



AVON MERCANTILE LIMITED

YOUR SMALL BUSINESS FINDING SCHEME

ANNUAL REPORT 2019-2020

AVON MERCANTILE LIMITED

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

CIN: L17118UP1985PLC026582, Website: www.avonmercantile.co.in

Email id: avonsecretarial@gmail.com



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COMPANY PROFILE

OVERVIEW OF THE COMPANY

Avon Mercantile Limited is one of the NBFCs, promoted by its first subscribers, Smart Bharat Private Limited and Oasis Cineplex Private Limited. The Company since its incorporation is engaged in the activities of investment, providing inter-corporate deposits, short-term loans and advances to its group companies.

Avon Mercantile Limited is a Public Limited Company listed with BSE Limited and Calcutta Stock Exchange Limited. The Company was established on January 21st, 1985 and is registered under Section 45-IA of the Reserve Bank of India Act, 1934, as Non-Banking Financial Company.

The Company has always been an innovator par excellence that enabled it to lead the way and stay ahead in the game. The Company does not accept public deposits.

THE VISION

The Company is incorporated with the main objects to carry on all or any of the business of buyers, sellers, producers, manufactures, to act as financiers with the object of financing by bridge loans, inter corporate deposits, to lend or deal with the money either with or without interest or security and to arrange, negotiate loans.

Avon Mercantile Limited as on date do not have any Subsidiary Company (ies)

LOOKING AHEAD

As a company focused on providing loans, AVON MERCANTILE LIMITED is prone to the concentration risk. Financial sector regulators in India have been expressing concern over the concentration risk inherent in the mono-line business model. To assuage their concerns, the company has always initiated bold moves to become a multi-product company.

CORPORATE Information

Details of the Board of Directors and Management

Whole -time Key Managerial Personnel

Mr. Jagdutt Kumar Sharma

Chief Financial Officer

Mr. Gopal Singh Negi

Non- Executive Director

Independent Directors

Ms. Seema Salwan

Mr. Siddheshwar Kumar Upadhyay

Non-Independent Directors

Mr. Gurvinder Pal Singh

Mr. Kamalapati Kashayap

Company Secretary & Compliance Officer

Mr. Pranjul Gupta

Committees of the Board

Audit Committee

Mr. Siddheshwar Kumar Upadhyay

Ms. Seema Salwan

Mr. Kamalapati Kashayap

Nomination & Remuneration Committee

Mr. Siddheshwar Kumar Upadhyay

Ms. Seema Salwan

Mr. Gurvinder Pal Singh

Stakeholder's Relationship Committee

Mr. Kamalapati Kashayap

Ms. Seema Salwan

Mr. Siddheshwar Kumar Upadhyay

Statutory Auditors

M/s Goel, Garg & Co.,

Chartered Accountants

18, Ground Floor, National Park, Lajpat Nagar-IV

New Delhi-110024

Secretarial Auditor

M/s Rakesh & Co.

Company Secretaries

C-532, Aman Vihar, Near Rohini

Sector-20, Kirari

Delhi-110086

Internal Auditor

M/s. RBAS & Associates

Chartered Accountants

Office No. 49, II Floor,

A-215, Chawla Complex, Shakarpur,

Delhi-110092

Registrar & Share Transfer

MCS Share Transfer Agent Limited,

F-65, 1st Floor, Okhla Industrial Area,

Phase-I, New Delhi-110020

Ph- 011041406149,

Fax:- 011-41709881

[Email:helpdeskdelhi@mcsregistrars.com](mailto:helpdeskdelhi@mcsregistrars.com)

[Website: www.mcsregistrars.com](http://www.mcsregistrars.com)

Bankers:

IndusInd Bank Limited, New Delhi

State Bank of India

Registered/Corporate Office:

S Global Knowledge Park, 19A &19B

Sector-125, Gautam Budha Nagar

Noida, Uttar Pradesh-201301

AVON MERCANTILE LIMITED

Registered Office:

S Global Knowledge Park, 19A & 19B,
Sector-125, Noida-201301 (U.P.)
CIN : L17118UP1985PLC026582
Phone : 0120-3355131, 3859000
Website: www.avonmercantile.co.in
Email id: avonsecretarial@gmail.com

NOTICE of the 35th ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting of AVON MERCANTILE LIMITED will be held on Sunday, 27th September, 2020 at 12:00 Noon through Video Conference / Other Audio Visual Means, to transact the following business. The venue of the meeting shall be deemed.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2020 and the Profit and Loss Account together with Cash Flow Statement for the Financial Year ended on that date along with the Directors' Report and Auditors' Report thereon.
2. To re-appoint Mr. Kamalapati Kashyap (DIN No. : 02359002) as a Director of the Company who retires by rotation and being eligible offers himself for reappointment

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160, 161 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable regulations, if any, of the SEBI (Listing Obligations and Disclosure

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Requirements) Regulations, 2015 (Listing Regulations) as amended, the appointment of Mr. Siddheshwar Kumar Upadhyay (DIN No. : 07871728) who was appointed by the Board as an Additional Director in the category of Non – Executive Independent Director and holds office upto the date of this Annual General Meeting and holds office upto the date of this Annual General Meeting and in respect of whom a notice in writing under Section 160 of the Act has been received from a member of the Company proposing his candidature for the office of Director and who meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, be and is hereby, approved as an Independent Director of the Company for a period of five years w.e.f. 28th September, 2019 not liable to retire by rotation.”

By Order of the Board
For Avon Mercantile Limited

Place: Noida

Date: 15th July, 2020

Sd/-

(Pranjul Gupta)

Company Secretary & Compliance Officer

M. No.: A35912

NOTES:

1. An Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 is annexed.
2. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the Ministry of Corporate Affairs (“MCA”) vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) has permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
3. Since, the AGM is being conducted through VC/OAVM, there is no provision for appointment of proxies. Accordingly, appointment of proxies by the members will not be available.

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4. Corporate members intending to attend the AGM through authorised representatives are requested to send a scanned copy of duly certified copy of the board or governing body resolution authorizing the representatives to attend and vote at the Annual General Meeting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to caamitjain.btp@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com.
5. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. Additional information, pursuant to Regulation 36 (3), of the Listing Regulations, in respect of directors reappointing at the Annual General Meeting is appended hereto and forms part of this Notice.
7. a) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the September 21, 2020 to Sunday, the September 27, 2020 (both days inclusive).

b) The remote e-voting period commences on Thursday, September 24th, 2020 (9:00 am) and ends on Saturday, September 26th, 2020 (5:00 pm). No e-voting shall be allowed beyond the said date and time. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20th September, 2020, may cast their vote by remote e-voting.
8. Members holding shares in physical form are requested to intimate immediately to the Registrar of Share Transfer Agent of the Company, MCS Share Transfer Agent Limited, F-65, 1st Floor, Ma Anandmayee Marg, Okhla I, Okhla Industrial Area, New Delhi-110020, Phone No. 011-41406149 quoting registered Folio No. (a) details of their bank account/change in bank account, if any, and (b) change in their address, if any, with pin code number.

In case share are in de-mat form members are requested to update their bank detail with their depository participant.

The shareholders having shares in physical form are requested to dematerialize the shares at the earliest.

9. In terms of Section 72 of the Companies Act, 2013 and the applicable provisions, the shareholders of the Company may nominate a person in whose name the shares held by him/them shall vest in the event of his/their death. Shareholders desirous of availing this facility may submit the requisite nomination form.

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10. Any member requiring further information on the Accounts at the meeting is requested to send the queries in writing to CFO, atleast one week before the meeting.
11. In respect of the matters pertaining to Bank details, ECS mandates, nomination, power of attorney, change in name/address etc., the members are requested to approach the Company's Registrars and Share Transfer Agent, in respect of shares held in physical form and the respective Depository Participants, in case of shares held in electronic form. In all correspondence with the Company/Registrar and Share Transfer Agent, members are requested to quote their folio numbers or DP ID and Client ID for physical or electronic holdings respectively.
12. The documents referred to in the proposed resolutions are available for inspection at its Registered Office of the Company during normal business hours on any working day except Saturdays, upto the date of meeting.
13. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN to the Company/Registrar.
14. Members who hold shares in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar, for consolidation into a single folio.
15. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12th, 2020, the Annual Report including audited financial statements for the financial year 2020 including notice of 35th AGM is being sent only through electronic mode to those Members who have not registered their e-mail address so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically. In case you have not registered your email id with depository or RTA you may registered your email id in following manner.

Physical Holding	Send a signed request to Registrar and Transfer Agents of the Company, MCS Share Transfer Agent Limited at admin@mcsregistrars.com providing Folio number, Name of the shareholder, scanned copy of the share certificate (Front and Back), PAN(Self attested scanned copy of PAN Card), AADHAR (Self attested scanned copy of Aadhar Card) for registering email address.
De-mat Holding	Please contact your Depository Participant (DP) and register your email address as per the process advised by DP.

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16. Additional information, pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment/re-appointment is annexed to the notice.
17. **Voting through electronic means:** In compliance with the provisions of Regulation 44 of the Listing Regulations and Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 Company is offering e-voting facility to its members. Detailed procedure is given in the enclosed letter.

INSTRUCTION FOR REMOTE EVOTING, EVOTING AND JOINING OF AGM THROUGH VIDEO CONFERENCING

- (i) The shareholders need to visit the e-voting website <http://www.evotingindia.com/>.
- (ii) Click on "Shareholders" module.
- (iii) Now enter your User ID
- a. For CDSL: 16 digits beneficiary ID,
b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in de-mat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both de-mat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence/PAN number which is mentioned in email.
Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order

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OR Date of Birth (DOB)	to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).
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- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting on resolutions of any other company for which they are eligible to vote, provided that the company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For shareholders holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the AVON MERCANTILE LIMITED.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same, the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution on which you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

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- (xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL's mobile app “**m-Voting**”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHO WISH TO OBTAIN LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE BUT WHOSE EMAIL ADDRESSES IS NOT REGISTERED WITH THE DEPOSITORIES:

1. For Physical shareholders- Kindly send an email with a scanned request letter duly signed by 1st shareholder, scan copy of front and back of one share certificate, copy of PAN card and Aadhar card to info@masserv.com
2. For De-mat shareholders - Kindly update your email id with your depository participant and send copy of client master to info@masserv.com

INSTRUCTIONS FOR JOINING MEETING THROUGH VC:

- (i) To join the meeting, the shareholders should log on to the e-voting website <http://www.evotingindia.com/> and login as explained above. After logging-in, kindly click on 'live streaming' tab and you will be redirected to 'cisco' website.

In the “Name” field - Put your USERID as informed in e-email..

In the “last name” field - Enter your Name

In the “Email ID” field - Put your email ID

In the “Event password” field - Put the password as “cdsl@1234”

Click join now button.

Now screen will be displayed for downloading CISCO driver for VC. Please click on run temporary file download. Downloading of driver will be start open driver and click on run.

Event will start and you will be in the AGM through Video conferencing.

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You can join meeting through laptop, tablet, and desktop. In case you want to join through mobile, you need to download the webex meet app from the respective play store.

PRE-REQUISITE FOR JOINING OF MEETING THROUGH DESKTOP OR LAPTOP:

1. System requirement:
 - ✓ Windows 7, 8 or 10
 - ✓ I3
 - ✓ Microphone, speaker
 - ✓ Internet speed minimum 700 kbps
 - ✓ Date and time of computer should be current date and time

PRE-REQUISITE FOR JOINING OF MEETING THROUGH MOBILE:

- ✓ Please download webex application from play store

NOTE : IT IS ADVISABLE TO LOGIN BEFORE HAND AT E-VOTING SYSTEM AS EXPLAINED IN E-VOTING INSTRUCTIONS ABOVE, TO BE FAMILIAR WITH THE PROCEDURE, SO THAT YOU DO NOT FACE ANY TROUBLE WHILE LOGGING-IN DURING THE AGM.

PROCEDURE FOR E-VOTING AND JOINING OF MEETING THROUGH VC (EXPLAINED USING SCREENSHOTS):

- i. The shareholders should log on to the e-voting website <http://www.evotingindia.com/>
Below screen will be appearing:

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ii. Press Shareholders/Members tab, after which the below screen will be appear.



iii. Enter user id as mentioned in your invite email, or read point number (iii) as given above.

Since you are a registered user, below screen will be appear. Enter your existing CDSL password in password field.

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- iv. In case you are 1st time user of CDSL e-voting system, then below screen will be appear.



- v. Enter your PAN and bank detail/DOB or follow instruction as given point number (vi) above or mentioned in invite email; then below screen will be appear.

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- vi. For e-voting, press EVSN number given in EVSN column; and for joining AGM through video conferencing, click on “Click here” tab under the live streaming column. E-voting screen will be shown as below, where you can cast your vote and press submit button given at the bottom of the screen.



Screen for login into Video Conferencing is shown below:

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Fill the details as:

In the “Name” field - Enter your USERID as given in email

In the “last name” field - Enter your Name

In the “Email ID” field - Put your email ID

In the “Event password” field - Put the password as “cdsl@1234”

Click join now button.

You can join meeting through laptop, tablet, and desktop. In case you want to join through mobile, you need to download the webex meet app from the respective play store.

vii. Once you click on ‘Join now’ tab, the following screen will be appear :

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- viii. Now, Kindly click on 'Run a temporary application', after which a Webex driver will get downloaded. After downloading webex driver, run the application and you will be directed to the AGM.

ANNEXURE - A

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 IN RESPECT OF SPECIAL BUSINESS

Item No. 3

Pursuant to provisions of Sections 149, 161 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (Act) and applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on 28th September, 2019, appointed Mr. Siddheshwar Kumar Upadhyay (DIN: 07871728) as an Additional Director in the category of Non – Executive Independent Director of the Company.

In terms of Section 149 and other applicable provisions of the Act and Rules made thereunder, the proposed resolution seeks the approval of shareholders for the appointment of Mr. Siddheshwar Kumar Upadhyay as an Independent Director for a term of 5 (five) consecutive years from 28th September, 2019 to 27th September, 2024, not liable to retire by rotation.

The Company has received consent from Mr. Siddheshwar Kumar Upadhyay to act as a Director and declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and also a declaration under Section 164 of the Act that he is not disqualified from being appointed as a Director. In the opinion of the Board and on the basis of the recommendation of Nomination and Remuneration Committee, the Board believes that he is a person of integrity and possesses the relevant expertise and experience and fulfills the conditions specified in the Act and the Rules made thereunder and he is independent of the management and his appointment as an Independent Director would be beneficial to the Company and this will enable the Board to discharge its functions and duties effectively.

A Copy of the letter of appointment of Mr. Siddheshwar Kumar Upadhyay as an Independent Director setting out the terms and conditions of his appointment would be available for inspection without any fee by the shareholders at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, during

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normal business hours. The Board recommends the resolution set forth in the Item No. 3 of the Notice for approval by the shareholders.

No Director (other than Mr. Siddheshwar Kumar Upadhyay, himself) and Key Managerial Personnel and their relatives, is in any way concerned or interested in this resolution.

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ANNEXURE - B

Details of Director seeking appointment/re-appointment at the 32nd Annual General Meeting

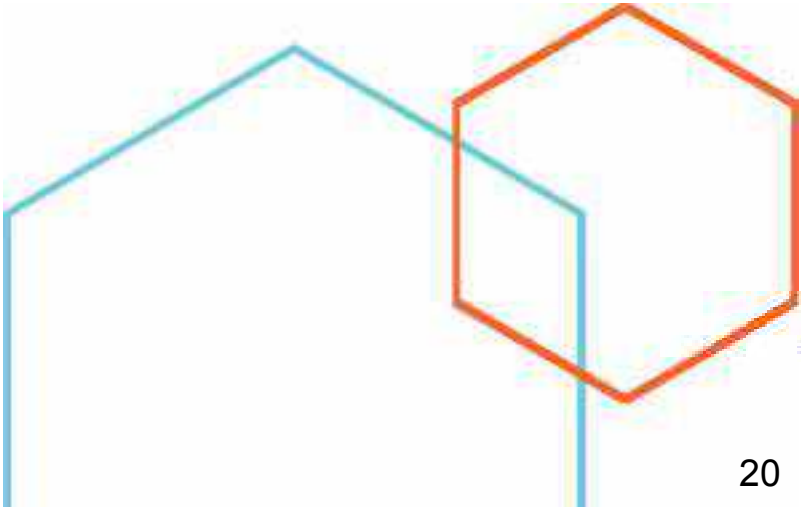
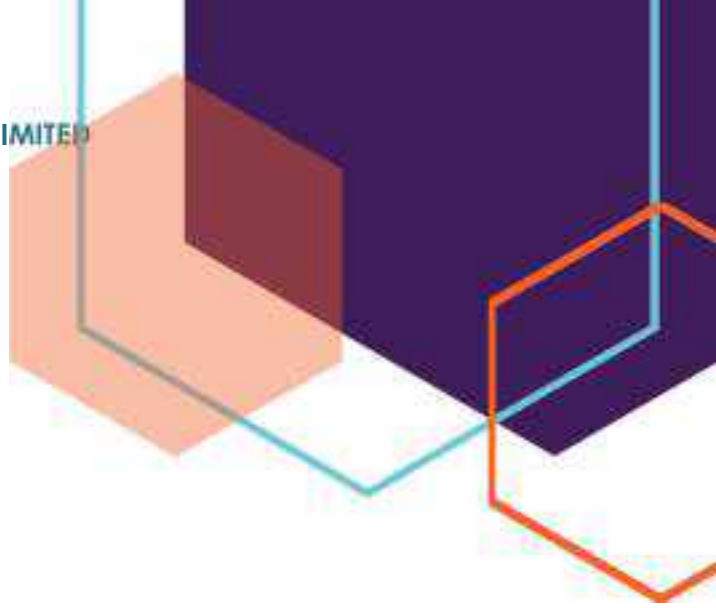
[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings]

Name of the Director	Mr. Kamalapati Kashyap (DIN: 02359002)
Date of Birth/Age	30 th August, 1975 / 45 Years
Nationality	Indian
Brief Resume of the Director and nature of his Expertise in specific functional area	Mr. Kamalapati Kashyap is a member of Institute of Company Secretaries of India and also of Institute of Cost and Management Accountants of India. He is having experience of more than two decades in finance and legal.
Relationship with Directors and Key Managerial Personnel	N/A
Board Membership of other companies	<ol style="list-style-type: none"> 1. Smart Bharat Private Limited 2. Avon Mercantile Limited 3. Smart Dreams Private Limited 4. Modipur Solar Lamps Private Limited 5. Saket City Residences Private Limited 6. Mudaliar & Sons Hotels Private Limited 7. Smart Global Corporate Holding Private Limited 8. Bougainvillea Multiplex & Entertainment Center Private Limited 9. Modipur Realty Private Limited 10. MBM Limited 11. Spicebulls Investments Limited 12. Modipur Devices Private Limited 13. Smart Yoga Private Limited 14. Global Citizen Forum India 15. Saket Mediciti Private Limited 16. Saket City Rehabilitation Centre Private Limited 17. Saket City Medical Office Building Private Limited
Membership of Committee of the Board	N/A
Number of shares held in the Company	100 Equity Shares

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Name of the Director	Mr. Siddheshwar Kumar Upadhyay (DIN: 07871728)
Date of Birth/Age	10 th August, 1989 / 31 Years
Nationality	Indian
Brief Resume of the Director and nature of his Expertise in specific functional area	Mr. Siddheshwar Kumar Upadhyay is a Commerce and Law Graduate. He is having experience of more than five years in finance and legal.
Relationship with Directors and Key Managerial Personnel	N/A
Board Membership of other companies	1. IO System Limited 2. Wise Business Advisors LLP
Membership of Committee of the Board	IO System Limited – Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee
Number of shares held in the Company	0 Equity Shares



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BOARD'S REPORT

To

The Members
AVON MERCANTILE LIMITED

Your Board of Directors has pleasure in presenting the Thirty Fifth Annual Report of your Company for the Financial Year ended on 31st March, 2020. The Company has duly made appropriate disclosures in this Board report with the objective of accountability and transparency in the working of the Company and to make you aware about the working and future perspective of the Company.

1. FINANCIAL SUMMARY OF HIGHLIGHTS/ PERFORMANCE OF THE COMPANY

The performance of the Company for the Financial Year ended 31st March, 2020 in pursuant to requirement under Section 134(1) of the Companies Act, 2013 ("Act") read along with Rule 8(5)(1) of Companies (Accounts) Rules, 2014 is tabulated below:

RESULTS OF OUR OPERATIONS

(in Rupees)

PARTICULARS	March 31, 2020	March 31, 2019
Revenue from Operations	NIL	NIL
Interest Incomes	6,13,41,965	6,07,70,822
Other Incomes	3,38,562	3,657
Total Incomes	6,16,80,527	6,07,74,479
Finance Costs	5,22,47,031	4,66,52,896
Employee benefits expenses	1,15,39,316	1,08,62,368
Depreciation, amortization and impairment	80,278	34,040
Other Expenses	64,51,455	38,73,674
Total Expenses	7,03,18,080	6,14,22,978
Profit/(Loss) before exceptional Items and tax	(86,37,553)	(6,48,499)
Exceptional Items	NIL	NIL
Profit/Loss Before Tax	(86,37,553)	(6,48,499)
Tax Expenses	(4,602)	(1,81,093)
Profit/ Loss After Tax	<u>(86,42,155)</u>	<u>(8,29,592)</u>
Earnings per Equity Share- Basic	(1.16)	(0.11)
Earnings per Equity Share- Diluted	(1.16)	0.11)

*The amount shown in bracket () are negative or decrease in value.

FINANCIAL ANALYSIS

During the year under review, there were no operations as such held in the Company, due to which there is no revenue generated in the Company. The revenue generated from interest & other sources is Rs. 6,16,80,527/- during the year, which was however Rs. 6,07,74,479 during the preceding financial year. The loss suffered during the year under review was Rs. 86,42,155 /- as compared to the loss of Rs.8,29,592_ during the previous Financial Year 2018-2019.

2. STATE OF AFFAIRS OF THE COMPANY AND FUTURE OUTLOOK

The Company has been registered with the Reserve Bank of India as a Non-Banking Financial Institution (Non-Deposit taking). During the year, the Company has categorized as a Systemically Important Non-Deposit taking Non-Banking Financial Company'' as the main activity of the Company is of lending funds. The Company intends to continue the same line of business in future as well.

3. CHANGE(S) IN NATURE OF BUSINESS, IF ANY

There is no change in the nature in the business of the Company during the financial year ended March 31, 2020.

4. COVID-19 IMPACT ON BUSINESS OUTLOOK

The World Health Organization declared a global pandemic of the Novel Coronavirus disease (COVID-19) on February 11, 2020. In enforcing social distancing to contain the spread of the disease, our offices and client offices all over the world have been operating with minimal or no staff for extended periods of time. To effectively respond to and manage our operations through this crisis, the Company triggered its employee-safety first approach, the Company quickly instituted measures to trace all employees and be assured of their well-being.

Our teams reacted with speed and efficiency, and quickly leveraged technology to shift the workforce to an entirely new 'work-from-home' model. Proactive preparations were done in our work locations during this transition to ensure our offices and training centers were safe. Travel related challenges faced by our employees were swiftly handled, in line with the guidelines issued by the local authorities. We have extended support to the employees impacted by this pandemic. The Company implemented a phased and safe return-to-work plan as and when lockdown restrictions were relaxed.

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COVID-19 has created unique challenges in the operation and oversight of all Indian entities. These challenges are particularly acute when it comes to financial reporting and disclosure. Financial reports necessarily contain forward looking statements.

Financial Year 2021 will experience the impact of COVID-19, in the areas of demand pickup, credit culture, repayment capacity and willingness to pay. While we anticipate strong recoveries, there may be a slow pick-up in the real estate and infrastructure financing segments. Your Company is further leveraging its technology infrastructure to strengthen its data analytics and increase collections. Apart from doing stringent project monitoring, your Company has also introduced stringent credit norms for fresh business disbursements and undertaken several measures for the overall enhancement of its business efficiencies.

5. DIVIDEND

Based on Company's performance in the current year, the Board of Directors of the Company does not recommend any dividend on Equity Shares of the Company.

6. TRANSFER OF RESERVES

During the Financial Year 2019-2020, the Company has not transferred any amount to the General Reserve in terms of Section 45-IC of the Reserve Bank of India Act, 1934, as the company has incurred losses of Rs. 86,42,155 during the year 2018-19.

7. CHANGES IN SHARE CAPITAL

The paid up equity share capital of the Company as on 31 March 2019 was Rs. 7,47,73,900. There has been no change in the Equity Share Capital of the Company during the year. the Authorized Share Capital of the Company is Rs. 750 Lakhs divided into 75,00,000/- (Seventy Five Lakhs Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each. The Company has no other type of securities except equity shares forming part of Equity share capital.

8. DIRECTORS AND KEY MANAGERIAL PERSONNELS

Mr. Ramesh Chandra Agarwal (DIN: 00037477), independent Director of the Company, resigned with effect from 30th June, 2019 and Mr. Satish Kumar Gupta (DIN: 00030841), independent Director of the Company, resigned with effect from 28th September 2019. Ms. Seema Salwan was appointed as an Additional Director, Non-executive (Independent) of the Company with effect from 14th August, 2019 and her appointment was confirmed by the shareholders at the last (34th) Annual General meeting of the Company. Also, Mr. Siddheshwar Kumar Upadhyay (DIN: 07871728) was appointed as an Additional Director, Non-executive (Independent) of

AVON MERCANTILE LIMITED

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the Company with effect from 28th September, 2019. In terms of Section 149 and other applicable provisions of the Act and Rules made thereunder, the approval of shareholders is sought for the appointment of Mr. Siddheshwar Kumar Upadhyay, as an Independent Director for a term of 5 (five) consecutive years with effect from 28th September, 2019, not liable to retire by rotation. The Company has received consent from Mr. Siddheshwar Kumar Upadhyay to act as a Director and declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and also a declaration under Section 164 of the Act that he is not disqualified from being appointed as a Director. In the opinion of the Board and on the basis of the recommendation of Nomination and Remuneration Committee, the Board believes that he is a person of integrity and possesses the relevant expertise and experience and fulfills the conditions specified in the Act and the Rules made thereunder and he is independent of the management and his appointment as an Independent Director would be beneficial to the Company and this will enable the Board to discharge its functions and duties effectively.

Ms. Preeti Malhotra was appointed as Additional Director of the Company w.e.f. 21st July, 2019 and she later resigned from the Board w.e.f. 29th August, 2019. Mr. Kamalapati Kashyap and Mr. Gurvinder Pal Singh were appointed Additional Director of the Company w.e.f. 21st July, 2019 and their appointment as Directors of the Company was confirmed by the shareholders at the 34th Annual General Meeting of the Company. Ms. Rashi Adlakha and Mr. Rakesh Kumar Bhatnagar resigned from the Board with effect from 21st July, 2019. At present the Board of Directors of the Company comprise inter-alia of two independent Directors, viz., Ms. Seema Salwan and Mr. Siddheshwar Kumar Upadhyay, both of whom have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

Mr. Kamalapati Kashyap, Director, (DIN: 02359002) retires at the ensuing Annual General Meeting of the Company and being eligible offers himself for reappointment. Pursuant to the provisions of Section 203 of the Companies Act, 2013, Mr. Gopal Singh Negi continues to be the Chief Financial Officer (CFO) of the Company with effect from 1st March, 2015. Mr. Pranjul Gupta acts as the Company Secretary of the Company. Mr. Jagdutt Kumar Singh continues to be the Manager of the Company. There has not been any other change in the Directorship or appointment / resignation of Key Managerial Personnel.

The brief resume and details of Directors who are to be appointed / re-appointed are furnished in the Notice for the Annual General Meeting as **ANNEXURE-B**.

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i. Changes in the composition of the Board of Directors / Key Managerial Personnel.

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:

Sr. No.	Name of Director or Key Managerial Person	Designation	Date of Appointment	Date of Resignation
1.	Mr. Ramesh Chandra Agarwal	Non-Executive Independent Director	30/09/2014	30/06/2019
2.	Ms. Preeti Malhotra	Non-Executive Non Independent Director	21/07/2019	29/08/2019
3.	Mr. Kamalapati Kashyap	Non-Executive Non Independent Director	21/07/2019	-
4.	Mr. Gurvinder Pal Singh	Non-Executive Non Independent Director	21/07/2019	-
5.	Mr. Rakesh Kumar Bhatnagar	Non-Executive Non Independent Director	06/02/2012	21/07/2019
6.	Ms. Rashi Adlakha	Non-Executive Non Independent Director	08/02/2018	21/07/2019
7.	Ms. Seema Salwan	Non-Executive Independent Director	14/08/2019	-
8.	Mr. Siddheshwar Kumar Upadhyay	Non-Executive Independent Director	28/09/2019	-
9.	Mr. Satish Kumar Gupta	Non-Executive Independent Director	13/08/2014	28/09/2019

As on March 31, 2020, your Company's Board has a strength of 4 (Four) Directors. The Composition of the Board is as below:

Category	No. of Directors	% of Total nos. of Directors
Non- Executive Director	4	100%

S. No.	Name of the Director	Date of Appointment	Status
1.	Mr. Gurvinder Pal Singh	Director (since 21 st July, 2019)	Non-Executive
2.	Mr. Kamalapati Kashyap	Director (since 21 st July, 2019)	Non-Executive
3.	Ms. Seema Salwan	Director (since 14 th August, 2019)	Non-Executive
4.	Mr. Siddheshwar Kumar Upadhyay	Director (Since 28 th September, 2019)	Non-Executive

Further, there was no change (appointment & cessation) observed in the office of the Board of Director or KMP.

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9. STATEMENT OF DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB- SECTION (6) OF SECTION 149

All Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. In the opinion of the Board, the Independent Directors, fulfil the criteria of independence specified in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. The Independent Directors have also confirmed that they have complied with the Company's Code of Business Conduct & Ethics laid down for the Board of Directors, Senior Management Personnel and Other Employees

10. NUMBER OF MEETINGS OF THE BOARD

During the Financial Year 2019-2020, 6 (Six) Board Meetings were held. The Board periodically evaluates the need for change in its composition and size. Details of Board Meetings held and attended by the directors during the financial year 2019-20 in the Report on Corporate Governance forming part of this Annual Report.

Meeting Number	Date of the Meeting	Percentage of Attendance
First Meeting	30 th May, 2019	100%
Second Meeting	21 st July, 2019	100%
Third Meeting	14 th August, 2019,	100%
Fourth Meeting	28 th September, 2019	100%
Fifth Meeting	14 th November, 2019	100%
Sixth Meeting	14 th February, 2020	100%

11. AUDIT COMMITTEE

In compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations, as on 31 March 2020, the Audit Committee of Avon Mercantile Limited comprises of following 3 (Three) Members, 2(Two) members are Independent Non-Executive Directors.

Name	Designation	Category
Mr. Siddheshwar Kumar Upadhyay	Chairman	Independent Non-Executive Director
Ms. Seema Salwan	Member	Independent Non-Executive Director
Mr. Kamalapati Kashyap	Member	Non-Executive Director

The recommendation made by the Audit Committee from time to time was accepted by the Board of Directors. The details of the terms of reference, meetings held during

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the year, attendance of directors at such meetings etc. are provided in the Report on Corporate Governance forming part of this Annual Report.

12. NOMINATION AND REMUNERATION COMMITTEE

The details pertaining to composition of Nomination and Remuneration Committee (“NRC”) 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. NRC while determining and / or recommending the criteria for remuneration / remuneration for Directors, Senior Management / KMPs and other employees ensure that:

- a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. remuneration to Directors, Senior Management / KMPs involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

During the year under review, no changes except those required under regulatory provisions were carried out to the Policy.

13. 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.

14. 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.

15. INTER-SE TRANSFER OF PROMOTERS’ SHAREHOLDINGS

During the year under review, there was no change in inter-se-transfer of shares between promoter’s Groups.

16. STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF IT COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Act and the SEBI Listing Regulations and the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017, the Board has carried out an annual evaluation of its own performance, performance of the Directors individually and the Committees of the Board.

Manner of Evaluation:

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, its Committees and individual directors has to be made. It includes circulation of evaluation forms separately for evaluation of the Board and its Committees, Independent Directors / Non-Executive Directors / Managing Director and Chief Executive Officer and Chairperson of the Company.

The process of the annual performance evaluation broadly comprises:

a) Board and Committee Evaluation:

- Evaluation of Board as a whole and the Committees is done by the individual directors / members, followed by submission of collation to NRC and feedback to the Board.

b) Independent / Non-Executive Director Evaluation:

- Evaluation done by Board members excluding the Director being evaluated is submitted to the Chairperson of the Company and individual feedback provided to each Director.

c) Manager & Chief Executive Officer Evaluation:

- Evaluation as done by the individual directors is submitted to the Chairperson of the Nomination and Remuneration Committee who further provides feedback to the Nomination and Remuneration Committee and subsequently to the Board.

In a separate meeting of Independent Directors held on 14th February, 2020 performance of Non-Independent Directors, performance of the Board as a whole considering the views of Non-Executive Directors was done.

The performance of all the directors during the year was satisfactory and towards the growth prospects.

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Personnel relations with all employees remained cordial and harmonious throughout the year. Your Directors wish to place on record their sincere appreciation for the devoted services of all employees of the Company.

17. CORPORATE GOVERNANCE & COMPLIANCE CERTIFICATE

At Avon Mercantile Limited, it is our firm belief that the quintessence of Good Corporate Governance lies in the phrase 'Your Company'. It is 'Your Company' because it belongs to you –the stakeholders. The Chairman and Directors are 'Your' fiduciaries and trustees. Your Company has evolved and followed the corporate governance guidelines and best practices sincerely to not just boost long-term shareholder value, but to also respect minority rights. We consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company. Your Company is devoted to benchmarking itself with global standards for providing Good Corporate Governance. The Companies Act, 2013 and SEBI Listing Regulations have strengthened the governance regime in the country. Your Company is in compliance with the governance requirements provided under SEBI Listing Regulations. The Board has also evolved and implemented a Code of Conduct based on the principles of Good Corporate Governance and best management practices being followed globally.

A detailed report on Corporate Governance is annexed as '**ANNEXURE VII (a)**' and forms part of this report.

Further, Avon Mercantile Limited 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 Part C of Schedule V of the Listing Regulations for the financial year ended 31st March, 2020. The certificate confirming compliance of the conditions of Corporate Governance is annexed as '**ANNEXURE – VII (b)**' and form integral part of this report.

18. DETAILS OF ASSOCIATES/JOINT VENTURES/SUBSIDIARY COMPANIES

During the year under review, no Company has become or ceased to be its Associates, Joint Ventures or Subsidiary.

19. AUDITORS AND AUDITORS' REPORT

At the 32nd Annual General Meeting held on September 30, 2017, M/s Goel, Garg & Co., Chartered Accountants (ICAI FRN: 000397N), having their office at 18, Ground

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Floor, National Park, Lajpat Nagar-IV, New Delhi-110024, were appointed as Statutory Auditors of the Company to hold office for a term of 5 years.

Further, vide notification dated 7th May 2018; the Ministry of Corporate Affairs has done away with the requirement of seeking ratification of members for appointment of auditors at every Annual General Meeting. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the 35th Annual General Meeting.

In respect of the Opinion given by the Auditors in their report at clause no. 1, the management states as under :

1. Total loan amount of Rs. 53.19 Crore was given as loan to Plus Pac Holding Private Limited ("with Company") on 11th March, 2016 on terms and conditions which inter-alia included an interest @ 11.50% and repayment up to 14th January, 2021.
2. Till date an amount of Rs. 25.23 Crore has been repaid by the said company.

In my opinion of the management, the balance amount of Rs. 27.96 is recoverable and not as NPA or a bad debt as of now.

Pursuant to provisions of the Section 143(12) of the Companies Act, 2013, the Statutory Auditors has not reported of any incident of fraud to the Audit Committee during the year under review.

20. SECRETARIAL AUDIT REPORT

As required under Section 204(1) of the Companies Act, 2013 read with rules framed thereunder, the Company has appointed M/s. K. Rakesh & Co., Company Secretaries in Practice (C.P. No. 14700) to conduct the Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report submitted by M/s. K. Rakesh & Co., in the prescribed form MR- 3 is attached as 'Annexure V' and forms part of this Report

As per the observations given by the Secretarial Auditors, the explanation to the same has been given to them which form part of the Secretarial Audit Report. The Company is taking all necessary steps to comply with the observations given by the secretarial auditors.

21. CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

A Certificate of Non-Disqualification of Directors pursuant to Regulation 34(3) and Schedule V para C of Clause (10) (i) of SEBI LODR, 2015 has been attached as 'ANNEXURE-VI' obtained from M/s K. Rakesh & Co, Company Secretaries in Practice (C.P. No. 14700) forms part of this Report.

22. COST RECORDS

Pursuant to Section 148 of the Companies Act, 2013, the maintenance of Cost Records has not been specified by the Central Government for the business activities carried out by the Company. Thus report under Clause 3 (vi) of the Order is not applicable to your Company.

23. 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 - VIII** and forms an integral part of this report.

24. SECRETARIAL STANDARDS

SECRETARIAL STANDARDS The Company has complied with the applicable Secretarial Standards - 1 and Secretarial Standards - 2 issued by the Institute of Company Secretaries of India and approved by the Central Government.

25. DISCLOSURE ON VIGIL MECHANISM (WHISTLE BLOWER POLICY)

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 177(9) of the Act, the Company has adopted a Vigil Mechanism Framework. The objective of the framework is to establish a redressal forum, which addresses all concerns raised on questionable practices and through which the Directors and employees can raise actual or suspected violations directly to the Chairman of the Audit Committee of the Company.

The role of Chairman of the Audit Committee of the Company is to review the grievance at the initial stage and in case the grievance is material, the same is investigated through appropriate delegation. After investigation, the complaint with investigation report is forwarded to Audit Committee. The Committee takes necessary actions to maintain confidentiality within the organization on matters brought to its attention.

26. RISK MANAGEMENT POLICY

A key factor in determining a Company's capacity to create sustainable value is the risks that the Company is willing to take and its ability to manage them efficiently. Many risks exist in a Company's Risk Management process and they emerge on a regular basis. A Risk Management Policy is formed to frame, implement, and monitor the risk management plan for the Company and ensuring its effectiveness. The sole

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purpose of this policy shall be to assist the Board in fulfilling its corporate governance oversight responsibilities with regards to the identification, evaluation and mitigation of operational, strategic and external environmental risks.

27. EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 92(3) and Section 134(3) (a) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, extract of the Annual Return as on March 31, 2020 in Form MGT-9 is enclosed as **“ANNEXURE-I”** to this report.

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

No material changes and commitments affecting the financial position of the Company occurred between the end of the Financial Year to which financial statements relates and the date of this Report.

29. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/TRIBUNALS

The Company has not received any significant or material orders passed by any Regulatory Authority, Court or Tribunal which shall impact the going concern status and Company's operations in future.

30. INTERNAL FINANCIAL CONTROL SYSTEM

According to Section 134(5) (e) of the Companies Act, 2013, the term Internal Financial Control means the policies and procedure's adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detention of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The Company has a well-placed, proper and adequate internal financial control systems which ensure that all assets are safeguarded and protected and that the transactions are authorized recorded and reported correctly. It provides for adequate checks and balances and is meant to ensure that all transactions are authorized,

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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 has appointed M/s RBAS & Associates, Chartered Accountants, as the Internal Auditors of the Company for the Financial Year 2019-2020. The Internal Audit Report along with observations and recommendations contained therein was placed before the Audit Committee in its meeting held on 15th July, 2020 and was taken note of.

31. DISCLOSURE ON EMPLOYEE STOCK OPTION/PURCHASE SCHEME

The Company has not provided any Employee Stock Option Scheme or Purchase Scheme to the employees.

32. DEPOSITS

The Company has neither accepted nor renewed any deposits during the Financial Year 2019-20 in terms of Chapter V of the Companies Act, 2013. Further, the Company is not having any Unpaid or Unclaimed Deposits at the end of the Financial Year.

33. PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company has been appended in "**ANNEXURE-IV**" to this Report.

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 respect of remuneration of INR 60 Lacs or more, or
- b. Employed for part of the year and was in receipt of INR 5 Lacs or more per month, 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.

34. PARTICULARS OF LOAN(S), GUARANTEE(S) OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the financial year ended March 31, 2020, the Company lays down the details of the particulars of loans, guarantees and investments covered under Section 186 of

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the Act have been disclosed in the financial statements forms part of this Annual Report.

35. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188 (1) OF THE COMPANIES ACT, 2013

During the financial year 2019-20, your Company has not entered into any transaction with related parties as defined under Section 2(76) of the Companies Act, 2013, read with Companies (Specification of Definition Details) Rules, 2014, all of which were in the ordinary course of business and on arm's length basis and in accordance with the provisions of Section 188 (1) of the Companies Act, 2013, read with the applicable Rules issued thereunder is attached in Form **AOC-2** as "**ANNEXURE-II**" which forms part of this report.

36. PREVENTION OF SEXUAL HARASSMENT POLICY

Your Company has constituted Internal Complaints Committee under the "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013" in order to provide a protective environment at workplace for all its women employees. The framework of the policy for reporting sexual harassment cases at workplace ensures complete anonymity and confidentiality of information. Adequate workshops and awareness programs against the sexual harassment are conducted across the organization.

The Company has not received any Complaints on Sexual Harassment during the year. The Internal Complaints Committees of the Company has also submitted its Annual Report on Sexual Harassment to the Board declaring that no Complaints were received during the year.

37. ENERGY CONSERVATION, RESEARCH AND DEVELOPMENT TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS OUTGO

Pursuant to provisions of Section 134 of the Companies Act, 2013 read with Rules 8(3) of the Companies (Accounts) Rules, 2014 the details of the activities in the nature of Energy Conservation, Research and Developments, Technology Absorption and Foreign Exchange Earnings and Outgo is attached as "**ANNEXURE- III**" which forms part of this report.

38. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Pursuant to Section 135 of the Companies Act, 2013, and the relevant rules, the Company has not developed and implemented any Corporate Social Responsibilities' initiatives, as the said provisions are not applicable on your Company.

AVON MERCANTILE LIMITED



39. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors confirms that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. they 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 at the end of financial year and of the loss of the company for that period;
- c. they have taken proper and sufficient care for the 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;
- d. they have prepared the annual accounts on a going concern basis; and
- e. they have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

40. ACKNOWLEDGEMENT

The Board acknowledges with gratitude the co-operation and assistance provided to the Company by its bankers, financial institutions, and government as well as Non-Government agencies. The Board wishes to place on record its appreciation to the contribution made by employees of the company during the year under review. Your Directors gives their sincere gratitude to the customers, clients, vendors and other business associates for their continued support for the Company's growth. The Board also takes this opportunity to express its deep gratitude for the continued co-operation and support received from its valued shareholders.

**For and on behalf of the Board of Directors
AVON MERCANTILE LIMITED**

Date : 2nd September, 2020

Place : New Delhi

**(Kamalapati Kashyap)
Director
DIN: 02359002**

**(Gurvinder Pal Singh)
Director
DIN: 00520707**

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ANNEXURES TO THE DIRECTOR'S REPORT

ANNEXURE-I

Annexure to DIRECTOR'S REPORT

For the Financial Year

2019-2020

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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	99.45%

III. PRINCIPALS OF LOANS, SUBSIDIARIES AND ASSOCIATE COMPANIES

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

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

i) Category-wise Share Holding:-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	De-mat	Physical	Total	% of Total Shares	D e-m at	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	0	70	70	0	0	70	70	0	0
b) Central Government	0	0	0	0	0	0	0	0	0
c) State Govt.	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
Subtotal(A)(1)	0	19,60,070	19,60,070	26.21	0	19,60,070	19,60,070	26.21	0
2) Foreign									
g) NRIs- Individuals	0	0	0	0	0	0	0	0	0
h) Other- Individuals	0	0	0	0	0	0	0	0	0
i) Bodies Corp.	0	0	0	0	0	0	0	0	0
j) Banks / FI	0	0	0	0	0	0	0	0	0
k) Any Other....	0	0	0	0	0	0	0	0	0
Subtotal(A)(2):	0	0	0	0	0	0	0	0	0
Total Promoters Shareholding (A)(1)+(A)(2)	0	19,60,070	19,60,070	26.21	0	19,60,070	19,60,070	26.21	0

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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) e) State Govt(s)	0	0	0	0	0	0	0	0	0
f) Venture Capital Funds	0	0	0	0	0	0	0	0	0
g) Insurance Companies	0	0	0	0	0	0	0	0	0
h) FIs	0	0	0	0	0	0	0	0	0
i) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
j) 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 (ii) Overseas	0 0	49,81,260 0	49,81,260 0	66.62 0	0 0	49,81,260 0	49,81,260 0	66.62 0	0 0
b) Individuals (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh (ii) Individual shareholders	0	4,51,060	4,51,060	6.03	0	4,51,060	4,51,060	6.03	0

AVON MERCANTILE LIMITED

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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 shareholding 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 Bharat Private Limited	14,70,750	19.67	0	14,70,750	19.67	0	0
2.	Oasis Cineplex Pvt. Ltd.	4,89,250	6.54	0	4,89,250	6.54	0	0
3	Bir Bahadur Mishra	10	0.00	0	10	0.00	0	0
4	Haridas	10	0.00	0	10	0.00	0	0

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	Nambiar							
5	Deepak Chakrawarti	10	0.00	0	10	0.00	0	0
6	Azad Singh	10	0.00	0	10	0.00	0	0
7	L N Maheshwari	10	0.00	0	10	0.00	0	0
8	Sudhir Kumar	10	0.00	0	10	0.00	0	0
9	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		Cumulative Shareholding	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the
1	Smart Bharat Pvt. Ltd.	14,70,750	19.67	14,70,750	19.67
	At the beginning of the year				
	At the end of the year				
2	Oasis Cineplex Pvt. Ltd.	4,89,250	6.54	4,89,250	6.54
	At the beginning of the year				
	At the end of the year				
3	Bir Bahadur Mishra	10	0.00	10	0.00
	At the beginning of the year				
	At the end of the year				
4	Haridas Nambiar	10	0.00	10	0.00
	At the beginning of the year				

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	At the end of the year	10	0.00	10	0.00
5	Deepak Chakrawarti	10	0.00	10	0.00
	At the beginning of the year				
	At the end of the year	10	0.00	10	0.00
6	Azad Singh	10	0.00	10	0.00
	At the beginning of the year				
	At the end of the year	10	0.00	10	0.00
7	L N Maheshwari	10	0.00	10	0.00
	At the beginning of the year				
	At the end of the year	10	0.00	10	0.00
8	Sudhir Kumar	10	0.00	10	0.00
	At the beginning of the year				
	At the end of the year	10	0.00	10	0.00
9	Ashok Kumar	10	0.00	10	0.00
	At the beginning of the year				
	At the end of the year	10	0.00	10	0.00

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

Sl.	Particulars of Each of	Shareholding	Cumulative Shareholding
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No	the Top 10 Shareholders	Date	Reason of change	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	LCC Infotech Limited	01.04.2019	At the beginning of the	494500	6.61	494500	6.61
		-	Change during the Year	-	-	-	-
		31.03.2020	At the End of the year	494500	6.61	494500	6.61
2	Blue Chip India Limited	01.04.2019	At the beginning of the	292500	3.91	292500	3.91
		-	Change during the Year	-	-	-	-
		31.03.2020	At the End of the year	292500	3.91	292500	3.91
3	Benzer Agencies Limited	01.04.2019	At the beginning of the	403750	5.40	403750	5.40
		-	Change during the Year	-	-	-	-
		31.03.2020	At the End of the year	403750	5.40	403750	5.40
4	ATN International Limited	01.04.2019	At the beginning of the	213250	2.85	213250	2.85
		-	Change during the Year	-	-	-	-
		31.03.2020	At the End of the year	213250	2.85	213250	2.85
5	Precision Papers Industries Limited	01.04.2019	At the beginning of the	87500	1.17	87500	1.17
		-	Change during the Year	-	-	-	-
		31.03.2020	At the End of the year	87500	1.17	87500	1.17
6	Silicon Valley Infotech Limited	01.04.2019	At the beginning of the	80750	1.08	80750	1.08
		-	Change during the Year	-	-	-	-
		31.03.2020	At the End of the year	80750	1.08	80750	1.08
7	Orbital Contractors & Financiers Pvt Ltd	01.04.2019	At the beginning of the	70000	0.93	70000	0.93
		-	Change during the Year	-	-	-	-
		31.03.2020	At the End of the year	70000	0.93	70000	0.93
8	Atma Sales Pvt Ltd	01.04.2019	At the beginning of the	60000	0.80	60000	0.80
		-	Change during the Year	-	-	-	-
		31.03.2020	At the End of the year	60000	0.80	60000	0.80
9	Gainwell Commodities Pvt Ltd	01.04.2019	At the beginning of the	57500	0.77	57500	0.77
		-	Change during the Year	-	-	-	-
		31.03.2020	At the End of the year	57500	0.77	57500	0.77
10	Apex Enterprises India Ltd	01.04.2019	At the beginning of the	55000	0.73	55000	0.73
		-	Change during the Year	-	-	-	-
		31.03.2020	At the End of the year	55000	0.73	55000	0.73

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Shareholding	Cumulative Shareholding

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	For each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Ramesh Chandra Agarwal (Independent Director) (Upto 30.06.2019)	NIL	NIL	NIL	NIL
2.	Mr. Satish Kumar Gupta (Independent Director) (Upto 28.09.2019)	NIL	NIL	NIL	NIL
3.	Mr. Rakesh Kumar Bhatnagar (Director) (upto 21.07.2019)	NIL	NIL	NIL	NIL
4.	Ms. Rashi Adlakha (Director) (upto 21.07.2019)	NIL	NIL	NIL	NIL
5.	Ms. Preeti Malhotra (w.e.f. 21.07.2019) and (upto 29.08.2019)	NIL	NIL	NIL	NIL
6.	Mr. Kamalapati Kashyap (w.e.f. 21.07.2019)	NIL	NIL	NIL	NIL
7.	Mr. Gurvinder Pal Singh (w.e.f. 21.07.2019)	NIL	NIL	NIL	NIL
8.	Mr. Siddheshwar Kumar Upadhyay (w.e.f. 28.09.2019)	NIL	NIL	NIL	NIL
9.	Ms. Seema Salwan (w.e.f. 14.08.2019)	NIL	NIL	NIL	NIL
10.	Mr. Gopal Singh Negi (Chief Financial Officer)	NIL	NIL	NIL	NIL
11.	Mr. Jagdutt Kumar Sharma (Manager)	NIL	NIL	NIL	NIL
12.	Mr. Pranjul Gupta (Company Secretary)	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Particulars	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	-	516,372,647	-	516,372,647
ii) Interest due but not paid	-	41,987,601	-	41,987,601
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	558,360,248	-	558,360,248
Change in Indebtedness during the financial year				

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- Addition	-	610,523,790	-	610,523,790
- Reduction	-	749,581,144	-	749,581,144
Net change	-	(139,057,354)	-	(139,057,354)
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	377,315,293	-	377,315,293
ii) Interest due but not paid	-	43,557,738	-	43,557,738
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	420,873,031	-	420,873,031

VI. 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	Mr. Jagdutt Kumar (Manager)	15,39,600	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961			2,40,000
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961			NIL
	Stock Option			NIL
3.	Sweat Equity		NIL	
4.	Commission - as % of profit - others specify		NIL NIL	
		Others – Reimbursement	4,30,800	
6.	Total(A)		21,99,996	
	Ceiling as per the Act	Within the limit prescribed under Schedule V of the Companies Act, 2013		

B. Remuneration to other directors:

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Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Ramesh Chandra Agrawal	Mr. Satish Kumar Gupta	Ms. Seema Salwan	Mr. Siddheshwar Kumar Upadhyay	
1.	<u>Independent Directors</u> ·Fee for attending board / committee meetings ·Commission ·Others, please specify	Rs. 7,500 NIL NIL	Rs. 7,500 NIL NIL	Rs. 20,000 NIL NIL	Rs. 15,000 NIL NIL	Rs. 50,000 NIL NIL
	Total(1)	Rs. 7,500	Rs. 7,500	Rs. 20,000	Rs. 15,000	Rs. 50,000
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	NIL NIL NIL	NIL NIL NIL
	Total(2)	NIL	NIL	NIL	NIL	NIL
	Total(B)=(1+2)	Rs. 7,500	Rs. 7,500	Rs. 20,000	Rs. 15,000	Rs. 50,000
	Total Managerial Remuneration	Rs. 7,500	Rs. 7,500	Rs. 20,000	Rs. 15,000	Rs. 50,000
	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			Total
		CEO	Company	CFO	
		None	Mr. Pranjul Gupta	Mr. Gopal Singh Negi	

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1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	540,000	1,201,200	1,741,200
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	NIL	NIL	240,000	240,000
	(c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL	NIL	NIL
5.	Others- Reimbursement	NIL	NIL	297,800	297,800
	Total	NIL	540,000	1,739,000	2,279,000

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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	

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 2020:

FORM- "B"

(A) Conservation of Energy

Since the Company is not engaged in business activity, this clause is not applicable.

S. No.	Particulars	Applicability
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 equipment's:	Not Applicable

(B) Technology Absorption

S. No.	Particulars	Applicability
I	the efforts made towards technology absorption:	NIL
II	the benefits derived like product improvement, cost reduction, product development or import substitution	NIL
III	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):	NIL
IV	the expenditure incurred on Research and Development:	NIL

(C) Foreign Exchange Earnings and Outgo

NIL

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, 2020:

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 31 st March 2020	Remuneration for F/Y ended 31 st March 2019	% increase in remuneration
Mr. Jagdutt	Manager	21,99,996	21,95,004	0.23 %
Mr. Pranjul Gupta	Company Secretary	5,40,000	3,93,008	32.82 %
Mr. Gopal Singh Negi	Chief Financial	1,739,000	1,33,438	8.60 %

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 2019-20.

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

During the financial year ending 31st March, 2020, there was 3 (three) employee (i.e. Key Managerial Personnel) on the role of the Company.

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

There was an increase of 1.49% in the total revenue earned by the Company during the F.Y 2019-20 as compared to last F.Y. 2018-19. The percentage increase in remuneration of the Manager during the F.Y. 2019-20 was 0.23%.

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There was an increase of 1.49% in the total revenue earned by the Company during the F.Y 2019-20 as compared to last F.Y. 2018-19. The percentage increase in remuneration of the Company Secretary during the F.Y. 2019-20 was 32.82%.

There was an increase of 1.49% in the total revenue earned by the Company during the F.Y 2019-20 as compared to last F.Y. 2018-19. The percentage increase in remuneration of the Chief Financial Officer during the F.Y. 2019-20 was 8.60%.

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

Aggregate remuneration of Key Managerial Personnel	44,78,996
Revenue (in Rs.)	6,16,80,527
Remuneration of KMPs (as a % of revenue)	7.26
Profit/(Loss) before Tax (in Rs.)	(8,637,553)
Remuneration of KMP (as a % of PBT)	-

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 (Manager)	Mr. Gopal Singh Negi (CFO)	Mr. Pranjul Gupta (Company Secretary)
Remuneration of Key Manageri	21,99,996	1,739,000	5,40,000
Revenue (in Rs.)	6,16,80,527	6,16,80,527	6,16,80,527
Remuneration of KMPs (as a % of revenue)	3.57%	2.82%	0.87%
Profit/(Loss) before Tax (in	(8,637,553)	(8,637,553)	(8,637,553)
Remuneration of KMP (as	-	-	-

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

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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,
Kirari Suleman Nagar,
Near Rohini Sector-20,
New Delhi-110086
Phone: 9560522530, 8377954952
krakeshandcompany@gmail.com

FORM NO. MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020**

[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,
CIN: L17118UP1985PLC026582
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 M/s. Avon Mercantile Limited (**CIN: L17118UP1985PLC026582**) (hereinafter called the "**Company**") for the financial Year 2019-2020. 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, 2020 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:

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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, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) 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) All the Rules, Regulations, Guidelines and Circulars applicable to the Non-Banking Financial Companies under The RBI Act, 1934;
- (v) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable as there was no reportable event during the financial year under review)**;
- (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) Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable as there was no reportable event during the financial year under review)**;
 - (e) 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 there was no reportable event during the financial year**

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under review);

- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. **(Not applicable as there was no reportable event during the financial year under review);**
- (g) 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 there was no reportable event during the financial year under review);**
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. **(Not applicable as there was no reportable event during the financial year under review);**
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. **(Not applicable as there was no reportable event during the financial year under review);**

The Company has identified the following laws as especially applicable to the Company;

- i. The Indian Contract Act, 1872;
- ii. The Indian Stamp Act, 1899;
- 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.
- 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.

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, and Listing Agreement etc.

During the Audit Period, the Company has made the following changes in Key managerial Personnel/ Board of Directors in the Company Management:

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Name	PAN/DIN	Changes	Position	Effective Date
Kamalapati Kashyap	02359002	Appointment	Director	21/07/2019
Gurvinder Pal Singh	05207077	Appointment	Director	21/07/2019
Preeti Malhotra	00189958	Appointment	Director	21/07/2019
Siddheshwar Kumar Upadhyay	07871728	Appointment	Director	28/09/2019
Seema Salwan	06944301	Appointment	Director	14/08/2019
Ramesh Chandra Agarwal	00037477	Cessation	Director	30/06/2019
Rashi Adlakha	07742051	Cessation	Director	21/07/2019
Rakesh Kumar bhatnagar	02922258	Cessation	Director	21/07/2019
Preeti Malhotra	00189958	Cessation	Director	29/08/2019
Satish Kumar Gupta	00030841	Cessation	Director	28/09/2019

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 including the woman independent director as per the provisions of Companies Act, 2013 and the Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 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.

AVON MERCANTILE LIMITED

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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..

My Secretarial Report of even date, for the financial year 2019-2020 is to be read along with my letter which is annexed as Annexure A.

**For K. Rakesh & Co.
Company Secretaries**

Sd/-

(RAKESH KUMAR)
ACS: 32443 | COP: 14700
ICSI UDIN: A032443B000623165
21st August, 2020 | Noida

K RAKESH & CO.
Company Secretaries



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

To,

The Members,

Avon Mercantile Limited,

CIN: L17118UP1985PLC026582

S Global Knowledge Park,

19A & 19B, Sector-125, Noida,

Gautam Buddha Nagar-201301 (UP)

Management's Responsibility

1. It is the responsibility of the management of the Company to maintenance Secretarial records, devise proper system to ensure compliance with the provision of all applicable laws and regulations and to ensure that the system are adequate and operate effectively.

Auditor's Responsibility

2. My responsibility is to express an opinion on these secretarial records, standard and procedure followed by the Company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.
4. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

AVON MERCANTILE LIMITED



5. 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.
6. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For K. Rakesh & Co.

Company Secretaries

Sd/-

(RAKESH KUMAR)

ACS: 32443 | COP: 14700

ICSI UDIN: A032443B000623165

21st August, 2020 | Noida

K RAKESH & CO.
Company Secretaries



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Kirari Suleman Nagar,
Near Rohini Sector-20,
New Delhi-110086
Phone: 9560522530, 8377954952
krakeshandcompany@gmail.com

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

**The Members,
Avon Mercantile Ltd.
S Global Knowledge Park,
19A & 19B, Sector – 125,
Gautam Budh Nagar, Noida,
UP- 201301**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Avon Mercantile Limited having CIN L17118UP1985PLC026582 and having registered office at S Global Knowledge Park, 19A & 19B, Sector-125, Gautan Budh Nagar, Noida, 201301 and (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the **Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in)_as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S. No.	Name of Director	DIN	Date of appointment in Company
1.	Kamalapati Kashyap	02359002	21/07/2019
2.	Gurvinder Pal Singh	05207077	21/07/2019
3.	Seema Salwan	06944301	14/08/2019

AVON MERCANTILE LIMITED

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4.	Siddheshwar Upadhyay	Kumar	07871728	28/09/2019
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Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For K. Rakesh & Co.
COMPANY SECRETARIES

Sd/-

(RAKESH KUMAR)
ACS: 32443 | COP: 14700

UDIN: A032443B000623088

27th August, 2020 | Noida

CORPORATE GOVERNANCE REPORT

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, 2020.

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, 2020, the Board consisted of Mr. Kamalapati Kashyap, Mr. Gurvinder Pal Singh, Mr. Siddheshwar Kumar Upadhyay and Ms. Seema Salwan. The Board has a balanced mixed 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 2019-2020.

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 (6) six Board Meetings were held during the year i.e. on 30/05/2019, 21/07/2019, 14/08/2019, 28/09/2019, 14/11/2019 and 14/02/2020 respectively.

The gap between any two Meetings never exceeded 120 days.

AVON MERCANTILE LIMITED



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, 2020 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 2020 are given herein below.

- i. 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 the Director	Category	No. of Board meetings during the Financial Year 2019-		Whether attended last AGM held on 30/09/2019	No. of Directorships in Other Public Companies		No. of Committee positions held in other public companies	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. Rakesh Kumar Bhatnagar (Resigned w.e.f. 21/07/2019)	Non-Executive Non-Independent	6	1	-	-	-	-	-
Ramesh Chandra Agarwal (Resigned w.e.f. 30/06/2019)	Non-Executive Independent	6	1	-	-	-	-	-
Satish Kumar Gupta (Resigned w.e.f. 28/09/2019)	Non-Executive Independent	6	3	-	-	-	-	-
Rashi Adlakha (Resigned w.e.f. 21/07/2019)	Non-Executive Non-Independent	6	1	-	-	-	-	-
Preeti Malhotra (Resigned w.e.f. 29.08.2019)	Non-Executive Non-	6	1	-	-	-	-	-

AVON MERCANTILE LIMITED



	Independent							
Seema Salwan (Appointed w.e.f 14/08/2019)	Non-Executive Independent	6	4	Yes	0	1	0	3
Siddheshwar Kumar Upadhyay (Appointed w.e.f 28/09/2019)	Non-Executive Independent	6	3	-	0	1	2	1
Kamalapati Kashyap (Appointed w.e.f. 21/07/2019)	Non-Executive Non-Independent	6	5	Yes	0	1	1	2
Gurvinder Pal Singh (Appointed w.e.f. 21/07/2019)	Non-Executive Non-Independent	6	5	Yes	0	0	0	0

Meeting of Independent Directors

The Independent Directors of the Company had met during the year on 14th February, 2020 without the attendance of Non-Independent Directors and members of Management to review:

- A) the performance of Non-Independent Directors and the Board as a whole,
- B) the performance of the Chairman of the Company, taking into account the views of Non-Executive Directors, and
- C) 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.

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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:

Sr. No.	Names of Director	Sitting fees (in Rs.)	No. of Shares held
1.	Mr. Rakesh Kumar Bhatnagar	0	0
2.	Mr. Ramesh Chandra Agarwal	7,500	0
3.	Mr. Satish Kumar Gupta	7,500	0
4.	Ms. Rashi Adlakha	0	0
5.	Ms. Preeti Malhotra	0	0
6.	Ms. Seema Salwan	20,000	0
7.	Mr. Siddheshwar Kumar Upadhyay	15,000	0
8.	Mr. Kamalapati Kashyap	0	0
9.	Mr. Gurvinder Pal Singh	0	0

III. Board Procedure

The Directors are elected based on their qualifications and experience in varied fields as well as company's business needs. The Nomination and Remuneration Committee, recommends the appointment of Directors to the Board. At the time of induction on the Board of the Company, an invitation to join the Board of the Company is sent and a directors' handbook comprising a compendium of the role, powers and duties to be performed by a Director is given to the new Director. Presentation is also made to the new Director regarding the business and other details of the Company. During the year a separate meeting of the independent directors was held on 14th February, 2020, to review, *inter-alia*, the performance of non-independent directors and the board as a whole.

4. DIRECTORS SEEKING RE-APPOINTMENT

Mr. Kamalapati Kashyap, Director of the Company, retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment. Also, w.e.f 28th September, 2019, Mr. Siddheshwar Kumar Upadhyay was appointed as Additional Directors (Independent) who hold office upto the conclusion of this Annual General

AVON MERCANTILE LIMITED



Meeting. The Company has received a notice from a member of the Company proposing the candidature of Mr. Siddheshwar Kumar Upadhyay for appointment as a Director of the Company. The Company seeks approval from shareholders for appointment of Mr. Siddheshwar Kumar Upadhyay as an Independent Director of the Company for a term of 5 years, w.e.f. 28th September, 2019.

5. PROHIBITION OF INSIDER TRADING

In Compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the Directors, Promoters, Senior Managerial Personnel and other connected persons of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company. The Company has revised Internal Code of Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders in line with the amendments in SEBI (Prohibition of Insider Trading) Regulations, 2015.

6. 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.

AVON MERCANTILE LIMITED



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:

- a. Management discussion and analysis of financial condition;
- b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- c. Internal audit report relating to internal control weaknesses;
- d. The appointment, removal and terms of remuneration of the internal auditor and statutory auditor;
- e. 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 period from 1st April, 2019 till 13th August, 2019, the composition of Audit Committee was as follows:

Sr.	Name	Designation
1.	Mr. Ramesh Chandra Agarwal	Chairman
2.	Mr. Satish Kumar Gupta	Member
3.	Mr. Rakesh Kumar Bhatnagar	Member

On 14th August, 2019 the Board of Directors reconstituted the composition of Audit

AVON MERCANTILE LIMITED



Committee in accordance with relevant provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 till 27th September, 2019.

Sr.	Name	Designation
1.	Ms. Seema Salwan	Chairman
2.	Mr. Satish Kumar Gupta	Member
3.	Mr. Kamalapati Kashyap	Member

On 28th September, 2019 the Board of Directors reconstituted the composition of Audit Committee in accordance with relevant provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 till 1st September, 2020.

Sr.	Name	Designation
1.	Ms. Seema Salwan	Chairman
2.	Mr. Siddheshwar Kumar Upadhyay	Member
3.	Mr. Kamalapati Kashyap	Member

On 2nd September, 2020 the Board of Directors reconstituted the composition of Audit Committee in accordance with relevant provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Sr.	Name	Designation
1.	Mr. Siddheshwar Kumar Upadhyay	Chairman
2.	Ms. Seema Salwan	Member
3.	Mr. Kamalapati Kashyap	Member

The Audit Committee met four times during the year i.e. on 30/05/2019, 14/08/2019, 14/11/2019 and 14/02/2020 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 2019 to 31 st March 2020
Mr. Ramesh Chandra Agarwal (Resigned w.e.f. 30/06/2019)	Chairman	Non-Executive Independent Director	1
Mr. Satish Kumar Gupta (Resigned w.e.f. 28/09/2019)	Member	Non-Executive Independent Director	2

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Mr. Rakesh Kumar Bhatnagar (Resigned w.e.f. 21/07/2019)	Member	Non-Executive Director	1
Mr. Kamalapati Kashyap (Appointed w.e.f. 21 st July, 2019)	Member	Non-Executive Director	3
Ms. Seema Salwan (Appointed w.e.f. 14 th August, 2019)	Chairman	Non-Executive Director	2
Mr. Siddheshwar Kumar Upadhyay (Appointed w.e.f. 28 th September, 2019)	Member	Non-Executive Director	2

Ms. Satish Kumar Gupta, Chairman of Audit Committee, was present at the last Annual General Meeting of the Company which was held on 30th September, 2019.

II. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for:

- a. 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;
- b. Formulation of criteria for evaluation of Independent Directors and the Board;
- c. Devising a policy on Board diversity;
- d. 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.
- e. 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:

1. 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.

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2. 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

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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 period from 1st April, 2019 till 13th August, 2019, the composition of Nomination and Remuneration Committee was as follows:

Sr.	Name	Designation
1.	Mr. Satish Kumar Gupta	Chairman
2.	Mr. Ramesh Chandra	Member
3.	Mr. Rakesh Kumar Bhatnagar	Member

On 14th August, 2019 the Board of Directors reconstituted the composition of Audit Committee in accordance with relevant provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 till 27th September, 2019.

Sr.	Name	Designation
1.	Mr. Satish Kumar Gupta	Chairman
2.	Ms. Seema Salwan	Member
3.	Mr. Gurvinder Pal Singh	Member

On 28th September, 2019 the Board of Directors reconstituted the composition of Audit Committee in accordance with relevant provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Sr. No.	Name	Designation
1.	Mr. Siddheshwar Kumar Upadhyay	Chairman
2.	Ms. Seema Salwan	Member
3.	Mr. Gurvinder Pal Singh	Member

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The Nomination and Remuneration Committee met twice during the year i.e. on 14th August, 2019 and 28th September, 2019.

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 2019 to 31 st March 2020
Mr. Satish Kumar Gupta (Resigned w.e.f. 28/09/2019)	Chairman	Non-Executive Independent Director	1
Mr. Ramesh Chandra Agarwal (Resigned w.e.f. 28/09/2019)	Member	Non-Executive Independent Director	0
Mr. Rakesh Kumar Bhatnagar (Resigned w.e.f. 28/09/2019)	Member	Non-Executive Director	0
Ms. Seema Salwan (Appointed w.e.f. 14/08/2019)	Member	Non-Executive Independent Director	2
Mr. Siddheshwar Kumar Upadhyay (Appointed w.e.f. 28 th September 2019)	Chairman	Non-Executive Independent Director	1
Mr. Gurvinder Pal Singh (Appointed w.e.f. 28 th September, 2019)	Member	Non-Executive Director	2

Mr. Siddheshwar Kumar Upadhyay, Chairman of Nomination and Remuneration Committee, was present at the last Annual General Meeting of the Company which was held on 30th September, 2019.

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

AVON MERCANTILE LIMITED



- 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 period from 1st April, 2019 till 20th July, 2019, the composition of Nomination and Remuneration Committee was as follows:

Sr.	Name	Designation
1.	Ms. Rashi Adlakha	Chairman
2.	Mr. Satish Kumar Gupta	Member
3.	Mr. Ramesh Chandra Agarwal	Member

On 21st July, 2019 the Board of Directors reconstituted the composition of Audit Committee in accordance with relevant provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 till 13th August, 2019.

Sr.	Name	Designation
1.	Mr. Kamalapati Kashyap	Chairman
2.	Ms. Satish Kumar Gupta	Member

On 14th August, 2019 the Board of Directors reconstituted the composition of Audit Committee in accordance with relevant provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 till 27th September, 2019.

Sr.	Name	Designation
1.	Mr. Kamalapati Kashyap	Chairman
2.	Ms. Seema Salwan	Member
3.	Mr. Satish Kumar Gupta	Member

On 28th September, 2019 the Board of Directors reconstituted the composition of Audit Committee in accordance with relevant provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Sr.	Name	Designation
1.	Mr. Kamalapati Kashyap	Chairman
2.	Ms. Seema Salwan	Member
3.	Mr. Siddheshwar Kumar Upadhyay	Member

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The Stakeholders Relationship Committee met once during the year i.e. on 14th February 2020.

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 2019 to 31 st March 2020
Ms. Rashi Adlakha (Resigned w.e.f. 21 st July, 2019)	Chairman	Non-Executive Director	0
Mr. Satish Kumar Gupta (Resigned w.e.f. 28 th September, 2019)	Member	Non-Executive Independent Director	0
Mr. Ramesh Chandra Agarwal (Resigned w.e.f. 30 th June, 2019)	Member	Non-Executive Independent Director	0
Mr. Kamalapati Kashyap (Appointed w.e.f. 21 st July, 2019)	Chairman	Non-Executive Director	1
Mr. Siddheshwar Kumar Upadhyay (Appointed w.e.f. 28 th September, 2019)	Member	Non-Executive Independent Director	1
Ms. Seema Salwan (Appointed w.e.f. 14 th August, 2019)	Member	Non-Executive Independent Director	1

The details of the investors' compliant / grievance received by the Company during the Financial Year 2018-19 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

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No complaint was received from the shareholders during the year ended 31st March 2020.

Mr. Kamalapati Kashyap, Chairman of Stakeholders' Relationship Committee, was present at the last Annual General Meeting of the Company which was held on 30th September, 2019.

7. 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
2019	S Global Knowledge Park, 19A & 19B, Sector-125, Noida, UP – 201301	30 th September, 2019	10.00 A.M.
2018	S Global Knowledge Park, 19A & 19B, Sector-125, Noida, UP – 201301	29 th September, 2018	10.00 A.M.
2017	S Global Knowledge Park, 19A & 19B, Sector-125, Noida, UP - 201301	30 th September, 2017	10.00 A.M.

(b) Extraordinary General Meeting

No Extraordinary General Meeting of the Members was held during the year 2019-20.

II. Postal Ballot: No Postal Ballot was conducted during the year 2019-20.

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, 2019	No	No Special resolution has been passed
29 th September, 2018	No	No Special resolution has been passed
30 th September, 2017	No	No Special resolution has been passed

AVON MERCANTILE LIMITED



Details of Voting Pattern: All resolutions were passed with requisite majority.

Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise and the details of voting pattern:

During the year under review, no special resolution has been passed through the exercise of postal ballot. None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

8. SUBSIDIARY

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

9. 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, 2020, by the Manager (in absence of CEO) is enclosed as **ANNEXURE – VII(a)(i)** at the end of this Report.

10. 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 – VII(a)(ii)** at the end of this report.

11. 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.**

AVON MERCANTILE LIMITED



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 Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 as presently applicable during the year under review. Details of non-mandatory provisions to the extent complied with have been disclosed in this report.

12. MEANS OF COMMUNICATION

The Company publishes its quarterly un-audited (Provisional) financial results and Audited financial results in English newspaper named 'Financial Express' and Hindi newspaper named 'Jansatta'.

13. GENERAL SHAREHOLDER INFORMATION

(a) **Registered Office** : S Global Knowledge Park, 19A & 19B,
Sector-125, Noida, Uttar Pradesh – 201301

(b) **Annual General Meeting**

Date : 27th September, 2020
Time : 12:00 Noon
Venue : Through Audio-Visual Means.

AVON MERCANTILE LIMITED

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- (c) **Financial Year ending** : 31st March every year
- (d) **Date of Book Closure** : Monday, 21.09.2020 to Sunday 27.09.2020
(both days inclusive).
- (e) **Stock Exchanges at which Shares of the Company are listed** : (1) Bombay Stock Exchange Ltd
(2) The Calcutta Stock Exchange Association 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 2019-20 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 2020

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%

AVON MERCANTILE LIMITED

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(j) Dematerialization 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 2nd September, 2020 and the same was approved.

CERTIFICATION BY MANAGER AND CHIEF FINANCIAL OFFICER OF AVON MERCANTILE LIMITED AS ON 31ST MARCH, 2020 (IN TERMS OF REGULATION 17 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)

We, Mr. Jagdutt Kumar Sharma, Manager and Mr. Gopal Singh Negi, Chief Financial Officer of the Company 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 2020 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 2020 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

AVON MERCANTILE LIMITED

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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/-
Gopal Singh Negi
(Chief Financial Officer)

Place: Noida

Date: 2nd September, 2020

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 2020.

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

Sd/-

**(Kamalapati Kashyap)
Director
DIN No. : 02359002**

Sd/-

**(Gurvinder Pal Singh)
Director
DIN No. : 05207077**

Place : Noida

Date : 2nd September, 2020

K RAKESH & CO.

Company Secretaries



C-532, Aman Vihar,
Kirari Suleman Nagar,
Near Rohini Sector-20,
New Delhi-110086

Phone: 9560522530, 8377954952
krakeshandcompany@gmail.com

CERTIFICATE ON COMPLIANCE WITH THE REGULATIONS OF CORPORATE GOVERNANCE

TO THE MEMBERS OF AVON MERCANTILE LIMITED

- 1) I, K. Rakesh & Co., Company Secretary in Practice, the Secretarial Auditor of Avon Mercantile Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the financial year ended on 31st March, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulations 46(2) and paras C and D of Schedule V of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 and amendments from time to time (the "Listing regulations").

MANAGEMENT'S RESPONSIBILITY

- 2) The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedure to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

AUDITORS' RESPONSIBILITY

- 3) My Responsibility is limited to examining the procedures and implementations 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.
- 4) I have examined the relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

AVON MERCANTILE LIMITED

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OPINION

- 5) Based on my examination of the relevant records and according to the information and explanations provided to me and the representations provided by the Management, I certify that the company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulations 46(2) and paras C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2020.

- 6) I 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 reporting of internal auditor directly to the Audit Committee.

Place: Noida

Date: August 28, 2020

For K. Rakesh & Co.

Company Secretary in Practice

Sd/-

(Rakesh Kumar)

ACS: 32443 | CoP: 14700

UDIN: A032443B000627147

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 2020-21:

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.

Place : Noida

Date: 2nd September, 2020

**By Order of the Board
For Avon Mercantile Limited
Sd/-**

**(Kamalapati Kashyap)
Director
DIN: 02359002**



AVON MERCANTILE LIMITED



GOEL, GARG & CO. Chartered Accountants

18, Ground Floor, National Park,
Lajpat Nagar-IV, New Delhi-110024
Phone No. : 011-46539501, 46539502
E-Mail : office@ggco.co.in

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AVON MERCANTILE LIMITED

Report on the Audit of the Ind AS Financial Statements

Qualified Opinion

We have audited the accompanying Ind AS financial statements of **AVON MERCANTILE LIMITED** ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss and its cash flows for the year ended on that date.

Basis for Qualified Opinion

1. A total amount of ₹ 53,19,96,748/- on account of loan receivables (including interest outstanding thereon) is outstanding as at 31 March, 2020. Based on explanations and information provided by management, ₹ 27,96,81,754/- (including interest outstanding thereon) have been outstanding unsettled/unadjusted for significantly long period of time. The management, based on internal assessments and evaluations, have represented that these outstanding loan receivables are recoverable and that no accrual for diminution in value of loan receivable is necessary as at 31 March, 2020. Further, management has represented that, they are seriously undertaking all steps to recover/adjust these amounts at the earliest. Pending the above, we are currently unable to ascertain whether these long overdue outstanding loan

AVON MERCANTILE LIMITED



receivables are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, on the statement of assets and liabilities that may arise in case any of these remaining loan receivables are subsequently determined to be doubtful of recovery.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have no key audit matters to be communicated in our report.

Sr. No	Key Audit Matter	Auditor's Response
1	NA	NA

Information Other than the Ind AS Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

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inconsistent with the Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Ind AS 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 Standards prescribed under section 133 of the Act, as applicable and other accounting principles generally accepted in India. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial a statement that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of

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any identified misstatements in the Ind AS financial statements.

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

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

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

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Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, 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) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, no remuneration was paid by the Company to its directors during the year.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The company does not have any pending litigations which would impact its

AVON MERCANTILE LIMITED

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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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure B**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
 3. As required by Non- Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ("Directions"), we give in "**Annexure C**" a separate report on the matters specified in the said Directions.

For Goel Garg & Co.

Chartered Accountants

Firm's Registration Number 000397N

Ashok Kumar Agarwal

Partner

Membership No. 084600

Place of Signature: Delhi

UDIN: 20084600AAAAAH5169

Date: 15th July 2020

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ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **AVON MERCANTILE LIMITED** of even date)

Report on the Internal Financial Controls with reference to Ind AS financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to Ind AS financial statements of **AVON MERCANTILE LIMITED** (“the Company”) as of March 31, 2020 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 Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Ind AS financial statements 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 internal financial controls with reference to Ind AS financial statements of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 with reference to Ind AS financial statements was

AVON MERCANTILE LIMITED



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 with reference to Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to Ind AS financial statements, 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 Ind AS 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 with reference to Ind AS financial statements of the Company.

Meaning of Internal Financial Controls with reference to Ind AS financial statements

A company's internal financial control with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Ind AS financial statements 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 Ind AS 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 Ind AS financial statements.

AVON MERCANTILE LIMITED

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Inherent Limitations of Internal Financial Controls with reference to Ind AS financial statements

Because of the inherent limitations of internal financial controls with reference to Ind AS financial statements, 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 with reference to Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to Ind AS financial statements 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to Ind AS financial statements 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 Goel Garg & Co.

Chartered Accountants

Firm's Registration Number 000397N

Ashok Kumar Agarwal

Partner

Membership No. 084600

Place of Signature: Delhi

UDIN: 20084600AAAAAH5169

Date: 15th July 2020

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of AVON MERCANTILE LIMITED of even date)

- i. In respect of the Company's fixed assets (Property, Plant and Equipment):
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant and Equipment).
 - (b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
 - (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 is not carrying on any manufacturing or trading activity. Therefore clause 3(ii) of the Order is not applicable to the company.
- 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.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to grant of loans, making investments and providing guarantees and securities, as applicable. The company being a non banking financial company, nothing contain in section 186, except sub section (1), shall apply.
- v. The Company does not have any deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- 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. According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company is regular in depositing undisputed statutory dues, including Income Tax, Service Tax, Goods and Service Tax and other material statutory dues applicable to it with the appropriate authorities. We are informed that the provisions of Provident Fund, Employees' State Insurance, Sales Tax, Value Added Tax, Customs Duty, Excise Duty and Cess are not applicable to the company.
 - (b) According to information and explanations given to us, there are no dues of income tax, Service Tax and Goods and Service Tax which have not been deposited with the appropriate authorities on account of any dispute.
- viii. The Company does not have any loan from Bank, financial Institutions or Debenture holders. Therefore clause 3(viii) of the Order is not applicable to the company.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Further based on our audit procedures and according to the information and explanations given to us, we are of the opinion that money raised by the company by way of term loan has been applied for the purpose for which it was raised.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the

AVON MERCANTILE LIMITED

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Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable Indian accounting standards.

- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The company is registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Goel Garg & Co.
Chartered Accountants
Firm's Registration Number 000397N

Ashok Kumar Agarwal
Partner
Membership No. 084600
Place of Signature: Delhi
UDIN: 20084600AAAAAH5169
Date: 15th July 2020

ANNEXURE 'C' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 3 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of AVON MERCANTILE LIMITED of even date)

- a. The company is engaged in the business of Non-Banking Financial institution. The company being a Non-Banking Finance Company has obtained a certificate of registration from the Reserve Bank of India to carry on such business. Further, the company is entitled to continue to hold such certificate of registration in terms of its asset & income pattern as on 31st March, 2020.
- b. The board of Directors of the Company has passed a resolution for the non-acceptance of any public deposits.
- c. The company has not accepted any public deposits during the year ended 31st March, 2020.
- d. The company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts as applicable to it in terms of Non- Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 amended upto date. In our opinion and according to the information and explanations given to us, as per the updated circular DNBR (PD) CC. No.044/03.10.119/2015-16 dated 11th April 2016, the prudential norms except para 15 shall not apply to the Company as the Company is non-banking financial company having asset size of less than Rs. 500 crores and further it does not accept/hold any public funds.

For Goel Garg & Co.
Chartered Accountants
Firm's Registration Number 000397N

Ashok Kumar Agarwal
Partner
Membership No. 084600
Place of Signature: Delhi
UDIN: 20084600AAAAAH5169
Date: 15th July 2020

AVON MERCANTILE LIMITED



AVON MERCANTILE LIMITED

Regd. Address: 5 GLOBAL KNOWLEDGE PARK 19A & 19B, SECTOR-125, NOIDA

CIN: L17118UP1985PLC026582

Balance Sheet as at March 31, 2020

Particulars	Notes	Amount as at 31-03-2020 (Amount in ₹'000)	Amount as at 31-03-2019 (Amount in ₹'000)	Amount as at 01-04-2018 (Amount in ₹'000)
ASSETS				
Financial Assets				
(a) Cash and cash equivalents	1	101.52	4,766.94	14,858.01
(b) Loans	2	4,49,851.42	5,97,102.08	5,90,039.50
(c) Investments	3	-	-	-
(d) Other Financial Assets	4	82,230.71	77,363.05	53,471.83
Sub - Total Financial assets		5,32,183.65	6,79,232.08	6,58,369.33
Non-Financial Assets				
(a) Property, plant and equipment	5	209.70	46.88	74.27
(b) Current tax assets (net)	6	15,059.78	13,803.73	7,907.96
Sub Total Non-Financial assets		15,269.48	13,850.61	7,982.23
TOTAL ASSETS		<u>5,47,453.13</u>	<u>6,93,082.69</u>	<u>6,66,351.56</u>
LIABILITIES AND EQUITY				
Financial Liabilities				
(a) Borrowings	7	3,77,315.29	5,16,372.65	4,95,412.00
(b) Other Financial Liabilities	8	49,580.30	47,788.18	42,507.55
Sub - Total Financial Liabilities		4,26,895.59	5,64,160.83	5,37,919.55
Non - Financial Liabilities				
(a) Provisions	9	3,820.89	3,543.07	2,223.62
Sub - Total Non-Financial Liabilities		3,820.89	3,543.07	2,223.62
EQUITY				
(a) Equity Share Capital	10	74,773.90	74,773.90	74,773.90
(b) Other Equity	11	41,962.74	50,604.90	51,434.49
Sub - Total Equity		1,16,736.64	1,25,378.80	1,26,208.39
TOTAL - LIABILITIES AND EQUITY		<u>5,47,453.13</u>	<u>6,93,082.69</u>	<u>6,66,351.56</u>

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date
For Goel Garg & Co.
Chartered Accountants
FRN: 000397N

For and on behalf of the Board of Directors

(Ashok Kumar Agarwal)
Partner
M. No.084600

(Kamalapati Kashyap)
Director
DIN: 02359002

(Gurvinder Pal Singh)
Director
DIN: 05207077

Place : Noida
Date : 15.07.2020

(Pranjudi Gupta)
Company Secretary
M. No.: A35912

(Gopal Singh Negi)
CFO
PAN:AASPN4253 V

AVON MERCANTILE LIMITED



AVON MERCANTILE LIMITED

Regd. Address: 3 GLOBAL KNOWLEDGE PARK 19A & 19B, SECTOR-125,NOIDA

CIN:L17118UP1985PLC026682

Statement of Profit & Loss for the period ended March 31, 2020

Particulars	Notes	Amount for the period ended 31-03-2020 (Amount in ₹ '000)	Amount for the year ended 31-03-2019 (Amount in ₹ '000)
Revenue from Operations			
Interest Income	12	61,341.97	60,770.82
Other Income	13	338.56	3.66
Total Income		61,680.53	60,774.48
Expenses			
Finance costs	14	52,247.03	46,652.90
Employees benefits expenses	15	11,539.32	10,862.37
Depreciation, amortisation and impairment	5	80.28	34.04
Other expenses	16	6,451.45	3,873.67
Total		70,318.08	61,422.98
Profit / (Loss) before tax		(8,637.56)	(848.60)
Tax Expenses :			
(i) Current Tax		-	(181.09)
(ii) Deferred Tax		-	-
(iii) Income Tax for earlier years		(4.60)	-
Profit / (Loss) for the period		(8,642.16)	(829.69)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss :		-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
Subtotal (a)		-	-
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
Subtotal (b)		-	-
Other Comprehensive Income (a+b)		-	-
Total Comprehensive Income for the period (Comprising Profit / (Loss) and other Comprehensive Income for the period)		(8,642.16)	(829.69)
Earnings Per Equity Share	17		
Basic (in Rs.)		(1.16)	(0.11)
Diluted (in Rs.)		(1.16)	(0.11)
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

For Goel Garg & Co.
Chartered Accountants
FRN: 000387N

For and on behalf of the Board of Directors

(Achok Kumar Agarwal)
Partner
M. No.084600

(Kamalapati Kachiyap)
Director
DIN: 02359002

(Gurvinder Pal Singh)
Director
DIN: 05207077

Place : Noida
Date : 15.07.2020

(PranJit Gupta)
Company Secretary
M. No.: A35912

(Gopal Singh Negi)
CFO
PAN:AAQPN4263A

AVON MERCANTILE LIMITED



AVON MERCANTILE LIMITED
 Regd. Address: S GLOBAL KNOWLEDGE PARK 19A & 19B, SECTOR-125,NOIDA
 CIN:L17118UP1985PLC026582
 Cash Flow Statement for the year ended March 31, 2020

Particulars	31-Mar-20 (Amount in ₹ '000)	31-Mar-19 (Amount in ₹ '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	(8,637.65)	(648.50)
Adjustments for:		
Depreciation/ amortization	80.28	34.04
Operating profit before working capital changes	(8,557.27)	(614.46)
Movements in working capital :		
Increase/(Decrease) in Borrowings	(1,39,057.35)	20,960.65
Increase/ (Decrease) in Other Financial/Non-Financial liabilities	2,069.94	6,418.98
(Increase)/Decrease in Loans & Advances, Other Financial/Non-Financial Assets	1,41,126.97	(36,849.59)
Net Cash Used In Operations	(4,417.72)	(10,084.41)
Direct taxes paid (net of refunds)	(4.60)	-
Net cash flow from/ (used in) operating activities	A	(10,084.41)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property Plant and Equipment / Capital Advance	(243.10)	(6.65)
Net cash flow from/ (used in) investing activities	B	(6.65)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from/ (used in) in financing activities	C	-
Net Increase/(decrease) in cash and cash equivalents	A+B+C	(10,091.06)
Cash and cash equivalents at the beginning of the year	4,766.94	14,858.01
Cash and cash equivalents at the end of the year	101.52	4,766.94
Components of cash and cash equivalents		
With banks- on current account	101.52	4,766.94
Total cash and cash equivalents (Note 1)	101.52	4,766.94

Notes :

1. Negative figures have been shown in brackets.

Summary of significant accounting policies

1

As per our attached report of even date
 For Goel Garg & Co.
 Chartered Accountants
 FRN: 000397N

For and on behalf of the Board of Directors

(Ashok Kumar Agarwal)
 Partner
 M. No.084600

(Kamalapati Kashyap)
 Director
 DIN: 02359002

(Gurvinder Pal Singh)
 Director
 DIN: 05207077

Place : Noida
 Date : 15.07.2020

(Pranjud Gupta)
 Company Secretary
 M. No.: A35912

(Gopal Singh Negl)
 CFO
 PAN:AASPN4253A

AVON MERCANTILE LIMITED



AVON MERCANTILE LIMITED
 Regd. Address: S GLOBAL KNOWLEDGE PARK 19A & 19B, SECTOR-125, NOIDA
 CIN:L17110UP1903PL0226502
 Note to Financial Statements as at March 31, 2020

Particulars	Amount as at 31-03-2020 (Amount in ₹ '000)	Amount as at 31-03-2019 (Amount in ₹ '000)	Amount as at 01-04-2018 (Amount in ₹ '000)
1. Cash and cash equivalents			
Balances with banks:			
Current Accounts			
- Indian Bank	88.34	4,730.11	14,823.23
- State Bank Of Patials	33.18	33.82	34.77
	<u>121.52</u>	<u>4,764.94</u>	<u>14,858.01</u>
4. Other Financial Assets			
Interest due but not received	82,145.32	77,321.56	53,409.57
Prepaid expenses	21.47	44.13	40.06
Other Advances	53.91	-	-
Employee Interest	-	(2.83)	21.87
	<u>82,220.71</u>	<u>77,363.86</u>	<u>53,471.51</u>
8. Current tax assets (net)			
TDS recoverable	15,987.36	15,430.36	9,359.45
Provision for income tax	(307.50)	(1,832.02)	(1,451.53)
	<u>15,679.86</u>	<u>13,598.34</u>	<u>7,907.92</u>
8. Other Financial Liabilities			
Audit Fee Payable	112.80	74.70	64.85
TDS Payable	4,095.40	4,195.03	4,150.54
Expenses Payable & Others	194.22	208.96	482.75
Other payable	200.00	200.00	-
Salary & Wages Payable	650.44	159.87	134.15
Bonus Payable	-	353.00	23.06
Interest Payable	43,587.74	41,987.80	37,882.32
	<u>49,590.30</u>	<u>47,798.36</u>	<u>42,607.63</u>
8. Provisions			
Long term provisions			
Provision for leave encashment	83.06	158.75	90.80
Provision for Gratuity	89.30	359.91	54.25
Short term provisions			
Provision for leave encashment	326.14	324.55	280.33
Provision for Gratuity	259.96	2.17	187.82
Provision for standard asset	3,043.20	2,997.20	1,938.82
	<u>3,629.36</u>	<u>3,483.63</u>	<u>3,235.62</u>
10. Equity Share Capital			
Authorized shares			
75,00,000 (75,00,000) Equity Shares of Rs. 10/- each	<u>75,000.00</u>	<u>75,000.00</u>	<u>75,000.00</u>
Issued, subscribed and fully paid-up shares			
74,77,390 (74,77,390) Equity Shares of Rs. 10/- each	<u>74,773.90</u>	<u>74,773.90</u>	<u>74,773.90</u>
Total issued, subscribed and fully paid-up share capital	<u>74,773.90</u>	<u>74,773.90</u>	<u>74,773.90</u>

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

Particulars	As at 31-03-2020		As at 31-03-2019		As at 01-04-2018	
	No. of Shares	Amount In ₹. '000	No. of Shares	Amount In ₹. '000	No. of Shares	Amount In ₹. '000
	At the beginning of the year	74,77,390	74,774	74,77,390	74,774	74,77,390
Issued during the year - Bonus Issue	-	-	-	-	-	-
Issued during the year - EOP	-	-	-	-	-	-
Outstanding at the end of the year	<u>74,77,390</u>	<u>74,774</u>	<u>74,77,390</u>	<u>74,774</u>	<u>74,77,390</u>	<u>74,774</u>

(b) Shares held by holding/ultimate holding company and/ or their subsidiaries/ associates

Out of equity shares issued by the company, shares held by its holding company are stated below:

(c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during

AVON MERCANTILE LIMITED



AVON MERCANTILE LIMITED
 Regd. Address: G-GLOBAL KNOWLEDGE PARK 18A & 19B, SECTOR-125, NOIDA
 CIN:L17119UP1995PLC026532
 Notes to Financial Statements as at March 31, 2020

Particulars	Amount as at 31-03-2020 (Amount in ₹ '000)	Amount as at 31-03-2019 (Amount in ₹ '000)	Amount as at 01-04-2018 (Amount in ₹ '000)
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(d) Details of shareholders holding more than 5% shares in the company						
Name of the shareholder	As at 31-03-2020		As at 31-03-2019		As at 01-04-2018	
	No. of shares	% holding in the class	No. of shares	% holding in the class	No. of shares	% holding in the class
Smart Entertainment Private Limited (Formerly known as Smart Entertainment Limited)	14,70,750	19.67%	14,70,750	19.67%	14,70,750	19.67%
Caak Onepix Private Limited	4,09,250	5.54%	4,09,250	5.54%	4,09,250	5.54%
LOG Intitech Ltd	4,94,500	6.61%	4,94,500	6.61%	4,94,500	6.61%

(a) The above information (from (a) to (d)) is as per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest. The above shareholding represents both legal and beneficial ownership of shares.

11. Other Equity

Particulars	As at 31-03-2020	As at 31-03-2019	As at 01-04-2018
Reserve Fund U/S 45(C) of The RBI Act			
Balance at the beginning of the year	1,178.11	1,178.11	510.21
ADD: Addition during the year	-	-	501.90
Closing Balance	<u>1,178.11</u>	<u>1,178.11</u>	<u>1,178.11</u>
Surplus/ (deficit) in the statement of profit and loss			
Balance as per last financial statements	(10,825.30)	(10,095.71)	(12,343.51)
Profit/(Loss) for the year	(8,642.15)	(929.59)	2,009.90
Less: Appropriation	-	-	-
Transfer to NDFC Reserve Fund u/s 45(C) of RBI Act	-	-	501.90
Net surplus/(deficit) in the statement of profit and loss	<u>(19,467.45)</u>	<u>(11,025.30)</u>	<u>(10,836.51)</u>
Special Reserve	80.70	80.70	80.70
Amalgamation Reserve	60,291.33	60,291.33	60,291.33
Total Reserves and Surplus	<u>41,382.74</u>	<u>50,064.90</u>	<u>51,434.48</u>

Contingent liabilities and commitments

Particulars	As at 31-03-2020	As at 31-03-2019	As at 01-04-2018
(1) Contingent Liabilities:			
a) Claims against the company not acknowledged as debts	NIL	NIL	NIL
b) Guarantees	NIL	NIL	NIL
c) Other money for which company is contingently liable	61.00	49.00	49.00
- amount payable against TDS default			
(2) Commitments			
a) Estimated amounts of contracts to be executed on capital account, not provided for	NIL	NIL	NIL
b) Uncollectible liability on partly paid shares	NIL	NIL	NIL
c) Other commitments	NIL	NIL	NIL

AVON MERCANTILE LIMITED



AVON MERCANTILE LIMITED

Regd. Address: 8 GLOBAL KNOWLEDGE PARK 19A & 19B, SECTOR-126, NOIDA
CIN:L17118UP1985PLC028682

Notes to Financial Statements for the period ended March 31, 2020

Particulars	Amount for the period ended 31-03-2020 (Amount in ₹ '000)	Amount for the year ended 31-03-2019 (Amount in ₹ '000)
12. Interest Income		
Interest on loan	61,336.26	60,768.56
Interest on Staff Loan	5.71	2.26
	<u>61,341.97</u>	<u>60,770.82</u>
13. Other Income		
Miscellaneous Income	-	3.66
Interest Income on Income tax refund	338.56	-
	<u>338.56</u>	<u>3.66</u>
14. Finance costs		
Interest on borrowings	62,247.03	65,652.90
	<u>62,247.03</u>	<u>65,652.90</u>
15. Employee benefits expenses		
Salaries, wages and bonus	10,475.84	10,270.32
Leave encashment expenses	503.34	310.82
Gratuity	205.49	120.21
Staff welfare expenses	354.65	161.21
	<u>11,539.32</u>	<u>10,862.57</u>
16. Other expenses		
Rates and Taxes	4.20	4.20
Legal and professional fees	609.69	457.43
Advertisement Charges	36.90	35.57
Payment to Auditors (Refer details below)	138.65	73.75
Custodial Charges	-	13.00
Bank Charges	2.48	4.37
Listing Fees	475.37	858.45
Miscellaneous Exp.	54.47	99.73
Communication Costs	112.88	106.09
Repair and maintenance	326.48	393.54
Travelling & Conveyance	848.14	572.93
Printing & Stationery	135.62	94.74
Director's sitting fees	59.00	70.80
Provision for Standard Asset	345.60	1,089.07
Loan written off	30.00	-
Interest written off	3,271.79	-
	<u>8,461.46</u>	<u>3,878.87</u>
Payment to auditors:		
Audit fee	59.00	35.40
Tax audit fee	17.70	11.80
Limited review	32.45	26.56
Other services	29.50	-
	<u>138.65</u>	<u>73.75</u>
17. Earnings per share (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit/ (loss) after tax	(8,642.15)	(829.59)
Number of ordinary equity shares:	74,77,390.00	74,77,390.00
Weighted average number of ordinary equity shares:	74,77,390.00	74,77,390.00
Nominal Value of ordinary shares:	10.00	10.00
Basic earning per share	<u>(1.18)</u>	<u>(0.11)</u>
Diluted earning per share	<u>(1.18)</u>	<u>(0.11)</u>

AVON MERCANTILE LIMITED



AVON MERCANTILE LIMITED

Regd. Address: 8 GLOBAL KNOWLEDGE PARK 19A & 19B, SECTOR-126, NOIDA

CIN:L17118UP1885PLC028582

Statement of Changes in Equity for the year ended 31st March, 2020

A. Equity Share Capital	Number	(Amount in ₹ '000)
Equity shares of Rs. 10 each issued, subscribed and fully paid:		
At 1st April 2018	74,77,390	74,773.90
At 31 March 2019	74,77,390	74,773.90
At 31 March 2020	74,77,390	74,773.90

B. Other Equity

	Reserve and Surplus				Total
	Reserve Fund UIB 461C of The RBI Act	Retained earnings	Special Reserve	Amalgamation Reserve	
As at 1st April 2018	1,178.11	(10,086.71)	80.78	80,291.33	61,484.48
Profit/loss for the period	-	(829.59)	-	-	(829.59)
Total comprehensive income	-	(829.59)	-	-	(829.59)
As at 31 March 2019	1,178.11	(10,826.30)	80.78	80,291.33	60,804.80
Profit/loss for the period	-	(8,642.15)	-	-	(8,642.15)
Other comprehensive income	-	-	-	-	-
Re-measurement gains/(losses) on defined benefit plans	-	-	-	-	-
FVTOCI Equity Instruments	-	-	-	-	-
Total comprehensive income	-	(8,642.15)	-	-	(8,642.15)
As at 31 March 2020	1,178.11	(28,208.81)	80.78	80,291.33	83,320.58

Summary of significant accounting policies 1

The accompanying notes are an integral part of the standalone financial statements.

As per our attached report of even date

For Goel Garg & Co.

Chartered Accountants

FRN: 000397N

For and on behalf of the Board of Directors

(Achok Kumar Agarwal)
Partner
M. No.084600

(Kamalapati Kachyap)
Director
DIN: 02359002

(Gurvinder Pal Singh)
Director
DIN: 05207077

Place : Noida
Date : 15.07.2020

(Pranjal Gupta)
Company Secretary
M. No.: A35912

(Gopal Singh Negi)
CFO
PAN:AA8PN4263A

AVON MERCANTILE LIMITED



AVON MERCANTILE LIMITED

Regd. Address: 8 GLOBAL KNOWLEDGE PARK 19A & 19B, SECTOR-126, NOIDA

CIN: L17118UP1986PLC028682

Notes to Financial Statements for the period ended March 31, 2020

Note 2: Loans

The carrying value and fair value of Loans by categories as of 31st March 2020 are as follows. (Amount in ₹ '000)

Particulars	Amortised cost	At Fair Value			Sub-total	Total
		through OCI	through profit or loss	Designated at fair value through profit or loss		
Loans						
(A) (i) Term Loans *	4,49,742.00	-	-	-	-	4,49,742.00
(ii) Others	109.42	-	-	-	-	109.42
Total (A) Grosses	4,49,851.42	-	-	-	-	4,49,851.42
Less: Impairment Loss Allowance	-	-	-	-	-	-
Total (A) Net	4,49,851.42	-	-	-	-	4,49,851.42
(B) (i) Unsecured	4,49,851.42	-	-	-	-	4,49,851.42
Total (B) Grosses	4,49,851.42	-	-	-	-	4,49,851.42
Less: Impairment Loss Allowance	-	-	-	-	-	-
Total (B) Net	4,49,851.42	-	-	-	-	4,49,851.42
(C) (i) Loans in India						
(ii) Public Sector	-	-	-	-	-	-
(iii) Others	4,49,851.42	-	-	-	-	4,49,851.42
Total (C) Grosses	4,49,851.42	-	-	-	-	4,49,851.42
Less: Impairment Loss Allowance	-	-	-	-	-	-
Total (C) (i) Net	4,49,851.42	-	-	-	-	4,49,851.42
(C) (ii) Loans outside India	-	-	-	-	-	-
Less: Impairment Loss Allowance	-	-	-	-	-	-
Total (C) (ii) Net	-	-	-	-	-	-
Total (C) (i) and (C) (ii)	4,49,851.42	-	-	-	-	4,49,851.42

* Refer Note No. 23

The carrying value and fair value of Loans by categories as of 31st March 2019 are as follows. (Amount in ₹ '000)

Particulars	Amortised cost	At Fair Value			Sub-total	Total
		through OCI	through profit or loss	fair value through profit or		
Loans						
(A) (i) Term Loans	5,97,095.00	-	-	-	-	5,97,095.00
(ii) Others	7.08	-	-	-	-	7.08
Total (A) Grosses	5,97,102.08	-	-	-	-	5,97,102.08
Less: Impairment Loss Allowance	-	-	-	-	-	-
Total (A) Net	5,97,102.08	-	-	-	-	5,97,102.08
(B) (i) Unsecured	5,97,102.08	-	-	-	-	5,97,102.08
Total (B) Grosses	5,97,102.08	-	-	-	-	5,97,102.08
Less: Impairment Loss Allowance	-	-	-	-	-	-
Total (B) Net	5,97,102.08	-	-	-	-	5,97,102.08
(C) (i) Loans in India						
(ii) Public Sector	-	-	-	-	-	-
(iii) Others	5,97,102.08	-	-	-	-	5,97,102.08
Total (C) Grosses	5,97,102.08	-	-	-	-	5,97,102.08
Less: Impairment Loss Allowance	-	-	-	-	-	-
Total (C) (i) Net	5,97,102.08	-	-	-	-	5,97,102.08
(C) (ii) Loans outside India	-	-	-	-	-	-
Less: Impairment Loss Allowance	-	-	-	-	-	-
Total (C) (ii) Net	-	-	-	-	-	-
Total (C) (i) and (C) (ii)	5,97,102.08	-	-	-	-	5,97,102.08

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Regd. Address: 8 GLOBAL KNOWLEDGE PARK 19A & 19B, SECTOR-125, NOIDA

CIN:L17118UP1986PLC028682

Notes to Financial Statements for the period ended March 31, 2020

Note 2: Loans

The carrying value and fair value of Loans by categories as of 1st April 2018 are as follows.

(Amount in ₹ '000)

Particulars	Amortised cost	At Fair Value			Sub-total	Total
		through OCI	through profit or loss	fair value through profit or		
Loans						
(A) (i) Term Loans	5,90,039.50	-	-	-	-	5,90,039.50
(ii) Others	-	-	-	-	-	-
Total (A) Gross	5,90,039.50	-	-	-	-	5,90,039.50
Less: Impairment Loss Allowance	-	-	-	-	-	-
Total (A) Net	5,90,039.50	-	-	-	-	5,90,039.50
(B) (i) Unsecured	5,90,039.50	-	-	-	-	5,90,039.50
Total (B) Gross	5,90,039.50	-	-	-	-	5,90,039.50
Less: Impairment Loss Allowance	-	-	-	-	-	-
Total (B) Net	5,90,039.50	-	-	-	-	5,90,039.50
(C) (i) Loans in India						
(ii) Public Sector	-	-	-	-	-	-
(iii) Others	5,90,039.50	-	-	-	-	5,90,039.50
Total (C) Gross	5,90,039.50	-	-	-	-	5,90,039.50
Less: Impairment Loss Allowance	-	-	-	-	-	-
Total (C) (i) Net	5,90,039.50	-	-	-	-	5,90,039.50
(C) (ii) Loans outside India	-	-	-	-	-	-
Less: Impairment Loss Allowance	-	-	-	-	-	-
Total (C) (ii) Net	-	-	-	-	-	-
Total (C) (i) and (C) (ii)	5,90,039.50	-	-	-	-	5,90,039.50

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 Regd. Address: S GLOBAL KNOWLEDGE PARK 19A & 19B, SECTOR-125, NOIDA
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Notes to Financial Statements for the period ended March 31, 2020

Note 3: Investments

The carrying value and fair value of Investments by categories as of 31st March 2020 are as follows.
 (Amount in ₹ '000)

Particulars	Amortised cost	At Fair Value			Sub-total	Total
		through OCI	through profit or loss	Designated at fair value through profit or loss		
Equity Instruments	27,808.00	-	-	-	-	27,808.00
Others	-	-	-	-	-	-
Total (A) Grosss	27,808.00	-	-	-	-	27,808.00
(i) Investment outside India	-	-	-	-	-	-
(ii) Investment in India	27,808.00	-	-	-	-	27,808.00
Total (B) Grosss	27,808.00	-	-	-	-	27,808.00
Less: Allowance for Impairment	27,808.00	-	-	-	-	27,808.00
Total (C) (I) Net	-	-	-	-	-	-

The carrying value and fair value of Investments by categories as of 31st March 2019 are as follows. (Amount in ₹ '000)

Particulars	Amortised cost	At Fair Value			Sub-total	Total
		through OCI	through profit or loss	Designated at fair value through profit or loss		
Equity Instruments	27,808.00	-	-	-	-	27,808.00
Others	-	-	-	-	-	-
Total (A) Grosss	27,808.00	-	-	-	-	27,808.00
(i) Investment outside India	-	-	-	-	-	-
(ii) Investment in India	27,808.00	-	-	-	-	27,808.00
Total (B) Grosss	27,808.00	-	-	-	-	27,808.00
Less: Allowance for Impairment	27,808.00	-	-	-	-	27,808.00
Total (C) (I) Net	-	-	-	-	-	-

The carrying value and fair value of Investments by categories as of 1st April 2018 are as follows.
 (Amount in ₹ '000)

Particulars	Amortised cost	At Fair Value			Sub-total	Total
		through OCI	through profit or loss	Designated at fair value through profit or loss		
Equity Instruments	27,808.00	-	-	-	-	27,808.00
Others	-	-	-	-	-	-
Total (A) Grosss	27,808.00	-	-	-	-	27,808.00
(i) Investment outside India	-	-	-	-	-	-
(ii) Investment in India	27,808.00	-	-	-	-	27,808.00
Total (B) Grosss	27,808.00	-	-	-	-	27,808.00
Less: Allowance for Impairment	27,808.00	-	-	-	-	27,808.00
Total (C) (I) Net	-	-	-	-	-	-

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Notes to financial statements as at 31 March 2020

Note 5. Property, Plant and Equipment				(Amount in ₹ '000)
Particulars	Office equipments	Computers	Furniture & Fixtures	Total
Cost				
At 1st April 2018	72.34	67.40	29.70	169.44
Additions	-	-	6.65	6.65
Disposal	-	-	-	-
At 31st March 2019	72.34	67.40	36.35	176.09
Additions	145.10	98.00	-	243.10
Disposal	-	-	-	-
At 31st March 2020	217.44	165.40	36.35	419.19
Depreciation				
At 1st April 2018	60.86	29.88	4.43	95.17
Depreciation	8.50	22.45	3.09	34.04
Depreciation on Disposals	-	-	-	-
At 31st March 2019	69.36	52.32	7.52	129.21
Depreciation	38.09	38.53	3.65	80.28
Depreciation on Disposals	-	-	-	-
At 31st March 2020	107.46	90.86	11.17	209.49
Net Block				
At 1st April 2018	11.48	37.52	25.27	74.27
At 31st March 2019	2.98	15.08	28.83	46.88
At 31st March 2020	109.98	74.55	25.17	209.70

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Regd. Address: S GLOBAL KNOWLEDGE PARK 19A & 19B, SECTOR-125, NOIDA

CIN:L17118UP1385PLC026582

Notes to Financial Statements for the period ended March 31, 2020.

Note 7: Borrowings

The carrying value and fair value of Borrowings by categories as of 31st March 2020 are as follows.
(Amount in ₹ '000)

Particulars	Amortised cost	At Fair Value			Sub-total	Total
		through OCI	through profit or loss	Designated at fair value through profit or loss		
a) Term Loans						
i) from Banks	-	-	-	-	-	-
ii) from Other parties #	3,77,315.29	-	-	-	-	3,77,315.29
Total (A) Grosss	3,77,315.29	-	-	-	-	3,77,315.29
(i) Borrowings in India	3,77,315.29	-	-	-	-	3,77,315.29
(ii) Borrowings outside India	-	-	-	-	-	-
Total (B) Grosss	3,77,315.29	-	-	-	-	3,77,315.29

Refer Note No. 24

The carrying value and fair value of Borrowings by categories as of 31st March 2019 are as follows.
(Amount in ₹ '000)

Particulars	Amortised cost	At Fair Value			Sub-total	Total
		through OCI	through profit or loss	Designated at fair value through profit or loss		
a) Term Loans						
i) from Banks	-	-	-	-	-	-
ii) from Other parties	5,16,372.65	-	-	-	-	5,16,372.65
Total (A) Grosss	5,16,372.65	-	-	-	-	5,16,372.65
(i) Borrowings in India	5,16,372.65	-	-	-	-	5,16,372.65
(ii) Borrowings outside India	-	-	-	-	-	-
Total (B) Grosss	5,16,372.65	-	-	-	-	5,16,372.65

The carrying value and fair value of Borrowings by categories as of 1st April 2018 are as follows.
(Amount in ₹ '000)

Particulars	Amortised cost	At Fair Value			Sub-total	Total
		through OCI	through profit or loss	Designated at fair value through profit or loss		
a) Term Loans						
i) from Banks	-	-	-	-	-	-
ii) from Other parties	4,95,412.00	-	-	-	-	4,95,412.00
Total (A) Grosss	4,95,412.00	-	-	-	-	4,95,412.00
(i) Borrowings in India	4,95,412.00	-	-	-	-	4,95,412.00
(ii) Borrowings outside India	-	-	-	-	-	-
Total (B) Grosss	4,95,412.00	-	-	-	-	4,95,412.00

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Regd. Address: G GLOBAL KNOWLEDGE PARK 19A & 19B, SECTOR-125, NOIDA
CIN:L17118UP1866PLC029582

Note to financial statements for the year ended March 31, 2020

1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Accounting

The financial statements are prepared under the historical cost convention on the concept of a going concern, in accordance with the Generally Accepted Accounting Principles and mandatory Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and as per the provisions and presentational requirements of the Companies Act, 2013.

ii) Changes in Accounting policies

The accounting policies adopted are consistent with those of previous financial year. The management assures that there has been no change in accounting policies as compared to that of previous year which would have any significant effect on these financials.

iii) Recognition of income

Income is recognised and accounted for on accrual basis unless otherwise stated.

iv) Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements and the results of operations during the reporting year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

v) Investments

Long-term investments are valued at cost being the purchase price plus direct costs. Provision is made for permanent diminution, if any, in the value of the investments.

vi) Taxes on Income

Current tax is determined and provided for on the amount of taxable income at the applicable rates for the relevant financial year. Deferred Tax Assets and Liabilities (DTA/ DTL) are recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods. The DTA is recognised only to the extent that there is reasonable certainty of sufficient future profits against which such DTA can be realised.

vii) Contingent Liability

The contingent liabilities, if any, are disclosed in the Notes to Accounts. Provision is made in the accounts, if it becomes probable that there will be outflow of resources for settling the obligation.

viii) Events occurring after the balance sheet date

Adjustments to assets and liabilities are made for events occurring after the balance sheet date to provide additional information materially affecting the determination of the amounts of assets or liabilities relating to conditions existing at the balance sheet date.

ix) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year/ period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year/ period.

x) Tangible Assets & Depreciation

Tangible assets are measured on the basis of cost model. According to cost model, tangible assets should be carried at its cost less any accumulated depreciation and any impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset.

xi) Depreciation

Depreciation on property, plant & equipment was provided on the basis of useful lives prescribed under Schedule II of the Companies Act, 2013.

Depreciation on addition to assets is calculated pro-rata from the date of such addition to the end of the year. The company assumes residual value to be Nil and assets costing Rs. 5000/- or less are fully depreciated in the year of purchase.

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Note to financial statements for the year ended March 31, 2020.

1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

xii) Reserve Fund

Company is required to create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared as per section 45IC of the Reserve Bank of India Act, 1934.

xiii) Retirement Benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

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Regd. Address: 8 GLOBAL KNOWLEDGE PARK 19A & 19B, SECTOR-126,NOIDA
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Notes to financial statements for the year ended March 31, 2020

ADDITIONAL NOTES TO ACCOUNTS

- 18 The financials for current year ended on March 31, 2020 have been prepared as per the provisions and schedules prescribed under the Companies Act, 2013.
- 19 The company being listed on stock exchange therefore, has complied with all the notified applicable Accounting Standards.
- 20 **Deferred Taxes**
As per the provisions of Indian Accounting Standard AS - 12 "Income taxes", the company as on the date of balance sheet, at the Income tax rates applicable on the said date has Deferred Tax Assets (DTA) on temporary differences. The said DTA has not been recognized in the books of account, on account of virtual uncertainty of future long term profits and revival in the values of long term investments respectively.
- 21 Previous year figures have been regrouped/re-classified wherever considered to make comparable with the current year figures.
- 22 All schedules annexed to and form integral part of the Balance Sheet and Profit & Loss Account including Annexure-A as required in terms of Paragraph 13 of Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

23 **Disclosure required under section 186(4) of the Companies Act, 2013**

(Amount in ₹'000)

Name of Loans	Rate of Interest	Due Date	Secured/ Unsecured	31.03.2020	31.03.2019	Purpose
Saket Medical Pvt. Ltd. (Formerly Saket City Medical Assisted Living Centre Pvt. Ltd.)	10.50%	14-Mar-22	Unsecured	2,20,390.00	1,02,690.00	For General Purpose
Saket City Rehabilitation Centre Pvt. Ltd.	10.50%	14-Mar-20	Unsecured	-	-44,070.00	For General Purpose
Plex Pac Holdings Private Limited	10.00%	21-Jan-21	Unsecured	2,04,775.00	2,00,025.00	For General Purpose
Smart Dreams Pvt. Ltd.	10.00%	31-Mar-21	Unsecured	-	95,000.00	For General Purpose
Modist Cinema Pvt. Ltd.	10.00%	03-May-22	Unsecured	-	1,130.00	For General Purpose
Mudaliar & Sons Hotels Pvt. Ltd.	10.00%	14-Feb-22	Unsecured	-	85,700.00	For General Purpose
Cutting Edge venture Pvt. Ltd.	11.00%	25-Sep-10	Unsecured	12,000.00	12,000.00	For General Purpose
Smart Vishvas Society	10.00%	27-Sep-21	Unsecured	-	24,000.00	For General Purpose
IO System Ltd.	10.00%	28-Apr-22	Unsecured	5,000.00	-	For General Purpose
Spice Smart Solutions Ltd.	10.00%	05-May-20	Unsecured	1,000.00	-	For General Purpose
MSM Limited	10.00%	12-Aug-22	Unsecured	2,547.00	-	For General Purpose
Ved Prakash Sharma	10.00%	30-Jun-17	Unsecured	7.09	7.09	For General Purpose
Ram Raju Kamath	10.00%	31-Jul-20	Unsecured	12.30	-	For General Purpose
Ramesh Kumar	10.00%	30-Sep-20	Unsecured	31.71	-	For General Purpose
Sunil Singh Pundir	10.00%	31-Aug-20	Unsecured	20.42	-	For General Purpose
Vijay Singh Rana	10.00%	30-Nov-20	Unsecured	37.91	-	For General Purpose

24 **Details of Borrowings**

(Amount in ₹'000)

Name of Loans	Rate of Interest	Due Date	Secured/ Unsecured	31.03.2020	31.03.2019	Purpose
Smart Share Pvt Ltd (Formerly known as Smart Entertainment Pvt Ltd.)	9.50%	31-Dec-20	Unsecured	1,44,690.44	3,91,972.05	For General Purpose
Smart Global Corporate Holding Pvt. Ltd.	9.50%	10-Jan-21	Unsecured	1,000.00	75,000.00	For General Purpose
Global Mobile Infrastructure Pvt. Ltd.	9.50%	24-Sep-20	Unsecured	2,31,530.00	1,200.00	For General Purpose
Saket City Residence Private Limited	10.00%	07-Dec-20	Unsecured	-	47,400.00	For General Purpose

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Regd. Address: S GLOBAL KNOWLEDGE PARK 19A & 19B, SECTOR-125, NOIDA

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Notes to financial statements for the year ended March 31, 2020

ADDITIONAL NOTES TO ACCOUNTS

25 Employee benefits

Defined Benefit Plans - General Description

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Changes in the present value of the defined benefit obligation are as follows:

	(Amount in ₹ '000) (Amount in ₹ '000)	
	Gratuity	Leave
Defined benefit obligation at 01 April 2018	241.87	373.13
Current service cost	130.63	180.99
Interest expense	-	-
Benefits paid	-	(12.50)
Actuarial (gain)/ loss on obligations	(10.42)	(58.33)
Defined benefit obligation at 31 March 2019	362.08	483.29
Current service cost	100.40	129.33
Interest expense	27.37	36.54
Benefits paid	(208.20)	(397.74)
Actuarial (gain)/ loss on obligations	77.72	166.81
Defined benefit obligation at 31 March 2020	359.37	418.23

Changes in the fair value of plan assets are as follows:

	Gratuity	Leave
Fair value of plan assets at 01 April 2018	-	-
Defined benefit obligation at 01 April 2018	-	-
Fair value of plan assets at 31 March 2019	-	-
Defined benefit obligation at 31 March 2019	362.08	483.29
Amount recognised in the Balance Sheet at 31 March 2019	(362.08)	(483.29)
Fair value of plan assets at 31 March 2020	-	-
Defined benefit obligation at 31 March 2020	(208.20)	(397.74)
Amount recognised in the Balance Sheet at 31 March 2020	208.20	397.74

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Notes to financial statements for the year ended March 31, 2020

ADDITIONAL NOTES TO ACCOUNTS

25 Employee benefits

Amount recognised in Statement of Profit and Loss:

	(Amount in ₹ '000)	(Amount in ₹ '000)
	Gratuity	Leave
Current service cost	130.83	180.99
Net interest expense	-	-
Actuarial gain/ (loss) on obligations	(10.42)	(58.33)
Amount recognised in Statement of Profit and Loss for year ended 31 March 2019	120.21	122.66
Current service cost	100.40	129.33
Net interest expense	27.37	38.54
Actuarial gain/ (loss) on obligations	77.72	168.81
Amount recognised in Statement of Profit and Loss for year ended 31 March 2020	205.49	332.67

The principal assumptions used in determining gratuity and leave encashment obligations for the Company's plans are shown below:

	31st March 2020	31st March 2019
Discount rate (in %)	6.83%	7.56%
Salary Escalation (in %)	5.50%	5.50%
Expected average remaining working lives of employees (in years)	13.14	10.48

A quantitative sensitivity analysis for significant assumption as at 31 March 2020 is as shown below:

Assumptions	Discount rate		Salary Increase	
	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%
Impact on defined benefit obligation	(Amount in ₹ '000)		(Amount in ₹ '000)	
Gratuity	(2.70)	2.97	2.99	(2.74)
Leave	(4.82)	5.06	5.11	(4.88)

A quantitative sensitivity analysis for significant assumption as at 31 March 2019 is as shown below:

Assumptions	Discount rate		Salary Increase	
	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%
Impact on defined benefit obligation	(Amount in ₹ '000)		(Amount in ₹ '000)	
Gratuity	(5.64)	6.01	6.10	(5.78)
Leave	(7.89)	8.19	8.31	(7.87)

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Notes to financial statements for the year ended March 31, 2020

28 Fair Values

Financial Instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2020 were as follows:

Particulars	Amortised cost	Fair value through profit or loss	Fair value through OCI	(Amount in ₹ '000)
				Total carrying value
Financial Assets				
Cash and cash equivalents	101.52	-	-	101.52
Loans	4,49,851.42	-	-	4,49,851.42
Investments	-	-	-	-
Other Financial Assets	82,230.71	-	-	82,230.71
Total Financial Assets	6,32,183.65	-	-	6,32,183.65
Financial Liabilities				
Borrowings	3,77,315.29	-	-	3,77,315.29
Other financial liabilities	49,580.30	-	-	49,580.30
Total Financial Liabilities	4,26,895.59	-	-	4,26,895.59

The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

Particulars	Amortised cost	Fair value through profit or loss	Fair value through OCI	(Amount in ₹ '000)
				Total carrying value
Financial Assets				
Cash and cash equivalents	4,766.94	-	-	4,766.94
Loans	5,97,102.08	-	-	5,97,102.08
Investments	-	-	-	-
Other Financial Assets	77,363.05	-	-	77,363.05
Total Financial Assets	6,01,889.02	-	-	6,01,889.02
Financial Liabilities				
Borrowings	5,16,372.65	-	-	5,16,372.65
Other financial liabilities	47,788.18	-	-	47,788.18
Total Financial Liabilities	5,64,160.83	-	-	5,64,160.83

The carrying value and fair value of financial instruments by categories as of April 01, 2018 were as follows:

Particulars	Amortised cost	Fair value through profit or loss	Fair value through OCI	(Amount in ₹ '000)
				Total carrying value
Financial Assets				
Cash and cash equivalents	14,858.01	-	-	14,858.01
Loans	5,90,039.50	-	-	5,90,039.50
Investments	-	-	-	-
Other Financial Assets	53,471.83	-	-	53,471.83
Total Financial Assets	6,04,887.50	-	-	6,04,887.50
Financial Liabilities				
Borrowings	4,95,412.00	-	-	4,95,412.00
Other financial liabilities	42,507.55	-	-	42,507.55
Total Financial Liabilities	5,37,919.55	-	-	5,37,919.55

28.2 Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The company has assessed that the fair value of trade receivables, cash and cash equivalents, other bank balances, other current financial assets, trade payable, and other current liabilities approximate to their carrying amount largely due to the short term maturities of these instruments.

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Notes to financial statements for the year ended March 31, 2020

26 Fair Values

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2020:

Particulars	31 March 2020	(Amount in ₹ '000)		
		Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets				
Investments in equity instruments	-	-	-	-
Total	-	-	-	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2019:

Particulars	31 March 2019	(Amount in ₹ '000)		
		Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets				
Investments in equity instruments	-	-	-	-
Total	-	-	-	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of April 01, 2018:

Particulars	31 March 2018	(Amount in ₹ '000)		
		Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets				
Investments in equity instruments	-	-	-	-
Total	-	-	-	-

27 Financial risk management objectives and policies

Financial risk management

Financial risk factors

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the loan given, Security deposits received/paid and borrowings.

Interest rate sensitivity calculated on borrowings:

	Increase/(Decrease) in basis points	Effect on profit before tax
		(Amount in ₹ '000)
31-Mar-20		
(Amount in ₹ '000)	0.50	(2,739.73)
	(0.50)	2,739.73
31-Mar-19		
(Amount in ₹ '000)	0.50	(2,444.39)
	(0.50)	2,444.39

AVON MERCANTILE LIMITED



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Notes to financial statements for the year ended March 31, 2020

26 Fair Value

Equity Price Risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company don't engage in active trading of equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed and unlisted equity securities at fair value is not material (excluding investment in subsidiaries).

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The Company has used a practical expedient and analysed the recoverable amount of the receivables on an individual basis by computing the expected loss allowance for financial assets based on historical credit loss experience and adjustments for forward looking information's.

Liquidity risk

The Company's objective is to maintain a low debt exposure. The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company manages liquidity risk by maintaining adequate cash reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020:
(Amount in ₹ '000)

Particulars	Less than 1 year	1-5 years	Total
Borrowings	3,77,315.29	-	3,77,315.29
Other financial liabilities	49,580.30	-	49,580.30
Total	4,26,895.59	-	4,26,895.59

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2019:
(Amount in ₹ '000)

Particulars	Less than 1 year	1-5 years	Total
Borrowings	4,67,772.65	48,600.00	5,16,372.65
Other financial liabilities	47,788.18	-	47,788.18
Total	5,15,560.83	48,600.00	5,64,160.83

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018:
(Amount in ₹ '000)

Particulars	Less than 1 year	1-5 years	Total
Borrowings	4,70,412.00	25,000.00	4,95,412.00
Other financial liabilities	42,507.55	-	42,507.55
Total	5,12,919.55	25,000.00	5,37,919.55

28 Capital management

For the purpose of the company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company includes within borrowings, Trade payables, other financial liabilities, other current liabilities less

	31 March 2020	31 March 2019	01 April 2018
Borrowings	3,77,315.29	5,16,372.65	4,95,412.00
Other financial liabilities	49,580.30	47,788.18	42,507.55
Less: Cash and cash equivalents	101.52	4,766.94	14,858.01
Net Debt	4,26,794.07	5,68,393.89	5,23,061.55
Equity	74,773.90	74,773.90	74,773.90
Capital and net debt	5,01,568.97	6,43,167.79	5,97,835.45
Gearing ratio	85.09%	88.21%	87.49%

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Notes to financial statements for the year ended March 31, 2020

29 First Time Adoption of Ind AS

These financial statements, for the year ended 31 March 2020, are the first, the company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2019, the company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2020, together with the comparative period data as at and for the year ended 31 March 2019. In preparing these financial statements, the company's opening balance sheet is prepared as at 1 April 2018, the company's date of transition to Ind AS.

The Company has prepared the opening standalone balance sheet as per Ind AS as of April 1, 2018 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Exemptions applied:-

Deemed cost- Fair value of property, plant and equipment and intangible Assets

The Company has elected to continue with the carrying value of all of its plant and equipment recognised as of April 1, 2018 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Investment in subsidiaries and Associates:

The Company has elected to continue with the carrying value of investment in Equity instruments, as recognised in its Indian GAAP financials, as deemed cost at the date of transition.

Estimates

The estimates at 1 April 2018 and at 31 March 2019 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation.

Classification and measurement of financial assets

The company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Impairment of financial assets: (Trade receivables and other financial assets)

At the date of transition to Ind AS, the Company has determined that there significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

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 Notes to financial statements for the year ended March 31, 2020

29 First Time Adoption of Ind AS (Cont.)

First Time Adoption of Ind AS Reconciliations

A. Reconciliations of Balance Sheet

		Balance Sheet as at April 1, 2019			Balance Sheet as at April 1, 2018		
	Notes	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
(Amount in ₹ '000)							
ASSETS							
Financial Assets							
(a) Cash and cash equivalents	1	4,766.94	-	4,766.94	14,858.01	-	14,858.01
(b) Loans	2	5,97,102.08	-	5,97,102.08	5,90,039.50	-	5,90,039.50
(c) Investments	3	-	-	-	-	-	-
(d) Other Financial Assets	4	77,363.05	-	77,363.05	53,471.83	-	53,471.83
Sub - Total Financial assets		6,79,232.08	-	6,79,232.08	6,58,369.33	-	6,58,369.33
Non-Financial Assets							
(a) Property, plant and equipment	5	46.88	-	46.88	74.27	-	74.27
(b) Current tax assets (net)	6	13,803.73	-	13,803.73	7,907.96	-	7,907.96
Sub Total Non-Financial assets		13,850.61	-	13,850.61	7,982.23	-	7,982.23
TOTAL ASSETS		6,93,082.69	-	6,93,082.69	6,66,351.56	-	6,66,351.56
LIABILITIES AND EQUITY							
Financial Liabilities							
(a) Borrowings	7	5,16,372.65	-	5,16,372.65	4,95,412.00	-	4,95,412.00
(b) Other Financial Liabilities	8	47,788.18	-	47,788.18	42,507.55	-	42,507.55
Sub - Total Financial Liabilities		5,64,160.83	-	5,64,160.83	5,37,919.55	-	5,37,919.55
Non - Financial Liabilities							
(a) Provisions	9	3,543.07	-	3,543.07	2,223.62	-	2,223.62
Sub - Total Non-Financial Liabilities		3,543.07	-	3,543.07	2,223.62	-	2,223.62
EQUITY							
(a) Equity Share Capital	10	74,773.90	-	74,773.90	74,773.90	-	74,773.90
(b) Other Equity	11	50,604.90	-	50,604.90	51,434.49	-	51,434.49
Sub - Total Equity		1,25,378.80	-	1,25,378.80	1,26,208.39	-	1,26,208.39
TOTAL - LIABILITIES AND EQUITY		6,93,082.69	-	6,93,082.69	6,66,351.56	-	6,66,351.56

AVON MERCANTILE LIMITED

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 Notes to financial statements for the year ended March 31, 2020

29 First Time Adoption of Ind AS (Cont.)

First Time Adoption of Ind AS Reconciliations

A. Reconciliations of Total Comprehensive Income for the year ended March 31, 2019

	Notes	(Amount in ₹ '000)		
		Year ended March 31, 2019		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
Revenue from Operations				
Interest Income	12	60,770.82	-	60,770.82
Total Revenue from Operations		60,770.82	-	60,770.82
Other income	13	3.66	-	3.66
Total Income		60,774.48	-	60,774.48
Expenses				
Finance costs	14	46,652.90	-	46,652.90
Employees benefits expenses	15	10,862.37	-	10,862.37
Depreciation, amortisation and impairment	5	34.04	-	34.04
Other expenses	16	3,873.67	-	3,873.67
Total		61,422.98	-	61,422.98
Profit / (Loss) before tax		(648.50)	-	(648.50)
Tax Expenses :				
(i) Current Tax		(181.09)	-	(181.09)
(ii) Deferred Tax		-	-	-
Profit / (Loss) for the period		(829.59)	-	(829.59)
Other Comprehensive Income				
Items that will not be reclassified to profit or loss		-	-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-	-
Subtotal (a)		-	-	-
Items that will be reclassified to profit or loss		-	-	-
Income tax relating to items that will be reclassified to profit or loss		-	-	-
Subtotal (b)		-	-	-
Other Comprehensive Income (a+b)		-	-	-
Total Comprehensive Income for the period (13+14)		(829.59)	-	(829.59)
(Comprising Profit (Loss) and other Comprehensive Income for the period)				

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Notes to financial statements for the year ended March 31, 2020

ADDITIONAL NOTES TO ACCOUNTS

30	Details of Key Managerial Personnel Remuneration	(Amount in ₹ '000)	(Amount in ₹ '000)
	Name: Mr. Jagdutt Kumar Sharma (Manager)	2018-20	2018-19
	Salary / Allowances	1,529.20	1,539.80
	Car Lease Rent paid	240.00	180.00
	Other reimbursement	430.80	475.40
		<u>2,200.00</u>	<u>2,195.00</u>
	Name: Mr. Pranjul Gupta (Company Secretary w.e.f. 13.04.2018)	2018-20	2018-19
	Salary / Allowances	540.00	323.01
		<u>540.00</u>	<u>383.01</u>
	Name: Mr. Gopal Singh Negi (CFO w.e.f. 01.03.2018)	2018-20	2018-19
	Salary / Allowances	1,201.20	91.00
	Car Lease Rent paid	240.00	16.33
	Other reimbursement	297.80	24.10
		<u>1,739.00</u>	<u>181.44</u>

31 Information required to be given by way of note regarding foreign currency income/outgo

Nil

32 (a) Related Party Disclosures :

Holding Company	Nil
Subsidiary Company	Nil
Fellow Subsidiary Company	Nil
Associate company	Nil

Key Management Personnel

Mr. Jagdutt Kumar Sharma (Manager)
Mr. Pranjul Gupta (Company Secretary w.e.f. 13.04.2018)
Ms. Seema Salwan (Director w.e.f. 14.08.2019)
Mr. Siddheshwar Kumar Upadhyay (Director w.e.f. 28.09.2019)
Mr. Kamalapati Kashyap (Director w.e.f. 21.07.2019)
Mr. Gurvinder Pal Singh (Director w.e.f. 21.07.2019)
Mr. Gopal Singh Negi (CFO w.e.f. 01.03.2019)

(b) Related Party Transactions

Attached as per annexure 1

33 As per the updated circular DNBR (PD) CC. No.044/03.10.119/2015-16 dated 11th April 2016, the prudential norms except para 15 shall not apply to the Company as the Company is non-banking financial company having asset size of less than Rs.500 crores and further it does not accept/hold any public funds. Accordingly Provisioning norms are not applicable to the Company.

As per our attached report of even date
For Goel Garg & Co.
Chartered Accountants
FRN: 000987N

For and on behalf of the Board of Directors

(Ashok Kumar Agarwal)
Partner
M. No.084600

(Kamalapati Kashyap)
Director
DIN: 02359002

(Gurvinder Pal Singh)
Director
DIN: 05207077

Place : Noida
Date : 15.07.2020

(Pranjul Gupta)
Company Secretary
M. No.: A35912

(Gopal Singh Negi)
CFO
PAN:AA0PN4263A

AVON MERCANTILE LIMITED

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Related Party transactions for the year ended March 31, 2020

Annexure-1

(Amount in ₹ '000)

Particulars	Key management Personnel		Total	
	2019-20	2018-19	2019-20	2018-19
(A) Transactions				
Salary & Allowances Paid				
Jagdutt Kumar Sharma	2,200.00	2,195.00	2,200.00	2,195.00
Pranjul Gupta	540.00	393.01	540.00	393.01
Gopal Singh Negi	1,739.00	131.44	1,739.00	131.44
Director's Sitting Fees Paid				
Ramesh Chandra Agarwal	7.50	30.00	7.50	30.00
Satish Kumar Gupta	7.50	30.00	7.50	30.00
Seema Salwan	20.00	-	20.00	-
Siddheshwar Kumar Upadhyay	15.00	-	15.00	-

ANNEXURE 'A' FORMING PART OF THE ACCOUNTS

Particulars as per NBFC Directions as at 31.03.2020

(as required in terms of Paragraph 13 of Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

Rs. (IN Lakhs)

		Particulars		
		Liabilities side :		
(1)		Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :	Amount Outstanding	Amount Overdue
	(a)	Debtentures : Secured	-	-
		: Unsecured	-	-
		(other than falling within the meaning of public deposits*)		
	(b)	Deferred Credits	-	-
	(c)	Term Loans	-	-
	(d)	Inter-corporate loans and borrowing (Unsecured)	4,594.61	-
	(e)	Commercial Paper	-	-
	(f)	Other Loans (specify nature)	-	-
		* Please see Note 1 below		
		Assets side :		
(2)		Break - up of Loans and Advances including bills / Trade receivables [other than those included in (4) below] :	Amount outstanding	
	(a)	Secured	-	
	(b)	Unsecured	4,498.51	
(3)		Break-up of Leased Assets and stock on hire and other assets counting towards AFC Activities	N.A.	

(4)	<p><u>Break-up of Investment :</u></p> <p><u>Current Investment :</u></p> <p>1 <u>Quoted :</u></p> <p>(i) Shares : (a) Equity (b) Preference</p> <p>(ii) Debentures and Bonds</p> <p>(iii) Units of mutual funds</p> <p>(iv) Government Securities</p> <p>(v) Others (please specify)</p> <p>2 <u>Unquoted :</u></p> <p>(i) Shares : (a) Equity (b) Preference</p> <p>(ii) Debentures and Bonds</p> <p>(iii) Units of mutual funds</p> <p>(iv) Government Securities</p> <p>(v) Others (please specify)</p> <p><u>Long Term Investment (Net of Provision of diminution in value of investments):</u></p> <p>1 <u>Quoted :</u></p> <p>(i) Shares : (a) Equity (b) Preference</p> <p>(ii) Debentures and Bonds</p> <p>(iii) Units of mutual funds</p> <p>(iv) Government Securities</p> <p>(v) Others (please specify)</p> <p>2 <u>Unquoted :</u></p> <p>(i) Shares : (a) Equity (net of provision) (b) Preference</p> <p>(ii) Debentures and Bonds</p> <p>(iii) Units of mutual funds</p> <p>(iv) Government Securities</p> <p>(v) Others (please specify)</p>	
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ANNEXURE 'A' FORMING PART OF THE ACCOUNTS

Particulars as per NBFC Directions as at 31.03.2020

(as required in terms of Paragraph 13 of Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

		Rs. (IN Lakhs)		
Particulars				
(5)	Borrower group-wise classification of assets financed as in (2) & (3) above: Please see Note 2 below	Amount net of provisions		
	Category	Secured	Unsecured	Total
1	Related Parties **			
(a)	Subsidiaries	-	-	-
(b)	Companies in the same group *	-	-	-
(c)	Other related parties	-	-	-
2	Other than related parties	-	4,498.51	4,498.51
	Total	-	4,498.51	4,498.51
(6)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see Note 3 below			
	Category	Market Value / Break up or fair value or NAV**	Book Value (Net of Provisions)	
1	Related Parties **		-	-
(a)	Subsidiaries		-	-
(b)	Companies in the same group *		-	-
(c)	Other related parties		-	-
2	Other than related parties		-	-
	Total		-	-

** As per Accounting Standard of ICAI (Please see Note 3)

The definition of "Companies in the same group" has been taken in terms of paragraph 2(1)(iii) of Non-Systemically Important non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential

(7) Other information

Particulars		Amount
(i)	Gross Non - Performing Assets	NA
(a)	Related parties	-
(b)	Other than related parties	-
(ii)	Net Non - Performing Assets	NA
(a)	Related parties	-
(b)	Other than related parties	-
(iii)	Assets acquired in satisfaction of debt	NA

Notes :

- As defined in paragraph 2 (1) (xii) of the Non - Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998
- Provisioning norms shall be applicable as prescribed in the Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015. However as per the updated circular DNBR (PD) CC. No.044/03.10.119/2015-18 dated 11th April 2016, the prudential norms except para 15 shall not apply to the Company as the Company is non-banking financial company having asset size of less than Rs.500 crores and further it does not accept/hold any public funds. Accordingly Provisioning norms are not applicable to the Company.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investment and break up / fair value / NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (4) above.

GREEN INITIATIVE APPEAL TO THE SHAREHOLDERS

The Shareholders holding shares in demat form are requested to register their e-mail id with their Depository. Shareholders holding shares in physical form are requested to send their consent to our Registrar and Transfer Agent, M/s MCS Share Transfer Agent Limited in the following format.

Date: _____

Unit: Avon Mercantile Limited
M/s. MCS Share Transfer Agent Limited
F-65, 1st Floor, Okhla Industrial Area, Phase-I,
New Delhi - 110020
Phone No: 011-41406149
Fax No: 011-41709881
E-mail id: helpdeskdelhi@mcsregistrars.com
Website: www.mcsregistrars.com

I/We _____ holding _____ shares of the Company in physical form intend to receive all communications including notices, annual reports, through my/our e-mail id given hereunder:

Folio No _____ E-mail id _____

Signature of the first holder



AVON MERCANTILE LIMITED

CIN: L17118UP1985PLC026582

**S, GLOBAL KNOWLEDGE PARK,
19A & 19B, SECTOR-125,
NOIDA-201301**