTS LIMITED  
12, Waterloo Street , Kolkata - 700 069

#### REPORT OF THE DIRECTORS

Your Directors have the pleasure in presenting the Annual Report together with the audited statement of accounts for the year ended 31st March, 2011.

#### FINANCIAL RESULTS

During the year under review, performance of your Company is as under:

Particulars	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Profit/ (Loss) before taxation	2127	(1,60,703)
Less : Provision for taxation	657	
Profit/ (Loss) after tax	1470	(6,44,556)
Add : Balance B/F from the previous year	(8,05,248)	
Balance Profit/ (Loss) C/F to the next year	(8,03,779)	(8,05,248)

#### DIVIDEND

No dividend has been recommended for the year.

#### DIRECTORS' RESPONSIBILITY STATEMENT - COMPLIANCE UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
2. Such accounting policies have been selected and applied consistently, judgments made 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, 2011 and of the loss of the Company for the year ended on 31st March, 2011 ;
3. Proper and sufficient care has been taken 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 for detecting fraud and other irregularities ;
4. The Annual Accounts has been prepared on a going concern basis.

#### Directors

In accordance to the Articles of Association of your Company, Mr. Amit Kumar Mondal and Mr. Dilip Das, who retires by rotation and being eligible offers himself for re-appointment.

#### AUDITORS

A Jana & Co. Chartered Accountants, hold office upto the conclusion of this Annual General Meeting and recommended for reappointment. The Company has received a certificate from them to the effect that their appointment, if made, would be the limits prescribed under the section 224(1B) of the Companies Act, 1956.

## **DISCLOSURE OF INFORMATION**

The Company, Navketan Merchants Limited, is being merged with Avighna Commerce Limited, an unlisted public company effect from 1st April, 2010 or as the date prescribed by the High Court in their sanction letter. All the necessary petition has been filled and the matter is pending for court's order.

## **CORPORATE GOVERNANCE**

Your Company has taken adequate steps to ensure that all mandatory provisions of "Corporate Governance" as provided in the Listing Agreement of the Stock Exchange with which the Company's Shares are listed are duly complied with.

A separate report on "Corporate Governance" along with Auditors' Certificate on its compliance and "Management Discussion and Analysis" are annexed hereto as Annexure 'A' and Annexure 'B' respectively as part of the Annual Report.

## **HUMAN RESOURCES**

The company during the year under review has only taken contractual service from agencies to maintain its records & documents. Since there was very limited activity the company has not hired any employees during the year.

## **DEMATERIALISATION OF SHARES**

Details of the same are given in the Shareholders' Information.

## **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

The Company during the year under review had no activities relating to conservation of energy or technology absorption being basically in the financial sector. Hence these matters are inapplicable and does not require any comment.

## **FOREIGN EXCHANGE EARNING/ OUT GO**

There has been no foreign exchange earnings or outgo during the year under review.

## **PARTICULARS OF EMPLOYEES**

As per the requirements of section 217(2A) of the Companies Act, 1956, none of the employees were in receipt of remuneration in excess of the prescribed limits for the whole or part of the year under review.

## **ACKNOWLEDGEMENT**

The Board of Directors express its sincere appreciation to the valued shareholders, bankers and clients for their support.

BY ORDER OF THE BOARD

12, Waterloo Street  
Kolkata-700 069.  
Dated 3rd Day of August, 2011

  
(Dilip Das)  
Director

## ANNEXURE "A" TO THE DIRECTORS' REPORT

### CORPORATE GOVERNANCE

The Company in terms of Clause 49 of the Listing Agreement with the Stock Exchanges the Company has adopted practice of Corporate Governance for ensuring and protecting the rights of its shareholders by means of transparency, integrity, accountability and checks at the different levels of the management of the Company.

### BOARD OF DIRECTORS

The Board manages your co. It acts as a trustee to the shareholders and other stakeholders and primarily its role is to protect and enhance shareholders value and growth of the organisation. All statutory and other significant and material information are placed before the board to enable it to discharge its responsibilities of strategic supervision of the Co. as trustees to the share holders.

The composition and category of Directors:

Category	Name of the Directors
Non - Executive Independent Chairman	Mr. Amit Kumar Mondal
Non - Executive Independent Director	Mr. Rajendra Agarwal
Non - Executive Independent Director	Mr. Dilip Das
Executive Independent Director	Mr. Satyendra Kumar Thakur

Dates of Board Meeting , Board strength and Nos. of Director Present in each of the meeting – Are given hereunder:

SI No.	Date	Board Strength	No. of Directors Present
1	1st April, 2010	3	3
2	30th June 2010	3	2
3	4th August 2010	3	2
4	12th October 2010	3	2
5	10th December 2010	3	3
6	31st January 2011	4	4
7	3rd March 2011	5	5

Attendance of the Directors at the Board and Shareholders Meeting , are given Hereunder:

Name of Directors	Board Meetings							Annual General Meeting	Last Annual General Meeting
	1.4.2010	31.6.2010	4.8.2010	12.10.2010	10.12.1010	31.1.2011	3.3.2011		
								30th September ,2011	30th September ,2010
Uttam Kejriwal	Yes	Yes	No	Yes	Yes (Resigned)	NA	NA	No	Yes
Raj Kumar Sharma	Yes	No	Yes	Yes	Yes	Yes	Yes (Resigned)	No	Yes
Dinesh Agarwal	Yes	Yes	Yes	No	Yes	Yes	Yes (Resigned)	No	Yes
Anil Kumar Joshi	NA	NA	NA	NA	NA	Appointed	Yes (Resigned)	No	NA
mit Kumar Mondal	NA	NA	NA	NA	Appointed	Yes	Yes	Yes	NA
Rajendra Agarwal	NA	NA	NA	NA	NA	NA	Appointed	Yes	NA
Dilip Das	NA	NA	NA	NA	Appointed	Yes	Yes	Yes	NA
Satyendra Kumar Thakur	NA	NA	NA	NA	NA	NA	Appointed	Yes	NA

## Remuneration

None of the directors receive any remuneration /compensation, including sitting fees for attending meeting of the board and/or any Board Committee. Therefore under present scenario , the company does not require to lay down its remuneration policy.

## Information Placed before the board:

The Board predominantly manages your Company. Certain powers of the board have been delegated to the Board Committees.

## The information which are normally placed before the Board, Are given hereunder:

1. Annual Financial Statement
2. Status of Legal Compliance
3. Terms of reference of the Board Committees.
4. Recommendations of the Boars Committees.

Effective post meeting follow-ups take place, which are backed by review and reporting process of the action taken/pending issues.

## CODE OF CONDUCT:

The Company has framed Code of Conduct for the Directors and Senior Management of the Company, he Directors and Senior Management have affirmed compliance of the said Code of Conduct as on 31st March, 2011.

## BOARD COMMITTEES

Your Company has four Board Committees Namely Audit Committees, Committee for Share Transfer, transmission ,etc , Remuneration Committee , Shareholders / Investors Grievance Committee. The terms and reference of all the four Boars Committees were determined by the Board. Matters requiring Attention/approval of the Board were placed in the form of Recommendation/Note, signed by all the committee members present at the concerned meeting of the board committees.

The Role and Composition of these board committees, including the no. of meetings held and corresponding attendances at the meetings have been produced below :

## AUDIT COMMITTEE:

The Audit Committee was entrusted with review of quarterly and annual financial statements before admission to the Board, review of observations of auditors and to ensure compliance of internal control systems authority for investigation and access for full information and external professional advice for discharge of the functions delegated to the Committee by the Board. The Audit Committee was re-constituted by the Board w.e.f. 05th March 2011.

## Composition

Names of the Members	Position Held
Mr. Amit Kumar Mondal	Chairman
Mr. Dilip Das	Member
Mr. Rajendra Agarwal	Member

The member of the Audit committee are all financially literate and have expertise in finance and general management matters.

Details of qualification of Audit committee Members are as follows:

#### MEETINGS AND ATTENDANCES

Dates of Board Meeting , Board strength and Nos. of Director Present in each of the meeting – Are given hereunder:

Sl No.	Date	Board Strength	No. of Directors Present
1	1st April, 2010	3	3
2	30th June 2010	3	2
3	4th August 2010	3	2
4	12th October 2010	3	2
5	10th December 2010	3	3
6	31st January 2011	3	2
7	3rd March 2011	3	3

The scope of the audit committee, inter alia, includes:

- a) Review of the Company's financial reporting process, the financial statements (quarterly & yearly) and financial/risk management policies ;
- b) Review of the adequacy of the internal control systems and finance of the internal audit team;
- c) Discussions with the management and the external auditors, the audit plan for the financial year and joint post-audit and review of the same.

The Audit Committee meetings are usually held at Company's Administrative Office and at 12, Waterloo Street . Kolkata – 700 069 and attended by members of the Committee. Accounts Head and unit Heads, representative of the Statutory Auditors are also invited in the meeting as and when required, the Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

#### REMUNERATION COMMITTEE;

The Remuneration Committee was re-constituted by the Board w.e.f. 5th March , 2011. The remuneration Committee presently comprises of Mr. Amit Kumar Mondal, Mr. Dilip Das & Mr. Rajendra Agarwal. Mr. Amit Kumar Mondal is continued to be the Chairman of the Committee.

During the year under Review no Remuneration Committee meeting was held

#### COMMITTEE OF DIRECTOR FOR SHARE TRANSFER , TRANSMISSION, etc.

The Share Transfer Committee was re-constituted by the Board w.e.f. 13th December 2011. The Share transfer presently comprises of Mr. Amit Kumar Mondal and Mr. Dilip Das. Mr. Amit Kumar Mondal is continued to be the Chairman of the Committee. The Share Transfer committee meet as and when required and is entrusted with Transfer/transmission of shares, issue of duplicate share certificates, change of name/status, transposition of names, sub-division/consolidation of share certificates, etc.



## SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

The Shareholders Grievance Committee was re-constituted by the Board w.e.f. 13th December, 2010. Shareholders/Investors, Grievance Committee presently comprises of Mr. Amit Kumar Mondal, and Mr. Dilip Das. Mr. Dilip Das is continued to be the Chairman of the Committee and looks after shareholder's and investors

## SHARES HELD BY NON-EXECUTIVE DIRECTORS OF THE COMPANY

Sl No.	Name	No. Of Shares Held
1	Amit Kumar Mondal	NIL
2	Rajendra Agarwal	NIL
4	Dilip Das	NIL

## GENERAL BODY MEETINGS

Location and time of Annual General Meeting held in three years:

Year	Type	Date	Venue	Time
10-11	AGM	30.09.2011	12, Waterloo Street , Kolkata - 700 069	12.30 P.M
09-10	AGM	30.09.2010	53, Chowringhee Road, Kolkata- 700 071.	12.30 P.M
08-09	AGM	24.09.2009	53, Chowringhee Road, Kolkata- 700 071.	12.30 P.M

### Notes:

All resolutions were moved at the last Annual General Meeting were passed by show of hands unanimously by all the members present at the meeting.

No business proposed to be transacted at the last Annual General Meeting was required to be passed by postal Ballot in terms of Company's (passing of the resolution by Postal Ballot) Rules, 2001.

## DICLOSURES

During the year ended 31st March 2011, we would like to disclose that-

a) There was no 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, etc. that may have potential conflict with the interests of the Company at large.

b) There was no substantial default in the payments to the shareholders and creditors of the company.

c) The company has not accepted any deposit from the public.

d) The company, in compliance with the provision of the companies act, 1956, has not filed The quarterly results / half yearly/ quarterly review report are being published / filed with the Stock

e) The Company on 31st March,2010 has laid down a code of conduct for its board members and senior management.

f) None of the Directors are holding any equity shares in the company.

g) The co. has so far not adopted any non-mandatory requirement ( as being listed under clause 49 of the listing agreement) including the 'Wisle Blower Policy'.

h) The co. has no functional Directors. None of the directors receive any remuneration/compensation including sitting fees for attending board/board committee meetings ) from the co.

i) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or Securities and Exchange Board of India or any Statutory Authority, on any matter related to the capital markets, during the last three years.

**Accounting Treatment in preparation of financial statement:**

Company has followed the guidelines of accounting standards as prescribed by the Institute of Chartered Accountants of India in preparation of financial statement.

**Subsidiary Company:**

Company does not have any material non-listed Indian Subsidiary as defined in Clause 49 of the Agreement.

**Management:**

Company has identified risk involved in respect to its products, quality, cost, location and finance, also adopted the procedures / policies to minimize the risk and the same are reviewed and revised as per the needs to minimize and control the risk.

**CEO/CFO certification:**

CEO / CFO certification as required under Clause 49 is annexed hereto which forms part of this Report .

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## ANNEXURE "B" TO THE DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under Clause 49 is annexed hereto which forms part of this report.

### DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

As on 31st of March, 2011 there were none of the directors seeking appointment/Re – appointment.

### MEANS OF COMMUNICATION

Un-audited financial results on quarterly basis and limited review by the auditors in the prescribed format are taken on record by the Board of Director at its meeting within one month of the close of every quarter and the same are furnished to the Calcutta Stock Exchange.

### LISTING

Shares of the Company are listed on The Calcutta Stock Exchange Association Ltd., Kolkata. The name and address of the Stock Exchange and the Company's Stock Code are given below.

– The Calcutta Stock Exchange Ltd.  
7, Lyons Range, Kolkata-700 001.  
Code No. - A4

### GENERAL INFORMATIONS FOR MEMBERS:

- a. Annual General Meeting (Date, Time & Venue) : 30th September, 2011 on Friday, at 12.30 A.M. 12, Waterloo Street, Kolkata - 700 069.
- b. Dividend Payment : Directors have not recommended any dividend on Equity Shares of Financial Year ended 31.03.2011.
- c. Date of Book Closure : 20.09.2011 to 29.09.2011
- d. Financial Calendar : 1st April, 2010 – 31st March, 2011
- e. Market Price Data : Monthly High/Low Price during the last financial year at the National Stock Exchange depicting liquidity of the Equity Shares is given below:

Months	Share Price		Months	Share Price	
	High	Low		High	Low
April, 2010	N.T.		October, 2010	N.T.	
May, 2010	N.T.		Nov, 2010	N.T.	
June, 2010	N.T.		December, 2010	N.T.	
July, 2010	N.T.		January, 2011	N.T.	
August, 2010	N.T.		February, 2011	N.T.	
September, 2010	N.T.		March, 2011	N.T.	

N.T. denotes No Trading

- f. Performance in comparison to broad based indices CRISIL  
to broad based indices Calcutta : No comparison to Broad based indices such as BSE Sensex / Index etc. could be drawn since there is no trading in the Stock Exchange during the financial year.

g.Registrar and Transfer Agent

: In House by the Company.

h.Shares Transfer System

: Share Transfer Committee is empowered to approve the Share Transfers.The Share Transfer issue of duplicate certificate etc. are endorsed in Directors/Executives/Officers as may be authorised by the Transfer Committee. Grievances received from members and miscellaneous correspondences are processed by the Company within 30 days.

i.Distribution of Share Holding As on 31.03.2011

Share Limit From	Share Limit To	No. Of Live A/c's	%age	Total No. Of Shares	% to total Shares
1	500	39	11.85	17800	0.59
501	1000	68	20.67	66500	2.22
1001	2000	34	10.33	53900	1.80
2001	3000	48	14.59	125900	4.19
3001	4000	21	6.38	77400	2.58
4001	5000	25	7.60	121900	4.06
5001	10000	54	16.41	395000	13.16
10001	50000	31	9.42	512800	17.08
50001	100000	3	0.91	194900	6.49
100000	& Above	6	1.82	1436000	47.83
Total		329	100	3002100	100

j. Share Holding Pattern as on 31.03.2011

Category	No. Of Share Holders	% of Share Holders	No. Of Shares Held	% of Share holding
Individual	305	92.71	2090498	69.63
Corporate	24	7.29	911602	30.37
Total	329	100	3002100	100

k. Dematerialisation of Shares

: Trading in Equity Shares of the Company in dematerialized form became mandatory from 02.01.2002. To facilitate trading in demat form, in India, there are two depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreement With CDSL. Shareholders can open their accounts with any of the Depository Participant registered with any of these depositories.

l. Plant Location

: N.A.

m. Investors Correspondence

:ABS Consultant Private Limited  
4, B.B.D.Bag (East)  
99, Stephen House, 6th Floor  
Kolkata-70000

**CEO/CFO CERTIFICATION TO THE BOARD**

**(Under Clause 49(V) of Listing Agreement)**

To  
The Members of  
Navketan Merchants Limited

I, Dilip Das, Director of Navketan Merchants Limited hereby declare that myself and all Designated Personnel of the Company, have affirmed compliance with the applicable Code of Conduct for the year ended 31 March 2011.



Dilip Das  
Director

**Place: Kolkata**  
**Dated: 3<sup>rd</sup> August 2011**

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# A.JANA & CO.

Chartered Accountants

Firm Reg. No. 312169E

17A, Yogipara Bye Lane, Kolkata-700006

Date: 3rd August 2011

To,  
Navketan Merchants Limited  
12, Waterloo Street,  
2nd Floor,  
Kolkata

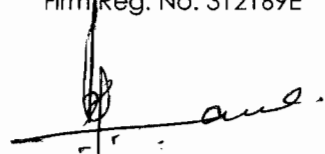
Sub: Audit on Corporate Governance for the Financial Year 2010-11

Dear Sir,

We have conducted the audit on Corporate Governance of Navketan Merchants Ltd. for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges in India. We are attaching our Certificate on Corporate Governance.

Yours faithfully,

For A. JANA & CO.  
Chartered Accountants  
Firm Reg. No. 312169E



(A K Jana)  
Proprietor  
Membership No. 050783



# A.JANA & CO.

Chartered Accountants  
Firm Reg. No. 312169E  
17A, Yogipara Bye Lane, Kolkata-700006

## Auditors' Certificate on Corporate Governance To the Members of Navketan Merchants Limited

We have examined the compliance of Corporate Governance by Navketan Merchants Ltd., for the financial year 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India, and was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

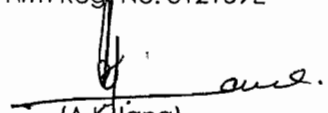
In our opinion and best of our information and according to the explanations given to us, we hereby certify that the company has generally complied with the conditions of Corporate Governance as stipulated (except publication and furnishing of quarterly results and review report of Stock Exchanges) in Clause 49 of the above mentioned listing Agreement.

We state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

17A, Yogipara Bye Lane, Kolkata-700006  
Dated, the 3rd day of August, 2011



For A. JANA & CO.  
Chartered Accountants  
Firm Reg. No. 312169E

  
(A K) Jana  
Proprietor  
Membership No. 050783

# A.JANA & CO.

Chartered Accountants

Firm Reg. No. 312169E

17A, Yogipara Bye Lane, Kolkata-700006

## AUDITORS' REPORT TO THE MEMBERS OF NAVKETAN MERCHANTS LIMITED

1. We have audited the attached Balance Sheet of NAVKETAN MERCHANTS LIMITED ('the Company') as at March 31, 2011 and the relative Profit & Loss Account for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of the Company for the year ended March 31, 2011 were audited by us. Balances as on April 1, 2010 have been considered as opening balance for the purposes of these Accounts.
4. We report that:
  - a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our Audit.
  - b) The Balance Sheet and Profit & Loss Account referred to in our report are in agreement with the books of account.
  - c) In our opinion, proper books of account as required by law, has been kept by the Company so far as it appears from the examination of the books.
  - d) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
  - e) The company has defaulted in filing quarterly returns with the stock exchange.
  - f) Based on the written representation received from all the directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Act.



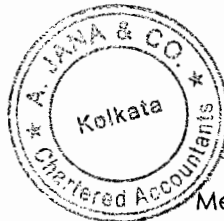


- g) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account, together with notes and schedules annexed thereto, give, in the prescribed manner, the information required by the Companies Act, 1956 and also give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and
  - ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date.
- h) The Company, Navketan Merchants Limited, is being merged with Avighna Commerce Limited, an unlisted public company effect from 1st April, 2010 or as the date prescribed by the High Court in their sanction letter. All the necessary petition has been filled and the matter is pending for court's order.
5. As required by the Companies (Auditor's report) Order, 2003 as amended by Companies (Auditor's report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 of India (the Act) and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we further report that:
- i) The Company has no fixed assets.
  - ii) The Company has no inventory.
  - iii) The Company has neither granted nor taken loans, secured or unsecured, to/from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consecutively, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f), (iii)(g) of paragraph 4 of the Order are not applicable.
  - iv) There is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of investments and fixed assets and for the sale of goods. There is no continuing failure to correct major weaknesses in internal control.
  - v) There were no transactions that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956.
  - vi) The Company has not accepted deposits from the public.
  - vii) The company has an internal audit system commensurate with its size and nature of its business;
  - viii) The maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
  - ix) The company is regular in depositing undisputed statutory dues including Income-tax and any other statutory dues with the appropriate authorities. The Company was not required to deposit any amounts relating to Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales-tax, Wealth Tax, Custom Duty, Excise Duty and cess. There are no unpaid demands, disputed or otherwise, in respect of sales tax/income tax/custom tax/wealth tax/excise duty/cess.
  - x) There are accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year and immediately preceding financial year.



- xii) The company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- xiii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiiii) The provisions of any special statute applicable to chit fund are not applicable to the Company. The Company is not a nidhi/ mutual benefit fund/societies.
- xiv) Proper records have been maintained of the transactions of dealing or trading in shares, debentures and other investments and contracts and timely entries have been made therein for. The shares, securities, debentures and other securities have been held by the company, in its own name.
- xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) The Company has not taken any loans.
- xvii) The Company has not raised any funds, short term or long term.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xix) The Company has not issued any debentures.
- xx) The Company has not raised any money by public issue.
- xxi) Any fraud on or by the company has not been noticed or reported during the year.

17A, Yogipara Bye Lane, Kolkata-700006  
Dated, the 3rd day of August, 2011



For A. JANA & CO.  
Chartered Accountants  
Firm/Reg. No. 312169E

  
(A K Jana)  
Proprietor

Membership No. 050783


NAVKETAN MERCHANTS LIMITED

BALANCE SHEET AS AT 31ST MARCH,2011

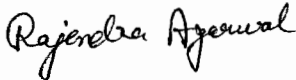
	Schedule	Current Year (Rs.)	Previous Year (Rs.)
<b>SOURCES OF FUND</b>			
Shareholders' fund			
Share Capital	A	30021000	30021000
		<u>30021000</u>	<u>30021000</u>
<b>APPLICATION OF FUND</b>			
Investments	B	23186600	19186600
Current Assets, Loans & Advances:			
Debtors		0	7534858
Current Assets	C	681278	268160
Loans & Advances	D	6000000	2607364
Less: Current Liabilities & Provisions:	E	650657	381231
Net Current Assets		6030621	2494293
Profit & Loss A/c		803779	805249
		<u>30021000</u>	<u>30021000</u>
		0	0
Accounting Policy & Notes forming part of the Accounts	G		

In terms of our separate report of even date

For A Jana & Co.  
Chartered Accountants  
Firm Reg No. 312169E

Sd/   
A.K. Jana  
(Proprietor)  
M. No. 050783

For NAVKETAN MERCHANTS LIMITED

  
Sd/-  
Rajendra Agarwal  
(Director)

  
Sd/-  
Dilip Das  
(Director)

Kolkata  
Dated: August 3rd, 2011



NAVKETAN MERCHANTS LIMITED

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH,2011

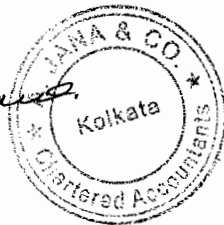
Schedule	Current Year (Rs.)	Previous Year (Rs.)
<b>INCOME:</b>		
Income from Investments	0	0
Other Income	140559	0
	140559	0
<b>EXPENDITURE:</b>		
Salaries	0	0
Administrative Expenses	F 138432	160703
	138432	160703
Profit for the year	2127	-160703
Provision for Income-tax	657	0
Profit After Tax	1470	-160703
Net Profit available for appropriation	1470	-160703
Add: Balance Brought Forward	-805249	-644546
Balance Carried Forward	-803779	-805249

Accounting Policy & Notes forming  
part of the Accounts G

In terms of our separate report of even date

For A Jana & Co.  
Chartered Accountants  
Firm Reg No. 312169E

Sd/-  
A.K.Jana  
(Proprietor)  
M. No. 050783



For NAVKETAN MERCHANTS LIMITED

Rajendra Agarwal  
Sd/-  
Rajendra Agarwal  
(Director)

Dilip Das  
Sd/-  
Dilip Das  
(Director)

Kolkata  
Dated: August 3rd, 2011

**SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH,2011**

**SCHEDULE - A**

**SHARE CAPITAL**

Authorised:

3200000 (Previous Year  
of Rs. 10 each) 3200000 )Equity Shares

**Current Year  
(Rs.)**

**Previous Year  
(Rs.)**

32000000

32000000

Issued, Subscribed and Paid-up:

3002100 (Previous Year  
of Rs. 10 each) 3002100 )Equity Shares

30021000

30021000

30021000

30021000

**SCHEDULE -B**

INVESTMENTS (Unqupted, At Cost)  
Script  
Group Companies

**Current Year  
(Rs.)**

**Previous Year  
(Rs.)**

23186600

19186600

23186600

19186600

**SCHEDULE - C**

**CURRENT ASSETS**

Cash in hand  
Balances in Current Account with Scheduled Bank

**Current Year  
(Rs.)**

**Previous Year  
(Rs.)**

436254

251701

245025

16460

681279

268161



**SCHEDULE -D**

	Current Year (Rs.)	Previous Year (Rs.)
LOANS & ADVANCES (Unsecured, Considered Good)	-----	-----
Share application money	6000000	0
Advances (Recoverable in cash or in kind or for value to be received)	0	2607364
	<u>6000000</u>	<u>2607364</u>

**SCHEDULE - E**

	Current Year (Rs.)	Previous Year (Rs.)
CURRENT LIABILITIES & PROVISIONS	-----	-----
A. CURRENT LIABILITIES		
Sundry Creditors		
For Expenses	0	191231
Advances	650000	190000
B. PROVISIONS		
Income Tax	657	0
	<u>650657</u>	<u>381231</u>

**SCHEDULE - F**

	Current Year (Rs.)	Previous Year (Rs.)
ADMINISTRATIVE EXPENSES		
Accounting Charges	22854	20583
Audit Fees	5000	5000
Bank Charges	2554	3309
Demat Charges	13436	54444
Filing Fees	5500	1000
General Expenses]	9876	10224
Internal audit Fees	21000	8824
Listing Fees	30000	11582
Professional Tax	2500	2500
Professional Fees	4412	0
Registrar Fees	19450	0
Trade License	1850	1850
Legal and professional Charges	0	25104
Loss on sale of fixed assets	0	16283
	<u>138432</u>	<u>160703</u>



**NAVKETAN MERCHANTS LIMITED**  
**12, Waterloo Street , Kolkata - 700 069**

Schedule G of Notes attached to and forming part of the Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date.

1. Significant Accounting Policies

a. Basis of Preparation of Financial Statement

- i. The Financial Statement have been prepared on historical cost of accrual basis and on the accounting principles of a going concern.
- ii. Accounting Policies not specifically referred to otherwise are consistent and are in consonance with generally accepted accounting Principles.

b. Depreciation

Depreciation is provided on written down value method at rates specified in Schedule XIV of the Companies Act, 1956.

c. Investment

Investment being long term in nature valued at cost.

d. Revenue Recognition & Expenditure

All revenues has been recognised on accrual basis.

e. Contingent Liabilities

Contingent liabilities are generally not provided for and are disclosed by way of notes on accounts.

f. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognized on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that subsequent future taxable income will be available against which such deferred tax assets can be realized.

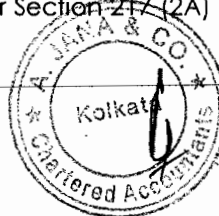
2. Notes on Accounts

a. Income in foreign currency is Nil.

b. Expenditure in foreign currency is Nil.

c. The Company has no employee whose remuneration exceeds Rs.60,00,000/- per annum. Therefore, there are no particulars to be furnished under Section 217 (2A) of the Companies Act, 1956.

d. Related Party Disclosure



Disclosure as required by the Accounting Standard 18 " Related Party Disclosures" are given below:

• List of related Parties

Key Management Personnel	—	.....
Relative of key Management Personnel	—	.....
Other Related Parties*	—	.....

There were no related party transaction during the year.

e. Additional information pursuant to the provisions of Paragraph 3 and 4 of Part II of Schedule VI of the Companies Act, 1956.

i. Managerial Remuneration Managing / Executive Director:

	For Year ended 31.03.2011	For Year ended 31.03.2010
Salary	Nil	Nil
ii. Remuneration to Auditors: For Audit Fee	5,000	5,000
f. Previous year's figures have been re-grouped/ rearranged wherever found necessary.		

g. Earning Per Share

	For Year ended 31.03.2011	For Year ended 31.03.2010
Profit /Loss attributable to Shareholders	2127	(160703)
Number/ Weighted Average number of equity shares outstanding this year	3002100	3002100
Nominal Value of Equity Shares	10	10
Basic / Diluted Earning Per Share	NIL	NIL





- h. Balance sheet abstract and Company's general business profile as required under Part IV of Schedule VI to the Companies Act, 1956 is enclosed.

For A. JANA & CO.  
Chartered Accountants  
Firm Reg No. 312169E

  
(A K Jana)  
Proprietor  
Membership No. 050783



For Navketan Merchants Limited

  
Dilip Das  
(Director)

  
Rajendra Agarwal  
(Director)

Dated : 3rd August 2011  
Place: Kolkata

**NAVKETAN MERCHANTS LIMITED**  
BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

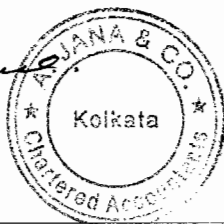
I.	Registration Details	
	Registration No.	62027
	Balance Sheet Date	31.03.2011
		State Code 21
II.	Capital raised during the year	Amount in Rs.
	Public/Bonus/Right/Private Issue	NIL
III.	Position of Utilisation and Deployment of Funds	Amount in Rs.
	Total Liabilities	30671657
	Total Assets	30671657
	Source of Fund	
	Paid up Capital	30021000
	Reserve & Surplus	0
	Secured/Unsecured Loans	0
	Application of Fund	
	Fixed Assets	0
	Investments	23186600
	Net Current Assets	6030621
	Misc. Expenditure	0
	Accumulated Losses	803779
IV.	Performance of the Company	
	Turnover	140559
	Total Expenditure	138432
	Profit Before Tax	2127
	Profit After Tax	1470
	Earning per Share	0.00
V.	Generic names of three principal products/ services of the company (As per monitory terms.)	NIL

**For A Jana & Co.**

Chartered Accountants  
Firm Reg No. 312169E

Sd/

A.K.Jana  
(Proprietor)  
M. No. 050783



**For NAVKETAN MERCHANTS LIMITED**

Rajendra Agarwal  
Sd/-

Rajendra Agarwal  
(Director)

Dilip Das  
Sd/-

Dilip Das  
(Director)

Kolkata

Dated: August 3rd, 2011

NAVKETAN MERCHANTS LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH,2011  
PURSUANT TO CLAUSE 32 OF LISTING AGREEMENT (AS MENTIONED)

	Current Year (Rs.)	Previous Year (Rs.)
<b>A. Cash flow for Operating Activities:</b>		
Net profit/ (Loss) before tax and extraordinary items	2127	-160703
Adjustemnts for:		
(a) Depreciation		
(b) Interest Received		
© Income Tax	-657	
(d) Preliminary Expenses w/o		
(e) Share issue Expenses w/o		
	1470	-160703
Operating Profit/(Loss) before Working Capital Changes		
Adjustemnts for:		
(Increase)/Decrease in Loan & Advances	-3392635	150583
(Increase)/Decrease in Sundry Debtors	7534858	-1494858
Increase/(Decrease) in Current Liabilities	269426	-120773
	4411649	-1465048
Net Cash from Operating activities	4413119	-1625751
<b>B. Cash Flow from Investing Activities</b>		
(a) Interest Received (Gross)		
(b) Sale of Investments		1648000
© Sale of Fixed Assets		18583
(d) Purchase of Fixed Assets		
(e) Purchase of Investments	-4000000	
Net Cash Inflow/(Outflow) from Investing Activities	-4000000	1666583
<b>C. Cash Flow from Financial Activities</b>		
(a) Proceeds from Share Capital		
(b) Preliminary & Public issue Expenses Paid		
© Increase / (Decrease) of Unsecured Loan		
Net Cash Inflow/(Outflow) from Fiancial Activities	0	0
Net Cash Inflow/(Outflow) - (A+B+C)	413119	40832
<b>D. Cash &amp; Cash Equivalent</b>		
Opening Cash & Bank Balances	268160	227328
Closing Cash & Bank Balances	681279	268160



**NAVKETAN MERCHANTS LIMITED**

Computation of Income-tax for the assessment year 2011-12 relevant to  
the accounting year year ended 31.03.2011

Income from Business & Profession

Net Profit as per Profit & Loss Account		2127
		-----
Taxable income		2127
Tax Payable		657
Tax Paid	TDS	0
	Self assessment tax	657
Balance payable(+)/Refundable(-)		0